

## Response to Terna consultation on Frequency Containment Reserve (FCR) procurement mechanism in Annex A.83

Brussels, 13 April 2026

### Key messages

We welcome the progression towards the **full switch to FCR market-based procurement**, expected by the end of 2027, and the gradual reduction of FCR volumes procured without remuneration.

It is essential that market participants are informed well in advance of the rules and operational details of the new FCR market in order to adapt their systems by the participation deadline (set for 3 June 2026 by the Authority under Resolution 51/2026). In this regard, the regulation under consultation still presents potential critical issues.

It would have been beneficial to **extend this consultation to other Annexes** affected by the measure, such as Annexes A.60, A.73 - on which we encourage a rapid launch of the expected 8-weeks consultation - and A.79.

Furthermore, we request the **prompt publication of the documents already approved** by ARERA Resolution 51/2026/R/EEL (Chapter 4, Annexes A15, A22, A23, A60).

Below we provide below additional feedback to Terna's consultation on Annex A.83.

# CONSULTATION RESPONSE

## Detailed comments

### 1. Postponement of the start of the experimental phase

Terna and ARERA are invited to assess a possible postponement of the start of the first phase of FCR procurement (June 3, 2026) **without affecting the rest of the regulatory timetable**, while ensuring that updated documentation is made available sufficiently in advance of the market start date.

Postponing the first phase without altering the timeline for reducing mandatory bands reflects the need to ensure regulatory clarity, proper IT implementation and alignment across the market before operational deployment.

Furthermore, at least 2 months should be allowed between the publication of the updated Annexes (including the new version of Annex A.73) and the implementation of the first auctions.

### 2. Revision of the downward reserve premium (Appendix 1)

In the case of selection for downward reserve, market participants are either not remunerated or required to pay Terna for the awarded quantity.

This remuneration flow is considered inconsistent with the service provided, as it does not reflect the opportunity cost associated with guaranteeing downward reserve following acceptance on the FCR platform.

We therefore encourage Terna consider the possibility of a payment to the market participant, to better align remuneration with the economic value of the service.

### 3. Review of the definition of BFCR,MAX for BESS plants (paragraph 8.1)

We flag that the definition of BFCR,MAX set as 100% of the net efficient capacity for BESS appears to be inconsistent with the existing provisions of the Grid Code concerning unit droop (*"statismd"*).

The definition of BFCR,MAX equal to 100% of net efficient power for BESS, originally foreseen in the first version of Annex A.83 and now applied on a transitional basis, appears potentially in conflict with existing Grid Code provisions.

This implies a substantially lower effective drop of approximately 0.4%, compared to the 4% requirement derived from Annexes A.15 and A.79. Such a discrepancy introduces technical inconsistencies in system response and potential distortions in market outcomes.

Setting BFCR,MAX at 100% combined with the mandatory offer obligation forces BESS operators to offer nearly all available capacity in the FCR market before the balancing market (MBR), leaving only residual volumes for subsequent markets. This creates a significant risk of full allocation to FCR, preventing participation in later market stages.

### 4. Rationale of the 30% cap on FCR allocation per unit (Consultation point 3.8)

The consultation introduces a rule whereby, once mandatory free bands are fully phased out, the FCR awarded to a single UAS/UVA cannot exceed **30% of the total FCR requirement** of the relevant bidding zone (or group of zones).

The proposal is considered acceptable, with the aim of enabling the market-based procurement of FCR from multiple resources distributed across the various market zones. However, we request that Terna provide a more detailed explanation of the rationale underlying the constraint that led to setting the 30% threshold.

## 5. Technical dialogue, trial period and FAQs publication

Several aspects of the consultation document are considered unclear or ambiguous. To address these issues, we request Terna to:

- a. organise a technical exchange with market participants prior to the publication of the final regulation;
- b. launch an additional trial period (“dry run”) aimed at simulating the submission of bids; and
- c. publish dedicated FAQs, as per the questions provided below.

## 6. Additional request for clarifications

We ask Terna to provide additional clarifications on the following matters:

- 1) **Linear reduction of the mandatory band** – What is the progressive reduction and by when will the mandatory bands be set to zero?
- 2) **Impact on dynamic RUP data** – Will market-based FCR procurement modify dynamic RUP data? Are changes limited only to the gradual reduction of mandatory bands?
- 3) **Update of market margins** – Will FCR procurement update injection and withdrawal margins for XBID, IDA, ISP and MBR? How are overlapping offers across multiple markets handled?
- 4) **Interaction with Capacity Market** – Do FCR-awarded quantities contribute to Capacity Market availability obligations?
- 5) **CDP calculation and FCR semi-band** – Is the additional semi-band sold in FCR markets included in CDP calculation? How does this interact with current mandatory bands?
- 6) **BESS requirements under Annex A.79** – Do current battery requirements remain unchanged under the new FCR market? Is full compliance with Annex A.79 mandatory for qualification or are transitional arrangements foreseen?

# CONSULTATION RESPONSE



- 7) **Monitoring and verification (Art. 6.6.b)** – How will Terna verify the contribution to primary regulation? What data, timelines and rules apply, especially for units without UVRP?
- 8) **Offer formats and data structure** – Will offer formats remain unchanged? What are the new data requirements following the removal of the “quantity” field and the introduction of activatable energy fields?
- 9) **Non-predefined bis** – How is a non-predefined bid with a quantity of 0 MW treated when submitted for a mandatorily enabled UAS that is in service with no declared unavailability, where the bidding obligation under Section 5.7 exceeds 0.8 MW? Does Terna considers the 0 MW bid as valid, or is the quantity is adjusted to the level calculated under Section 5.7? Does submitting a 0 MW bid satisfies the bidding obligation?
- 10) **Redispatching and IT implementation** – How will redispatching actions be communicated during MSD scheduling? Are IT system changes required for market participants?
- 11) **Definition of storage units and activatable energy** – Do storage units include pumped-storage hydro or only BESS? How is “activatable energy” defined for these technologies?
- 12) **Actual go-live date** – Does the actual go-live date refers to the delivery day (with the FCR auction closing on 2 June) or to the trading day (with delivery on 4 June)?

## Contact

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