

## COMMISSION REGULATION (EU) 2016/1388 of 17 August 2016 ESTABLISHING A NETWORK CODE ON DEMAND CONNECTION

Incorporated and adapted by Permanent High Level Group Decision 2018/05/PHLG-EnC of 12 January 2018

*The adaptations made by Permanent High Level Group Decision 2018/05/PHLG-EnC are highlighted in bold and blue*

### TITLE I GENERAL PROVISIONS

#### *Article 1*

##### **Subject matter**

1. This Regulation establishes a network code which lays down the requirements for grid connection of:
  - (a) transmission-connected demand facilities;
  - (b) transmission-connected distribution facilities;
  - (c) distribution systems, including closed distribution systems;
  - (d) demand units, used by a demand facility or a closed distribution system to provide demand response services to relevant system operators and relevant TSOs.
2. This Regulation, therefore, helps to ensure fair conditions of competition in the internal electricity market, to ensure system security and the integration of renewable electricity sources, and to facilitate **Energy Community** -wide trade in electricity.
3. This Regulation also lays down the obligations for ensuring that system operators make appropriate use of the demand facilities' and distribution systems' capabilities in a transparent and non-discriminatory manner to provide a level playing field throughout the **Energy Community**.

#### *Article 2*

##### **Definitions**

For the purposes of this Regulation, the definitions in Article 2 of Directive 2012/27/EU of the European Parliament and of the Council, Article 2 of Regulation (EC) No 714/2009, ..., Article 2 of Commission Regulation (EU) 2016/631, Article 2 of Commission Regulation (EU) No 543/2013\_ and Article 2 of Directive 2009/72/EC shall apply.

In addition, the following definitions shall apply:

- (1) 'demand facility' means a facility which consumes electrical energy and is connected at one or more connection points to the transmission or distribution system. A distribution system and/or auxiliary supplies of a power generating module do not constitute a demand facility;
- (2) 'transmission-connected demand facility' means a demand facility which has a connection point to a transmission system;
- (3) 'transmission-connected distribution facility' means a distribution system connection or the electrical plant and equipment used at the connection to the transmission system;
- (4) 'demand unit' means an indivisible set of installations containing equipment which can be actively controlled by a demand facility owner or by a CDSO, either individually or commonly as part of demand aggregation through a third party;
- (5) 'closed distribution system' means a distribution system classified pursuant to Article 28 of Directive 2009/72/EC as a closed distribution system by national regulatory authorities or by other competent

- authorities, where so provided by the **Contracting Party**, which distributes electricity within a geographically confined industrial, commercial or shared services site and does not supply household customers, without prejudice to incidental use by a small number of households located within the area served by the system and with employment or similar associations with the owner of the system;
- (6) 'main demand equipment' means at least one of the following equipment: motors, transformers, high voltage equipment at the connection point and at the process production plant;
  - (7) 'transmission-connected distribution system' means a distribution system connected to a transmission system, including transmission-connected distribution facilities;
  - (8) 'maximum import capability' means the maximum continuous active power that a transmission-connected demand facility or a transmission-connected distribution facility can consume from the network at the connection point, as specified in the connection agreement or as agreed between the relevant system operator and the transmission-connected demand facility owner or transmission-connected distribution system operator respectively;
  - (9) 'maximum export capability' means the maximum continuous active power that a transmission-connected demand facility or a transmission-connected distribution facility, can feed into the network at the connection point, as specified in the connection agreement or as agreed between the relevant system operator and the transmission-connected demand facility owner or transmission-connected distribution system operator respectively;
  - (10) 'low frequency demand disconnection' means an action where demand is disconnected during a low frequency event in order to recover the balance between demand and generation and restore system frequency to acceptable limits;
  - (11) 'low voltage demand disconnection' means a restoration action where demand is disconnected during a low voltage event in order to recover voltage to acceptable limits;
  - (12) 'on load tap changer' means a device for changing the tap of a winding, suitable for operation while the transformer is energised or on load;
  - (13) 'on load tap changer blocking' means an action that blocks the on load tap changer during a low voltage event in order to stop transformers from further tapping and suppressing voltages in an area;
  - (14) 'control room' means a relevant system operator's operation centre;
  - (15) 'block loading' means the maximum step active power loading of reconnected demand during system restoration after black-out;
  - (16) 'demand response active power control' means demand within a demand facility or closed distribution system that is available for modulation by the relevant system operator or relevant TSO, which results in an active power modification;
  - (17) 'demand response reactive power control' means reactive power or reactive power compensation devices in a demand facility or closed distribution system that are available for modulation by the relevant system operator or relevant TSO;
  - (18) 'demand response transmission constraint management' means demand within a demand facility or closed distribution system that is available for modulation by the relevant system operator or relevant TSO to manage transmission constraints within the system;
  - (19) 'demand aggregation' means a set of demand facilities or closed distribution systems which can operate as a single facility or closed distribution system for the purposes of offering one or more demand response services;
  - (20) 'demand response system frequency control' means demand within a demand facility or closed distribution system that is available for reduction or increase in response to frequency fluctuations, made by an autonomous response from the demand facility or closed distribution system to diminish these fluctuations;
  - (21) 'demand response very fast active power control' means demand within a demand facility or closed distribution system that can be modulated very fast in response to a frequency deviation, which results in a very fast active power modification;
  - (22) 'demand response unit document' (DRUD) means a document, issued either by the demand facility owner or the CDSO to the relevant system operator for demand units with demand response and

connected at a voltage level above 1 000 V, which confirms the compliance of the demand unit with the technical requirements set out in this Regulation and provides the necessary data and statements, including a statement of compliance.

### *Article 3*

#### **Scope of application**

1. The connection requirements set out in this Regulation shall apply to:

- (a) new transmission-connected demand facilities;
- (b) new transmission-connected distribution facilities;
- (c) new distribution systems, including new closed distribution systems;
- (d) new demand units used by a demand facility or a closed distribution system to provide demand response services to relevant system operators and relevant TSOs.

The relevant system operator shall refuse to allow the connection of a new transmission-connected demand facility, a new transmission-connected distribution facility, or a new distribution system, which does not comply with the requirements set out in this Regulation and which is not covered by a derogation granted by the regulatory authority, or other authority where applicable in a **Contracting Party** pursuant to Article 50. The relevant system operator shall communicate such refusal, by means of a reasoned statement in writing, to the demand facility owner, DSO, or CDSO and, unless specified otherwise by the regulatory authority, to the regulatory authority.

Based on compliance monitoring in accordance with Title III, the relevant TSO shall refuse demand response services subject to Articles 27 to 30 from new demand units not fulfilling the requirements set out in this Regulation.

2. This Regulation shall not apply to:

- (a)...
- (b) storage devices except for pump-storage power generating modules in accordance with Article 5(2).

3. In case of demand facilities or closed distribution systems with more than one demand unit, these demand units shall together be considered as one demand unit if they cannot be operated independently from each other or can reasonably be considered in a combined manner.

### *Article 4*

#### **Application to existing transmission-connected demand facilities, existing transmission-connected distribution facilities, existing distribution systems and existing demand units used to provide demand response services**

1. Existing transmission-connected demand facilities, existing transmission-connected distribution facilities, existing distribution systems and existing demand units that are or can be used by a demand facility or a closed distribution system to provide demand response services to a relevant system operator or relevant TSO, are not subject to the requirements of this Regulation, except where:

- (a) an existing transmission-connected demand facility, an existing transmission-connected distribution facility, an existing distribution system, or an existing demand unit within a demand facility at a voltage level above 1 000 V or a closed distribution system connected at a voltage level above 1 000 V, has been modified to such an extent that its connection agreement must be substantially revised in accordance with the following procedure:
  - (i) demand facility owners, DSOs, or CDSOs who intend to undertake the modernisation of a plant or replacement of equipment impacting the technical capabilities of the transmission-connected demand facility, the transmission-connected distribution facility, the distribution system, or the demand unit shall notify their plans to the relevant system operator in advance;
  - (ii) if the relevant system operator considers that the extent of the modernisation or replacement of equipment is such that a new connection agreement is required, the system operator shall notify the relevant regulatory authority or, where applicable, the **Contracting Party**; and

(iii) the relevant regulatory authority or, where applicable, the **Contracting Party** shall decide if the existing connection agreement needs to be revised or a new connection agreement is required and which requirements of this Regulation shall apply; or

(b) a regulatory authority or, where applicable, a **Contracting Party** decides to make an existing transmission-connected demand facility, an existing transmission-connected distribution facility, an existing distribution system, or an existing demand unit subject to all or some of the requirements of this Regulation, following a proposal from the relevant TSO in accordance with paragraphs 3, 4 and 5.

2. For the purposes of this Regulation, a transmission-connected demand facility, a transmission-connected distribution facility, a distribution system, or a demand unit that is, or can be, used by a demand facility or a closed distribution system to provide demand response services to a relevant system operator or relevant TSO, shall be considered as existing if:

(a) it is already connected to the network on the date of **expiry of the deadline for transposition** of this Regulation; or

(b) the demand facility owner, DSO, or CDSO has concluded a final and binding contract for the purchase of the main demand equipment or the demand unit by two years after **expiry of the deadline for transposition of the Regulation**. The demand facility owner, DSO, or CDSO must notify the relevant system operator and relevant TSO of the conclusion of the contract within 30 months after **expiry of the deadline for transposition of the Regulation**.

The notification submitted by the demand facility owner, DSO, or CDSO to the relevant system operator and the relevant TSO shall at least indicate the contract title, its date of signature and date of entry into force, and the specifications of the main demand equipment or the demand unit to be constructed, assembled or purchased.

A **Contracting Party** may provide that in specified circumstances the regulatory authority may determine whether the transmission-connected demand facility, the transmission-connected distribution facility, the distribution system, or the demand unit is to be considered existing or new.

3. Following a public consultation in accordance with Article 9 and in order to address significant factual changes in circumstances, such as the evolution of system requirements including penetration of renewable energy sources, smart grids, distributed generation or demand response, the relevant TSO may propose to the regulatory authority concerned, or where applicable, to the **Contracting Party** to extend the application of this Regulation to existing transmission-connected demand facilities, existing transmission-connected distribution facilities, existing distribution systems, or existing demand units used by a demand facility or a closed distribution system to provide demand response services to a relevant system operator or relevant TSO.

For that purpose a sound and transparent quantitative cost-benefit analysis shall be carried out, in accordance with Articles 48 and 49. The analysis shall indicate:

(a) the costs, in regard to existing transmission-connected demand facilities, existing transmission-connected distribution facilities, existing distribution systems and existing demand units, of requiring compliance with this Regulation;

(b) the socioeconomic benefit resulting from applying the requirements set out in this Regulation; and

(c) the potential of alternative measures to achieve the required performance.

4. Before carrying out the quantitative cost-benefit analysis referred to in paragraph 3, the relevant TSO shall:

(a) carry out a preliminary qualitative comparison of costs and benefits;

(b) obtain approval from the relevant regulatory authority or, where applicable, the **Contracting Party**.

5. The relevant regulatory authority or, where applicable, the **Contracting Party** shall decide on the extension of the applicability of this Regulation to existing transmission-connected demand facilities, existing transmission-connected distribution facilities, existing distribution systems, or existing demand units, within six months of receipt of the report and the recommendation of the relevant TSO in accordance with paragraph 4 of Article 48. The decision of the regulatory authority or, where applicable, the **Contracting Party** shall be published.

6. The relevant TSO shall take account of the legitimate expectations of demand facility owners, DSOs and CDSOs as part of the assessment of the application of this Regulation to existing transmission-connected demand facilities, existing transmission-connected distribution facilities, existing distribution systems, or existing demand units.

7. The relevant TSO may assess the application of some or all of the provisions of this Regulation to existing transmission-connected demand facilities, existing transmission-connected distribution facilities, existing distribution systems, or existing demand units, every three years in accordance with the requirements and process set out in paragraphs 3 to 5.

#### *Article 5*

##### **Application to pump-storage power generating modules and industrial sites**

1. This Regulation shall not apply to pump-storage power generating modules that have both generating and pumping operation mode.
2. Any pumping module within a pump-storage station that only provides pumping mode shall be subject to the requirements of this Regulation and shall be treated as a demand facility.
3. In the case of industrial sites with an embedded power generating module, the system operator of an industrial site, the demand facility owner, the power generating facility owner and the relevant system operator to whose system the industrial site is connected, may agree, in coordination with the relevant TSO, on conditions for disconnection of critical loads from the relevant system. The objective of the agreement shall be to secure production processes of the industrial site in case of disturbed conditions in the relevant system.

#### *Article 6*

##### **Regulatory aspects**

1. Requirements of general application to be established by relevant system operators or TSOs under this Regulation shall be subject to approval by the entity designated by the **Contracting Party** and be published. The designated entity shall be the regulatory authority unless otherwise provided by the **Contracting Party**.
2. For site specific requirements to be established by relevant system operators or TSOs under this Regulation, **Contracting Parties** may require approval by a designated entity.
3. When applying this Regulation, **Contracting Parties**, competent entities and system operators shall:
  - (a) apply the principles of proportionality and non-discrimination;
  - (b) ensure transparency;
  - (c) apply the principle of optimisation between the highest overall efficiency and lowest total costs for all parties involved;
  - (d) respect the responsibility assigned to the relevant TSO in order to ensure system security, including as required by national legislation;
  - (e) consult with relevant DSOs and take account of potential impacts on their system;
  - (f) take into consideration agreed European standards and technical specifications
4. The relevant system operator or TSO shall submit a proposal for requirements of general application, or the methodology used to calculate or establish them, for approval by the competent entity within two years of **expiry of the deadline for transposition** of this Regulation.
5. Where this Regulation requires the relevant system operator, relevant TSO, demand facility owner, power generating facility owner, DSO and/or CDSO to seek agreement, they shall endeavour to do so within six months after a first proposal has been submitted by one party to the other parties. If no agreement has been found within this time frame, each party may request the relevant regulatory authority to issue a decision within six months.

6. Competent entities shall take decisions on proposals for requirements or methodologies within six months following the receipt of such proposals.

7. If the relevant system operator or TSO deems an amendment to requirements or methodologies as provided for and approved under paragraph 1 and 2 to be necessary, the requirements provided for in paragraphs 3 to 8 shall apply to the proposed amendment. System operators and TSOs proposing an amendment shall take into account the legitimate expectations, if any, of demand facility owners, DSOs, CDSOs, equipment manufacturers and other stakeholders based on the initially specified or agreed requirements or methodologies.

8. Any party having a complaint against a relevant system operator or a TSO in relation to that relevant system operator's or TSO's obligations under this Regulation may refer the complaint to the regulatory authority which, acting as dispute settlement authority, shall issue a decision within two months after receipt of the complaint. That period may be extended by two months where additional information is sought by the regulatory authority. That extended period may be further extended with the agreement of the complainant. The regulatory authority's decision shall have binding effect unless and until overruled on appeal.

9. Where the requirements under this Regulation are to be established by a relevant system operator that is not a TSO, **Contracting Parties** may provide that instead the TSO be responsible for establishing the relevant requirements.

#### *Article 7*

##### **Multiple TSOs**

1. Where more than one TSO exists in a **Contracting Party**, this Regulation shall apply to all those TSOs.
2. **Contracting Parties** may, under the national regulatory regime, provide that the responsibility of a TSO to comply with one or some or all obligations under this Regulation is assigned to one or more specific TSOs.

#### *Article 8*

##### **Recovery of costs**

1. The costs borne by system operators subject to network tariff regulation and stemming from the obligations laid down in this Regulation shall be assessed by the relevant regulatory authorities. Costs assessed as reasonable, efficient and proportionate shall be recovered through network tariffs or other appropriate mechanisms.
2. If requested by the relevant regulatory authorities, system operators referred to in paragraph 1 shall, within three months of the request, provide the information necessary to facilitate assessment of the costs incurred.

#### *Article 9*

##### **Public consultation**

1. Relevant system operators and relevant TSOs shall carry out a consultation with stakeholders, including the competent authorities of each **Contracting Party** on:
  - (a) proposals to extend the applicability of this Regulation to existing transmission-connected demand facilities, existing transmission-connected distribution facilities, existing distribution systems and existing demand units in accordance with Article 4(3);
  - (b) the report prepared in accordance with Article 48(3);
  - (c) the cost-benefit analysis undertaken in accordance with Article 53(2);
  - (d) the requirements for demand units specified in accordance with Article 28(2)(c),(e),(f),(k) and (l) and Article 29(2)(c) to (e).

The consultation shall last at least for a period of one month.

2. The relevant system operators or relevant TSOs shall duly take into account the views of the stakeholders resulting from the consultations, prior to the submission of the draft proposal, the report, the cost-benefit analysis, or the requirements for demand units, for approval by the regulatory authority, competent entity or, if applicable, the **Contracting Party**. In all cases, a sound justification for including or

not the view of the stakeholders shall be provided and published in a timely manner before, or simultaneously with, the publication of the proposal, the report, the cost-benefit analysis, or the requirements for demand units specified in accordance with Article 28 and Article 29.

#### *Article 10*

### **Stakeholder involvement**

The **Energy Community Regulatory Board**, in close cooperation with the European Network of Transmission System Operators for Electricity (ENTSO for Electricity), shall organise stakeholder involvement, regarding the requirements for the grid connection of transmission-connected demand facilities, transmission-connected distribution facilities, distribution systems and demand units used by a demand facility or a closed distribution system to provide demand response services to relevant system operators and relevant TSOs, and other aspects of the implementation of this Regulation. This shall include regular meetings with stakeholders to identify problems and propose improvements notably related to the requirements for grid connection of transmission-connected demand facilities, transmission-connected distribution facilities, distribution systems and demand units used by a demand facility or a closed distribution system to provide demand response services to relevant system operators and relevant TSOs.

#### *Article 11*

### **Confidentiality obligations**

1. Any confidential information received, exchanged or transmitted pursuant to this Regulation shall be subject to the conditions of professional secrecy laid down in paragraphs 2, 3 and 4.
2. The obligation of professional secrecy shall apply to any persons, regulatory authorities, or entities subject to the provisions of this Regulation.
3. Confidential information received by the persons, regulatory authorities, or entities referred to in paragraph 2 in the course of their duties may not be divulged to any other person or authority, without prejudice to cases covered by national law, the other provisions of this Regulation or other relevant **Energy Community** law.
4. Without prejudice to cases covered by national or **Energy Community** law, regulatory authorities, entities, or persons who receive confidential information pursuant to this Regulation may use it only for the purpose of carrying out their duties under this Regulation.

## **TITLE II**

### **CONNECTION OF TRANSMISSION-CONNECTED DEMAND FACILITIES, TRANSMISSION-CONNECTED DISTRIBUTION FACILITIES AND DISTRIBUTION SYSTEMS**

#### **CHAPTER 1**

### **General requirements**

#### *Article 12*

### **General frequency requirements**

1. Transmission-connected demand facilities, transmission-connected distribution facilities and distribution systems shall be capable of remaining connected to the network and operating at the frequency ranges and time periods specified in Annex I.

2. The transmission-connected demand facility owner or the DSO may agree with the relevant TSO on wider frequency ranges or longer minimum times for operation. If wider frequency ranges or longer minimum times for operation are technically feasible, the consent of the transmission-connected demand facility owner or DSO shall not be unreasonably withheld.

#### *Article 13*

##### **General voltage requirements**

1. Transmission-connected demand facilities, transmission-connected distribution facilities and transmission-connected distribution systems shall be capable of remaining connected to the network and operating at the voltage ranges and time periods specified in Annex II.

2. Equipment of distribution systems connected at the same voltage as the voltage of the connection point to the transmission system shall be capable of remaining connected to the network and operating at the voltage ranges and time periods specified in Annex II.

3. The voltage range at the connection point shall be expressed by the voltage at the connection point related to reference 1 per unit (pu) voltage. For the 400 kV grid voltage level (or alternatively commonly referred to as 380 kV level), the reference 1 pu value is 400 kV, for other grid voltage levels the reference 1 pu voltage may differ for each system operator in the same synchronous area.

4....

5....

6. If required by the relevant TSO, a transmission-connected demand facility, a transmission-connected distribution facility, or a transmission-connected distribution system shall be capable of automatic disconnection at specified voltages. The terms and settings for automatic disconnection shall be agreed between the relevant TSO and the transmission-connected demand facility owner or the DSO.

7. With regard to transmission-connected distribution systems with a voltage below 110 kV at the connection point, the relevant TSO shall specify the voltage range at the connection point that the distribution systems connected to that transmission system shall be designed to withstand. DSOs shall design the capability of their equipment, connected at the same voltage as the voltage of the connection point to the transmission system, to comply with this voltage range.

#### *Article 14*

##### **Short-circuit requirements**

1. Based on the rated short-circuit withstand capability of its transmission network elements, the relevant TSO shall specify the maximum short-circuit current at the connection point that the transmission-connected demand facility or the transmission-connected distribution system shall be capable of withstanding.

2. The relevant TSO shall deliver to the transmission-connected demand facility owner or the transmission-connected distribution system operator an estimate of the minimum and maximum short-circuit currents to be expected at the connection point as an equivalent of the network.

3. After an unplanned event, the relevant TSO shall inform the affected transmission-connected demand facility owner or the affected transmission-connected distribution system operator as soon as possible and no later than one week after the unplanned event, of the changes above a threshold for the maximum short-circuit current that the affected transmission-connected demand facility or the affected transmission-connected distribution system shall be able to withstand from the relevant TSO's network in accordance with paragraph 1.

4. The threshold set in paragraph 3 shall either be specified by the transmission-connected demand facility owner for its facility, or by the transmission-connected distribution system operator for its network.

5. Before a planned event, the relevant TSO shall inform the affected transmission-connected demand facility owner or the affected transmission-connected distribution system operator, as soon as possible and no later than one week before the planned event, of the changes above a threshold for the maximum short-circuit current that the affected transmission-connected demand facility or the affected transmission-

connected distribution system shall be able to withstand from the relevant TSO's network, in accordance with paragraph 1.

6. The threshold set in paragraph 5 shall either be specified by the transmission-connected demand facility owner for its facility, or by the transmission-connected distribution system operator for its network.

7. The relevant TSO shall request information from a transmission-connected demand facility owner or a transmission-connected distribution system operator concerning the contribution in terms of short-circuit current from that facility or network. As a minimum, the equivalent modules of the network shall be delivered and demonstrated for zero, positive and negative sequences.

8. After an unplanned event, the transmission-connected demand facility owner or the transmission-connected distribution system operator shall inform the relevant TSO, as soon as possible and no later than one week after the unplanned event, of the changes in short-circuit contribution above the threshold set by the relevant TSO.

9. Before a planned event, the transmission-connected demand facility owner or the transmission-connected distribution system operator shall inform the relevant TSO, as soon as possible and no later than one week before the planned event, of the changes in short-circuit contribution above the threshold set by the relevant TSO.

#### *Article 15*

#### **Reactive power requirements**

1. Transmission-connected demand facilities and transmission-connected distribution systems shall be capable of maintaining their steady-state operation at their connection point within a reactive power range specified by the relevant TSO, according to the following conditions:

(a) for transmission-connected demand facilities, the actual reactive power range specified by the relevant TSO for importing and exporting reactive power shall not be wider than 48 percent of the larger of the maximum import capacity or maximum export capacity (0,9 power factor import or export of active power), except in situations where either technical or financial system benefits are demonstrated, for transmission-connected demand facilities, by the transmission-connected demand facility owner and accepted by the relevant TSO;

(b) for transmission-connected distribution systems, the actual reactive power range specified by the relevant TSO for importing and exporting reactive power shall not be wider than:

(i) 48 percent (i.e. 0,9 power factor) of the larger of the maximum import capability or maximum export capability during reactive power import (consumption); and

(ii) 48 percent (i.e. 0,9 power factor) of the larger of the maximum import capability or maximum export capability during reactive power export (production);

except in situations where either technical or financial system benefits are proved by the relevant TSO and the transmission-connected distribution system operator through joint analysis;

(c) the relevant TSO and the transmission-connected distribution system operator shall agree on the scope of the analysis, which shall address the possible solutions, and determine the optimal solution for reactive power exchange between their systems, taking adequately into consideration the specific system characteristics, variable structure of power exchange, bidirectional flows and the reactive power capabilities in the distribution system;

(d) the relevant TSO may establish the use of metrics other than power factor in order to set out equivalent reactive power capability ranges;

(e) the reactive power range requirement values shall be met at the connection point;

(f) by way of derogation from point (e), where a connection point is shared between a power generating module and a demand facility, equivalent requirements shall be met at the point defined in relevant agreements or national law.

2. The relevant TSO may require that transmission-connected distribution systems have the capability at the connection point to not export reactive power (at reference 1 pu voltage) at an active power flow of less than 25 % of the maximum import capability. Where applicable, **Contracting Parties** may require the

relevant TSO to justify its request through a joint analysis with the transmission-connected distribution system operator. If this requirement is not justified based on the joint analysis, the relevant TSO and the transmission-connected distribution system operator shall agree on necessary requirements according to the outcomes of a joint analysis.

3. Without prejudice to point (b) of paragraph 1, the relevant TSO may require the transmission-connected distribution system to actively control the exchange of reactive power at the connection point for the benefit of the entire system. The relevant TSO and the transmission-connected distribution system operator shall agree on a method to carry out this control, to ensure the justified level of security of supply for both parties. The justification shall include a roadmap in which the steps and the timeline for fulfilling the requirement are specified.

4. In accordance with paragraph 3, the transmission-connected distribution system operator may require the relevant TSO to consider its transmission-connected distribution system for reactive power management.

#### *Article 16*

##### **Protection requirements**

1. The relevant TSO shall specify the devices and settings required to protect the transmission network in accordance with the characteristics of the transmission-connected demand facility or the transmission-connected distribution system. The relevant TSO and the transmission-connected demand facility owner or the transmission-connected distribution system operator shall agree on protection schemes and settings relevant for the transmission-connected demand facility or the transmission-connected distribution system.

2. Electrical protection of the transmission-connected demand facility or the transmission-connected distribution system shall take precedence over operational controls while respecting system security, health and safety of staff and the public.

3. Protection scheme devices may cover the following elements:

- (a) external and internal short circuit;
- (b) over- and under-voltage at the connection point to the transmission system;
- (c) over- and under-frequency;
- (d) demand circuit protection;
- (e) unit transformer protection;
- (f) back-up against protection and switchgear malfunction.

4. The relevant TSO and the transmission-connected demand facility owner or the transmission-connected distribution system operator shall agree on any changes to the protection schemes relevant for the transmission-connected demand facility or the transmission-connected distribution system, and on the arrangements for the protection schemes of the transmission-connected demand facility or the transmission-connected distribution system.

#### *Article 17*

##### **Control requirements**

1. The relevant TSO and the transmission-connected demand facility owner or the transmission-connected distribution system operator shall agree on the schemes and settings of the different control devices of the transmission-connected demand facility or the transmission-connected distribution system relevant for system security.

2. The agreement shall cover at least the following elements:

- (a) isolated (network) operation;
- (b) damping of oscillations;
- (c) disturbances to the transmission network;

- (d) automatic switching to emergency supply and restoration to normal topology;
  - (e) automatic circuit-breaker re-closure (on 1-phase faults).
3. The relevant TSO and the transmission-connected demand facility owner or the transmission-connected distribution system operator shall agree on any changes to the schemes and settings of the different control devices of the transmission-connected demand facility or the transmission-connected distribution system relevant for system security.
4. With regard to priority ranking of protection and control, the transmission-connected demand facility owner or the transmission-connected distribution system operator shall set the protection and control devices of its transmission-connected demand facility or its transmission-connected distribution system respectively, in compliance with the following priority ranking, organised in decreasing order of importance:
- (a) transmission network protection;
  - (b) transmission-connected demand facility or transmission-connected distribution system protection;
  - (c) frequency control (active power adjustment);
  - (d) power restriction.

#### *Article 18*

##### **Information exchange**

1. Transmission-connected demand facilities shall be equipped according to the standards specified by the relevant TSO in order to exchange information between the relevant TSO and the transmission-connected demand facility with the specified time stamping. The relevant TSO shall make the specified standards publicly available.
2. Transmission-connected distribution system shall be equipped according to the standards specified by the relevant TSO in order to exchange information between the relevant TSO and the transmission-connected distribution system with the specified time stamping. The relevant TSO shall make the specified standards publicly available.
3. The relevant TSO shall specify the information exchange standards. The relevant TSO shall make publicly available the precise list of data required.

#### *Article 19*

##### **Demand disconnection and demand reconnection**

1. All transmission-connected demand facilities and transmission-connected distribution systems shall fulfil the following requirements related to low frequency demand disconnection functional capabilities:
  - (a) each transmission-connected distribution system operator and, where specified by the TSO, transmission-connected demand facility owner, shall provide capabilities that enable automatic 'low frequency' disconnection of a specified proportion of their demand. The relevant TSO may specify a disconnection trigger based on a combination of low frequency and rate-of-change-of-frequency;
  - (b) the low frequency demand disconnection functional capabilities shall allow for disconnecting demand in stages for a range of operational frequencies;
  - (c) the low frequency demand disconnection functional capabilities shall allow for operation from a nominal Alternating Current ('AC') input to be specified by the relevant system operator, and shall meet the following requirements:
    - (i) frequency range: at least between 47-50 Hz, adjustable in steps of 0,05 Hz;
    - (ii) operating time: no more than 150 ms after triggering the frequency set point **and no more than 450 ms after triggering the frequency set point in Georgia**;
    - (iii) voltage lock-out: blocking of the functional capability shall be possible when the voltage is within a range of 30 to 90 % of reference 1 pu voltage;
    - (iv) provide the direction of active power flow at the point of disconnection;

(d) the AC voltage supply used in providing low frequency demand disconnection functional capabilities, shall be provided from the network at the frequency signal measuring point, as used in providing functional capabilities in accordance with paragraph 1(c), so that the frequency of the low frequency demand disconnection functional capabilities supply voltage is the same as the one of the network.

2. With regard to low voltage demand disconnection functional capabilities, the following requirements shall apply:

(a) the relevant TSO may specify, in coordination with the transmission-connected distribution system operators, low voltage demand disconnection functional capabilities for the transmission-connected distribution facilities;

(b) the relevant TSO may specify, in coordination with the transmission-connected demand facility owners, low voltage demand disconnection functional capabilities for the transmission-connected demand facilities;

(c) based on the TSO's assessment concerning system security, the implementation of on load tap changer blocking and low voltage demand disconnection shall be binding for the transmission-connected distribution system operators;

(d) if the relevant TSO decides to implement a low voltage demand disconnection functional capability, the equipment for both on load tap changer blocking and low voltage demand disconnection shall be installed in coordination with the relevant TSO;

(e) the method for low voltage demand disconnection shall be implemented by relay or control room initiation;

(f) the low voltage demand disconnection functional capabilities shall have the following features:

(i) the low voltage demand disconnection functional capability shall monitor the voltage by measuring all three phases;

(ii) blocking of the relays' operation shall be based on direction of either active power or reactive power flow.

3. With regard to blocking of on load tap changers, the following requirements shall apply:

(a) if required by the relevant TSO, the transformer at the transmission-connected distribution facility shall be capable of automatic or manual on load tap changer blocking;

(b) the relevant TSO shall specify the automatic on load tap changer blocking functional capability.

4. All transmission-connected demand facilities and transmission-connected distribution systems shall fulfil the following requirements related to disconnection or reconnection of a transmission-connected demand facility or a transmission-connected distribution system:

(a) with regard to the capability of reconnection after a disconnection, the relevant TSO shall specify the conditions under which a transmission-connected demand facility or a transmission-connected distribution system is entitled to reconnect to the transmission system. Installation of automatic reconnection systems shall be subject to prior authorisation by the relevant TSO;

(b) with regard to reconnection of a transmission-connected demand facility or a transmission-connected distribution system, the transmission-connected demand facility or the transmission-connected distribution system shall be capable of synchronisation for frequencies within the ranges set out in Article 12. The relevant TSO and the transmission-connected demand facility owner or the transmission-connected distribution system operator shall agree on the settings of synchronisation devices prior to connection of the transmission-connected demand facility or the transmission-connected distribution system, including voltage, frequency, phase angle range and deviation of voltage and frequency;

(c) a transmission-connected demand facility or a transmission-connected distribution facility shall be capable of being remotely disconnected from the transmission system when required by the relevant TSO. If required, the automated disconnection equipment for reconfiguration of the system in preparation for block loading shall be specified by the relevant TSO. The relevant TSO shall specify the time required for remote disconnection.

#### *Article 20*

### **Power quality**

Transmission-connected demand facility owners and transmission-connected distribution system operators shall ensure that their connection to the network does not result in a determined level of distortion or fluctuation of the supply voltage on the network, at the connection point. The level of distortion shall not exceed that allocated to them by the relevant TSO. TSOs shall coordinate their power quality requirements with the requirements of adjacent TSOs.

#### *Article 21*

### **Simulation models**

1. Transmission-connected demand facilities and transmission-connected distribution systems shall fulfil the requirements set out in paragraphs 3 and 4 related to the simulation models or equivalent information.
2. Each TSO may require simulation models or equivalent information showing the behaviour of the transmission-connected demand facility, or the transmission-connected distribution system, or both, in steady and dynamic states.
3. Each TSO shall specify the content and format of those simulation models or equivalent information. The content and format shall include:
  - (a) steady and dynamic states, including 50 Hz component;
  - (b) electromagnetic transient simulations at the connection point;
  - (c) structure and block diagrams.
4. For the purpose of dynamic simulations, the simulation model or equivalent information referred to in paragraph 3(a) shall contain the following sub-models or equivalent information:
  - (a) power control;
  - (b) voltage control;
  - (c) transmission-connected demand facility and transmission-connected distribution system protection models;
  - (d) the different types of demand, that is to say electro technical characteristics of the demand; and
  - (e) converter models.
5. Each relevant system operator or relevant TSO shall specify the requirements of the performance of the recordings of transmission-connected demand facilities or transmission-connected distribution facilities, or both, in order to compare the response of the model with these recordings.

## **CHAPTER 2**

### ***Operational notification procedure***

#### *Article 22*

### **General provisions**

1. The operational notification procedure for the connection of each new transmission-connected demand facility, each new transmission-connected distribution facility and each new transmission-connected distribution system, shall comprise:
  - (a) an energisation operational notification (EON);
  - (b) an interim operational notification (ION);

(c) a final operational notification (FON).

2. Each transmission-connected demand facility owner or transmission-connected distribution system operator to which one or more of the requirements in Title II apply shall demonstrate to the relevant TSO that it has complied with the requirements set out in Title II of this Regulation by completing successfully the operational notification procedure for connection of each transmission-connected demand facility, each transmission-connected distribution facility and each transmission-connected distribution system described in Articles 23 to 26.

3. The relevant TSO shall specify and make publicly available further details concerning the operational notification procedure.

#### *Article 23*

##### **Energisation operational notification**

1. An EON shall entitle the transmission-connected demand facility owner or transmission-connected distribution system operator to energise its internal network and auxiliaries by using the grid connection that is specified for the connection point.

2. An EON shall be issued by the relevant TSO, subject to completion of preparations including agreement on the protection and control settings relevant to the connection point between the relevant TSO and the transmission-connected demand facility owner or transmission-connected distribution system operator.

#### *Article 24*

##### **Interim operational notification**

1. An ION shall entitle the transmission-connected demand facility owner or transmission-connected distribution system operator to operate the transmission-connected demand facility, the transmission-connected distribution facility, or the transmission-connected distribution system by using the grid connection for a limited period of time.

2. An ION shall be issued by the relevant TSO, subject to completion of the data and study review process as required by this Article.

3. With regard to the data and study review, the relevant TSO shall have the right to request that the transmission-connected demand facility owner or transmission-connected distribution system operator provide the following:

(a) an itemised statement of compliance;

(b) detailed technical data of the transmission-connected demand facility, the transmission-connected distribution facility or the transmission-connected distribution system relevant to the grid connection as specified by the relevant TSO;

(c) equipment certificates issued by an authorised certifier in respect of transmission-connected demand facilities, transmission-connected distribution facilities and transmission-connected distribution systems, where these are relied upon as part of the evidence of compliance;

(d) simulation models, as specified in Article 21 and required by the TSO;

(e) studies demonstrating expected steady-state and dynamic performance as required in Articles 43, 46 and 47;

(f) details of intended practical method of completing compliance tests according to Chapter 2 of Title IV.

4. The maximum period during which the transmission-connected demand facility owner or transmission-connected distribution system operator may maintain ION status shall be 24 months. The relevant TSO is entitled to specify a shorter ION validity period. An extension of the ION shall be granted only if the transmission-connected demand facility owner or transmission-connected distribution system operator has made substantial progress towards full compliance. Outstanding issues shall be clearly identified at the time of requesting extension.

5. An extension of the period during which the transmission-connected demand facility owner or transmission-connected distribution system operator may maintain ION status, beyond the period established in paragraph 4, may be granted if a request for a derogation is made to the relevant TSO before the expiry of that period in accordance with the derogation procedure laid down in Article 50.

#### *Article 25*

##### **Final operational notification**

1. A FON shall entitle the transmission-connected demand facility owner or transmission-connected distribution system operator to operate the transmission-connected demand facility, the transmission-connected distribution facility or the transmission-connected distribution system by using the grid connection.

2. A FON shall be issued by the relevant TSO, upon prior removal of all incompatibilities identified for the purposes of the ION status and subject to the completion of the data and study review process as required by this Article.

3. For the purposes of the data and study review, the transmission-connected demand facility owner or transmission-connected distribution system operator must submit the following to the relevant TSO:

(a) an itemised statement of compliance; and

(b) an update of the applicable technical data, simulation models and studies as referred to in points (b), (d) and (e) of Article 24(3), including the use of actual measured values during testing.

4. If incompatibility is identified in connection with the issuing of the FON, a derogation may be granted upon a request made to the relevant TSO, in accordance with the derogation procedure described in Chapter 2 of Title V. A FON shall be issued by the relevant TSO if the transmission-connected demand facility, the transmission-connected distribution facility, or the transmission-connected distribution system complies with the provisions of the derogation.

Where a request for a derogation is rejected, the relevant TSO shall have the right to refuse to allow the operation of the transmission-connected demand facility, the transmission-connected distribution facility, or the transmission-connected distribution system until the transmission-connected demand facility owner or transmission-connected distribution system operator and the relevant TSO resolve the incompatibility and the relevant TSO considers that the transmission-connected demand facility, the transmission-connected distribution facility, or the transmission-connected distribution system complies with the provisions of this Regulation.

If the relevant TSO and the transmission-connected demand facility owner or transmission-connected distribution system operator do not resolve the incompatibility within a reasonable time frame, but in any case not later than six months after the notification of the rejection of the request for a derogation, each party may refer the issue for decision to the regulatory authority.

#### *Article 26*

##### **Limited operational notification**

1. Transmission-connected demand facility owners or transmission-connected distribution system operators to whom a FON has been granted, shall inform the relevant TSO, no later than 24 hours after the incident has occurred, of the following circumstances:

(a) the facility is temporarily subject to either significant modification or loss of capability affecting its performance; or

(b) equipment failure leading to non-compliance with some relevant requirements.

A longer time period to inform the relevant TSO can be agreed with the transmission-connected demand facility owner or transmission-connected distribution system operator depending on the nature of the changes.

2. The transmission-connected demand facility owner or transmission-connected distribution system operator shall apply to the relevant TSO for a limited operational notification (LON), if the transmission-

connected demand facility owner or transmission-connected distribution system operator expects the circumstances described in paragraph 1 to persist for more than three months.

3. A LON shall be issued by the relevant TSO and shall contain the following information which shall be clearly identifiable:

- (a) the unresolved issues justifying the granting of the LON;
- (b) the responsibilities and timescales for expected solution; and
- (c) a maximum period of validity which shall not exceed 12 months. The initial period granted may be shorter with the possibility of an extension if evidence is submitted to the satisfaction of the relevant TSO demonstrating that substantial progress has been made towards achieving full compliance.

4. The FON shall be suspended during the period of validity of the LON with regard to the items for which the LON has been issued.

5. A further extension of the period of validity of the LON may be granted upon a request for a derogation made to the relevant TSO before the expiry of that period, in accordance with the derogation procedure described in Chapter 2 of Title V.

6. The relevant TSO shall have the right to refuse to allow the operation of the transmission-connected demand facility, the transmission-connected distribution facility, or the transmission-connected distribution system once the LON is no longer valid. In such cases, the FON shall automatically become invalid.

7. If the relevant TSO does not grant an extension of the period of validity of the LON in accordance with paragraph 5 or if it refuses to allow the operation of the transmission-connected demand facility, the transmission-connected distribution facility, or the transmission-connected distribution system once the LON is no longer valid in accordance with paragraph 6, the transmission-connected demand facility owner or transmission-connected distribution system operator may refer the issue for decision to the regulatory authority within six months after the notification of the decision of the relevant TSO.

### **TITLE III**

## **CONNECTION OF DEMAND UNITS USED BY A DEMAND FACILITY OR A CLOSED DISTRIBUTION SYSTEM TO PROVIDE DEMAND RESPONSE SERVICES TO SYSTEM OPERATORS**

### **CHAPTER 1**

#### ***General requirements***

#### *Article 27*

#### **General provisions**

1. Demand response services provided to system operators shall be distinguished based on the following categories:

- (a) remotely controlled:
  - (i) demand response active power control;
  - (ii) demand response reactive power control;
  - (iii) demand response transmission constraint management.
- (b) autonomously controlled:
  - (i) demand response system frequency control;
  - (ii) demand response very fast active power control.

2. Demand facilities and closed distribution systems may provide demand response services to relevant system operators and relevant TSOs. Demand response services can include, jointly or separately, upward or downward modification of demand.

3. The categories referred to in paragraph 1 are not exclusive and this Regulation does not prevent other categories from being developed. This Regulation does not apply to demand response services provided to other entities than relevant system operators or relevant TSOs.

#### *Article 28*

##### **Specific provisions for demand units with demand response active power control, reactive power control and transmission constraint management**

1. Demand facilities and closed distribution systems may offer demand response active power control, demand response reactive power control, or demand response transmission constraint management to relevant system operators and relevant TSOs.

2. Demand units with demand response active power control, demand response reactive power control, or demand response transmission constraint management shall comply with the following requirements, either individually or, where it is not part of a transmission-connected demand facility, collectively as part of demand aggregation through a third party:

- (a) be capable of operating across the frequency ranges specified in Article 12(1) and the extended range specified in Article 12(2);
- (b) be capable of operating across the voltage ranges specified in Article 13 if connected at a voltage level at or above 110 kV;
- (c) be capable of operating across the normal operational voltage range of the system at the connection point, specified by the relevant system operator, if connected at a voltage level below 110 kV. This range shall take into account existing standards and shall, prior to approval in accordance with Article 6, be subject to consultation with the relevant stakeholders in accordance with Article 9(1);
- (d) be capable of controlling power consumption from the network in a range equal to the range contracted, directly or indirectly through a third party, by the relevant TSO;
- (e) be equipped to receive instructions, directly or indirectly through a third party, from the relevant system operator or the relevant TSO to modify their demand and to transfer the necessary information. The relevant system operator shall make publicly available the technical specifications approved to enable this transfer of information. For demand units connected at a voltage level below 110 kV, these specifications shall, prior to approval in accordance with Article 6, be subject to consultation with the relevant stakeholders in accordance with Article 9(1);
- (f) be capable of adjusting its power consumption within a time period specified by the relevant system operator or the relevant TSO. For demand units connected at a voltage level below 110 kV, these specifications shall, prior to approval in accordance with Article 6, be subject to consultation with the relevant stakeholders in accordance with Article 9(1);
- (g) be capable of full execution of an instruction issued by the relevant system operator or the relevant TSO to modify its power consumption to the limits of the electrical protection safeguards, unless a contractually agreed method is in place with the relevant system operator or relevant TSO for the replacement of their contribution (including aggregated demand facilities' contribution through a third party);
- (h) once a modification to power consumption has taken place and for the duration of the requested modification, only modify the demand used to provide the service if required by the relevant system operator or relevant TSO to the limits of the electrical protection safeguards, unless a contractually agreed method is in place with the relevant system operator or relevant TSO for the replacement of their contribution (including aggregated demand facilities' contribution through a third party). Instructions to modify power consumption may have immediate or delayed effects;
- (i) notify the relevant system operator or relevant TSO of the modification of demand response capacity. The relevant system operator or relevant TSO shall specify the modalities of the notification;
- (j) where the relevant system operator or the relevant TSO, directly or indirectly through a third party, command the modification of the power consumption, enable the modification of a part of its demand in response to an instruction by the relevant system operator or the relevant TSO, within the limits agreed with the demand facility owner or the CDSO and according to the demand unit settings;

(k) have the withstand capability to not disconnect from the system due to the rate-of-change-of-frequency up to a value specified by the relevant TSO. With regard to this withstand capability, the value of rate-of-change-of-frequency shall be calculated over a 500 ms time frame. For demand units connected at a voltage level below 110 kV, these specifications shall, prior to approval in accordance with Article 6, be subject to consultation with the relevant stakeholders in accordance with Article 9(1);

(l) where modification to the power consumption is specified via frequency or voltage control, or both, and via pre-alert signal sent by the relevant system operator or the relevant TSO, be equipped to receive, directly or indirectly through a third party, the instructions from the relevant system operator or the relevant TSO, to measure the frequency or voltage value, or both, to command the demand trip and to transfer the information. The relevant system operator shall specify and publish the technical specifications approved to enable this transfer of information. For demand units connected at a voltage level below 110 kV, these specifications shall, prior to approval in accordance with Article 6, be subject to consultation with the relevant stakeholders in accordance with Article 9(1).

3. For voltage control with disconnection or reconnection of static compensation facilities, each transmission-connected demand facility or transmission-connected closed distribution system shall be able to connect or disconnect its static compensation facilities, directly or indirectly, either individually or commonly as part of demand aggregation through a third party, in response to an instruction transmitted by the relevant TSO, or in the conditions set forth in the contract between the relevant TSO and the demand facility owner or the CDSO.

#### *Article 29*

##### **Specific provisions for demand units with demand response system frequency control**

1. Demand facilities and closed distribution systems may offer demand response system frequency control to relevant system operators and relevant TSOs.

2. Demand units with demand response system frequency control shall comply with the following requirements, either individually or, where it is not part of a transmission-connected demand facility, collectively as part of demand aggregation through a third party:

(a) be capable of operating across the frequency ranges specified in Article 12(1) and the extended range specified in Article 12(2);

(b) be capable of operating across the voltage ranges specified in Article 13 if connected at a voltage level at or above 110 kV;

(c) be capable of operating across the normal operational voltage range of the system at the connection point, specified by the relevant system operator, if connected at a voltage level below 110 kV. This range shall take into account existing standards, and shall, prior to approval in accordance with Article 6, be subject to consultation with the relevant stakeholders in accordance with Article 9(1);

(d) be equipped with a control system that is insensitive within a dead band around the nominal system frequency of 50,00 Hz, of a width to be specified by the relevant TSO in consultation with the TSOs in the synchronous area. For demand units connected at a voltage level below 110 kV, these specifications shall, prior to approval in accordance with Article 6, be subject to consultation with the relevant stakeholders in accordance with Article 9(1);

(e) be capable of, upon return to frequency within the dead band specified in paragraph 2(d), initiating a random time delay of up to 5 minutes before resuming normal operation.

The maximum frequency deviation from nominal value of 50,00 Hz to respond to shall be specified by the relevant TSO in coordination with the TSOs in the synchronous area. For demand units connected at a voltage level below 110 kV, these specifications shall, prior to approval in accordance with Article 6, be subject to consultation with the relevant stakeholders in accordance with Article 9(1).

The demand shall be increased or decreased for a system frequency above or below the dead band of nominal (50,00 Hz) respectively;

(f) be equipped with a controller that measures the actual system frequency. Measurements shall be updated at least every 0,2 seconds;

(g) be able to detect a change in system frequency of 0,01 Hz, in order to give overall linear proportional

system response, with regard to the demand response system frequency control's sensitivity and accuracy of the frequency measurement and the consequent modification of the demand. The demand unit shall be capable of a rapid detection and response to changes in system frequency, to be specified by the relevant TSO in coordination with the TSOs in the synchronous area. An offset in the steady-state measurement of frequency shall be acceptable up to 0,05 Hz.

#### *Article 30*

##### **Specific provisions for demand units with demand response very fast active power control**

1. The relevant TSO in coordination with the relevant system operator may agree with a demand facility owner or a CDSO (including, but not restricted to, through a third party) on a contract for the delivery of demand response very fast active power control.
2. If the agreement referred to in paragraph 1 takes place, the contract referred to in paragraph 1 shall specify:
  - (a) a change of active power related to a measure such as the rate-of-change-of-frequency for that portion of its demand;
  - (b) the operating principle of this control system and the associated performance parameters;
  - (c) the response time for very fast active power control, which shall not be longer than 2 seconds.

## **CHAPTER 2**

### ***Operational notification procedure***

#### *Article 31*

##### **General provisions**

1. The operational notification procedure for demand units used by a demand facility or a closed distribution system to provide demand response to system operators shall be distinguished between:
  - (a) demand units within a demand facility or a closed distribution system connected at a voltage level of or below 1 000 V;
  - (b) demand units within a demand facility or a closed distribution system connected at a voltage level above 1 000 V.
2. Each demand facility owner or CDSO, providing demand response to a relevant system operator or a relevant TSO, shall confirm to the relevant system operator, or relevant TSO, directly or indirectly through a third party, its ability to satisfy the technical design and operational requirements as referred to in Chapter 1 of Title III of this Regulation.
3. The demand facility owner or the CDSO shall notify, directly or indirectly, through a third party, the relevant system operator or relevant TSO, in advance of any decision to cease offering demand response services and/or about the permanent removal of the demand unit with demand response. This information may be aggregated as specified by the relevant system operator or relevant TSO.
4. The relevant system operator shall specify and make publicly available further details concerning the operational notification procedure.

#### *Article 32*

##### **Procedures for demand units within a demand facility or a closed distribution system connected at a voltage level of or below 1 000 V**

1. The operational notification procedure for a demand unit within a demand facility or a closed distribution system connected at a voltage level of or below 1 000 V shall comprise an installation document.
2. The installation document template shall be provided by the relevant system operator, and the contents agreed with the relevant TSO, either directly or indirectly through a third party.

3. Based on an installation document, the demand facility owner or the CDSO shall submit information, directly or indirectly through a third party, to the relevant system operator or relevant TSO. The date of this submission shall be prior to the offer in the market of the capacity of the demand response by the demand unit. The requirements set in the installation document shall differentiate between different types of connections and between the different categories of demand response services.
4. For subsequent demand units with demand response, separate installation documents shall be provided.
5. The content of the installation document of individual demand units may be aggregated by the relevant system operator or relevant TSO.
6. The installation document shall contain the following items:
  - (a) the location at which the demand unit with demand response is connected to the network;
  - (b) the maximum capacity of the demand response installation in kW;
  - (c) the type of demand response services;
  - (d) the demand unit certificate and the equipment certificate as relevant for the demand response service, or if not available, equivalent information;
  - (e) the contact details of the demand facility owner, the closed distribution system operator or the third party aggregating the demand units from the demand facility or the closed distribution system.

#### *Article 33*

### **Procedures for demand units within a demand facility or a closed distribution system connected at a voltage level above 1 000 V**

1. The operational notification procedure for a demand unit within a demand facility or a closed distribution system connected at a voltage level above 1 000 V shall comprise a DRUD. The relevant system operator, in coordination with the relevant TSO, shall specify the content required for the DRUD. The content of the DRUD shall require a statement of compliance which contains the information in Articles 36 to 47 for demand facilities and closed distribution systems, but the compliance requirements in Articles 36 to 47 for demand facilities and closed distribution systems can be simplified to a single operational notification stage as well as be reduced. The demand facility owner or CDSO shall provide the information required and submit it to the relevant system operator. Subsequent demand units with demand response shall provide separate DRUDs.
2. Based on the DRUD, the relevant system operator shall issue a FON to the demand facility owner or CDSO.

## **TITLE IV COMPLIANCE**

### **CHAPTER 1 General provisions**

#### *Article 34*

### **Responsibility of the demand facility owner, the distribution system operator and the closed distribution system operator**

1. Transmission-connected demand facility owners and DSOs shall ensure that their transmission-connected demand facilities, transmission-connected distribution facilities, or distribution systems comply with the requirements provided for in this Regulation. A demand facility owner or a CDSO providing demand response services to relevant system operators and relevant TSOs shall ensure that the demand unit complies with the requirements provided for in this Regulation.

2. Where the requirements of this Regulation are applicable to demand units used by a demand facility or a closed distribution system to provide demand response services to relevant system operators and relevant TSOs, the demand facility owner or the CDSO may totally or partially delegate to third parties tasks such as communicating with the relevant system operator or relevant TSO and gathering the documentation from the demand facility owner, the DSO or the CDSO evidencing compliance.

Third parties shall be treated as single users with the right to compile relevant documentation and demonstrate compliance of their aggregated demand facilities or aggregated closed distribution systems with the provisions of this Regulation. Demand facilities and closed distribution systems providing demand response services to relevant system operators and relevant TSOs may act collectively through third parties.

3. Where obligations are fulfilled through third parties, third parties shall only be required to inform the relevant system operator of changes to the total services being offered, taking account of location specific services.

4. Where the requirements are specified by the relevant TSO, or are for the purpose of the operation of the relevant TSO's system, alternative tests or requirements for test result acceptance for these requirements may be agreed with the relevant TSO.

5. Any intention to modify the technical capabilities of the transmission-connected demand facility, the transmission-connected distribution facility, the distribution system, or the demand unit, which has impact on compliance with the requirements provided for in Chapters 2 to 4 of Title IV, shall be notified to the relevant system operator, directly or indirectly through a third party, prior to pursuing such modification, within the time frame provided by the relevant system operator.

6. Any operational incidents or failures of the transmission-connected demand facility, the transmission-connected distribution facility, the distribution system or the demand unit, which have an impact on compliance with the requirements provided for in Chapters 2 to 4 of Title IV, shall be notified to the relevant system operator, directly or indirectly through a third party, as soon as possible after the occurrence of such an incident.

7. Any planned test schedules and procedures to verify compliance of the transmission-connected demand facility, the transmission-connected distribution facility, the distribution system, or the demand unit, with the requirements of this Regulation, shall be notified to the relevant system operator within the time frame specified by the relevant system operator and approved by the relevant system operator prior to their commencement.

8. The relevant system operator may participate in such tests and may record the performance of the transmission-connected demand facility, the transmission-connected distribution facility, the distribution system, and the demand unit.

#### *Article 35*

##### **Tasks of the relevant system operator**

1. The relevant system operator shall assess the compliance of a transmission-connected demand facility, a transmission-connected distribution facility, a distribution system, or a demand unit, with the requirements of this Regulation throughout the lifetime of the transmission-connected demand facility, the transmission-connected distribution facility, the distribution system, or the demand unit. The demand facility owner, the DSO or the CDSO shall be informed of the outcome of this assessment.

The compliance of a demand unit used by a demand facility or a closed distribution system to provide demand response services to relevant TSOs, shall be jointly assessed by the relevant TSO and the relevant system operator, and if applicable in coordination with the third party involved in demand aggregation.

2. The relevant system operator shall have the right to request that the demand facility owner, the DSO or the CDSO carries out compliance tests and simulations according to a repeat plan or general scheme or after any failure, modification or replacement of any equipment that may have an impact on the compliance of the transmission-connected demand facility, the transmission-connected distribution facility, the distribution system, or the demand unit with the requirements of this Regulation.

The demand facility owner, the DSO or the CDSO shall be informed of the outcome of those compliance tests and simulations.

3. The relevant system operator shall make publicly available the list of information and documents to be provided as well as the requirements to be fulfilled by the demand facility owner, the DSO or the CDSO in the frame of the compliance process. The list shall cover at least the following information, documents and requirements:

- (a) all documentation and certificates to be provided by the demand facility owner, the DSO or the CDSO;
- (b) details of the technical data required from the transmission-connected demand facility, the transmission-connected distribution facility, the distribution system, or the demand unit, with relevance to the grid connection or operation;
- (c) requirements for models for steady-state and dynamic system studies;
- (d) timeline for the provision of system data required to perform the studies;
- (e) studies by the demand facility owner, the DSO or the CDSO for demonstrating expected steady-state and dynamic performance referring to the requirements set forth in Articles 43, 44 and 45;
- (f) conditions and procedures including scope for registering equipment certificates;
- (g) conditions and procedures for the use of relevant equipment certificates issued by an authorised certifier by the demand facility owner, the DSO or the CDSO.

4. The relevant system operator shall make public the allocation of responsibilities to the demand facility owner, the DSO or the CDSO and to the system operator for compliance testing, simulation and monitoring.

5. The relevant system operator may totally or partially delegate the performance of its compliance monitoring to third parties. In such cases, the relevant system operator shall continue ensuring compliance with Article 11, including entering into confidentiality commitments with the assignee.

6. If compliance tests or simulations cannot be carried out as agreed between the relevant system operator and the demand facility owner, the DSO or the CDSO due to reasons attributable to the relevant system operator, then the relevant system operator shall not unreasonably withhold the operational notification referred to in Title II and Title III.

## **CHAPTER 2**

### **Compliance testing**

#### *Article 36*

#### **Common provisions for compliance testing**

1. Testing of the performance of a transmission-connected demand facility, a transmission-connected distribution facility, or a demand unit with demand response active power control, demand response reactive power control or demand response transmission constraint management, shall aim at demonstrating that the requirements of this Regulation have been complied with.

2. Notwithstanding the minimum requirements for compliance testing set out in this Regulation, the relevant system operator is entitled to:

- (a) allow the demand facility owner, the DSO or the CDSO to carry out an alternative set of tests, provided that those tests are efficient and suffice to demonstrate that a demand facility or a distribution system complies with the requirements of this Regulation; and
- (b) require the demand facility owner, the DSO or the CDSO to carry out additional or alternative sets of tests in those cases where the information supplied to the relevant system operator in relation to compliance testing under the provisions of Articles 37 to 41, is not sufficient to demonstrate compliance with the requirements of this Regulation.

3. The demand facility owner, the DSO or the CDSO is responsible for carrying out the tests in accordance with the conditions laid down in Chapter 2 of Title IV. The relevant system operator shall cooperate and not unduly delay the performance of the tests.

4. The relevant system operator may participate in the compliance testing either on site or remotely from the system operator's control room. For that purpose, the demand facility owner, the DSO or the CDSO shall provide the monitoring equipment necessary to record all relevant test signals and measurements as well as ensure that the necessary representatives of the demand facility owner, the DSO or the CDSO are available on site for the entire testing period. Signals specified by the relevant system operator shall be provided if, for selected tests, the system operator wishes to use its own equipment to record performance. The relevant system operator has sole discretion to decide about its participation.

#### *Article 37*

### **Compliance testing for disconnection and reconnection of transmission-connected distribution facilities**

1. The transmission-connected distribution facilities shall comply with the requirements for disconnection and reconnection referred in Article 19 and shall be subject to the following compliance tests.
2. With regard to testing of the capability of reconnection after an incidental disconnection due to a network disturbance, reconnection shall be achieved through a reconnection procedure, preferably by automation, authorised by the relevant TSO.
3. With regard to the synchronisation test, the technical synchronisation capabilities of the transmission-connected distribution facility shall be demonstrated. This test shall verify the settings of the synchronisation devices. This test shall cover the following matters: voltage, frequency, phase angle range, deviation of voltage and frequency.
4. With regard to the remote disconnection test, the transmission-connected distribution facility's technical capability for remote disconnection at the connection point or points from the transmission system when required by the relevant TSO and within the time specified by the relevant TSO shall be demonstrated.
5. With regard to the low frequency demand disconnection test, the transmission-connected distribution facility's technical capability of low frequency demand disconnection of a percentage of demand to be specified by the relevant TSO, in coordination with adjacent TSOs, where equipped as provided for in Article 19, shall be demonstrated.
6. With regard to the low frequency demand disconnection relays test, the transmission-connected distribution facility's technical capability to operate from a nominal AC supply input shall be demonstrated in accordance with Article 19(1) and (2). This AC supply input shall be specified by the relevant TSO.
7. With regard to the low voltage demand disconnection test, the transmission-connected distribution facility's technical capability to operate in a single action with on load tap changer blocking in Article 19(3) shall be demonstrated in accordance with Article 19(2).
8. An equipment certificate may be used instead of part of the tests provided for in paragraph 1, on the condition that it is provided to the relevant TSO.

#### *Article 38*

### **Compliance testing for information exchange of transmission-connected distribution facilities**

1. With regard to information exchange between the relevant TSO and the transmission-connected distribution system operator in real time or periodically, the transmission-connected distribution facility's technical capability to comply with the information exchange standard established pursuant to Article 18(3) shall be demonstrated.
2. An equipment certificate may be used instead of part of the tests provided for in paragraph 1, on the condition that it is provided to the relevant TSO.

#### *Article 39*

### **Compliance testing for disconnection and reconnection of transmission-connected demand facilities**

1. The transmission-connected demand facilities shall comply with the requirements for disconnection and reconnection referred to in Article 19 and shall be subject to the following compliance tests.
2. With regard to testing of the capability of reconnection after an incidental disconnection due to a network disturbance, reconnection shall be achieved through a reconnection procedure, preferably by automation, authorised by the relevant TSO.
3. With regard to the synchronisation test, the technical synchronisation capabilities of the transmission-connected demand facility shall be demonstrated. This test shall verify the settings of the synchronisation devices. This test shall cover the following matters: voltage, frequency, phase angle range, deviation of voltage and frequency.
4. With regard to the remote disconnection test, the transmission-connected demand facility's technical capability for remote disconnection at the connection point or points from the transmission system when required by the relevant TSO and within the time specified by the relevant TSO shall be demonstrated.
5. With regard to the low frequency demand disconnection relays test, the transmission-connected demand facility's technical capability to operate from a nominal AC input shall be demonstrated in accordance with Article 19(1) and (2). This AC supply input shall be specified by the relevant TSO.
6. With regard to the low voltage demand disconnection test, the transmission-connected demand facility's technical capability to operate in a single action with on load tap changer blocking in Article 19(3) shall be demonstrated in accordance with Article 19(2).
7. An equipment certificate may be used instead of part of the tests provided for in paragraph 1, on the condition that it is provided to the relevant TSO.

#### *Article 40*

##### **Compliance testing for information exchange of transmission-connected demand facilities**

1. With regard to information exchange between the relevant TSO and the transmission-connected demand facility owner in real time or periodically, the transmission-connected demand facility's technical capability to comply with the information exchange standard established pursuant to Article 18(3) shall be demonstrated.
2. An equipment certificate may be used instead of part of the tests provided for in paragraph 1, on the condition that it is provided to the relevant TSO.

#### *Article 41*

##### **Compliance testing for demand units with demand response active power control, reactive power control and transmission constraint management**

1. With regard to the demand modification test:
  - (a) the technical capability of the demand unit used by a demand facility or a closed distribution system to provide demand response active power control, demand response reactive power control or demand response transmission constraint management to modify its power consumption, after receiving an instruction from the relevant system operator or relevant TSO, within the range, duration and time frame previously agreed and established in accordance with Article 28, shall be demonstrated, either individually or collectively as part of demand aggregation through a third party;
  - (b) the test shall be carried out either by an instruction or alternatively by simulating the receipt of an instruction from the relevant system operator or relevant TSO and adjusting the power demand of the demand facility or the closed distribution system;
  - (c) the test shall be deemed passed, provided that the conditions specified by the relevant system operator or relevant TSO pursuant to Article 28(2)(d)(f)(g)(h)(k) and (l) are fulfilled;
  - (d) an equipment certificate may be used instead of part of the tests provided for in paragraph 1(b), on the condition that it is provided to the relevant system operator or relevant TSO.
2. With regard to the disconnection or reconnection of static compensation facilities test:

- (a) the technical capability of the demand unit used by a demand facility owner or closed distribution system operator to provide demand response active power control, demand response reactive power control or demand response transmission constraint management to disconnect or reconnect, or both, its static compensation facility when receiving an instruction from the relevant system operator or relevant TSO, in the time frame expected in accordance with Article 28, shall be demonstrated, either individually or collectively as part of demand aggregation through a third party;
- (b) the test shall be carried out by simulating the receipt of an instruction from the relevant system operator or relevant TSO and subsequently disconnecting the static compensation facility, and by simulating the receipt of an instruction from the relevant system operator or relevant TSO and subsequently reconnecting the facility;
- (c) the test shall be deemed passed, provided that the conditions specified by the relevant system operator or relevant TSO pursuant to Article 28(2)(d)(f)(g)(h)(k) and (l) are fulfilled.

### **CHAPTER 3**

#### **Compliance simulation**

##### *Article 42*

#### **Common provisions on compliance simulations**

1. Simulation of the performance of a transmission-connected demand facility, a transmission-connected distribution facility, or a demand unit with demand response very fast active power control within a demand facility or a closed distribution system shall result in demonstrating whether the requirements of this Regulation have been fulfilled or not.
2. Simulations shall be run in the following circumstances:
  - (a) a new connection to the transmission system is required;
  - (b) a new demand unit used by a demand facility or a closed distribution system to provide demand response very fast active power control to a relevant TSO has been contracted in accordance with Article 30;
  - (c) a further development, replacement or modernisation of equipment takes place;
  - (d) alleged non-compliance by the relevant system operator with the requirements of this Regulation.
3. Notwithstanding the minimum requirements for compliance simulation set out in this Regulation, the relevant system operator is entitled to:
  - (a) allow the demand facility owner, the DSO or the CDSO to carry out an alternative set of simulations, provided that those simulations are efficient and suffice to demonstrate that a demand facility or a distribution system complies with the requirements of this Regulation or with national legislation; and
  - (b) require the demand facility owner, the DSO or the CDSO to carry out additional or alternative sets of simulations in those cases where the information supplied to the relevant system operator in relation to compliance simulation under the provisions of Articles 43, 44 and 45, is not sufficient to demonstrate compliance with the requirements of this Regulation.
4. The transmission-connected demand facility owner or the transmission-connected distribution system operator shall provide a report with the simulation results for each individual transmission-connected demand facility or transmission-connected distribution facility. The transmission-connected demand facility owner or the transmission-connected distribution system operator shall produce and provide a validated simulation model for a given transmission-connected demand facility or transmission-connected distribution facility. The scope of the simulation models is set out in Article 21(1) and (2).
5. The relevant system operator shall have the right to check that a demand facility or a distribution system complies with the requirements of this Regulation by carrying out its own compliance simulations based on the provided simulation reports, simulation models and compliance test measurements.

6. The relevant system operator shall provide the demand facility owner, the DSO or the CDSO with technical data and a simulation model of the network, to the extent necessary to carry out the requested simulations in accordance with Articles 43, 44 and 45.

#### *Article 43*

##### **Compliance simulations for transmission-connected distribution facilities**

1. With regard to the reactive power capability simulation of a transmission-connected distribution facility:
  - (a) a steady-state load flow simulation model of the network of the transmission-connected distribution system shall be used in order to calculate the reactive power exchange under different load and generation conditions;
  - (b) a combination of steady-state minimum and maximum load and generation conditions resulting in the lowest and highest reactive power exchange shall be part of the simulations;
  - (c) calculating the reactive power export at an active power flow of less than 25 % of the maximum import capability at the connection point shall be part of the simulations in accordance with Article 15.
2. The relevant TSO may specify the method for compliance simulation of the active control of reactive power set out in Article 15(3).
3. The simulation shall be deemed passed if the results demonstrate compliance with the requirements set out in Article 15.

#### *Article 44*

##### **Compliance simulations for transmission-connected demand facilities**

1. With regard to the reactive power capability simulation of a transmission-connected demand facility without onsite generation:
  - (a) the transmission-connected demand facility without onsite generation's reactive power capability at the connection point shall be demonstrated;
  - (b) a load flow simulation model of the transmission-connected demand facility shall be used to calculate the reactive power exchange under different load conditions. Minimum and maximum load conditions resulting in the lowest and highest reactive power exchange at the connection point shall be part of the simulations;
  - (c) the simulation shall be deemed passed if the results demonstrate compliance with the requirements set out in Article 15(1) and (2).
2. With regard to the reactive power capability simulation of a transmission-connected demand facility with onsite generation:
  - (a) a load flow simulation model of the transmission-connected demand facility shall be used to calculate the reactive power exchange under different load conditions and under different generation conditions;
  - (b) a combination of minimum and maximum load and generation conditions resulting in the lowest and highest reactive power capability at the connection point shall be part of the simulations;
  - (c) the simulation shall be deemed passed if the results demonstrate compliance with the requirements set out in Article 15(1) and (2).

#### *Article 45*

##### **Compliance simulations for demand units with demand response very fast active power control**

1. The model of the demand unit used by a demand facility owner or a closed distribution system operator to provide demand response very fast active power control shall demonstrate the technical capability of the demand unit to provide very fast active power control to a low frequency event in the conditions set out in Article 30.

2. The simulation shall be deemed passed provided that the model demonstrates compliance with the conditions set out in Article 30.

## **CHAPTER 4**

### **Compliance monitoring**

#### *Article 46*

#### **Compliance monitoring for transmission-connected distribution facilities**

With regard to compliance monitoring of the reactive power requirements applicable to transmission-connected distribution facilities:

- (a) the transmission-connected distribution facility shall be equipped with necessary equipment to measure the active and reactive power, in accordance with Article 15; and
- (b) the relevant system operator shall specify the time frame for compliance monitoring.

#### *Article 47*

#### **Compliance monitoring for transmission-connected demand facilities**

With regard to compliance monitoring of the reactive power requirements applicable to transmission-connected demand facilities:

- (a) the transmission-connected demand facility shall be equipped with necessary equipment to measure the active and reactive power, in accordance with Article 15; and
- (b) the relevant system operator shall specify the time frame for compliance monitoring.

## **TITLE V**

### **APPLICATIONS AND DEROGATIONS**

#### **CHAPTER 1**

#### **Cost-benefit analysis**

#### *Article 48*

#### **Identification of costs and benefits of application of requirements to existing transmission-connected demand facilities, existing transmission-connected distribution facilities, existing distribution systems and existing demand units**

1. Prior to the application of any requirement set out in this Regulation to existing transmission-connected demand facilities, existing transmission-connected distribution facilities, existing distribution systems and existing demand units in accordance with Article 4(3), the relevant TSO shall undertake a qualitative comparison of costs and benefits related to the requirement under consideration. This comparison shall take into account available network-based or market-based alternatives. The relevant TSO may only proceed to undertake a quantitative cost-benefit analysis in accordance with paragraphs 2 to 5, if the qualitative comparison indicates that the likely benefits exceed the likely costs. If, however, the cost is deemed high or the benefit is deemed low, then the relevant TSO shall not proceed further.
2. Following a preparatory stage undertaken in accordance with paragraph 1, the relevant TSO shall carry out a quantitative cost-benefit analysis of any requirement under consideration for application to existing transmission-connected demand facilities, existing transmission-connected distribution facilities, existing

distribution systems and existing demand units that have demonstrated potential benefits as a result of the preparatory stage according to paragraph 1.

3. Within three months of concluding the cost-benefit analysis, the relevant TSO shall summarise the findings in a report which shall:

- (a) include the cost-benefit analysis and a recommendation on how to proceed;
- (b) include a proposal for a transitional period for applying the requirement to existing transmission-connected demand facilities, existing transmission-connected distribution facilities, existing distribution systems and existing demand units. That transitional period shall not be more than two years from the date of the decision of the regulatory authority or where applicable the **Contracting Party** on the requirement's applicability;
- (c) be subject to public consultation in accordance with Article 9.

4. No later than six months after the end of the public consultation, the relevant TSO shall prepare a report explaining the outcome of the consultation and making a proposal on the applicability of the requirement under consideration to existing transmission-connected demand facilities, existing transmission-connected distribution facilities, existing distribution systems and existing demand units. The report and proposal shall be notified to the regulatory authority or, where applicable, the **Contracting Party**, and the demand facility owner, DSO, CDSO or, where applicable, third party shall be informed on its content.

5. The proposal made by the relevant TSO to the regulatory authority or, where applicable, the **Contracting Party** pursuant to paragraph 4 shall include the following:

- (a) an operational notification procedure for demonstrating the implementation of the requirements by the existing transmission-connected demand facilities, existing transmission-connected distribution facilities, existing distribution systems and existing demand units used by a demand facility or a closed distribution system to provide demand response services to relevant system operators and relevant TSOs;
- (b) a transitional period for implementing the requirements which shall take into account the classes of transmission-connected demand facilities, transmission-connected distribution facilities, distribution systems and demand units used by a demand facility or a closed distribution system to provide demand response services to relevant system operators and relevant TSOs and any underlying obstacles to the efficient implementation of the equipment modification/refitting.

#### *Article 49*

#### **Principles of cost-benefit analysis**

1. Demand facility owners, DSOs and CDSOs shall assist and contribute to the cost-benefit analysis undertaken according to Articles 48 and 53 and provide the necessary data as requested by the relevant system operator or relevant TSO within three months of receiving a request, unless agreed otherwise by the relevant TSO. For the preparation of a cost-benefit-analysis by a demand facility owner or prospective owner, or by a DSO/CDSO or prospective operator, assessing a potential derogation pursuant to Article 52, the relevant TSO and DSO shall assist and contribute to the cost-benefit analysis and provide the necessary data as requested by the demand facility owner or prospective owner, or by the DSO/CDSO or prospective operator, within three months of receiving a request, unless agreed otherwise by the demand facility owner or prospective owner, or by the DSO/CDSO or prospective operator.

2. A cost-benefit analysis shall be in line with the following principles:

- (a) the relevant TSO, demand facility owner or prospective owner, DSO/CDSO or prospective operator, shall base its cost-benefit analysis on one or more of the following calculating principles:
  - (i) the net present value;
  - (ii) the return on investment;
  - (iii) the rate of return;
  - (iv) the time needed to break even;
- (b) the relevant TSO, demand facility owner or prospective owner, DSO/CDSO or prospective operator,

shall also quantify socioeconomic benefits in terms of improvement in security of supply and shall include at least:

- (i) the associated reduction in probability of loss of supply over the lifetime of the modification;
  - (ii) the probable extent and duration of such loss of supply;
  - (iii) the societal cost per hour of such loss of supply;
- (c) the relevant TSO, demand facility owner or prospective owner, DSO/CDSO or prospective operator, shall quantify the benefits to the internal market in electricity, cross-border trade and integration of renewable energies, including at least:
- (i) the active power frequency response;
  - (ii) the balancing reserves;
  - (iii) the reactive power provision;
  - (iv) congestion management;
  - (v) defence measures;
- (d) the relevant TSO shall quantify the costs of applying the necessary rules to existing transmission-connected demand facilities, existing transmission-connected distribution facilities, existing distribution systems, or existing demand units, including at least:
- (i) the direct costs incurred in implementing a requirement;
  - (ii) the costs associated with attributable loss of opportunity;
  - (iii) the costs associated with resulting changes in maintenance and operation.

## **CHAPTER 2**

### **Derogations**

#### *Article 50*

##### **Power to grant derogations**

1. Regulatory authorities may, at the request of a demand facility owner or prospective owner, and a DSO/CDSO or prospective operator, relevant system operator or relevant TSO, grant demand facility owners or prospective owners, and DSOs/CDSOs or prospective operators, relevant system operators or relevant TSOs derogations from one or more provisions of this Regulation for new and existing transmission-connected demand facilities, transmission-connected distribution facilities, distribution systems and demand units in accordance with Articles 51 to 53.

2. Where applicable in a **Contracting Party**, derogations may be granted and revoked in accordance with Articles 51 to 53 by other authorities than the regulatory authority.

#### *Article 51*

##### **General provisions**

1. Each regulatory authority shall specify, after consulting relevant system operators, demand facility owners, DSOs, CDSOs, and other stakeholders whom it deems affected by this Regulation, the criteria for granting derogations pursuant to Articles 52 and 53. It shall publish those criteria on its website and notify them to the **Secretariat** within nine months of **expiry of the deadline for transposition** of this Regulation. The **Secretariat** may require a regulatory authority to amend the criteria if it considers that they are not in line with this Regulation. This possibility to review and amend the criteria for granting derogations shall not affect the derogations already granted which shall continue to apply until the scheduled expiry date as detailed in the decision granting the exemption.

2. If the regulatory authority deems that it is necessary due to a change in circumstances relating to the evolution of system requirements, it may review and amend at most once every year the criteria for

granting derogations in accordance with paragraph 1. Any changes to the criteria shall not apply to derogations for which a request has already been made.

3. The regulatory authority may decide that transmission-connected demand facilities, transmission-connected distribution facilities, distribution systems and demand units for which a request for a derogation has been filed pursuant to Articles 52 or 53 do not need to comply with the requirements of this Regulation from which a derogation has been sought from the day of filing the request until the regulatory authority's decision is issued.

#### *Article 52*

##### **Request for a derogation by a demand facility owner, a distribution system operator or a closed distribution system operator**

1. Demand facility owners or prospective owners, and DSOs/CDSOs or prospective operators, may request a derogation to one or several requirements of this Regulation for transmission-connected demand facilities, transmission-connected distribution facilities, distribution systems, or demand units used by a demand facility or a closed distribution system to provide demand response services to a relevant system operator and a relevant TSO.

2. A request for a derogation shall be filed with the relevant system operator and include:

- (a) an identification of the demand facility owner or prospective owner, the DSO/CDSO or prospective operator, and a contact person for any communications;
- (b) a description of the transmission-connected demand facility, the transmission-connected distribution facility, the distribution system, or the demand unit for which a derogation is requested;
- (c) a reference to the provisions of this Regulation from which a derogation is requested and a detailed description of the requested derogation;
- (d) detailed reasoning, with relevant supporting documents and cost-benefit analysis pursuant to the requirements of Article 49;
- (e) demonstration that the requested derogation would have no adverse effect on cross-border trade.

3. Within two weeks of receipt of a request for a derogation, the relevant system operator shall confirm to the demand facility owner or prospective owner, or to the DSO/CDSO or prospective operator, whether the request is complete. If the relevant system operator considers that the request is incomplete, the demand facility owner or prospective owner, or the DSO/CDSO or prospective operator, shall submit the additional required information within one month from the receipt of the request for additional information. If the demand facility owner or prospective owner, or if the DSO/CDSO or prospective operator, does not supply the requested information within that time limit, the request for a derogation shall be deemed withdrawn.

4. The relevant system operator shall, in coordination with the relevant TSO and any affected adjacent DSO, assess the request for a derogation and the provided cost-benefit analysis, taking into account the criteria determined by the regulatory authority pursuant to Article 51.

5. Within six months of receipt of a request for a derogation, the relevant system operator shall forward the request to the regulatory authority and submit the assessment(s) prepared in accordance with paragraphs 4. That period may be extended by one month where the relevant system operator seeks further information from the demand facility owner or prospective owner, or from the DSO/CDSO or prospective operator, and by two months where the relevant system operator requests the relevant TSO to submit an assessment of the request for a derogation.

6. The regulatory authority shall adopt a decision concerning any request for a derogation within six months from the day after it receives the request. That time limit may be extended by three months before its expiry where the regulatory authority requires further information from the demand facility owner or prospective owner, or from the DSO/CDSO or prospective operator, or from any other interested parties. The additional period shall begin when the complete information has been received.

7. The demand facility owner or prospective owner, or the DSO/CDSO or prospective operator, shall submit any additional information requested by the regulatory authority within two months of such request. If the demand facility owner or prospective owner, or if the DSO/CDSO or prospective operator, does not supply the requested information within that time limit, the request for a derogation shall be deemed withdrawn unless, before its expiry:

- (a) the regulatory authority decides to provide an extension; or
  - (b) the demand facility owner or prospective owner, or the DSO/CDSO or prospective operator, informs the regulatory authority by means of a reasoned submission that the request for a derogation is complete.
8. The regulatory authority shall issue a reasoned decision concerning a request for a derogation. Where the regulatory authority grants a derogation, it shall specify its duration.
9. The regulatory authority shall notify its decision to the relevant demand facility owner or prospective owner, the DSO/CDSO or prospective operator, the relevant system operator and the relevant TSO.
10. A regulatory authority may revoke a decision granting a derogation if the circumstances and underlying reasons no longer apply or upon a reasoned recommendation of the **Secretariat** or reasoned recommendation by the **Energy Community Regulatory Board** pursuant to Article 55(2).
11. For demand units within a demand facility or a closed distribution system connected at a voltage level of or below 1 000 V, a request for a derogation under this Article may be made by a third party on behalf of the demand facility owner or prospective owner, or on behalf of the CDSO or prospective operator. Such a request may be for a single demand unit or multiple demand units within the same demand facility or closed distribution system. In the case of the latter, and provided the cumulative maximum capacity is specified, the third party may substitute the details required by point (a) of paragraph 2 with their details.

#### *Article 53*

#### **Request for a derogation by a relevant system operator or relevant TSO**

1. Relevant system operators or relevant TSOs may request derogations for transmission-connected demand facilities, transmission-connected distribution facilities, distribution systems, or demand units within a demand facility or a closed distribution system connected or to be connected to their network.
2. Relevant system operators or relevant TSOs shall submit their requests for a derogation to the regulatory authority. Each request for a derogation shall include:
  - (a) identification of the relevant system operator or relevant TSO, and a contact person for any communications;
  - (b) a description of the transmission-connected demand facility, the transmission-connected distribution facility, the distribution system, or the demand unit for which a derogation is requested and the total installed capacity and number of transmission-connected demand facilities, transmission-connected distribution facilities, distribution systems, or demand units;
  - (c) the requirement or requirements of this Regulation for which a derogation is requested, with a detailed description of the requested derogation;
  - (d) detailed reasoning, with all relevant supporting documents;
  - (e) demonstration that the requested derogation would have no adverse effect on cross-border trade;
  - (f) a cost-benefit analysis pursuant to the requirements of Article 49. If applicable, the cost-benefit analysis shall be carried out in coordination with the relevant TSO and any adjacent DSO.
3. Where the request for a derogation is submitted by a relevant DSO, the regulatory authority shall, within two weeks from the day after receipt of that request, ask the relevant TSO to assess the request for a derogation in the light of the criteria determined by the regulatory authority pursuant to Article 51.
4. Within two weeks from the day after the receipt of such request for assessment, the relevant TSO shall confirm to the relevant DSO whether the request for a derogation is complete. If the relevant TSO considers that it is incomplete, the relevant DSO shall submit the required additional information within one month from the receipt of the request for additional information.
5. Within six months of receipt of a request for a derogation, the relevant TSO shall submit to the regulatory authority its assessment, including any relevant documentation. The six-month time limit may be extended by one month where the relevant TSO seeks further information from the relevant DSO.
6. The regulatory authority shall adopt a decision concerning a request for a derogation within six months from the day after it receives the request. Where the request for a derogation is submitted by the relevant DSO, the six-month time limit runs from the day following receipt of the relevant TSO's assessment pursuant to paragraph 5.

7. The six-month time limit referred to in paragraph 6 may, before its expiry, be extended by an additional three months where the regulatory authority requests further information from the relevant system operator requesting the derogation or from any other interested parties. That additional period shall run from the day following the date of receipt of the complete information.

The relevant system operator shall provide any additional information requested by the regulatory authority within two months from the date of the request. If the relevant system operator does not provide the requested additional information within that time limit, the request for a derogation shall be deemed withdrawn unless, before expiry of the time limit:

- (a) the regulatory authority decides to provide an extension; or
- (b) the relevant system operator informs the regulatory authority by means of a reasoned submission that the request for a derogation is complete.

8. The regulatory authority shall issue a reasoned decision concerning a request for a derogation. Where the regulatory authority grants derogation, it shall specify its duration.

9. The regulatory authority shall notify its decision to the relevant system operator requesting the derogation, the relevant TSO, **the Secretariat and the Energy Community Regulatory Board**.

10. Regulatory authorities may lay down further requirements concerning the preparation of requests for a derogation by relevant system operators. In doing so, regulatory authorities shall take into account the delineation between the transmission system and the distribution system at the national level and shall consult with system operators, demand facility owners and stakeholders, including manufacturers.

11. A regulatory authority may revoke a decision granting a derogation if the circumstances and underlying reasons no longer apply or upon a reasoned recommendation of the **Secretariat** or reasoned recommendation by the **Energy Community Regulatory Board** pursuant to Article 55(2).

#### *Article 54*

### **Register of derogations from the requirements of this Regulation**

1. Regulatory authorities shall maintain a register of all derogations they have granted or refused and shall provide the **Secretariat and the Energy Community Regulatory Board** with an updated and consolidated register at least once every six months, a copy of which shall be given to ENTSO for Electricity.

2. The register shall contain, in particular:

- (a) the requirement or requirements for which the derogation is granted or refused;
- (b) the content of the derogation;
- (c) the reasons for granting or refusing the derogation;
- (d) the consequences resulting from granting the derogation.

#### *Article 55*

### **Monitoring of derogations**

1. The **Secretariat and the Energy Community Regulatory Board** shall monitor the procedure of granting derogations with the cooperation of the regulatory authorities or relevant authorities of the **Contracting Party**. Those authorities or relevant authorities of the **Contracting Party** shall provide the **Secretariat and Energy Community Regulatory Board** with all the information necessary for that purpose.

2. The **Energy Community Regulatory Board** may issue a reasoned recommendation to a regulatory authority to revoke a derogation due to a lack of justification. The **Secretariat** may issue a reasoned recommendation to a regulatory authority or relevant authority of the **Contracting Party** to revoke a derogation due to a lack of justification.

3. The **Secretariat** may request the **Energy Community Regulatory Board** to report on the application of paragraphs 1 and 2 and to provide reasons for requesting or not requesting derogations to be revoked.

## TITLE VI NON-BINDING GUIDANCE AND MONITORING OF IMPLEMENTATION

### *Article 56*

#### **Non-binding guidance on implementation**

1....

2....

3. The non-binding guidance **published by ENTSO for Electricity** explains the technical issues, conditions and interdependencies which need to be considered when complying with the requirements of this Regulation at national level.

### *Article 57*

#### **Monitoring**

1. ENTSO for Electricity shall monitor the implementation of this Regulation **for the Contracting Parties whose TSOs are members of ENTSO for Electricity. The Secretariat and the Energy Community Regulatory Board shall monitor the implementation of this Regulation for the Contracting Parties whose TSOs are not members of ENTSO for Electricity....** Monitoring shall take into account the list of relevant information developed by the Agency for the Cooperation of Energy Regulators and it shall cover in particular the following matters:

(a) identification of any divergences in the national implementation of this Regulation;

(b) assessment of whether the choice of values and ranges in the requirements applicable to transmission-connected demand facilities, transmission-connected distribution facilities, distribution systems and demand units under this Regulation continues to be valid.

**ENTSO for Electricity shall report its findings to the Secretariat and the Energy Community Regulatory Board. The Secretariat and the Energy Community Regulatory Board shall make available the findings stemming from the monitoring of the implementation of this Regulation.**

2...

3. Relevant TSOs shall submit to **the Secretariat, the Energy Community Regulatory Board and ENTSO for Electricity** the information required to perform the tasks referred to in paragraph 1....

Based on a request of the regulatory authority, DSOs shall provide TSOs with information under paragraph 1 unless the information is already obtained by regulatory authorities, the **Secretariat, the Energy Community Regulatory Board** or ENTSO-E in relation to their respective implementation monitoring tasks, with the objective of avoiding duplication of information.

4...

## TITLE VII FINAL PROVISIONS

### *Article 58*

#### **Amendment of contracts and general terms and conditions**

1. Regulatory authorities shall ensure that all relevant clauses in contracts and general terms and conditions relating to the grid connection of new transmission-connected demand facilities, new transmission-connected distribution facilities, new distribution systems and new demand units are brought into compliance with the requirements of this Regulation.
2. All relevant clauses in contracts and relevant clauses of general terms and conditions relating to the grid connection of existing transmission-connected demand facilities, existing transmission-connected distribution facilities, existing distribution systems and existing demand units subject to all or some of the requirements of this Regulation in accordance with paragraph 1 of Article 4 shall be amended in order to comply with the requirements of this Regulation. The relevant clauses shall be amended within three years following the decision of the regulatory authority or **Contracting Party** as referred to in Article 4(1).
3. Regulatory authorities shall ensure that agreements between system operators and owners of new or existing demand facilities or operators of new or existing distribution systems subject to this Regulation and relating to grid connection requirements for transmission-connected demand facilities, transmission-connected distribution facilities, distribution systems and demand units used by a demand facility or a closed distribution system to provide demand response services to relevant system operators and relevant TSOs, in particular in national network codes, reflect the requirements set out in this Regulation.

### *Article 59*

#### **Entry into force<sup>1</sup>**

1. **Each Contracting Party shall transpose Regulation (EU) 2016/1388 no later than by 12 June 2018.**
2. **Transposition shall be made without changes to the structure and text of Regulation (EU) 2016/1388 other than translation and the adaptations made by the present Decision [2018/05/PHLG-EnC]**
3. **Each Contracting Party shall notify the Energy Community Secretariat of completed transposition and of any subsequent changes made to the act transposing Regulation (EU) 2016/1388 within two weeks following the adoption of such measures.**
4. **Articles 4(2) points (a) and (b), 6(4), 51(1), 56 and 57 of Regulation (EU) 2016/1388 shall be implemented as of the expiry of the transposition deadline.**
5. **Without prejudice to paragraph 4, Regulation (EU) 2016/1388 shall be implemented no later than by 12 June 2021.**
6. **In transposing this Decision, Contracting Parties shall task their national regulatory authorities with the monitoring of and enforcing compliance with this Decision [2018/05/PHLG-EnC].**

---

<sup>1</sup> Adapted by Article 1 of Decision 2018/05/PHLG-EnC of the Permanent High Level Group.

## ANNEX I

### Frequency ranges and time periods referred to in Article 12(1)

Synchronous area	Frequency range	Time period for operation
Continental Europe, Ukraine	47,5 Hz-48,5 Hz	To be specified by each TSO, but not less than 30 minutes
	48,5 Hz-49,0 Hz	To be specified by each TSO, but not less than the period for 47,5 Hz-48,5 Hz
	49,0 Hz-51,0 Hz	Unlimited
	51,0 Hz-51,5 Hz	30 minutes
Nordic	47,5 Hz-48,5 Hz	30 minutes
	48,5 Hz-49,0 Hz	To be specified by each TSO, but not less than 30 minutes
	49,0 Hz-51,0 Hz	Unlimited
	51,0 Hz-51,5 Hz	30 minutes
Great Britain	47,0 Hz-47,5 Hz	20 seconds
	47,5 Hz-48,5 Hz	90 minutes
	48,5 Hz-49,0 Hz	To be specified by each TSO, but not less than 90 minutes
	49,0 Hz-51,0 Hz	Unlimited
	51,0 Hz-51,5 Hz	90 minutes
	51,5 Hz-52,0 Hz	15 minutes
Ireland and Northern Ireland	47,5 Hz-48,5 Hz	90 minutes
	48,5 Hz-49,0 Hz	To be specified by each TSO, but not less than 90 minutes
	49,0 Hz-51,0 Hz	Unlimited
	51,0 Hz-51,5 Hz	90 minutes
Baltic, Moldova	47,5 Hz-48,5 Hz	To be specified by each TSO, but not less than 30 minutes
	48,5 Hz-49,0 Hz	To be specified by each TSO, but not less than the period for 47,5 Hz-48,5 Hz
	49,0 Hz-51,0 Hz	Unlimited
	51,0 Hz-51,5 Hz	To be specified by each TSO, but not less than 30 minutes
Georgia	47.5 Hz – 48.5 Hz	Not less than 30 minutes
	48.5 Hz – 49.0 Hz	Not less than 60 minutes
	49.0 Hz – 51.0 Hz	Unlimited
	51.0 Hz – 51.5 Hz	Not less than 30 minutes

The table shows the minimum time periods for which a transmission-connected demand facility, a transmission-connected distribution facility or a distribution system has to be capable of operating on different frequencies, deviating from a nominal value, without disconnecting from the network.

---

## ANNEX II

### Voltage ranges and time periods referred to in Article 13(1)

Synchronous area	Voltage range	Time period for operation
Continental Europe, Ukraine	0,90 pu-1,118 pu	Unlimited
	1,118 pu-1,15 pu	To be specified by each TSO but not less than 20 minutes and not more than 60 minutes
Nordic	0,90 pu-1,05 pu	Unlimited
	1,05 pu-1,10 pu	60 minutes
Great Britain	0,90 pu-1,10 pu	Unlimited
Ireland and Northern Ireland	0,90 pu-1,118 pu	Unlimited
Baltic, Moldova	0,90 pu-1,118 pu	Unlimited
	1,118 pu-1,15 pu	20 minutes
Georgia	0.85 pu – 0.90 pu	30 minutes
	0.90 pu – 1.12 pu	Unlimited
	1.12 pu – 1.15 pu	20 minutes

The table shows the minimum time periods during which a transmission-connected demand facility, a transmission-connected distribution facility or a transmission-connected distribution system has to be capable of operating for voltages deviating from the reference 1 pu value at the connection point without disconnecting from the network where the voltage base for pu values is at or above 110 kV and up to (not including) 300 kV.

Synchronous area	Voltage range	Time period for operation
Continental Europe, Ukraine	0,90 pu-1,05 pu	Unlimited
	1,05 pu-1,10 pu	To be specified by each TSO but not less than 20 minutes and not more than 60 minutes
Nordic	0,90 pu-1,05 pu	Unlimited
	1,05 pu-1,10 pu	To be specified by each TSO but not more than 60 minutes
Great Britain	0,90 pu-1,05 pu	Unlimited
	1,05 pu-1,10 pu	15 minutes
Ireland and Northern Ireland	0,90 pu-1,05 pu	Unlimited

<b>Baltic, Moldova</b>	0,90 pu-1,097 pu	Unlimited
	1,097 pu-1,15 pu	20 minutes
<b>Georgia</b>	<b>0.85 pu – 0.90 pu</b>	<b>20 minutes</b>
	<b>0.90 pu – 1.10 pu</b>	<b>Unlimited</b>
	<b>1.10 pu – 1.15 pu</b>	<b>20 minutes</b>

The table shows the minimum time periods during which a transmission-connected demand facility, a transmission-connected distribution facility or a transmission-connected distribution system has to be capable of operating for voltages deviating from the reference 1 pu value at the connection point without disconnecting from the network, where the voltage base for pu values is from 300 kV to **500 kV** (including).