

# ALPACA Go-Live Press Release

3rd September 2025

Today marks a significant milestone on the way to an integrated European electricity market with the successful go-live of ALPACA (Allocation of Cross-Zonal capacity and procurement of aFRR cooperation agreement). For the first time, Austria, Germany and Czechia have jointly procured the automatic Frequency Restoration Reserve (aFRR) balancing capacity. This balancing cooperation opens new market opportunities for balancing service providers and aims to reduce procurement costs—ultimately enhancing economic efficiency and increasing overall welfare across the region.

ALPACA enables and optimizes the joint procurement of aFRR balancing capacity between Austria, Czechia, and Germany for each product (positive and negative) and 4-hour block of the upcoming day. The optimization process is based on the submitted bids for balancing capacity in each country, the forecasted available cross-zonal capacities between them and the security limits which are set by the TSOs. The outcome of the ALPACA Common Procurement Optimization Function (CPOF) is shared with PICASSO, the balancing energy cooperation for the cross-border activation of aFRR. In PICASSO the respective TSO has priority access to its cross-border procured volumes.

ALPACA uses a probabilistic method to forecast remaining cross-zonal capacities available for balancing purposes for the exchange of aFRR balancing capacity between Czechia and Austria/Germany. The ALPACA TSOs underline that no cross-zonal capacity will be allocated between Czechia and Austria/Germany for this cooperation. This means that a cross-border procurement of aFRR does not reduce the cross-zonal capacities available for the day-ahead and intra-day electricity markets.