

Announcement from Replacement Reserve TSOs

This letter is to inform that due to external legislative circumstances, CEPS, PSE, Red Eléctrica, REN, RTE, Swissgrid and Terna, as all members of the Trans European Replacement Reserves Exchange (TERRE) project, have taken the decision to terminate the participation in the European platform for the exchange of balancing energy from replacement reserves. The new requirements imposed by EU regulation n°2019/943, as amended by EU regulation n°1747/2024, compel the TERRE project to close the European platform for replacement reserves at the beginning of 2026.

The TERRE project was initiated in 2016, in accordance with Article 19 of the Commission Regulation (EU) 2017/2195, adopted on 23rd of November 2017, establishing [Electricity Balancing Guidelines \(EBGL\)](#). The initiative led to the creation of the TERRE project, which implemented the LIBRA platform. The LIBRA Platform fulfilled the objective of enabling the exchange and optimized activation of a standard product for balancing energy as defined in the [Replacement Reserve Implementation Framework](#) (RR IF). The RR IF enhanced the liquidity and competition of the balancing markets, fostered the integration of renewable energy and strengthened operational security. In January 2020, the first TSO connected to the platform, and during that same year, all other current operational TSOs connected gradually, finishing with the last connection in January 2021. Currently, the LIBRA platform enables, on a monthly average, the activation of 600 000 MWh of balancing energy, facilitating an economic surplus of more than 30 million € per month.

The new Electricity Market Design Reform (EMDR), adopted on the 21st of May 2024, establishes the Cross-Zonal Intraday Gate Closure Time to 30-minute before real-time, effective 1st of January 2026. Unfortunately, the Replacement Reserve (RR) process is not compatible with the new timing imposed by the EMDR. This is because the current process is composed of a long Full Activation Time (FAT), which cannot be reduced due to potential similarities with the mFRR process and an important loss of liquidity in the RR market¹. As a result, it is no longer viable to continue with the TERRE project. TERRE TSOs, therefore, decided not to implement 96 clearings in the RR process, given the significant financial investment required likewise effort on the TSOs and BSP side for a relatively short period of operations².

It will no longer be feasible for European RR TSOs to exchange RR standard products under these new circumstances. Consequently, there is no rationale reason for sustaining the TERRE project and TERRE TSOs will have to bear the inherent risks associated with TERRE project termination, such as the potential deterioration of operational security. To guarantee a unified conclusion of the project, considering respective TSOs' constraints, the following measures were agreed upon and endorsed by all TSO members of the TERRE project:

- CEPS disconnected from the LIBRA platform on the 1st of July, 2024.
- PSE will finally not go live before the end of the project.
- Terna will disconnect from the LIBRA platform from the 1st of January 2025.
- Red Eléctrica, REN, RTE and Swissgrid will continue using the platform with 24 clearings until the 31st of December 2025 at the latest. Each TSO can disconnect from the platform before in a coordinated way with other TSOs.
- Operations in the LIBRA platform will be stopped on the 31st of December 2025 at the latest.
- The platform will be decommissioned at the beginning of 2026.
- The TERRE project will be officially ended at the beginning of 2026.

As stipulated above, circumstances have led RR TSOs to terminate the TERRE project. Consequently, TSO members of the TERRE project will gradually stop to perform the reserve replacement process in accordance with Part IV of Regulation (EU) 2017/1485. Instead, TERRE project member TSOs will replace the RR process and its products with alternative solutions.

The TERRE project TSOs remain available for further information or questions that could arise regarding the termination process of the TERRE Project.

¹ Both statements were confirmed by public stakeholders through a public survey circulated from the 29th of May to the 7th of July 2023 ([link](#))

² Official decision shared on the 7th of June in ENTSO-E website ([link](#))