ACER
European Union Agency for the Cooperation of Energy Regulators

PUBLIC

DECISION No 05/2025
OF THE EUROPEAN UNION AGENCY
FOR THE COOPERATION OF ENERGY REGULATORS

of 25 July 2025

on the type and format of data and the methodology for TSOs' and DSOs' flexibility needs analysis

THE EUROPEAN UNION AGENCY FOR THE COOPERATION OF ENERGY REGULATORS,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) 2019/942 of the European Parliament and of the Council of 5 June 2019 establishing a European Union Agency for the Cooperation of Energy Regulators[1], and, in particular, Article 5(9) thereof,

Having regard to Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity[2], and, in particular, Article 19e(6) thereof,

Having regard to the outcome of the consultation with the Electricity Coordination Group, the ENTSO for Electricity and the EU DSO Entity,

Having regard to the outcome of the consultation with ACER's Electricity Working Group,

Having regard to the favourable opinion of the Board of Regulators of 24 July 2025, delivered pursuant to Article 22(5)(a) of Regulation (EU) 2019/942,

Whereas:

[1] OJ L158, 14.6.2019, p. 22.
[2] OJ L158, 14.6.2019, p. 54.

1. INTRODUCTION

(1) The rapid deployment of renewable energy sources ('RES') requires increasing access to flexibility solutions. These solutions are essential for integrating RES into the grid and for allowing the electricity system and grid to adapt to the variability in electricity generation and consumption over different timeframes.

(2) To promote non-fossil-based flexibility, Article 19e of Regulation (EU) 2019/943 ('Electricity Regulation') mandates that Member States designate national entities or authorities that periodically assess the need for flexibility at national level in the electricity system based on the input of transmission system operators ('TSOs') and distribution system operators ('DSOs') and a common European methodology approved by ACER. The resulting national reports on flexibility needs assessment ('FNA reports') are meant to support the Member States in setting their indicative national objectives for non-fossil flexibility according to Article 19f of the Electricity Regulation.

(3) Article 19e of the Electricity Regulation requires that TSOs and DSOs (collectively also referred to as the 'system operators') provide data and analyses needed for the preparation of the FNA reports. It also mandates that the European Network of Transmission System Operators for Electricity ('ENTSO-E') and the European Entity for Distribution System Operators ('EU DSO Entity') work together to standardise data types and formats and develop a common methodology for the system operators' analyses. They must submit their joint proposal to ACER for approval by 17 April 2025.

(4) This Decision concerns ENTSO-E's and EU DSO Entity's joint proposal for the type and format of data and the methodology for TSOs' and DSOs' flexibility needs analysis submitted to ACER for approval ('Proposal'). Annex I to this Decision sets out the Proposal as amended and approved by ACER ('FNA methodology').

2. PROCEDURE

2.1. Pre-submission consultations

(5) Starting from February 2024, ACER worked closely with ENTSO-E and EU DSO Entity (collectively referred to as the 'Associations') during the development of the Proposal, through their Joint DSO Entity and ENTSO-E Task Force (15 meetings). These informal exchanges allowed ACER to provide feedback early, helping to improve the Proposal before its formal submission to ACER.

(6) Between 8 November and 6 December 2024, the Associations held a public consultation on the Proposal, including a public webinar on 15 November. They held additional webinars on 4 March and 24 April 2025 to discuss consultation results and

outline the Proposal submitted to ACER. Materials from this consultation and webinars are available on ENTSO-E's website.[3]

2.2. Proceedings before ACER

(7) On 16 April 2025, the Associations jointly submitted the Proposal to ACER. ACER notified them of the start of the decision-making process on the following day, and on 22 April, it published a public notice regarding this procedure.

(8) Between 16 April and 14 May, ACER held three working-level meetings with the Associations to discuss the Proposal and planned amendments. In addition, ACER consulted the Proposal with the regulatory authorities through ACER's Security of Supply task force and three orientation discussions with ACER's Electricity Working Group ('AEWG') and the Board of Regulators. ACER also engaged with the European Commission and the Member States through the Electricity Coordination Group ('ECG').

(9) On 14 May, ACER shared its preliminary position on the amendments to the Proposal with the Associations and the ECG, inviting written comments and providing an option to request an oral hearing.

(10) On 26 May, the Associations submitted their written comments on ACER's preliminary position. They further elaborated on their views during an oral hearing held on 27 May. Additionally, on 2 June, the German Ministry provided written comments, through the ECG consultation.

(11) On 11 June, based on the comments received, ACER sought input from the Associations and the ECG on two remaining open aspects of the preliminary position, inviting their feedback by 18 June. The Associations,[4] and the Ministries of Italy and the Netherlands submitted additional comments. Following this, ACER closed the hearing phase.

(12) Between 27 June and 4 July, the amended Proposal was consulted with AEWG, which provided its advice on 7 July.

(13) ACER' Board of Regulators issued a favourable opinion on 24 July 2025 pursuant to Article 22(5)(a) of Regulation (EU) 2019/942.

3. ACER'S COMPETENCE TO DECIDE ON THE PROPOSAL

(14) Regulation (EU) 2024/1747 of the European Parliament and of the Council of 13 June 2024 amended the Electricity Regulation and Regulation (EU) 2019/942 as regards

[3] https://consultations.entsoe.eu/system-development/public-consultation-on-flexibility-needs-assessmen/ (the link was last accessed on 25 July 2025).
[4] EU DSO Entity provided comments on 13 June, and ENTSO-E provided comments on 17 June.

improving the Union's electricity market design.[5] It also established a legal basis for ACER to approve the FNA methodology through the following provisions:

(15) According to Article 5(9) of the amended Regulation (EU) 2019/942, ACER shall approve and where necessary amend the joint proposal from ENTSO-E and EU DSO Entity regarding the type of data and format and the methodology related to the analysis to be provided as regards the flexibility needs pursuant to Article 19e(6) of the Electricity Regulation.

(16) According to Article 19e(6) of the amended Electricity Regulation, by 17 April 2025, ENTSO-E and EU DSO entity shall jointly submit to ACER a proposal regarding the data type and format and the methodology for the analysis of the flexibility needs referred to in paragraph (4) of the same Article. Within three months of receipt of the proposal, ACER shall either approve the proposal or amend it. In the latter case, ACER shall consult the Electricity Coordination Group, ENTSO-E and EU DSO Entity before adopting the amendments. The adopted proposal shall be published on ACER's website.

(17) On 16 April 2025, the Associations jointly submitted the Proposal to ACER for approval.

(18) Considering the above, ACER is competent to decide on the Proposal based on Article 5(9) of Regulation (EU) 2019/942 and Article 19e(6) of the Electricity Regulation.

4. SUMMARY OF THE PROPOSAL

(19) The joint submission dated 16 April 2025 includes a letter and two annexes comprising the Proposal and an evaluation of the results from the public consultation held by the Associations.

(20) The Proposal includes the draft methodology and three annexes. To facilitate understanding, the table below maps the provisions of the original Proposal to the corresponding, renumbered provisions after the amendments made by ACER. Throughout this Decision, the provisions from the Proposal are referred to as '**of the Proposal**', while those from the amended and approved FNA methodology are referred to as '**of the FNA methodology**.'

Proposal		FNA methodology (after amendments)	
Title	Provision(s)	Title (if amended)	Provision(s)
Whereas	Recs 1-27	–	Recs 1-27
Subject matter and scope	Art 1	–	Art 1
Definitions	Art 2	–	Art 2

[5] OJ L2024/1747, 26.6.2024.

Roles and responsibilities	Art 3	–	Art 3 Art 4(5) Art 4(1)(j)
National implementation	Art 4	–	Art 4
Confidentiality obligations	Art 5	–	Art 5
Data and analyses	Art 6	–	Art 6
Needs covered	Art 7	[Deleted, content moved]	Art 1
System needs	Art 8	–	Art 7
System needs - RES integration	Art 9	–	Art 8
System needs - ramping needs	Art 10	–	Art 9
System needs - short-term flexibility needs	Art 11	–	Art 10
Principles to assess DSO network flexibility needs	Art 12	[Deleted, content moved]	Art 3 Art 6
DSO network flexibility needs	Art13	–	Art 11
TSO network flexibility needs	Art 14	–	Art 12
Unavailability of flexible resources due to grid prequalification and temporary limits	Art 15	–	Art 13
Fine-tuning system needs with network needs	Art 16	Fine-tuning system needs with network needs and unavailability of flexible resources	Art 14
Guiding criteria	Art 17	–	Art 16
Derogations	Art 18	[Deleted]	–
Amendments of the methodology	Art 19	Amendments of the FNA methodology	Art 17
Language	Art 20	–	Art 18
Market barriers and contribution of digitalisation	Art 21	–	Art 15
Examples of Table 1 to report DSO flexibility network needs	Annex 1	DSO input data to the FNA process – Type and format	Annex 2
Input data to FNA process – type and format	Annex 2	TSO input data to the FNA process – Type and format	Annex 1

Possible topics for market barriers assessment	Annex 3	[Deleted, content moved]	–

5. SUMMARY OF THE OBSERVATIONS RECEIVED BY ACER

5.1. Consultation on ACER's preliminary position

(21) This section summarises[6] the main comments from the Associations and the Member States (Germany, Italy, and the Netherlands) on ACER's preliminary position. Comments related to ACER's amendments are discussed in section 6.2, while more general or comments pertaining to several articles are addressed here.

5.1.1. Joint views of the Associations

(22) On 26 May, the Associations submitted their joint views on ACER's preliminary position through the Joint EU DSO Entity and ENTSO-E Task Force. They supplemented these views on 27 May during an oral hearing. On 13 June and 17 June respectively, EU DSO Entity and ENTSO-E submitted further feedback, responding to ACER's request for views on additional two topics.

(23) According to the Associations, ACER's proposed amendments exceeded the scope of Article 19e of the Electricity Regulation and/or compromised the relevance and/or feasibility of the methodology's implementation, and that their adoption would hinder the effective and coherent implementation of the FNA methodology. In particular, the Associations raised concerns regarding:

- **dependencies with other methodologies and frameworks:** the Associations were concerned that the proposed amendments prescribe or further specify what is currently within the scope of these methodologies and frameworks. Detailed comments concerned amending or removing references in the FNA methodology to the economic viability assessment ('EVA'), reliability standard and other indicators, network development plans ('NDPs'), target years, to ensure that the flexibility needs assessment remains consistent and complementary to these methodologies and frameworks (such as the European and national resource adequacy assessments ('ERAA' and 'NRAA') and distribution network development plans ('DNDPs')) without interfering with their scope.

- **input data and analyses**: the Associations saw the need to incorporate additional information and analysis in the flexibility needs assessment,

[6] This section only provides a summary of the main views submitted and is not intended to be an exhaustive account of all comments or details. In particular, wording proposals from the Associations regarding rephrasing ACER's amendments (submitted in track changes) are not included here.

including target years, scenarios and granularity, and to use the latest available ERAA and NRAA as input and recent final version of DNDP for DSO data.

- **implementation timeline**: the Associations welcomed the possibility to adapt the national implementation timelines but were of the view that this adaptation should be considered as an exception from a realistic and implementable default timeline. In their view, this default timeline should also eliminate ambiguity in the use of the most recent set of input data and the relevant methodology in case of ongoing amendment processes. Detailed comments were provided on derogation for the first implementation cycle; need for a coordinated, fixed starting date for the implementation process of the FNA methodology; impact of (late) data requests; derogation for additional RES curtailment needs due to uncovered ramping and short-term needs in the first cycle; and timeline and interactions with the FNA methodology's future amendment process.

- **guiding criteria and overlaps with other studies**: the Associations were concerned that the amended guiding criteria require clarification concerning the role of the system operators. According to the Associations, while the guiding criteria are part of the FNA report, the assessment of the capability of the different flexibility sources as such is not and should be performed by Member States (policymakers) rather than TSOs and DSOs. In addition, the Associations were concerned that verifying the possible use of flexibility resources as alternative to grid expansion through a cost-benefit analysis ('CBA') would require a characterisation of costs for the technologies under consideration, which would be in breach the technological neutrality principle. They suggest that the TSOs should verify in the latest development plan the presence of network reinforcements that could contribute to covering the identified network needs and provide guidance on possible overlaps with network and adequacy studies as part of the guiding criteria.

- **interactions and exchanges among involved actors:** the Associations saw the need to limit the interactions/exchanges with the regulatory authority only to those bringing value, removing those that might be unnecessary and/or counterproductive. Also, in their view, requiring the system operators to provide data and analyses also to the regulatory authority in cases where the FNA report must be approved by the latter would go beyond the data provision obligation in Article 19e(3) of the Electricity Regulation.

- **exceeding the regulatory scope of the flexibility needs assessment:** the Associations considered that the requirements to provide data on market barriers and contribution of digitalisation are not within the scope of the FNA methodology. The Associations also stressed that the TSOs must be able to use either the ERAA or NRAA as reference for the flexibility needs assessment, and that the concept of 'applicability' of the NRAA might be misleading. In their view, while the ERAA should represent the reference for scenarios and target years, TSOs should be allowed to use as reference the NRAA provided the consistency between the assessments is respected. Finally, the Association

suggested amending the first recital to clarify that FNA reports are not the only source for the definition of national objectives for non-fossil flexibility.

- **other technical challenges:** further comments from the Associations concerned the availability of a reliable method or well-defined output. These included (1) replacing the 1st and 99th percentile of the probability distribution with 0.1st and 99.9th percentile to ensure that needs are not underestimated; (2) removing the cost-effective renewable energy deployment consideration for NECP since the system operators have no information to perform the assessment; (3) revising the provision on the capability of balancing resources to meet uncovered short-term needs, since balancing needs are already a part of the short-term needs and the intention is not to use the balancing resources to meet uncovered short-term needs; (4) the need to acknowledge the lack of framework to define the share of downward flexibility network needs potentially leading to RES curtailment. The Associations were concerned that assessing the share of RES for downwards needs would imply using assumptions and market simulations, which are locally not relevant, and an approach that is not technology neutral, and suggested permitting the TSOs to consider all DSO downwards needs as RES curtailment, if DSO cannot quantify the share of RES curtailment; (5) removing the concept of 'uncovered network flexibility needs' for distribution network flexibility needs as unstable/irrelevant and preventing to provide sound guiding criteria to define the capability of resources to cover flexibility network needs; (6) clarifying the minimum granularity for market dispatch simulation by inserting the relevant definitions.

(24) ENTSO-E expressed its preference of having only one target year (instead of two years proposed by ACER) mandatory for the first FNA cycle to ensure a successful implementation. EU DSO Entity agreed to two mandatory target years.

5.1.2. German Ministry's views

(25) According to the German Ministry, the FNA should focus on identifying the flexibility gap, not needs that existing marketplaces and incentives already address. There should be emphasis on understanding and addressing the root causes and barriers to flexibility within the existing market framework.

(26) ACER notes that the FNA methodology focuses on identifying the uncovered needs (see the definition of uncovered flexibility needs), in addition to the contribution of existing and expected capacities and capacities contracted under capacity mechanisms. The assessment of market barriers is also included in the FNA report, hence the FNA methodology requires the system operators to provide the relevant data to enable this assessment. However, since the FNA methodology pertains to the data and analysis provided by the system operators, it does not cover how the assessment of barriers will be performed or considered by the designated authority or entity.

(27) The German Ministry was also concerned about introducing dedicated support schemes for flexibility that may be of limited value without appropriate dispatch

incentives and might result in inefficiencies and increased costs. The Ministry also highlighted that there might be overlaps between flexibility support schemes and capacity markets as flexibility sources benefiting from support schemes may contribute to adequacy and vice-versa (except for flexibility used for balancing or transmission adequacy). In their view, FNA should clarify which flexibility need shall be addressed via the capacity market (and therefore be tendered), and which flexibility needs are already assumed as existing (and therefore reduce the volume to be tendered in the capacity market).

(28) First, ACER notes that the FNA methodology aligns with adequacy studies, which ensures that the contribution of adequacy capacities to flexibility is accounted for. Second, the scenarios used should be the reference scenarios from ERAA, including the 'with capacity mechanisms' ('with CMs') scenario that accounts for capacity mechanisms. If a different scenario is selected for the FNA, overlaps with the 'with CMs' scenario must still be considered, as per Article 16 of the FNA methodology. Finally, ACER notes that the design of flexibility support schemes and overlaps with capacity mechanisms fall outside the scope of the FNA methodology and are more appropriately addressed during the procurement phase.

(29) The German Ministry also recommends removing the RES integration indicator, based on the following concerns:

- its strong variation from year to year due to the large variations in RES-availability. For ACER's position, see in particular section 6.2.7, paragraph (124);

- the indicator may lead to an unnecessary increase in the cost of the power system, e.g. in case the national RES target can be reached more cost-effectively with additional buildout of RES instead of adding flexibility. For ACER's position, see section 6.2.17, paragraph (202);

- the indicator mixes two fundamentally different causes of curtailment: grid-induced and market-based curtailment and considers that additional flexibility would reduce RES curtailment indistinctively. For ACER's position, see section 6.2.17, paragraph (191);

(30) Regarding the residual load ramps indicator, the German Ministry noted that while no flexibility is required to be identified between the 15 min settlement periods, because the needs are expected to be reflected at the spot prices of the existing market, flexibility needs must be identified within the 15 min periods. The proposed analysis of the quarter-hourly residual load ramps (as per ACER's preliminary position) seems not suitable for this purpose. The German Ministry suggest shortening the settlement periods or introduce ramping constraints for all market participants.

(31) ACER notes that this concern is addressed in the FNA methodology considering that ramping needs must be assessed at the MTU granularity, allowing for higher granularity of analysis in case ramping flexibility needs arise solely in shorter timeframes than hourly or quarter-hourly periods.

(32) The German Ministry suggested further clarifying the definitions of 'local service', 'congestion and voltage issue' and 'network flexibility needs' in Article 2 of the FNA methodology.

(33) ACER notes that definitions for 'local service' and 'congestion and voltage issue' are consistent with those used in the most recent draft version of the Network Code for Demand Response.[7] The concept of 'network flexibility needs' is defined for the purpose of the FNA methodology and refers to the flexibility needed by the system operators to solve network congestions or voltage issues.

5.1.3. Italian Ministry's views

(34) The Italian Ministry argued that the FNA methodology should ensure consistency with adequacy studies and not overrule their methodologies, allowing the use of the most recent ERAA or NRAA unconditionally and the consideration of national specificities. In particular, the FNA methodology should not explicitly reference reliability standards or other indicators as it pertains to adequacy studies. Also, TSOs should be entrusted with verifying the overlap between FNA and other national and pan-European adequacy or network development studies. For ACER's views, see Section 6.2.8, paragraphs (130) to (137), and Section 6.2.17, paragraph (199);

(35) The Italian Ministry suggested that the timeline for implementing the FNA methodology by the system operators should be adequate to the work involved. Especially, the first FNA cycle should benefit from a derogation in their view. For the same reason, they argued that the requests for additional data and analysis pursuant to Article 4, 6, 7, and 8 should be limited to those relevant to the FNA and that such additional input should be requested in the first phases of the FNA cycle. For ACER's views, see Section 6.2.6, paragraphs (100) to (108);

(36) The Italian Ministry also proposed to clarify that the assessment of the most appropriate resources to meet the flexibility needs should be carried out by Member States supported by guiding criteria after the adoption of the FNA report. ACER's amendments to address it are explained in Section 6.2.17, paragraphs (185)- (187);

(37) The Italian Ministry argued that since the data on market barriers and contribution of digitalisation are outside the scope of Article 19e of the Electricity Regulation, their provision should not be mandatory in the FNA methodology but only provided upon request of the designated entity or authority, when duly justified. For ACER's views, see Section 6.2.16;

(38) The Italian Ministry considered that Recital (1) of the FNA methodology should clarify that the FNA reports are to support Member States in setting their non-fossil

[7] Annex 1 of ACER Recommendation 01-2025 on reasoned proposal for the establishment of the network code on demand response.

flexibility objectives, not that they would be their only source. ACER has amended Recital (1) accordingly, also as per comments from the Associations.

(39) Finally, the Italian Ministry was of the view that the first FNA report should be based on one target year only, and that requiring two target years may be excessive. The Ministry stressed that the FNA methodology should aim for a stepwise implementation, allowing the system operators to expand progressively the number of target years with each iteration of the FNA report. For ACER's views, see in Section 6.2.7, paragraphs (115) to (121).

5.1.4. Dutch Ministry's views

(40) The Dutch Ministry commented on Article 6(1) of the FNA methodology regarding the number of target years to be assessed by the system operators. The Ministry suggested using only one target year for the initial FNA cycle, with the possibility of adding a second target year later. They highlighted that focusing on a single target year can help avoid implementation issues that could cause delays in the flexibility support schemes and policy decisions, while one target year would still provide a comprehensive and robust FNA. For ACER's views, see in Section 6.2.7, paragraph (121).

5.2. Consultation of the AEWG

(41) The AEWG was consulted between 29 June and 3 July 2025, and provided its advice on 7 July, broadly endorsing ACER's draft Decision. During the AEWG consultation phase, six regulatory authorities provided written comments (summarised below). Considering these comments, AEWG invited ACER to further strengthen the balanced approach regarding timing and data, in particular:

- The AEWG observed that the 12-month period between ACER's decision and the adoption of the FNA reports is short, especially considering that the FNA methodology must be implemented in the systems. Acceleration can be expected in the future FNA cycles, allowing for improvements based on lessons learnt from the first cycle. The 12 months period should be properly shared between the system operators for data provision and analysis, and the regulatory authorities for checking data and analysis results and writing the FNA report.

  For ACER's view, see in Section 6.2.6, paragraphs (100) to (108).

- Generally, the FNA should be based on the latest data available, but this data should be approved (e.g. via ERAA) and must be of high quality.

  For ACER's view, see Section 6.2.4, paragraphs (87) to (89).

(42) The Italian regulatory authority ('ARERA') viewed the draft FNA methodology positively, noting its broad scope and robust methodology, but advocated for more flexibility with respect to the recency of the data, emphasising that the most recent adequacy studies (not necessarily approved or reviewed by ACER) should inform the

FNA for better reliability and quality of outputs, and considering that the regulatory authority approves the FNA report. ARERA called for amending the related definitions to reflect this flexibility, especially regarding the NRAA, to better capture the evolving dynamics of the electricity system, while still respecting the requirement that the FNA report must be consistent with ERAA and NRAA. Similarly, the Czech regulatory authority ('ERU') suggested replacing the requirement to use the most recent ERAA approved by ACER with the most recent scenarios to ensure data relevance. For ACER's views, see Section 6.2.4, paragraphs (87) to (89).

(43) ERU also proposed that TSOs should use post-EVA scenarios instead of performing EVA calculations, citing resource and capability limitations. For ACER's views, see section 6.2.8 paragraphs (133) and (134).

(44) The German regulatory authority ('BNetzA') considered that the time allocated for preparing the FNA report is too short in the first FNA cycle, and proposed to restore the two- and eight-months' timelines as proposed in the preliminary position, i.e. leaving four months for the FNA report. BNetzA emphasised that current timelines (10 months for the data and analysis and two months for the FNA report) may be unfeasible, especially if additional data requests are needed. BNetzA's comments were supported by ERU. For ACER's views, see section 6.2.6 paragraphs (100) to (108).

(45) The Irish regulatory authority ('CRU'), on the other hand, highlighted that the strict deadlines for the system operators to agree the scope and provide the required data and analysis (two months and eight months respectively) may be challenging for Irish system operators, risking delays or non-compliance if internal processes or systems are not yet aligned with the framework. For ACER's views, see section 6.2.6 paragraphs (100) to (108).

(46) The French regulatory authority ('CRE') recommended that the FNA methodology should allow using both ERAA and/or NRAA target years and reference scenarios. See section 6.2.7, in particular paragraphs (116) and (117) for ACER's views on the use of target years, and section 6.2.8, in particular paragraphs (136) and (137) concerning the use of scenarios.

(47) CRE also proposed making the methodology less prescriptive to allow alternative calculation approaches for residual load forecasts. The related amendments are discussed in Section 6.2.11, paragraph (157).

(48) The Luxembourgish regulatory authority ('ILR') mentioned potential practical issues for CREOS, the Luxembourgish TSO, in supplying all required data, given that Luxembourg is in a common bidding zone with part of Germany (DE/LU) and its operation is based on a common LFC area with the German TSO, Amprion.

(49) Regarding ILR's comment, ACER notes that Article 19e(3) of the Electricity Regulation mandates that the relevant system operators coordinate the collection of data required for the purpose of that article. CREOS is not necessarily obligated to gather all LU-specific data independently. Instead, it can coordinate with Amprion

and explore ways to extract LU-related data from the broader data collected by Amprion for the entire DE/LU bidding zone. This issue can be addressed and resolved through discussions between the system operators during the initial phase of implementation, in accordance with Article 4(1) of the FNA methodology.

6. ASSESSMENT OF THE PROPOSAL

6.1. Legal framework

(50) The legal framework for the FNA methodology is established in the newly added Article 19e of the Electricity Regulation, introduced by Regulation (EU) 2024/1747. Under this framework, the FNA methodology aims to specify how the TSOs and DSOs provide the data and carry out analyses necessary for the preparation of the FNA reports.

6.1.1. Requirements and purpose of the FNA reports

(51) The FNA reports provide a basis for Member States to establish indicative national objectives for non-fossil flexibility, as outlined in Article 19f of the Electricity Regulation. These objectives must specify contributions from demand response and energy storage. Member States can achieve them by harnessing identified flexibility potential, removing market barriers, or utilising support schemes. Additionally, these objectives and related measures must be incorporated into their integrated national energy and climate plans ('NECPs') and progress reports. The European Commission will evaluate these plans and may develop a Union strategy on flexibility, focusing on demand response and storage, to promote their deployment in line with the 2030 and 2050 climate targets.

(52) In this context, Article 19e(1) of the Electricity Regulation states that the FNA reports are adopted in view of the need to cost-effectively achieve security and reliability of electricity supply and decarbonise the electricity system, and taking into account the integration of variable RES and the different sectors, as well as the interconnected nature of the electricity market, including interconnection targets and potential availability of cross-border flexibility.

(53) Article 19e(1) of the Electricity Regulation requires that the FNA reports be adopted by the regulatory authority or another authority or entity designated within each Member State (henceforth referred to as 'designated authority or entity'[8]). The first FNA report must be adopted within one year of the adoption of this Decision, with subsequent reports every two years. If a Member State designates a specific entity, such as a TSO, that entity must adopt the report, which is then subject to approval or amendments by the regulatory authority.

[8] The same term ('designated authority or entity') is used in the Proposal and in the FNA methodology.

(54) Furthermore, Article 19e(1) of the Electricity Regulation requires that FNA reports estimate flexibility needs for at least the next 5 to 10 years at the national level. The reports should align with ERAA and NRAAs and be based on data and analyses from TSOs and DSOs provided using the common FNA methodology.

(55) According to Article 19e(2) of the Electricity Regulation, the FNA reports shall at least:

- evaluate the different types of flexibility needs (at least on a seasonal, daily and hourly basis) to integrate electricity generated from renewable sources in the electricity system, inter alia, different assumptions in respect to electricity market prices, generation and demand;
- consider the potential of non-fossil flexibility resources such as demand response and energy storage, including aggregation and interconnection, to fulfil the flexibility needs, both at transmission and distribution levels;
- evaluate the barriers for flexibility in the market and propose relevant mitigation measures and incentives, including the removal of regulatory barriers and possible improvements to markets and system operation services or products;
- evaluate the contribution of digitalisation of electricity transmission and distribution networks; and
- take into account sources of flexibility that are expected to be available in other Member States.

(56) According to Article 19e(7) of the Electricity Regulation, the FNA reports must be published and submitted to ACER and to the Commission. ACER will have 12 months to analyse them and issue a report with recommendations on issues of cross-border relevance, such as removing barriers to the entry of non-fossil flexibility resources. ACER's assessment will focus on better integrating flexibility needs analysis with the ERAA methodology[9] and the methodology for the Union-wide ten-year network development plan ('TYNDP'), estimating flexibility needs in the electricity system at Union level and its potential over the next 5 to 10 years, and exploring measures to unleash flexibility potential in electricity markets and system operation.

(57) Finally, Article 19e(8) of the Electricity Regulation requires ENTSO-E to update the TYNDP to incorporate the results from the FNA reports, and the TSOs and DSOs to consider the FNA reports in their NDPs.

[9]The methodology for ERAA in accordance with Article 23 of the Electricity Regulation is set out in Annex I to ACER Decision No 24/2020: https://www.acer.europa.eu/sites/default/files/documents/Individual%20Decisions_annex/ACER%20Decision%2024-2020%20on%20ERAA%20-%20Annex%20I_1.pdf (the link was last accessed on XX June 2025).

6.1.2. Requirements for the FNA methodology

(58) Article 19e(3) of the Electricity Regulation requires TSOs and DSOs in each Member State to provide data and analyses for the FNA report to the designated authority or entity. Where duly justified, this authority or entity may request the system operators to provide additional input to the FNA report. When needed, the concerned TSOs or DSOs for electricity operators, together with gas and hydrogen system operators must coordinate to collect the relevant information.

(59) ENTSO-E and EU DSO Entity must coordinate the work of TSOs and DSOs related to the data and analyses for the FNA report. In particular, they are tasked with developing the current Proposal, with Article 19e(4) of the Electricity Regulation outlining its minimum required content, which includes:

- The type and format of data that TSOs and DSOs are to provide for the FNA reports;
- Methodology for TSOs' and DSOs' analysis of the flexibility needs, which shall take into account at least:
    i. all available sources of flexibility in a cost-efficient manner in the different timeframes, including in other Member States;
    ii. planned investment in interconnection and flexibility at transmission and distribution level;
    iii. the need to decarbonise the electricity system to meet the Union's 2030 energy and climate targets and the 2050 climate neutrality objective, in line with the Paris Agreement; and
    iv. should contain guiding criteria on how to assess the capability of the different sources of flexibility to cover the flexibility needs.

(60) Article 19e(5) of the Electricity Regulation also requires that ENTSO-E and EU DSO Entity cooperate closely with each other as regards the coordination of TSOs and DSOs in the provision of data and analyses for the FNA reports.

(61) Article 19e(6) of the Electricity Regulation details the process for developing and approving the Proposal. Specifically, ENTSO-E and EU DSO Entity must jointly submit the Proposal to ACER by 17 April 2025. ACER then has three months to either approve the Proposal or amend it. If amendments are needed, ACER must consult the Electricity Coordination Group, ENTSO-E, and EU DSO Entity before adopting the amendments. Once adopted, the final Proposal must be published on ACER's website.

6.2. ACER's amendments

(62) This section explains ACER's amendments to the Proposal, with a focus on changes that directly affect the substantive content of the provisions.

(63) In addition, ACER has made editorial and structural revisions which were necessary to improve clarity, logical flow and ensure consistency in the FNA methodology, such as clarifications, elimination of redundancies and reorganisation of content. These amendments are marked in Annex Ia but, except for major structural changes (i.e. transfer of content between provisions), they are not further discussed in the Decision since they do not alter the substance of the Proposal.

6.2.1. Amendments concerning multiple provisions in the FNA methodology

(64) The FNA methodology may not and is not intended to create new rights and obligations for the designated authority or entity, nor does it further specify those already established in the Electricity Regulation. However, ACER recognises that the FNA process necessitates considerable engagement between system operators and the designated authority or entity and, in instances where the FNA report requires regulatory approval, also with the regulatory authority. The Proposal does not adequately reflect this engagement, in ACER's view.

(65) Therefore, ACER has added provisions requiring system operators to agree with the designated authority or entity, and, in cases of regulatory approval, with the regulatory authority. This is particularly relevant to amendments made by ACER to Article 4 of the Proposal ('National implementation'), which only mandates system operators to inform the designated authority or entity of the scope of data and analyses to be included in the FNA report agreed between the system operators. ACER believes that this scope should be determined through agreement with the designated authority or entity, and where applicable, with the regulatory authority to ensure effective and transparent implementation of the FNA methodology, along with proper regulatory oversight, as outlined in revised Article 4 of the FNA methodology.

(66) In addition to Article 4, ACER has incorporated requirements in Articles 6, 8, 9, 12, 14, and 16 of the FNA methodology, mandating reporting to or obtaining agreement from the designated authority or entity – and, where applicable, the regulatory authority – on various aspects of the FNA assessment. These requirements have been revised and limited to essential interactions, considering the Association's comments that, in some cases, the mandated engagement would not provide substantial added value or could be counterproductive, potentially causing delays in the implementation process. However, ACER disagrees with removing the requirement to agree with the designated authority or entity on the source used to derive the national RES integration targets. These targets are not always readily available in the approved NECPs and need further interpretation for the specific purpose of the analysis provided by the system operators. The requirement to seek agreement aims to ensure that the targets remain in compliance with the policy goals and objectives in the NECP.

(67) In their response to ACER's preliminary position, the Associations expressed concerns that ACER requires system operators to provide data and analyses not only to the designated authority or entity but also directly to the regulatory authority when it is responsible for approving the FNA report. They argued that, under Article 19e(3) of the Electricity Regulation, system operators are only obligated to provide data and analyses to the designated authority or entity. Therefore, unless the designated

authority is the regulatory authority itself, system operators should not be required under the FNA methodology to provide data and analyses directly to the regulatory authority. ACER agrees with the system operators that regulatory approval, when an entity (and not an authority) is designated to adopt the FNA report, falls outside the scope of the FNA methodology. While sharing relevant data and analysis early in the FNA cycle could streamline the approval process, nothing prevents the regulatory authority from requesting the underlying data and analysis once the FNA report is submitted for approval. The structured and standardised data format outlined in the Annexes of the FNA methodology makes it easier for the data to be efficiently transmitted and accurately interpreted by the regulatory authority.

(68) Considering the above and the Associations' suggestion, ACER has removed the requirement for system operators to provide data and analysis directly to the regulatory authority when it is responsible for approving the FNA report. However, in Recital (25) of the FNA methodology, ACER emphasised the importance of timely regulatory approvals to ensure the effective implementation of the FNA process.

(69) ACER has modified the timestep used to assess ramping needs in the Proposal from 'hourly' to 'MTU' to give more flexibility to TSOs' analyses, making it possible to evaluate needs at a sub-hourly level in case adequate resolution data is available. This amendment concerns the entire FNA methodology, and in particular system needs assessments in Articles 9 and 10.

6.2.2. Recitals of the FNA methodology ('Whereas')

(70) The recitals of the Proposal refer to Article 19e of the Electricity Regulation in order to set out the scope and purpose of the FNA methodology and explain the role of the FNA reports for the indicative national objectives for non-fossil flexibility. The recitals also elaborate the concepts and approaches used in the FNA methodology.

(71) ACER found it necessary to amend and complement these recitals to further clarify the scope and purpose of the FNA methodology setting it in the context of security of supply, RES integration objectives, and consistency with ERAAs and NRAAs (new Recitals (3), (4), and (5) of the FNA methodology).

(72) Significant amendments to the recitals were required due to overlaps and inconsistencies between the text of the recitals and the related articles of the FNA methodology. ACER eliminated these overlaps and/or inconsistencies by either aligning the content of the recitals with the provisions in the articles (e.g. as in the case of amendments to the description of needs indicators) and/or by transferring content between recitals and articles (e.g. amendments concerning national templates). These changes are marked in Annex Ia but not discussed here in detail.

(73) Further changes to the content of the recitals were necessary to reflect ACER's amendments in the articles of the FNA methodology. These changes are referenced in the following sections which discuss articles' amendments.

(74) Finally, ACER introduced amendments to the recitals to ensure consistency with the Electricity Regulation. For this reason, references to the types of congestion in Recital (23) of the Proposal were corrected in line with the definitions in the Electricity Regulation. Moreover, ACER has rejected new text in Recital (1) and reformulations in Recital (2) proposed by the Associations following ACER's preliminary position.[10] In ACER's view, the rejected text went beyond the scope of Article 19f of the Electricity Regulation concerning indicative national objectives of non-fossil flexibility, while reformulations defining the role of the system operators' data and analysis were inconsistent with Article 19e of the Electricity Regulation.

(75) ACER found it necessary to clarify in Recital (18) that DSOs as well as TSOs must consider alternative solutions to system expansion in their NDPs, based on the requirements of Directive (EU) 2019/944[11] and the relevant national frameworks.

(76) ACER has added Recital (21) to emphasise the importance of TSOs and DSOs using common NECP targets in their scenarios to ensure consistency between their scenarios in the FNA reports, and to recognise the role of the Associations in providing guidance throughout the process.

(77) ACER deemed it necessary to explain, in Recital (26), the absence of dynamic stability considerations in the FNA methodology. These stability factors are beyond the scope of the national assessments given that they are related to the operation of the interconnected European electricity system.

6.2.3. Article 1 of the FNA methodology

(78) Article 1 of the Proposal ('Subject matter and scope') defines the subject matter and scope of the FNA methodology referencing Article 19e(4)(a) and, partly, 19e(4)(b) of the Electricity Regulation. Furthermore, Article 7 of the Proposal ('Needs covered') lists the needs covered by the FNA methodology and allows the TSOs and DSOs to carry out additional analyses for the listed needs.

(79) Since the flexibility needs outlined in Article 7 of the Proposal also set the scope of the FNA methodology, ACER considered it beneficial to merge the two provisions. As a result, the content of Article 7 has been incorporated into Article 1 of the FNA methodology (as paragraphs (2) and (6)) and Article 7 has been deleted. ACER has introduced a new Recital (7) in the FNA methodology to explain the types of needs listed in its Article 1(2).

(80) Paragraph (6) (resulting from the transfer from Article 7) addresses additional analyses that may be conducted by system operators. ACER has expanded this provision to include additional data as well. Furthermore, to ensure a uniform

[10] This and the following sections refer to the Associations' (oral and written) views on ACER's preliminary position, as summarised in section 5.1.1.
[11] OJ L 158, 14.6.2019, p. 125.

definition of needs, ACER has clarified that any additional data and analyses can only be used to define needs in specific cases listed in this paragraph. To ensure consistency of the FNA with ERAA and NRAA, ACER has also specified that only scenarios within the set of reference scenarios of ERAA and/or NRAA can be used for the definition of needs.

(81) ACER has added new paragraphs to Article 1 to further define the scope of the FNA methodology by specifying the scope of needs quantifications (new paragraph (3)) and listing additional elements that fall under the FNA methodology, i.e. data for the evaluation of barriers to flexibility in the market and the contribution of networks' digitalisation (new paragraph (4) – see discussion in section 6.2.16) and the guiding criteria on how to assess the capability of different resources to cover flexibility needs (new paragraph (5) – see discussion in section 6.2.17).

6.2.4. Article 2 of the FNA methodology

(82) Article 2 of the Proposal contains definitions used in the FNA methodology.

(83) ACER considered it necessary to add the following definitions to clarify the meaning of terms used in the methodology: 'D-1', 'FNA report', 'NECP', 'NRAA', 'RES integration target', 'RES target' and 'uncovered flexibility needs'.

(84) The revised 'ERAA' and the new 'NRAA' definitions are to ensure that the most recent and official versions of these assessments are used for the purpose of the FNA. In case of ERAA, it must be the version approved by ACER. In case of NRAA, the most recent NRAA must be used, but if ACER's opinion is required, the process in Article 24(3) of the Electricity Regulation must be completed to use the NRAA for the FNA.

(85) The Associations expressed concern that waiting for ERAA approval or for the completion of the process under Article 24(3) could lead to the FNA input data becoming obsolete and unreliable, potentially causing inconsistencies with NECPs and between Member States, thereby reducing the usefulness of the FNA. The Associations proposed alternative formulations to ensure the latest data is used, regardless of ACER's procedures foreseen in the Electricity Regulation.

(86) Similar concerns were raised by ARERA and ERU in the AEWG consultation (see section 5.2). The AEWG advised that generally the FNA should be based on the latest data available, but this data should be approved (e.g. via ERAA) and must be of high quality.

(87) ACER considers that relying on adequacy assessments which are pending approval or opinion would not be compliant with the Electricity Regulation. Until the relevant regulatory procedures are completed, these assessments cannot be considered as ERAA or NRAA in the meaning of the Regulation. Consequently, and also considering the AEWG advice, ACER has rejected the proposed reformulations to ensure compliance with the Electricity Regulation.

(88) Moreover, ACER notes that the timelines for ERAA and FNA are well coordinated. ERAA is scheduled for submission to ACER by November each year, and the FNA process starts eight months later, in July every two years. Once ERAA is submitted, ACER has three months to approve it, which suggests that the FNA timeline should remain unaffected.

(89) Regarding NRAAs, consistency between the FNA report and both ERAA *and* NRAA can only be effectively checked and ensured once ACER issues its opinion on the differences between ERAA and NRAA. ACER has two months for this, and the body responsible for the NRAA is required to consider ACER's opinion in revising its NRAA. This process should not prevent the use of up-to-date input to the FNA, in particular if the submission for ACER's opinion is planned in consideration of the biannual FNA cycle. What matters most is that the FNA should be based on reliable and verified data. When ACER's opinion is required, the completion of the process under Article 24 of the Electricity Regulation is primarily relevant for the final FNA output which is the adopted (and, where applicable, approved) FNA report. This does not prevent system operators from conducting analyses using data from the NRAA while awaiting ACER's opinion, provided that these analyses are updated before the adoption of the FNA report to reflect any amendments to the NRAA made based on ACER's opinion. Additionally, if an NRAA that has previously received ACER's opinion is later updated with new data, and these updates do not raise issues requiring resubmission of the NRAA results – such as new adequacy concerns not already identified in the ERAA – ACER sees no need to resubmit the updated NRAA for a new opinion.

(90) ACER has rejected the definition of the market time unit ('MTU') proposed by the Associations as MTU is already defined in the ERAA methodology.

(91) ACER has accepted the proposed changes by the Associations to the definition of the 'RES integration target' in that the target can also be expressed as 'the effectively integrated (i.e., non-curtailed) RES generation in absolute terms or in relative terms to the total RES generation or to the total electricity demand', since it allows for a broader approach to the target's quantification.

(92) To improve clarity and facilitate cross-referencing within the FNA methodology, ACER has added new paragraphs (3) and (4) with two interpretation clauses. The first clause clarifies that references to legislation or similar instruments include any amendments or re-enactments. The second clause clarifies how references to paragraphs and articles should be interpreted within the FNA methodology.

6.2.5. Article 3 of the FNA methodology

(93) Article 3 of the Proposal ('Roles and responsibilities') defines the roles and responsibilities of TSOs, DSOs and the Associations under the FNA methodology.

(94) To streamline the methodology, ACER has relocated the content of Article 12(1) of the Proposal, which addresses DSOs' responsibilities, into a new paragraph (2) within Article 3, and further revised it for clarity.

(95) ACER has made further changes to paragraph (1) of Article 3 of the Proposal which include:

- In point (a), replacing the reference to *'definitions and procedures'* of the FNA methodology and to Annexes with a reference to the entire FNA methodology (including Annexes), since data and analysis should be carried out in accordance with the entire FNA methodology;

- In point (b), to eliminate ambiguity, removing the reference to *'minimum standards'*, and clarifying that the provided data must adhere to the data-set requirements, data type and format specified in the FNA methodology, including those in Article 6 and Annexes 1 and 2;

- Deleting point (c) because provision of additional information upon request of the designated authority or entity is already addressed by point (a) through reference to Article 19e(3) of the Electricity Regulation. This also includes deletion of specific conditions set for such requests such as their justification, proportionality and agreement of TSOs and DSOs regarding changes in input data. This aspect is further discussed in section 6.2.6 in the context of amendments to Article 4 ('National implementation');

(96) To reduce ambiguity and provide clearer guidance, ACER found it necessary to elaborate on the Associations' duty to coordinate the TSOs and DSOs in the provision of data and analyses in paragraph (3) of Article 3 of the Proposal, in particular:

- ACER has reduced the timeline for EU DSO Entity to issue guidance to the DSOs from two years to 18 months. ACER considers this is a reasonable timeframe that balances the need to give EU DSO Entity adequate time (six months) to define the scope of the guidance based on the first FNA reports, while also ensuring that DSOs have a further six months to consider the guidance before the start of the next FNA cycle.

- ACER has clarified that the guidance should be published for transparency, and should primarily focus on improved cooperation and coordination among the DSOs, as ACER anticipates this area will be particularly challenging and will require additional support from EU DSO Entity, in accordance with its responsibilities outlined in Articles 19e and 55 of the Electricity Regulation;

- ACER has added a requirement that the aim of the guidance is also to progressively improve the methods for the analysis of DSO flexibility needs in a cost-effective manner. This is in line with Article 19e(1) of the Electricity Regulation and also aims to ensure consistency with the national regulatory frameworks for procuring flexible solutions by the DSOs which, according to Article 32(1) of Directive (EU) 2019/944, must consider cost-effectiveness of

such services in alleviating the need to upgrade or replace electricity capacity and supporting the efficient and secure operation of the distribution system.

- to ensure consistency and regulatory oversight, ACER has added a requirement that in preparing its guidance, EU DSO Entity must take into account the regulatory authorities' guidance on electricity distribution network planning pursuant to Action 3 of the EU Action Plan for Grids;[12]

- Finally, ACER considers that ENTSO-E should adopt a similarly supportive role by issuing and regularly updating a 'Questions and Answers' document to address the implementation challenges faced by TSOs. Given that ACER anticipates coordination challenges between TSOs to be less pronounced than those between DSOs, a simpler 'Questions & Answers' document - rather than a comprehensive guidance - should be sufficient to ensure consistent application of the FNA methodology across all Member States.

(97) To prevent potential misunderstandings, ACER has moved the content of paragraphs (3) and (4) of the Proposal regarding task delegation to Article 4 ('National implementation'), as they pertain to the possible allocation or outsourcing of tasks between the system operators during the national implementation but may not affect the roles and responsibilities outlined in the FNA methodology.

6.2.6. Article 4 of the FNA methodology

(98) Article 4 of the Proposal ('National Implementation') sets out the steps and timelines for implementing the FNA methodology at the national level.

(99) With respect to the implementation timelines, the Associations proposed allowing three months for TSOs and DSOs to agree on various planning and coordination aspects, an additional month to finalise the scope of data and analyses, and a further six additional months for the provision of data and analyses to the designated authority or entity, amounting to 10 months in total. According to the Proposal, the same timeline would apply to each FNA cycle.

(100) ACER considers that a 10-month period for providing data and analysis is disproportionally lengthy, given that the FNA report must be adopted within 12 months of approving the FNA methodology. This would leave only two months for the designated authority or entity to adopt the FNA report. Additionally, ACER considers it appropriate to distinguish between the first FNA cycle – which is likely to be the most challenging – and subsequent cycles, which should require less time as many aspects will have already been discussed and decided during the initial cycle.

(101) Considering the above, in its preliminary position, ACER proposed that, for the first cycle, the first two steps outlined in the Proposal could be merged into one step and

[12] COM/2023/757 final.

completed with two months (instead of four), with data and analyses provided over the following six months. This would leave the designated authority or entity four months (instead of two) to adopt the FNA report. For subsequent cycles, ACER proposed that the first two steps should be completed at least 12 months before the planned adoption of the FNA report, with the provision of data and analyses occurring no later than six months prior to the planned adoption of the FNA report, thereby leaving the designated authority or entity six months for its adoption.

(102) The Associations expressed concerns about the reduced timeframe proposed by ACER for the first cycle, arguing that the time allocated under ACER's proposal would underestimate the scope of tasks to be performed for the first time at national level. Additionally, regarding the subsequent cycles, the Associations noted that no specific start date was set for each cycle, raising concerns about inconsistent timelines across Member States.

(103) ACER, acknowledging the first cycle's complexity and the Associations' concerns, agreed to their proposed timelines (four plus six months) for providing data and analyses in the first cycle. However, it maintained shorter timelines (two plus six months) for subsequent cycles for reasons discussed above. Additionally, ACER clarified that the second cycle begins two years after the approval of the FNA methodology, with subsequent cycles occurring every two years. The amended implementation timelines set out paragraphs (1) to (4) of Article 4 of the FNA methodology.

(104) To strive for a more balanced allocation of the 12-month timeline in the first cycle, and based on the comments from the regulatory authorities, ACER has added a provision (in paragraph (2)) requiring TSOs and DSOs to use reasonable efforts to complete and submit data and analysis before the 10-month deadline. While not optimal, this aims to partially mitigate the risks of potential delays in adopting the first cycle's reports, given the limited time available to the designated authority or entity for their preparation. To further enhance flexibility at the national level, ACER has allowed the system operators to agree on an alternative timeline with the designated authority or entity, provided that the overall 12-month deadline for adopting the FNA report remains unchanged.

(105) During the AEWG consultation, regulatory authorities expressed differing opinions on how to best allocate the 12-month timeline. BNetzA and ERU advocated for an extension beyond the current two-month period for drafting the FNA report, while CRU indicated that the Irish system operators might face challenges meeting the two- and eight-month deadlines for their respective tasks. Considering these differing views, the AEWG invited ACER to further strengthen the balance in allocating the 12-month period, ensuring it is appropriately shared between system operators and regulatory authorities (see section 5.2).

(106) ACER considers that the current solution in the FNA methodology, which (1) distinguishes between the first, most challenging FNA cycle and subsequent cycles, (2) encourages system operators to provide data and analyses ahead of deadlines, and (3) allows departures from default timelines, is already a balanced approach.

(107) In cases where the TSOs will be responsible for drafting the FNA report, tasks such as data validation and analysis can be conducted concurrently rather than sequentially. This approach can help reduce the overall cycle time and ease the pressure on deadlines.

(108) The scenario whereby the FNA report is drafted by a regulatory authority, highlighted by the AEWG, or by another authority or non-TSO entity, might require adjustments to the timeline allocation, depending on factors such as the complexity of the national environment (e.g., the number of system operators) and their available resources. The option to depart from the default timelines, especially in the first FNA cycle, is designed with this scenario in mind, providing flexibility to ensure a robust FNA while accommodating differing national circumstances.

(109) ACER has considered it necessary to revise or supplement the list of items in Article 4(1) of the FNA methodology. Agreeing on all the relevant aspects of the data and analyses to be submitted to the designated authority or entity at the beginning of the process is crucial for streamlining their collection and submission and preventing last-minute requests from the designated authority or entity. In particular:

- ACER has added point (g) concerning data for assessing market barriers and the contribution of digitalisation. In response to ACER's preliminary position, the Associations commented that this data is not part of the methodology, and providing it is not the responsibility of the system operators. ACER notes that according to Article 19e(3) of the Electricity Regulation, the system operators are required to provide the data and analyses that are needed for the preparation of the FNA report. Since the evaluation of market barriers and the contribution of digitalisation falls under the scope of the FNA report[13], the system operators are required to provide the data needed for this evaluation, to the extent this data is available to them. See also section 6.2.16. on the amendments to Article 21 of the Proposal (now Article 15 in the FNA methodology).

- According to Article 19e(3) of the Electricity Regulation, the designated authority or entity may request additional input from the system operators to the FNA report, provided it is duly justified. The Proposal initially included specific conditions for such requests in Article 3(1)(c). In response to ACER's proposal to remove these conditions, the Associations raised concerns that late or disproportionate requests could hinder system operators from meeting deadlines. ACER notes that the Electricity Regulation already requires that such requests are 'duly justified' and the FNA methodology cannot restrict or further condition this right. However, to address the concerns of the Associations and to promote early coordination, ACER added point (j) to Article 4(1) of the FNA methodology, stating that, when possible, such requests should be agreed with system operators during the first step of the implementation. ACER notes that

[13] See points (c) and (d) of Article 19e(2) of the Electricity Regulation.

it may not always be feasible for the designated authority or entity to anticipate all its future requests and point (j) does not prevent requesting input later. However, to provide clarity to the system operators and prevent delays, it is important that anticipated requests for additional input are discussed, and their scope defined and agreed early in the process. As a result, ACER has also deleted the proposed in its preliminary position paragraph (8) of Article 4, which was redundant as it referenced a right already established in the Electricity Regulation.

- As proposed by the Associations, ACER has added point (k) to Article 4(1) of the FNA methodology to specify, where applicable, the expected timeline for the approval of the FNA report. This aims to assist system operators in planning by providing clarity on subsequent steps in the process, during which they may also be expected to contribute, such as during the regulatory approval of the report.

(110) ACER has moved paragraphs (3) and (4) from Article 3 of the Proposal to Article 4, as discussed in section 6.2.5 above.

6.2.7. Article 6 of the FNA methodology

(111) Article 6 of the Proposal ('Data and analyses') establishes the overarching requirements for data and analyses to be provided by system operators, including the required data sources for both TSOs and DSOs and target years for which this data and analyses should be provided. For a complete list of the required data and analyses, Article 6 refers to Annexes 1 and 2 of the Proposal. Additionally, Article 6 refers to Article 12 of the Proposal ('Principles to assess DSO network flexibility needs'), which stipulates the principles for assessing DSO network flexibility needs, also including the required sources of data.

(112) Given that both Article 6 and Article 12 of the Proposal contain general provisions related to data and analyses, ACER saw merit in consolidating them. The relevant content of Article 12 of the Proposal has been integrated into Article 6 of the FNA methodology, as new paragraphs (6), (7) and (8),[14] leading to the deletion of Article 12 of the Proposal.

(113) ACER also considered it necessary to further revise and develop the provisions of Article 6, by adding new paragraphs or revising existing paragraphs (including the transferred paragraphs from Article 12).

(114) In Particular, ACER has added two new paragraphs to:

[14] Paragraphs (2), (3) and (4) of Article 12 of the Proposal. The content of Article 12(1) of the Proposal has been transferred to Article 3 of the FNA methodology as explained in section 6.2.5.

- describe how TSOs and DSOs provide the volumes of unavailable flexible resources due to grid prequalification and temporary limits (new paragraph (3) in Article 6 of the FNA methodology) for the purpose of the fine-tuning process of system needs defined in Article 14;

- require that when providing the data, DSOs must consider the relevant guiding documents to ensure consistency, including the regulatory authorities' guidance on distribution network planning and guidance to be provided by EU DSO Entity (new paragraph (9) in Article 6 of the FNA methodology).

(115) ACER considered it necessary to revise the content of Article 6 of the Proposal concerning target years. Article 6(3) of the Proposal requires the TSOs and DSOs to *"provide data and analyses for at least one of the target years considered in the latest published ERAA or NRAA, complying with the 5 to 10 requirement in Articles 23 and 24 of the Electricity Regulation with respect to the same latest published ERAA or NRAA and aligned with the policy year considered in the latest approved NECP. In addition, TSOs or DSOs are entitled to consider other common target years to provide data and analyses."* ACER has made the following amendments, and the revised content is set out in paragraphs (1) and (2) of Article 6 of the FNA methodology:

(116) First, ACER was concerned that allowing the system operators to use target years from either ERAA or NRAA could lead to a lack of common target years across national FNA reports. This could create inconsistencies in the provided data and analyses that would not allow to effectively account for "*sources of flexibility that are expected to be available in other Member States*" in national reports as per Article 19e (2)(e) of the Electricity Regulation and undermine the EU-wide flexibility report pursuant to Article 19e (7) of the Electricity Regulation. Therefore, ACER's preliminary position proposed that system operators rely on target years from both ERAA and NRAA, aligning with the requirement of Article 19e(1)(a) of the Electricity Regulation, which stipulates that the FNA report must be consistent with both ERAA and NRAA. Since conducting an NRAA is not mandatory and not all Member States perform one, ACER suggested using ERAA target years as the default, with NRAA target years to be used only if applicable, i.e. if an NRAA has been carried out. The Associations expressed concern about ACER's proposal, noting that target years might differ between ERAA and NRAA in practice. Requiring system operators to use both could therefore be problematic. Consequently, the Associations proposed, and ACER accepted, that only ERAA target years and later also DNDP target years, shall be used. The reference to NRAA was therefore removed. The removal of this reference does not prevent the system operators from using NRAA target years if they correspond to those used in ERAA, ensuring consistency across FNA reports.

(117) Concerning the NRAA target years, ACER recognises that in some Member States, target years analysed in NRAA might not align perfectly with ERAA calendar years, as national specifics are considered. This issue was raised by CRE in the AEWG consultation. Therefore, ACER suggests that in such cases, system operators can use years that, while not fully aligned with ERAA target years, have the greatest overlap

with them. This approach allows flexibility while maintaining consistency between ERAA and FNA.

(118) Second, according to the Proposal, target years to be used for the FNA must be aligned with the policy year considered in the latest approved NECP. To ensure consistency with the Electricity Regulation, ACER has specified that one target year must be an EU policy target year in line with targets and objectives specified in Article 19e(4)(b)(iii) of the Electricity Regulation. Consequently, there is no longer a need to refer to specific policy years as examples, and these have been removed, in line with the suggestions made by the Associations. Additionally, and to facilitate the comparability of the FNA reports, ACER has required that this EU policy target year must be jointly selected by the Associations and the system operators, and that the Associations are responsible for coordinating this. Assigning this task to the Associations is appropriate, given their coordination and cooperation duties pursuant to Articles 19e(4) and 19e(5) of the Electricity Regulation.

(119) Third, ACER was concerned that using only one target year, either from ERAA or NRAA, was insufficient, and that system operators must provide data and analysis across multiple years to effectively support policy decisions setting objectives for non-fossil flexibility. These objectives should be based on a trajectory spanning several years, not a single year.

(120) To address this, ACER initially proposed that, subject to agreement with the designated authority or entity (and the regulatory authority if they are to approve the FNA report), the number of target years could gradually increase with each iteration until full consistency with ERAA and NRAA was achieved, ensuring at least one EU policy target year is included. The requirement to seek agreement was later removed, as explained in section 6.2.1.

(121) However, considering views of the regulatory authorities that a single target year in the first FNA cycle would not provide a sufficiently robust assessment, ACER increased the minimum to two (always including one EU policy target year). While EU DSO Entity accepted this change, ENTSO-E and the Dutch Ministry were concerned that it complicates the implementation of the FNA methodology. ACER notes these concerns but emphasises that a minimum of two target years is essential for ensuring a reliable FNA. Only by assessing more than one target year allows the system operators to identify trends, which is crucial for well-informed decision-making.

(122) ACER also notes that the FNA methodology offers options to reduce implementation challenges, such as post-processing ERAA/NRAA results, making it feasible for system operators to assess at least two years already in the first FNA cycle. This approach balances the need for a manageable implementation process with the need to ensure a baseline quality and robustness of the assessment. ACER has amended Article 6(1) of the FNA methodology accordingly and also explained the gradual implementation approach in a new Recital (27).

(123) Article 6(3) of the Proposal allows the system operators to consider additional target years. ACER is of the view that this should be agreed with the designated authority or entity and, in cases where the FNA report must be approved, also with the regulatory authority. This approach aims to ensure that any additional target years to be used would be relevant for defining the national objectives for non-fossil flexibility. Consequently, ACER has incorporated this requirement into Article 6(2) of the FNA methodology.

(124) ACER considered it necessary to revise the content of Article 6 of the Proposal concerning climate years/weather scenarios. Article 6(5) of the Proposal requires the TSOs to provide data and analyses for at least the same climate years/weather scenarios as those considered in the EVA of the ERAA/NRAA for the chosen target years. ACER finds it important that the climate years or weather scenarios used in the FNA are consistent with those used in ERAA's economic dispatch ('ED') instead of EVA. This is to ensure consistency with ERAA/NRAA as per Article 19e(1) of the Electricity Regulation and to account for all climate/weather configurations whose variability influence the assessed flexibility needs. This also reflects the comments of the German Ministry (see section 5.1.2) that all weather conditions must be accounted for, since RES availability is varying year to year.

(125) In response to ACER's preliminary position, the Associations proposed to implement the above requirement gradually, allowing TSOs to use EVA climate years/weather scenarios the first cycle of the FNA report. ACER understands the potential challenge linked to modelling complexity, and reflected the Association's proposal in Article 6(5) of the FNA methodology but specified that the utilisation of EVA climate years/weather scenarios in the first cycle must be agreed with the designated authority or entity, and if the FNA report requires regulatory approval, also with the regulatory authority.

(126) ACER found it necessary to specify in Article 6(6) of the FNA Methodology[15] that, in addition to using the DNDP data, the DSOs should also use information published in the framework of procurement of local services, where relevant. This addition is to include information required for the application of the guiding criteria in line with Article 16. Furthermore, to ensure harmonisation and streamline the preparation of the FNA report, a requirement for DSO data and analyses to be provided using the template set out in Table 15 of Annex 2 has been added to paragraph (6).

(127) ACER has also made amendments to Article 6(7) of the FNA methodology.[16] This provision permits DSOs to use additional assumptions, scenarios, methods or data in case the DNDP data (and, where relevant, published procurement data) is unavailable or insufficient. The Proposal specifies several conditions for using non-DNDP information, including necessity, transparency, consistency with DNDP and the

[15] Provisions transferred from Article 12(2) of the Proposal.
[16] Provisions transferred from Article 12(3) of the Proposal.

requirement on the DSOs to provide related justification. ACER considers that using non-DNDP information should be agreed with the designated authority or entity and, **where an entity is designated, also with the regulatory authority. This ensures regulatory oversight over data quality and in any case requires DSOs to sufficiently justify their reliance on such data to secure agreement. Consequently, ACER has incorporated** the requirement of agreement into Article 6(7) of the FNA methodology.[17]

(128) Lastly, ACER has expanded the list of conditions for using non-DNDP information by including a requirement to assess the cost-effectiveness of using flexibility services as alternative to grid expansion. Adding this condition aims to ensure that the FNA report adequately considers the need to achieve security of supply and decarbonisation in a cost-effective manner, in line with Article 19e(1) of Electricity Regulation.

6.2.8. Article 7 of the FNA methodology

(129) Article 8 of the Proposal ('System needs') sets out the requirements for scenarios and data to be used in the TSO assessment of system flexibility needs. According to these provisions, the assessment of system needs starts from processing of either ERAA or NRAA economic dispatch results. As an alternative, the TSOs may base their assessment on an economic dispatch simulation separate from that one of ERAA/NRAA, provided that the conditions listed in Article 8(4) of the Proposal are met.

(130) ACER does not support the proposal to start the assessment of system flexibility needs only by processing post-EVA data from ERAA/NRAA. Instead, ERAA's EVA should be regarded as an integral component of the FNA. First, an EVA is an adequate tool to assess the most efficient, economically viable resources that can provide flexibility, in line with the principle of cost-effectiveness laid down in Article 19e(1) of the Electricity Regulation. Second, including EVA's input and output data into the FNA datasets is essential for the designated authority or entity to oversee the assumptions underlying the EVA results, hence ensuring that the system needs are accurately and thoroughly considered in the FNA report.

(131) For these reasons, ACER has required that the EVA must be conducted as part of ERAA and/or NRAA specifically for the purpose of the system needs assessment (Recital (6) and Article 7(1) of the FNA methodology). Moreover, the TSOs are explicitly required to provide EVA inputs for the FNA, as per Table 7 of Annex 1.

(132) In response to ACER's proposal to integrate ERAA's EVA into the system needs assessment, the Associations argued that Article 19e(1)(a) of the Electricity Regulation only mandates that the FNA report be consistent with ERAA and NRAA. They argued that prescribing or further specifying in the FNA methodology what is

[17] Provisions transferred from Article 12(3)(c) of the Proposal.

already governed by the ERAA and NRAA methodologies would exceed this requirement. In their view, providing post-EVA set of input data alone is sufficient to fulfil this requirement, and that, for compliance with the Electricity Regulation, input data needed for ERAA or NRAA to perform an EVA should not be included in the datasets provided as inputs to the FNA. Finally, they emphasised that a correct and technology-neutral quantification of flexibility needs through the FNA methodology does not require an EVA to be carried out, as the FNA methodology already provides guiding criteria to assess the capability of flexible resources to cover the identified flexibility needs, taking into account cost-efficiency and maintaining principles of technology neutrality.

(133) First, ACER finds that considering EVA from the ERAA/NRAA as a necessary step in the FNA does not oblige the TSOs to conduct an additional EVA specifically for the FNA, nor does it alter the current EVA carried out under ERAA/NRAA. This also addresses ERU's concerns about system operators' resources and capability limitations to perform an EVA. As explained above, the main practical implication of including EVA in the system needs assessment is to explicitly require TSOs to incorporate EVA inputs into the FNA datasets.

(134) Second, ACER recognises the concern of the Associations that the FNA methodology should not prescribe or further specify how EVA is performed, as EVA is governed by the ERAA methodology. Accordingly, and as suggested by the Associations in their feedback to ACER's preliminary position, ACER has removed the reference to EVA's features from Recital (6) of the FNA methodology to prevent any potential misinterpretation implying such specification. Recital (6) was further amended following the AEWG consultation, to ensure consistency with the wording of Article 7(1) and prevent any ambiguity, considering ERU's comments.

(135) Third, incorporating an EVA into the FNA does not compromise cost-efficiency or technology neutrality. On the contrary, including a robust EVA (performed as part of the ERAA/NRAA) provides an effective means of assessing economically viable resources capable of delivering flexibility through the market. This approach aligns with the principle of cost-effectiveness while maintaining the principle of technology neutrality.

(136) ACER deemed it necessary to explicitly state in Article 7(1) of the FNA methodology that aside from the reference scenarios in line with Article 3 (3) of the ERAA methodology, TSOs may run the system needs assessment for additional scenarios. Among those additional scenarios, TSOs may use a scenario measuring the impact of measures to unleash flexibility potential. This reference is meant to reflect the requirement of Article 19e(2)(c) of the Electricity Regulation, that the report shall "*evaluate the barriers to flexibility and propose relevant mitigation measures and incentives, including the removal of regulatory barriers and possible improvements to markets and system operation services or products*".

(137) Since Article 7(1) of the FNA methodology only sets a minimum requirement (minimum one scenario consistent with ERAA) and allows for additional scenarios, it addresses CRE's concerns regarding the use of NRAA scenarios (see section 5.2).

Importantly, this formulation still maintains the necessary consistency with ERAA while permitting flexibility to include other relevant scenarios capturing national specificities.

(138) To improve consistency and robustness of the FNA reports, ACER has strengthened the requirements for the two approaches to model system needs in Article 7(3) of the FNA methodology.

(139) Finally, to avoid repetitions, ACER has deleted paragraph (5) from Article 8 of the Proposal, since the possibility for TSOs to provide additional data and data with higher granularity is explicitly mentioned in Annex 1.

6.2.9. Article 8 of the FNA methodology

(140) Article 9 of the Proposal ('System needs – RES integration') describes how to assess system flexibility needs linked to RES integration. ACER considered it necessary to introduce the following amendments to the requirements for this assessment:

(141) ACER has introduced a requirement that the TSOs, in their RES integration needs analyses, consider the additional RES curtailment derived from uncovered downward ramping and short-term flexibility needs (new provision in Article 8(3) of the FNA methodology). ACER considers that requiring this is necessary to comprehensively evaluate the amount of RES curtailment to be compared with RES integration targets and appropriately assess RES integration needs. ACER has accepted the Associations' request to derogate from this requirement in the first FNA cycle due to additional complexity and effort involved in setting up tools and algorithms.

(142) To assess system needs related to RES integration, TSOs require a national RES target for the electricity sector. If this target cannot be directly obtained from the NECP or other official national documents, TSOs may derive it from other sources. Considering that such a case would need appropriate regulatory oversight, ACER has added a requirement that the TSOs must agree any such derived RES integration targets with the designated authority entity, and - if regulatory approval of the FNA report is required - also with the regulatory authority (new provisions in Article 8(7) of the FNA methodology).

(143) ACER also considered it necessary to clarify the difference between, on the one hand, RES targets defined in NECPs or other official national documents for the electricity sector and, on the other hand, RES integration targets that are developed for the purpose of the FNA reports and correspond to the maximum acceptable RES curtailment, or symmetrically the minimum effectively integrated RES generation, for meeting the RES targets (new provisions in Article 8(8) of the FNA methodology).

(144) For clarity, ACER has defined uncovered RES integration needs to be met with additional flexible sources or a more efficient use of flexible sources considered in ERAA or NRAA (new provisions in Article 8(9) of the FNA methodology). These uncovered RES integration needs correspond to the amounts of RES curtailment exceeding the RES integration targets.

(145) To enhance transparency and regulatory oversight, ACER deemed it necessary to require TSOs and DSOs to report the derating of flexible resources used to fine-tune RES integration needs to the designated authority or entity (new provision in Article 8(16) of the FNA methodology).

(146) ACER considered it necessary to require that TSOs do not double count the contribution of flexible resources to meet RES integration needs in case these flexible resources already provided flexibility to meet downward ramping or short-term needs (new provision in Article 8(17) of the FNA methodology).

6.2.10. Article 9 of the FNA methodology

(147) Article 10 of the Proposal ('System needs – Ramping needs') describes how the TSOs should assess flexibility needs linked to meeting the variations of the residual load.

(148) To provide more comprehensive information for the FNA report, ACER has added a requirement that the TSOs characterise the variations between each MTUs of the residual load extracted from the economic dispatch results (new provision in Article 9(1) of the FNA methodology).

(149) ACER also introduced the following paragraphs in Article 9 of the FNA methodology:

- New paragraph (5) aims to ensure that the ability to ramp up capacities prior to their dispatch or offtake is considered when determining whether upward needs are covered or not.

- New paragraph (6) aims to clarify and further specify the methodology as it describes how the additional RES curtailment arising from uncovered downward ramping needs is to be integrated in the RES integration needs analysis pursuant to Article 8(3) of the FNA methodology.

- New paragraph (10) requires the TSOs and DSOs to report the derated residual margins of flexible resources to the designated authority or entity. This reporting obligation aims to enhance transparency and ensure proper regulatory oversight.

(150) ACER has removed the possibility for the TSOs to extend the analysis of the ramping needs to intra-hourly variations (Article 10(5) of the Proposal), as the timestep used to perform the assessment has been shifted to MTUs.

6.2.11. Article 10 of the FNA methodology

(151) Article 11 of the Proposal ('System needs – Short-term flexibility needs') describes how to assess flexibility needs linked to addressing the forecast errors of the residual load.

(152) According to Article 11(1)(b)(ii) of the Proposal, TSOs are permitted to use separate distributions to represent different time periods or system conditions when calculating the probability distribution of the residual load forecast. However, ACER considers

this approach should be mandatory to ensure that extreme forecast error values are not incorrectly attributed to periods or system conditions that are not subject to such forecast errors. Consequently, ACER has amended this provision to require using separate distributions, in Article 10(1)(b) of the FNA methodology.

(153) ACER has added a provision to ensure that there is no double counting of forecast errors in case forced outages of large units and interconnection assets are already accounted for in ERAA or NRAA, in Article 10(1)(c) of the FNA methodology.

(154) ACER has introduced the possibility for TSOs to distinguish between very fast, fast, and slow horizons, in relation to forecast errors, residual margins of flexible resources, characterisation of these residual margins, and uncovered short-term needs (Article 10, paragraphs (1) to (4) of the FNA methodology, respectively). This option allows for further detailing short-term needs, providing additional insights to the FNA report.

(155) To improve the assessment of uncovered short-term flexibility needs, ACER found it necessary to further specify Article 11(4) of the Proposal, by adding:

- a requirement that the TSOs compute uncovered short-term needs based on similar system conditions for the residual margins and the forecast errors, improving the accuracy of the assessment (Article 10(4)(a) of the FNA methodology).

- a requirement to account for the contribution of TSOs' balancing means in meeting short-term needs. Based on feedback from the Associations, ACER introduced further amendments to this provision regarding the potential contribution of technologies in providing balancing services, to improve clarity and avoid double counting of short-term residual margins to meet short-term needs (Article 10(4)(b) of the FNA methodology).

- a requirement that the TSOs report the probability of occurrence of short-term uncovered needs, considering that TSOs' computation is based on a comparison between short-term residual margins and the distribution of forecast errors. Hence, uncovered needs identified as the distribution of forecast errors are probabilistic by nature (Article 10(4)(c) of the FNA methodology). ACER has also required the TSOs to consider this probabilistic nature when analysing uncovered short-term needs (Article 10(6) of the FNA methodology).

(156) ACER found it necessary to further specify how the additional RES curtailment arising from uncovered downward short-term needs should be integrated in the RES integration needs analysis, accounting for their probabilistic nature (Article 10(5) of the FNA methodology).

(157) In the AEWG consultation, CRE suggested to consider alternative ways of calculation of forecast errors, not limiting them only at the residual load as a whole, but allowing to combine forecast errors of load, solar and wind computed separately. ACER recognises the need for more flexibility in computing forecast errors and has amended Article 10(1)(a) of the FNA methodology in line with CRE's suggestion.

(158) Finally, for transparency and to ensure regulatory oversight, ACER has added a requirement that the system operators report the derated residual margins of flexible resources to the designated authority or entity. Reporting the margins also helps to avoid double-counting when considering these flexible resources in the assessment of RES integration needs under Article 8(16) of the FNA methodology (Article 10(9) of the FNA methodology).

6.2.12. Article 11 of the FNA methodology

(159) Article 13 of the Proposal ('DSO network flexibility needs') describes the data to be provided by DSOs in relation to their network flexibility needs.

(160) Article 13(4) of the Proposal requires DSOs to publish data on their network flexibility needs provided to TSOs and the designated authority or entity. ACER removed this publication obligation to ensure consistency with the treatment of TSO input data, which is also not subject to such disclosure. Furthermore, the Proposal lacked details regarding the timing and method of publication. Since DSO flexibility needs will already be publicly available through the FNA report, ACER considered a separate publication unnecessary and potentially confusing. Therefore, this requirement has been deleted, and Article 11(5) of the FNA methodology has been amended accordingly.

(161) According to Article 13(5) of the Proposal, if information on the expected contractual means to access flexibility is available, DSOs may provide it to the designated authority or entity. ACER believes that if a DSO has access to this information, it should be required to share it, as doing so enhances transparency regarding how the DSO plans to address flexibility needs. Consequently, Article 11(6) of the FNA methodology has been amended to make reporting of this information mandatory whenever it is available to the DSO.

(162) Among the DSO data relevant for fine-tuning of RES integration system needs, ACER considered it necessary to require DSOs to identify the share of their downward flexibility needs pertaining to RES generation curtailment, relative to the total downward flexibility needs. The Associations proposed that identifying this share should be optional, as the DSOs have no clear framework for doing it. In cases where it is not provided, they proposed to assume that the entire downward network flexibility need results in additional RES curtailment. ACER cannot accept this proposal as it would entail a significant risk of overestimating the RES integration needs indicator. Instead, ACER has specified that if DSOs cannot identify this value, the corresponding data cannot be used for the fine-tuning process (Article 11(7) of the FNA methodology). Furthermore, ACER invites EU DSO Entity to provide guidance and best practices on the estimation of the share of DSO downward flexibility needs pertaining to RES curtailment in their guidance to be prepared under Article 3(3) of the FNA methodology.

(163) To enhance transparency, ACER has required DSOs to provide the designated authority or entity with the methods used to select the relevant time blocks, in addition

to the methods used to assess their network flexibility needs and to select representative days (Article 11(8) of the FNA methodology).

6.2.13. Article 12 of the FNA methodology

(164) Article 14 of the Proposal ('TSO network flexibility needs') describes how the TSOs may quantify downward or upward transmission network needs.

(165) According to Article 14(3) of the Proposal, TSOs may quantify upward flexibility needs due to transmission network constraints resulting in energy not delivered, whenever this is not already accounted for in the reference ERAA or NRAA study. To ensure proper regulatory oversight of such instances, ACER has required that the quantification is subject to agreement with the designated authority or entity and, where an entity is designated, also with the regulatory authority (Article 12(4) of the FNA methodology).

(166) According to Article 19e(1) of the Electricity Regulation, the FNA reports are to be adopted in view of the need to achieve security and reliability of supply in a cost-effective manner. Considering this objective, ACER has required the TSOs to carry out a cost benefit analysis ('CBA') to justify the use of flexible solutions as an alternative to grid expansion (Article 12(5) of the FNA methodology).

(167) In response to ACER's preliminary position, the Associations argued that a CBA would require a characterisation of resources capable of covering the identified needs, thus breaching the technology neutrality principle. In addition, the Associations argued that the CBA would be a mere comparison of costs as the associated monetised benefits would be the same independently on the solution identified (reinforcement versus flexible solutions). The Associations suggested that instead, it would be sufficient that the TSOs indicate cases of planned network reinforcements which could contribute to covering the identified network needs, as already proposed by the Associations as part of the guiding criteria under Article 16 of the FNA methodology.

(168) In ACER's view, performing a CBA for the purpose of the FNA does not violate the technology neutrality principle. The purpose of the CBA is to justify the cost - effectiveness of the flexibility needs, and not to identify actual investments. It is the responsibility of the Member States to develop their regulatory frameworks in a manner that allows various flexible solutions to compete on a level playing field, ensuring technology neutrality, and goes beyond the scope of the FNA.

(169) ACER disagrees with the Associations' view that the TSOs would simply compare costs and that the monetised benefits would be identical. When evaluating different flexibility or grid expansion options, it is essential to consider both costs and benefits, along with their implementation time. The specificities of each option affect both its costs and benefits. For example, a particular flexibility solution may offer a less firm capacity increase, potentially rendering less benefits compared to a network reinforcement, but it could be implemented much faster, thereby increasing the duration over which its benefits are realised within the assessment period.

(170) Finally, ACER considers that identifying planned network reinforcements capable of addressing the identified network needs does not eliminate the need for a CBA. The CBA is essential to demonstrate that flexibility solutions are a cost-effective alternative to grid reinforcements. Meanwhile, the analysis under the guiding criteria helps facilitate the identification of suitable resources to cover the identified needs.

6.2.14. Article 13 of the FNA methodology

(171) Article 15 of the Proposal ('Unavailability of flexible resources due to grid prequalification and temporary limits') describes the assessment of flexible resources that may be unavailable due to grid prequalification and temporary limits.

(172) ACER has introduced an option for the system operators to provide an estimate of unavailable flexible resources if these are expected to increase considerably for the target year in the FNA, even if historical data is null (Article 13(2) of the FNA methodology). While currently, the system operators do not make use of grid prequalification and temporary limits, these mechanisms are expected to become more relevant in the coming years as demand response and distributed storage deployment expand.

(173) For transparency and to ensure regulatory oversight, ACER has also required the system operators to provide the designated authority or entity with the reasoning for the estimates, as well as the data, methods, and scenarios used for their assessment (Article 13(3) of the FNA methodology).

6.2.15. Article 14 of the FNA methodology

(174) Article 16 of the Proposal ('Fine-tuning system needs with network needs') describes the fine-tuning process, by which system needs are adjusted to incorporate network needs and/or unavailability of flexible resources due to grid prequalification and temporary limits.

(175) Article 16(6) of the Proposal includes an assumption that the totality of the DSOs' downward flexibility needs results in RES generation curtailment in case the DSO do not dispose of downward network flexibility needs split by generation sources. ACER has removed this assumption to avoid the risk of overestimating the fine-tuned RES integration need. In ACER's view, because of such risk, only the downward flexibility needs that can be associated with RES curtailment by the DSOs shall be used in the fine-tuning of the RES integration need. Consequently, Article 16(6) of the Proposal has been deleted.

(176) To enhance transparency and ensure proper regulatory oversight, ACER has required that certain data resulting from the fine-tuning process (the results from the verification under paragraph (3) and the data computed under paragraph (7) of Article 14 of the FNA methodology) are reported to the designated authority or entity (new provisions in Articles 14(4) and 14(8) of the FNA methodology).

6.2.16. Article 15 of the FNA methodology

(177) According to points (c) and (d) of Article 19e(2) of the Electricity Regulation, the FNA report must evaluate the barriers for flexibility in the market, proposing relevant mitigation measures, and the contribution of digitalisation of electricity transmission and distribution networks.

(178) Article 21 of the Proposal ('Market barriers and contribution of digitalisation') refers to the above requirement and permits the designated authority or entity to rely on the information included in Annex 3 of the Proposal (entitled 'Possible topics for market barriers assessment'), which, according to this provision, is to be provided by relevant entities at national level. Furthermore, if the designated authority or entity is not the regulatory authority, this provision allows it to request and coordinate contributions from other relevant entities, including the regulatory authority, to carry out the assessment of market barriers and contribution of digitalisation.

(179) First, ACER notes that FNA methodology concerns the data and analyses to be provided to the designated authority or entity, while the powers of the designated authority or entity are beyond its scope. Therefore, ACER found it necessary to delete the content of Article 21 of the Proposal.

(180) Instead, in the revised Article 15 of the FNA methodology, ACER has outlined the specific categories for which the system operators must provide data, where relevant. This list includes categories from Annex 3 to the Proposal, as well as a new category ('Incentives to consider non-wire alternatives') which ACER considers also relevant for this evaluation.

(181) In response to ACER's preliminary position, the Associations argued that requiring the system operators to provide data on market barriers and digitalisation goes beyond the scope of the FNA methodology pursuant to Article 19e(4) of the Electricity Regulation. They further argued that the designated authority or entity may request additional data from the system operators, which can also include data to support the evaluation of market barriers and the contribution of digitalisation.

(182) ACER disagrees with the Associations' position that this requirement falls outside the scope of the FNA methodology, based on joint reading of provisions in paragraphs (2) to (4) of Article 19e of the Electricity Regulation. According to paragraph (3), system operators are mandated to provide the necessary data and analyses for the preparation of the FNA report, and both digitalisation and barriers are explicitly within the scope of the report pursuant to paragraph (2). Moreover, paragraph (4) assigns the Associations the responsibility to coordinate the work of system operators regarding this data and analysis, which includes developing the FNA methodology. Importantly, this paragraph specifies only the minimum scope of the FNA methodology. Thus, the absence of explicit mention of data for the evaluation of market barriers and digitalisation does not prevent their inclusion within the methodology. Hence, ACER has explicitly included the related data categories in the scope of the FNA methodology under its Article 1(4).

(183) However, ACER acknowledges that system operators may not be able or required to provide all data related to the categories outlined in Article 15 of the FNA

methodology. Therefore, the obligation to supply such data is subject to a relevance criterion and should be further specified and agreed upon with the designated authority or entity and, if an entity is designated, also with the regulatory authority. For this reason, ACER has also included this data in Article 4(1) of the FNA methodology, which lists the items to be agreed upon in the first step of the FNA cycle, where relevant.

6.2.17. Article 16 of the FNA methodology

(184) Article 19e(4) of the Electricity Regulation states that the FNA methodology must contain guiding criteria on how to assess the capability of the different sources of flexibility to cover the flexibility needs. Further specification of these criteria is outlined in Article 17 of the Proposal, referencing indicators and analyses that system operators must provide.

(185) According to Article 17(1) of the Proposal, system operators are required to *'enable policymakers to assess the capability of flexible resources'*. This implies that the guiding criteria are meant to be used by policymakers, i.e. Member States. As explained by the Associations in response to ACER's preliminary position, they understand that while the guiding criteria are an integral part of the FNA methodology, the actual assessment of flexibility sources' capability should be carried out by Member States based on these criteria in the adopted FNA report. They believe that assigning this task to TSOs and DSOs would go beyond the scope of Article 19e(4) of the Electricity Regulation.

(186) ACER notes that the Electricity Regulation does not specify who exactly should use the guiding criteria. However, since these criteria are part of the methodology intended for the system operators' analysis of the flexibility needs – developed for the purpose of the FNA report – it is reasonable to assume that the assessment of flexibility sources' capability is to be conducted by the relevant parties involved in the FNA process. This could include the system operators providing the data and analyses, the designated authority or entity responsible for adopting the FNA report, the regulatory authority where they approve it, and the policymakers, depending on what is most appropriate. It is not the role of this methodology to determine who specifically carries out this task; instead, this should be agreed upon at the national level. The FNA methodology only provides guiding criteria as to which indicators and analyses should be used to support this assessment or parts of it, regardless of who is responsible. Therefore, ACER has decided to leave it open who the guiding criteria are addressed to, but to require that the system operators assist in this task, by providing indicators and analyses specified in the revised Article 16 of the FNA methodology.

(187) However, to provide clarity and ensure that Article 16 of the FNA methodology can be effectively implemented, ACER considers that all the indicators and analyses referenced therein should be provided to the designated authority or entity, unless a more appropriate arrangement – specifying who should use these indicators and analyses – is agreed upon at the national level. This default approach remains consistent with Articles 19e(3) and 19e(4) of the Electricity Regulation, which require system operators to provide data and analyses under the FNA methodology to the

designated authority or entity. ACER has incorporated this approach into Article 16(2) of the FNA methodology. ACER has also amended Recital (20) of the FNA methodology to provide more context on the guiding criteria.

(188) To ensure clarity, ACER clarified that the decision on whether to provide analyses for the application of the guiding criteria to the fine-tuned system needs or not, covers all system needs, and not only the RES integration needs (Article 16(3) of the FNA methodology).

(189) ACER's preliminary position required that the DSOs provide indicators only for the expected *uncovered* distribution network flexibility needs. In response, the Associations raised concerns that the concept of 'uncovered needs' is not stable when it comes to distribution network needs, and that they would not be able to estimate the uncovered network flexibility needs. Recognising this challenge, ACER has decided to require from the DSOs indicators for (total) distribution network flexibility needs, without distinguishing between covered and uncovered needs (Article 16(4) of the FNA methodology).

(190) At the same time, it is essential for policymakers to understand the extent to which the identified flexibility needs can be covered by the flexibility sources expected to be available in the system. The FNA report should provide this information, especially since the Electricity Regulation requires the FNA methodology to consider all available sources of flexibility and planned investments in flexibility.[18] It also requires the FNA report to consider the potential of non-fossil flexibility resources.[19] Therefore, ACER has mandated that if any part of the identified needs is not expected to be covered by the flexibility resources foreseen to be available at the distribution level, the DSOs must clearly indicate that part and provide reasoning why it is not expected to be covered (third subparagraph of Article 16(4) of the FNA methodology). For clarity, ACER has explained the distinction between 'covered' and 'uncovered' flexibility needs in Recital (8) of the FNA methodology, and why the flexibility identified in the DNDPs is considered 'covered', in Recital (9).

(191) In response to ACER's preliminary position, the German Ministry was concerned that any additional flexible sources could decrease RES curtailment regardless of whether it is market- or grid-induced. To address this, ACER has required to consider the capability of additional flexible resource to cover the different types of needs pursuant to Article 1(2) of the FNA methodology (Article 16(3) of the FNA methodology). This requirement aims to ensure that the nature of the needs is considered when assessing the additional resources relevant to address them, improving the relevance of the analyses provided for the application of the guiding criteria.

[18] Article 19e(4)(b)(i) and (ii) of the Electricity Regulation
[19] Article 19e(2)(b) of the Electricity Regulation

(192) In response to ACER's preliminary position, the Associations argued that the guiding criteria for DSOs should be limited to local services. They believe these criteria are only relevant for these services, as other means of accessing flexibility (rules-based flexibility, flexible connection agreements) do not require incentives, as they connect for their own purpose and are already flexible and therefore do not need to be governed by such criteria.

(193) ACER disagrees with the Associations because the characterisation of the flexibility needs should not be restricted to a particular contract type or be limited solely to local services, but should include all means to access flexibility. Therefore, the FNA methodology should not exclude any means to cover the expected flexibility needs (Article 16(4) of the FNA methodology). ACER also notes that since the DSOs are required to provide information on the expected contractual means only if it is available, absence of this data could impede the application of the guiding criteria.

(194) ACER considers that the costs of flexible resources are an important factor in deciding how to cover the identified needs. For this reason, ACER's preliminary position required that the TSOs reflect in their analysis also the cost-efficiency of additional resources. However, the Associations were concerned that such analysis would be inconsistent with the technology-neutrality principle applied to the needs identification, and it would be more appropriate to conduct it outside the scope of the FNA report. Recognising these concerns, ACER has deleted the cost-efficiency requirement from Article 16(6) of the FNA methodology.

(195) Regarding the uncovered upward need, ACER considered it necessary to require the TSOs to provide an analysis to verify possible overlaps with the adequacy findings of ERAA or NRAA and other uncovered upward needs, and to consider reliability standards for the bidding zones where such standard is defined (Article 16(7)(b) of the FNA methodology). This requirement promotes consistency between FNA and the adequacy studies, as well as cost-effectiveness by ensuring that upward needs are not covered beyond the reliability standard, potentially resulting in over procurement of additional flexibility sources.

(196) For clarity, ACER has specified how TSOs should assist the assessment on how to cover short-term flexibility, prioritising additional reserve capacity or other measures. This addition is in line with Article 157 of Commission Regulation (EU) 2017/1485 establishing a guideline on electricity transmission system operation and stating that the reserve capacity shall be dimensioned to sufficiently cover positive and negative imbalances (new provision in Article 16(8) of the FNA methodology).

(197) To enhance clarity and avoid ambiguity during the implementation, ACER has further specified how TSOs are required to assist the assessment of covering the transmission network needs, considering any grid reinforcements already identified by the most recent published TYNDP or NDPs (Article 16(9) of the FNA methodology).

(198) The Associations and the Italian Ministry proposed to remove the reference to the reliability standard, since it pertains to the adequacy studies. They argued that the FNA

methodology should ensure consistency with these studies without prescribing or further specifying/overruling these methodologies.

(199) ACER disagrees with these views. The purpose of considering the reliability standards in the FNA is precisely to ensure consistency between the FNA and the adequacy studies. According to Article 19e(1) of the Electricity Regulation, the purpose of adopting the FNA reports is to achieve security and reliability of supply in a cost-effective manner. Member States set reliability standards under Article 25 of the Electricity Regulation to indicate their desired level of security of supply. Ignoring these standards in the FNA could lead to the identification of upward flexibility needs that overlap with adequacy needs, exceeding the levels deemed sufficient to meet the desired level of security of supply by ERAA and/or NRAA. This could result in over-procurement of capacities and an inefficient use of resources undermining cost-effectiveness. Moreover, contrary to the arguments of the Associations and the Italian Ministry, considering these standards in the FNA does not alter their underlying methodology in any way. ACER reflected the consideration of reliability standards in Recital (4) of the FNA methodology.

(200) The German Ministry was concerned about potential overlaps between capacity mechanisms and flexibility support schemes, since flexibility sources benefiting from support schemes may contribute to adequacy and vice versa (see section 5.1.2). ACER notes that the risk of overlap is minimised by specifying in Article 16(7)(b) of the FNA methodology that the evaluation of potential overlaps with ERAA and/or NRAA should begin with the results of the central reference scenarios in the required variants with capacity mechanisms (Article 3(5)(a) of the ERAA methodology), if this scenario is carried out.

(201) The Italian Ministry noted that the verification of the overlap between the results of the FNA report and adequacy studies should be entrusted to the TSOs (see section 5.1.3). ACER introduced Article 16(10) of the FNA methodology to reflect this.

(202) Article 19e(1) of the Electricity Regulation emphasises the objective of cost-effectively achieving security and reliability of supply and decarbonisation. In light of this objective, ACER has included in the guiding criteria a possibility of assessing other cost-effective solutions as an alternative to the introduction of new flexible resources, such as introducing additional RES capacity or developing the network. ACER has mandated the TSOs to collaborate with the designated authority or entity, and the regulatory authority (in cases of regulatory approval) to agree on the data and analyses that the TSOs would need to provide, if any, to support such an assessment (Article 16(11) of the FNA methodology). ACER finds that assessing this aspect is relevant because it is not always certain whether and how the potential for cost-effective renewable energy deployment was factored into defining the RES integration targets in the NECP pursuant to Article 5(1) of Regulation 2018/1999. Including this aspect in the guiding criteria also reflects the comment from the German Ministry that the RES integration indicator may lead to an unnecessary increase in the cost of the power system in case the national RES target can be reached more efficiently that by introducing non-fossil flexible resources (see section 5.1.2). ACER references

potential alternative cost-efficient solutions in Recital (20) of the FNA methodology, which provides necessary context to the guiding criteria.

6.2.18. Article 17 of the FNA methodology

(203) Article 19 of the Proposal outlines the process for amending the FNA methodology. According to paragraph (1), the Associations may suggest amendments to the FNA methodology to ACER whenever they deem it necessary. When preparing their proposals, the Associations must take into account the views of relevant stakeholders, including ACER. Paragraph (2) describes the proposed approval process: ACER has three months to either approve or amend the proposal. If amendments are needed, ACER must consult the Associations before adopting the amended proposal. Once adopted, ACER must publish the amended methodology on its website.

(204) ACER found it necessary to revise Article 19 of the Proposal to introduce a more balanced approach when it comes to triggering the amendment process, so that both the Associations and ACER may trigger these amendments (Article 17(1) of the FNA methodology).

(205) In their feedback to ACER's preliminary position, the Associations proposed that the timeline for submitting proposals for amendments should be agreed between them and ACER, and that the default timeline in the absence of such agreement is 9 months to submit the proposed amendments to ACER.

(206) ACER notes that it only considers specifying a deadline necessary when it requests amendments. In such cases, the Associations will be consulted to determine an appropriate deadline for submitting amendments, with 9 months serving as a fallback if no other timeline is set. ACER sees no need for a deadline when Associations submit amendments on their own initiative. ACER has amended Article 17(2) of the FNA methodology to reflect this. However, to ensure mutual transparency and coordination, particularly regarding any planned amendment requests or joint submissions by the Associations, ACER emphasises the importance of aligning efforts to prevent uncoordinated proposals and inefficiencies in the amendment process.

(207) Article 19(1) of the Proposal suggests that the Associations are responsible for consulting stakeholders when preparing their proposals. To clarify this obligation, ACER has emphasised that the Associations must conduct a public consultation (Article 17(3) of the FNA methodology).

(208) Regarding the approval of amendments, ACER has clarified that if amendments are necessary, ACER's consultation will involve not only the Associations but also the ECG. This approach aligns with the approval procedure outlined in Article 19e(6) of the Electricity Regulation, which requires that both the Associations and the ECG be consulted on the proposed amendments (Article 17(4) of the FNA methodology).

(209) In their feedback to ACER's preliminary position, the Associations expressed concerns that amendments to the FNA methodology could disrupt the ongoing data preparation processes for upcoming FNA reports. They proposed to clarify in the FNA

methodology that if amendments are approved before a new FNA cycle begins, they should apply immediately; if approved afterwards, they should only take effect after the current FNA report is completed.

(210) ACER rejected this proposal because it is more appropriate to determine the application date of amendments within the decision approving them. This approach allows the Associations and ACER to assess each amendment's nature and impact, deciding whether it should be implemented immediately or with a transition period to minimise disruption and provide sufficient time for adaptation.

(211) While the application date should be decided on a case-by-case basis, the concerns raised by the Associations are justified and will be duly considered in each decision on the amendments.

6.2.19. Deleted articles of the Proposal

(212) As a result of ACER's amendments, three articles of the Proposal were removed: Article 7 ('Needs Covered'), Article 12 ('Principles for Assessing DSO Network Flexibility Needs'), and Article 18 ('Derogations').

(213) The deletion of Articles 7 and 12 is due to their content being incorporated into other articles, as shown in the correlation table in section 4.

(214) Article 18(1) of the Proposal stated that regulatory authorities are entitled to temporarily exempt TSOs or DSOs from the responsibilities outlined in the FNA methodology upon request from system operators and in agreement with the designated authority or entity. Additionally, Article 18(2) suggested a general exemption from the FNA methodology for transmission and distribution systems, or parts thereof, located on islands of Member States whose systems are not synchronised with Continental Europe, Great Britain, Nordics, or Ireland.

(215) ACER considered it necessary to delete both paragraphs of Article 18. Firstly, the rights and obligations of regulatory authorities are outside the scope of the FNA methodology. Secondly, concerning both paragraphs, Article 64 of the Electricity Regulation already provides a mechanism for Member States to derogate from certain provisions of the Regulation, including Article 19e, under specific conditions. The proposed provisions would effectively circumvent this process and are therefore not deemed compliant. ACER has amended Recital (24) of the FNA methodology to clarify this.

6.2.20. Annexes

(216) The Associations proposed that the resource data outlined in Annex 1 to the FNA methodology should be provided at an aggregated, technology-based level rather than on a unit-by-unit basis, claiming that the unit-by-unit data is confidential.

(217) ACER notes that under Article 19e(3) of the Electricity Regulation, the system operators are required to provide data needed for the preparation of the FNA report.

Requiring the TSOs to provide data at the unit-by-unit level is indeed essential for the designated authority or entity to effectively assess and validate the information in the FNA report given that techno-economic parameters may vary strongly from one unit to another, influencing their contribution to meeting the needs.

(218) While confidentiality concerns are valid, ACER notes that these should not justify withholding data. The designated authority or entity can implement appropriate measures to protect sensitive information, and system operators should specify the confidentiality level of the data when providing it, thereby enabling the designated authority or entity to ensure adequate data protection. ACER also notes that Article 5 of the FNA methodology sets out confidentiality obligations related to the exchange of confidential information.

(219) The Associations and the Italian Ministry expressed concerns that data related to performing an EVA outlined in Annex 1 should not be provided under the FNA methodology as it pertains to ERAA or NRAA. ACER disagrees with this view and has retained the sections related to the set of input data of the EVA in Annex 1, for reasons outlined in section 6.2.8.

(220) ACER has added two additional columns to Table 15 in Annex 2. One column reports the share of downward flexibility needs pertaining to RES generation curtailment, and the other indicates the expected contractual means for accessing flexibility. Presenting this information in a tabular format improves clarity and promotes consistency in reporting among DSOs. To further enhance understanding, ACER also included a list below Table 15 outlining the additional information DSOs are required to provide in accordance with the FNA methodology, beyond what is captured in the table.

(221) ACER has included Annex 3 which presents a diagram of the fine-tuning process. Considering the complexity of the process and the interconnected nature of various flexibility needs, ACER deemed it helpful to add a visual representation to better illustrate the process.

(222) The Associations recommended deleting the diagram, citing its incompleteness and suggesting it would be more appropriate for inclusion in a future guidance document to be developed by ENTSO-E and EU DSO Entity. ACER disagrees with its removal. The short timeline for implementing the first FNA cycle makes the diagram a useful tool for providing clarity on the fine-tuning process, even if it is not perfect. ACER incorporated the missing elements identified by the Associations into the diagram to enhance its usefulness.

7. CONCLUSION

(223) For the above reasons, ACER considers the Proposal in line with the requirements of the Electricity Regulation, provided that the amendments outlined in section 6.2 are integrated in the Proposal, as presented in Annex I to this Decision.

(224) Therefore, ACER approves the Proposal subject to the necessary amendments. Annex I to this Decision sets out the FNA methodology as amended and approved by ACER,

HAS ADOPTED THIS DECISION:

Article 1

The definition of the type and format of data and the methodology for TSOs' and DSOs' analysis of the flexibility needs in accordance with points (a) and (b) of Article 19e(4) of Regulation (EU) 2019/943 is adopted as set out in Annex I to this Decision.

This Decision is addressed to ENTSO-E and EU DSO Entity.

Done at Ljubljana, on 25 July 2025

For ACER
The Director

C. ZINGLERSEN

Annexes:

Annex I — Type and format of data and the methodology for TSOs' and DSOs' flexibility needs analysis in accordance with Article 19e(4) of Regulation (EU) 2019/943

Annex Ia — Type and format of data and the methodology for TSOs' and DSOs' flexibility needs analysis in accordance Article 19e(4) of Regulation (EU) 2019/943 (amendments in track changes, for information only)

In accordance with Article 28 of Regulation (EU) 2019/942, the addressees may appeal against this Decision by filing an appeal, together with the statement of grounds, in writing at the Board of Appeal of ACER within two months of the day of notification of this Decision.

In accordance with Article 29 of Regulation (EU) 2019/942, the addressees may bring an action for the annulment before the Court of Justice only after the exhaustion of the appeal procedure referred to in Article 28 of that Regulation.