

## Appendix 1. Definitions

(NC) refers to definitions according to the European network codes or guidelines.

*aFRR Capacity Market* means the Nordic market for aFRR capacity, as set out in Appendix 2.

*aFRR Energy Activation Market* means the Nordic market for aFRR energy activation, as set out in Appendix 3.

*Asymmetric bids* means decoupling in price and/or volume between bids for up- and downwards capacity volumes.

*Balancing (NC)* means all actions and processes, on all timelines, through which TSOs ensure, in a continuous way, to maintain the system frequency within a predefined stability range, and to comply with the amount of reserves needed per Frequency Containment (FC) Process, Frequency Restoration (FR) Process and Reserve Replacement (RR) Process.

*Balancing Capacity (NC)* means the contracted Reserve Capacity. *Reserve Capacity* means the amount of FCR, FRR or RR that needs to be available to the TSO.

*Balancing Energy (NC)* means energy used by TSOs to perform Balancing. The procurement of Balancing Energy is followed by the activation of Balancing Energy which is the real-time action to deliver actual contracted Balancing Energy (in one direction or the other).

*Balance Responsible Party (NC)* means a market-related entity or its chosen representative responsible for its imbalances.

*Balancing Services (NC)* means either or both Balancing Capacity and Balancing Energy.

*Balancing Service Provider (NC)* means a market participant providing Balancing Services to its Connecting TSO.

*Bidding Zone (NC)* means a geographical area within which market participants in the Day-ahead Market are able to exchange energy without capacity allocation.

*Bottleneck* means a capacity limitation in the transmission network. *On the Elspot market, attention is paid to bottlenecks between the bidding areas. During operational planning, monitoring and control, attention is paid to all physical bottlenecks.*

*Common Merit Order List (NC)* means a list of Balancing Energy bids sorted in order of their bid prices, used for the activation of Balancing Energy bids within a Coordinated Balancing Area (here a cooperation with respect to the procurement and activation of Balancing Services in the form of Frequency Restoration Reserves with automatic activation).

*Congestion* means a situation in which NTC (or a modified target) is overloaded in real-time operation, or will be overloaded if dispatchers do not take immediate action to prevent the overloading of NTC, for instance by activation manual reserves.

*Congestion Management* means additional measures such as reservation of NTC or counter trade that are required to prevent Congestion.

*Connecting TSO (NC)* means the TSO which operates the Responsibility Area in which Balancing Service Providers and Balance Responsible Parties shall be compliant with the terms and conditions related to Balancing.

*Control Area* means a coherent part of the interconnected system, operated by a single system operator and shall include connected physical loads and/or generation units if any.

*Cross-zonal (Transmission) Capacity (NC)* means the capability of an interconnector to accommodate electricity transfers between bidding zones.

*Day-ahead Market* means a market place where offers and bids of electricity prices and volumes for the following day are made.

*Frequency Restoration Reserves ('FRR')* means the active power reserves available to restore system frequency to the nominal frequency and, for a synchronous area consisting of more than one LFC area, to restore power balance to the scheduled value.

- *automatic FRR* means FRR that can be activated by an automatic control device;
- *manual FRR* means FRR that is activated manually.

*Imbalance* means the difference between input (production and import) and output (consumption and export) within a restricted area (*Bidding zone, Control area*).

*Imbalance Settlement Period (NC)* means the time units for which Balance Responsible Parties' Imbalance is calculated.

*Initial Geographic Distribution* means the distribution of aFRR capacity in which aFRR can be fully activated without applying prepared Congestion Management measures. The distribution is the starting point for the market optimization algorithm. If the results of this algorithm are not in line with this restrictions, Prepared Congestion Management Measures must be applied.

*Load-frequency Control Area (LFC area) (NC)* means a part of a synchronous area or an entire synchronous area, physically demarcated by points of measurement at interconnectors to other LFC areas, operated by one or more TSOs fulfilling the obligations of load-frequency control.

*Nordic Synchronous Area* means Sweden, Norway, Finland and the DK2 Bidding Zone in Denmark, which has a common system frequency in a steady operational state.

*NTC or Net Transfer Capacity* also called *Trading Capacity* means capacity made available to Day-ahead Market trading between the Bidding Zones and the highest permitted sum of the players' planned trading on hourly basis. The trading capacity is calculated as the transmission capacity less the regulating margin.

*Pollution-based sharing key*: used for different purposes, including initial obligation and cost sharing.

*Polluter-Pays-Principle* is the principle according to which the TSO for the country where short-term imbalances occur should bear the cost of measures in the Nordic aFRR market to reduce such imbalances.

*Portfolio bids* refers to a Balance Service Party using one or multiple regulating objects for providing Balancing Services.

*Prepared Congestion Management Measure* is defined as a Congestion Management measure that is prepared before real time, for instance by reservation of Cross-zonal Transmission Capacity before the Day-ahead Market or by arranging counter-trade before the hour of operation.

*Real-time Congestion Management* means that dispatchers supervise target flow (NTC or a revised target after Prepared Congestion Management Measures) and respond to a breach or expected breach of this target flow, for instance by activating mFRR bids.

*Regional Group Nordic* means the regional group in ENTSO-E, consisting of the parties to this Agreement.

*Responsibility Area (NC)* means a coherent part of the interconnected transmission system including interconnectors, operated by a single TSO with connected demand facilities, or power generating modules, if any.

*Short-term Imbalance* is the Imbalance that is mitigated by aFRR.

#### List of abbreviations

aFRR	Automatic Frequency Restoration Reserve
BRP	Balance Responsible Party
BSP	Balance Service Provider
CRM	Capacity Reservation Market
ENTSO-E	European Network of Transmission System Operator for Electricity
FCR	Frequency Containment Reserve
LFC	Load Frequency Control
mFRR	Manual Frequency Restoration Reserve
NC EB	Network Guidelines on Electricity Balancing
NTC	Net Transfer Capacity
RGN	Regional Group Nordic
TSO	Transmission System Operator