

Operational rules of elastic aFRR demand mechanism in Polish LFC area

I. RULES OF ELASTIC AFRR DEMAND MECHANISM IN PICASSO PLATFORM

- (1) Legal basis for using elastic aFRR demand mechanism for balancing energy from aFRR:
 - (1.1) Implementation framework for the European platform for the exchange of balancing energy from frequency restoration reserves with automatic activation in accordance with Article 21 of Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing, 05 July 2024¹.
- (2) USE of elastic aFRR demand mechanism:
 - (2.1) aFRR demand in PICASSO platform can be divided accordingly into:
 - (a) Inelastic aFRR demand - part of demand, which will be covered regardless of balancing energy bid price.
 - (b) Elastic aFRR demand - part of demand, which will be covered if the price of balancing energy bid price will not exceed value of the defined threshold.
 - (2.2) Inelastic aFRR demand and elastic aFRR demand may be covered both from local balancing energy bids submitted to PICASSO platform and from balancing energy bids submitted by other TSOs to PICASSO platform.
 - (2.3) Elastic aFRR demand mechanism may be implemented and used by TSOs after approval of local NRA.

II. OPERATIONAL RULES FOR USE OF ELASTIC aFRR DEMAND IN POLISH LFC AREA

- (1) Legal basis for using elastic aFRR demand mechanism by TSO in PICASSO platform:
 - (1.1) Terms and conditions related to balancing according to Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing;
 - (1.2) Frequency Restoration Reserve (FRR) Dimensioning Rules, pursuant to Article 157 of Commission Regulation (EU) 2017/1485 of 2 August 2017.
- (2) For each optimization cycle of PICASSO platform, for the purposes of using elastic aFRR demand mechanism, TSO will determine the following thresholds:

¹ https://www.acer.europa.eu/sites/default/files/documents/Individual%20Decisions_annex/ACER_Decision_08-2024_on_aFRRIF-Annex_II.pdf

- (2.1) Power Threshold for inelastic aFRR demand [MW] - Power threshold, determined separately for the aFRR upward and downward direction, defining the volume of inelastic aFRR demand.
- (a) For the upward aFRR demand, the threshold is determined as the maximum value of:
 - (i) Provided level of upward aFRR;
 - (ii) Minimum required volume of upward aFRR balancing capacity.
 - (b) For the downward aFRR demand, the threshold is determined as the maximum value of:
 - (i) Provided level of downward aFRR;
 - (ii) Minimum required volume of downward aFRR balancing capacity.
- (2.2) Price threshold for elastic aFRR demand [€/MWh] - The price threshold for elastic aFRR demand, determined separately for the aFRR upward and downward direction.
- (a) For the upward aFRR demand, the threshold is determined as the maximum value of:
 - (i) The highest price of the upward aFRR balancing energy bid submitted to PICASSO platform;
 - (ii) 1000 €/MWh.
 - (b) For the downward aFRR demand, the threshold is determined as the minimum value of:
 - (i) The lowest price of the aggregated downward aFRR balancing energy bid submitted to PICASSO platform;
 - (ii) -1000 €/MWh.
- (3) The minimum required volume of aFRR balancing capacity refers to the *Required level of the minimum share of automatic FRR, within FRR volume*, defined in accordance with “Rules for determining the size of frequency restoration reserves (FRR)”, pursuant to Article 157 of Commission Regulation (EU) 2017/1485 of 2 August 2017.
- The minimum required volume of aFRR should be:
- (a) at least 40 % of the total FRR volume;
 - (b) not less than 400 MW.
- (4) The provided level of aFRR refers to sum of procured aFRR bids, in accordance the Terms and conditions related to balancing according to Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing and submitted to PICASSO platform.

III. PUBLICATIONS AND TRANSPARENCY

- (1) The power threshold and the price threshold, separately for aFRR upward and downward direction, will be published by PICASSO platform provider for each MTU (15-minute period) up to 45 minutes after the end of the respective MTU. The publication is available at [PICASSO - Ancillary Services - Energy Market - TransnetBW](#).