



Why

The Pilot's motivations

- Provide a common flexibility market framework for TSOs and DSOs and all stakeholders in the value chain
- Enable the cross-border exchange of flexibility
- Secure competition and the supply of flexibility
- Demonstrate coordination between TSOs and DSOs
- Standardise prequalification processes
- Increase liquidity in reserve and new congestion management markets
- Enable more integrated RES

Single Flexibility Platform

The cross-border exchange of flexibility to create more opportunities for optimal grid management for TSOs and DSOs, as well as increased balancing market for TSOs

Increase the effectiveness of flexibility usage by introducing locational bid information in balancing offers

Distinctive Features

- Cross-border demonstration implemented in Estonia, Latvia, and Finland
- A combination of existing products for balancing and frequency management with new products for congestion management
- Flexibility offered simultaneously across different markets

What

The Pilot's expectations

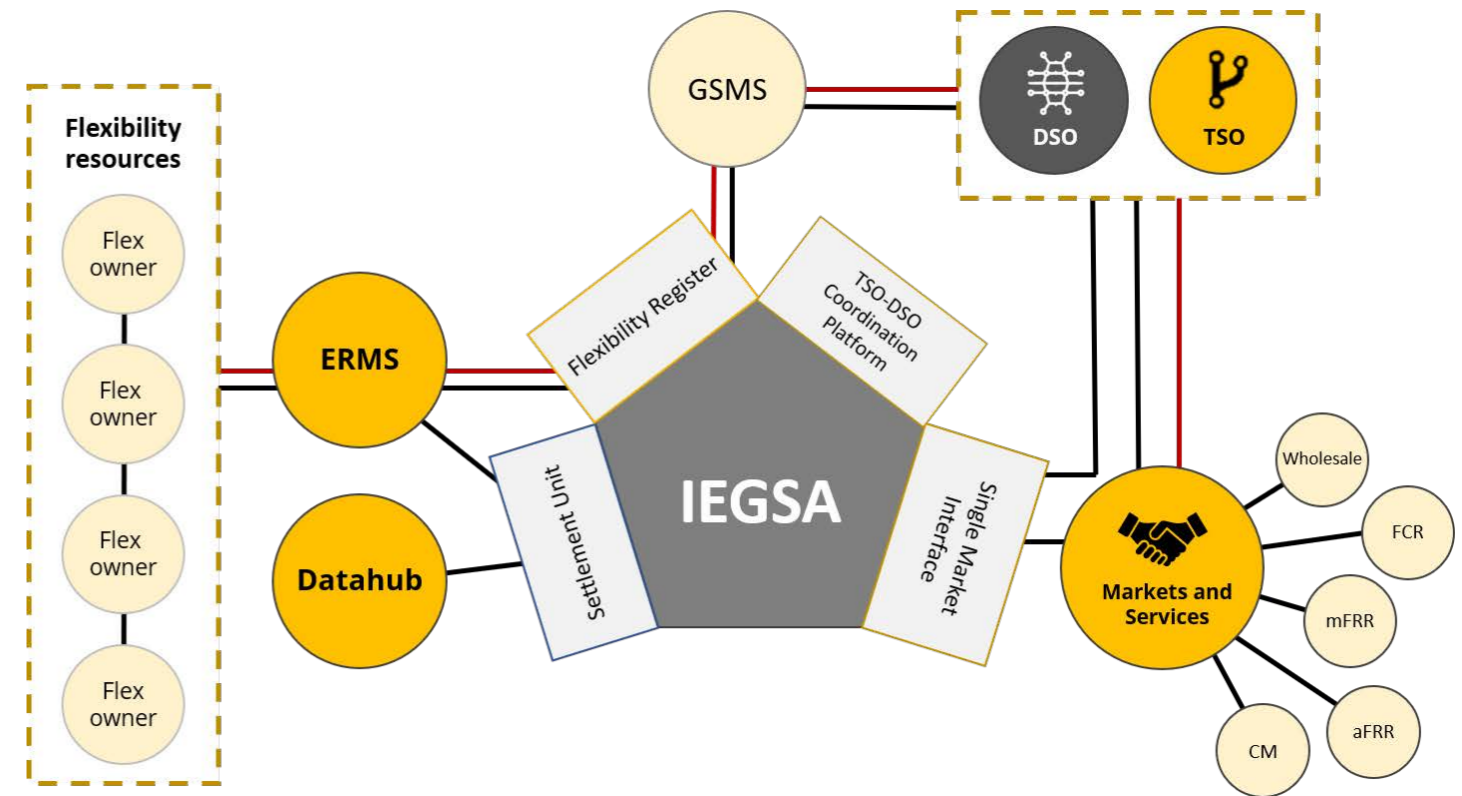
- **Business:**
 - The validation of a dynamic market model that promotes liquidity and exposes flexibility resources at all grid levels in different markets
 - Closer TSO-DSO cooperation, leading to a more reliable network and lower grid management costs
 - Increase the liquidity of existing reserve markets, as well as creating new flexibility products
 - Expand the opportunities for market participants to be involved in balancing and flexibility operations
 - Simplify the entry of demand response in balancing and other reserve markets
 - Demonstrated framework to facilitate the trading-based optimisation of grid resources
 - Demonstrated multi-level exposure of demand response and increased incentives for further resources

Business Model

- To solve internal congestions for different timeframes, TSO/DSO could use flexibility with locational information
- Default balancing products, but used internally by TSOs/DSOs for congestion management operations, would boost liquidity and lead to an efficient allocation of flexibility resources
- By creating a single market interface, flexibility can be offered simultaneously to more than one system operator and across markets
- A flexibility register will enable the qualification of flexibility resources and products for all flexibility service providers
- A TSO-DSO coordination platform will ensure flexibility bids and will avoid congestion in electricity grids
- The digitalisation of the settlement processes of flexibility activation will take place in a settlement unit

KPIs Definition

- Demand-side flexibility and small-scale DER participation in markets:
 - The total number of offers of grid flexibility to the grid operator and the number of offers approved
 - The amount of new flexibility offered to the DSO/TSO
 - Increased liquidity in euros in the reserve and new congestion-management markets



Grid and Market Features

- The TSOs of all three countries – Estonia, Finland, and Latvia (Elering, Fingrid, and AST, respectively) – and DSOs in two of the countries – Finland and Estonia (Elenia and Elektrilevi, respectively) – working on common standards and processes
- A single market interface enabling simultaneous bid offers for different purposes
- The demonstration of cross-border usage of demand-side and small-scale DER flexibility