

Joint European Stakeholder Group



Tuesday 13 October 2020
Meeting 51

Agenda

	Title	Lead	Time
1.	Welcome & Introductions	Chair	10:00 - 10:05
2.	FTA preparation; and Progress with TERRE and MARI	Chris Wood (Elexon)	10:05 - 10:35
3.	Dynamic Containment Update	Bernie Dolan (National Grid ESO)	10:35 - 10:50
4.	Interpretation of CEP Article 6 Update	Bernie Dolan (National Grid ESO)	10:50 - 11:05
5.	BEIS and OFGEM update: end of the transition period	BEIS and Ofgem	11:05 - 11:30
6.	Review of Actions log	Andrew Hemus (Tech Secretary)	11:30 - 11:35
7.	Future Meeting Dates & Agenda Items	Andrew Hemus (Tech Secretary)	11:35 - 11:40
8.	Stakeholder Representation	Chair	11:40 - 11:45
9.	Any Other Business	All	11:45 - 12:00

1. Welcome & Introductions

Garth Graham (Alternate to Barbara Vest)
Independent Chair

2. FTA preparation; and Progress with TERRE and MARI

Chris Wood
ELEXON

ELEXION

UK/EU free Trade Agreement

Brief to JESG

13 October 2020



BACKGROUND

Background

- Negotiations are still ongoing
 - This week's summit to finalise deal?
 - End of October for ratification
- Both sides have proposed Free Trade Agreement (FTA) text
- Both sides are saying the other needs to give ground
- Northern Ireland is still a sticking point
- Fish could scupper everything





WHAT IS HAPPENING

Key negotiating points



Trading Platform Access



Cross border trading



Governance



Climate Change



Level playing field



What's been happening

- UK and EU negotiators are meeting regularly
- EU has stated we will lose some access
 - Can't expect to leave the EU and retain all the perks
- EU want one single deal
- UK wants a series of separate deals
- FTA no-deal preparation on-going on both sides
- Statutory Instruments are trickling through
- BEIS and Ofgem are engaging as much as they are able



What is different to Brexit

Clean Energy
Package

EBGL Article 18

Imbalance
Settlement
Harmonisation

Network Code
on Electricity
Emergency and
Restoration

New Carbon
Trading Scheme

CoP 26
Presidency

TERRE
development

MARI
development



Switzerland

Norway

New
Interconnector
rules

No platform
access

TERRE

- French delays to 2021 for various reasons
 - UK is delaying to align
- Current testing will complete
 - Everything else to remain in stasis until next year
- Wider Access remains unaffected

MARI

- Workgroups progressing, but not as quickly as planned
- NGESO and Elexon working together to drive down actions
- Delays already expected from France and Netherlands
- Discussions ongoing regarding continuation

NEXT STEPS

Next Steps

- Modifications in anticipation of a no-deal outcome
- Be prepared to raise a FTA Modification
- Ongoing discussions between Elexon and NGESO
- Communications with BEIS and Ofgem



ELEXON

THANK YOU

Chris Wood

Chris.wood@Elexon.co.uk

8 October 2020

3. Dynamic Containment Update

Bernie Dolan
National Grid ESO



Dynamic Containment

Dynamic Containment

New Frequency Response Product launched – go live from October 1st

“Soft Launch” of the product – we will be working with industry to develop the full delivery in 2021

Currently, the electricity system is experiencing lower inertia and larger, more numerous losses than ever before. Faster acting frequency response products are needed because system frequency is moving away from 50Hz more rapidly as a consequence of imbalances.

Aim to procure 500MW initially, moving to 1GW over time.

Working proactively with OFGEM and industry to develop further Dynamic products as well.

Key Stats

Average Volume Procured/day	157MW*
Average £/MW/hr	£16.27/MW/hr
Number of tenders	6 tenders per day
Industry Webinars	5
Consultation Responses	18

Delivery dates 2nd – 9th oct

6 days out of 8 165MW was procured

Dynamic Containment

EBGL Article 18 Mapping and Consultation - approved
EBGL Article 26 submission – approved, consultation pending
Clean Energy Package 6(2) derogation - approved

EBGL Art 18 mapping and consultation response ranged from positive feedback, to technical clarifications and some regulatory considerations.

OFGEM requested an Article 26 submission for Dynamic Containment. Given the timescales for this request, there was not time to run one-month consultation. OFGEM have approved the submission on the basis we run a one-month consultation starting in October.

In addition, following discussion, OFGEM also requested a derogation from the requirements of CEP Article 6(2).

4. Interpretation of CEP Article 6 Update

Bernie Dolan
National Grid ESO



Interpretation of CEP Article 6

NGESO interpretation of CEP Article 6

Working collaboratively with OFGEM to develop common view of compliance to Article 6 requirements
Agreeing views on Balancing Capacity and Balancing Energy products

Balancing capacity means a volume of capacity that a balancing service provider has agreed to hold and in respect to which the balancing service provider has agreed to submit bids for a corresponding volume of balancing energy to the transmission system operator for the duration of the contract.

Balancing energy means energy used by transmission system operators to carry out balancing

Note that the previous NGESO position was that in order to be Balancing Capacity, a product must meet both parts of the definition i.e. hold a volume of capacity in advance AND submit bids for the balancing energy. (This definition was first stated in EBGL and is repeated in CEP)

Initial NGESO view – frequency response is Balancing Energy (particularly MFR as it's an obligation)

OFGEM view – frequency response is Balancing Capacity

NGESO interpretation of CEP Article 6

Standard and Specific Products

‘Standard balancing product’ means a harmonised balancing product defined by all transmission system operators for the exchange of balancing services;

Specific balancing product’ means a balancing product different from a standard balancing product;

The question arises of when standard and specific products come into existence and hence when articles apply:

- One interpretation is that a standard exists when the Implementation Framework for a product has been approved. The alternative is when the platform for the product goes live (i.e. TERRE and MARI)
- Another view is that specifics only exist when the EBGL Article 26 has been approved and this must happen prior to the go-live of the IT platform (TERRE/MARI)
- Because of the way EBGL is written there is no standard product for FCR

NGESO interpretation of CEP Article 6

Next Steps:

Agree route for Frequency Response products

Having been through a process of aligning our interpretation, we are now working through what that the implications are for the frequency response products

- Applicability of 6(2)
- Applicability of 6(4)
- Derogation required for 6(9) for day ahead procurement and upward/downward procurement of balancing capacity

5. BEIS and OFGEM update: end of the transition period

BEIS and Ofgem

Update on the negotiations

Joe Nicholl

- Progress in negotiations so far
- What will the 1st of January 2021 look like
- Implementation

Preparing for the end of the transition period

Kristian Marr (OFGEM), Ben Zaczek (BEIS), Eva Myslikova (BEIS)

- Cross-border trading arrangements
- REMIT
- Codes & Licences
- Customs
- Engagement

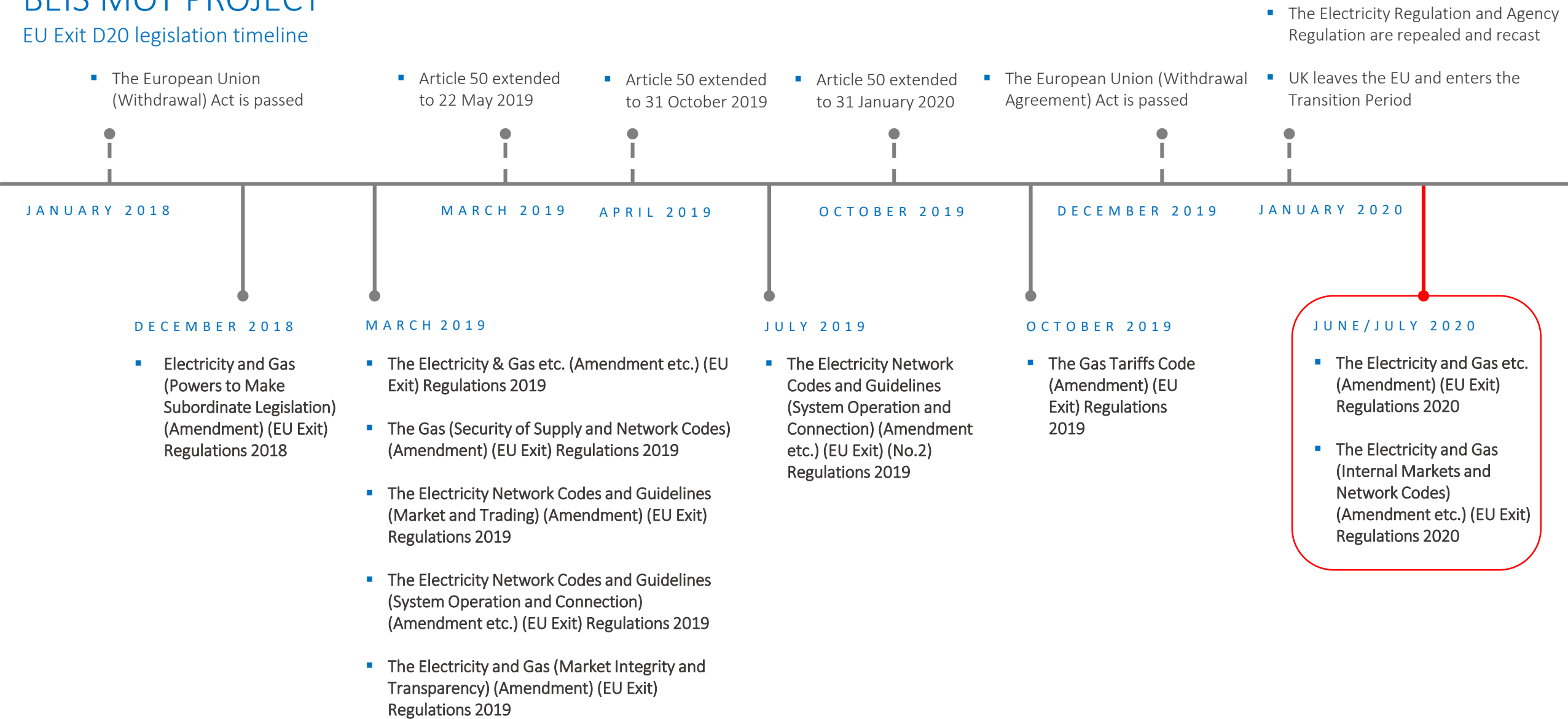
Preparing for the end of the transition period - legislation

Elliot Spindler (BEIS), Xander Fare (BEIS)

- D20 (no further agreement) SIs / areas that may be retained/removed
- Upcoming legislative activity

BEIS MOT PROJECT

EU Exit D20 legislation timeline



Q & A

EU Exit D20 Legislation Reference List

SI12: [Electricity and Gas \(Powers to Make Subordinate Legislation\) \(Amendment\) \(EU Exit\) Regulations 2018](#) – 2018/1286

Transferred legislative functions currently held by the Commission, via amendments to the Gas Security of Supply regulation, REMIT regulation, and Electricity and Gas Regulations.

SI1: [The Electricity and Gas etc. \(Amendment etc.\) \(EU Exit\) Regulations 2019](#) – 2019/530

Amends key domestic and retained EU legislation that underpins the regulatory framework for electricity and gas markets in the UK such as the Electricity, Gas and Utilities Acts. Revokes EU legislation which established ACER. Also amends pieces of EU legislation, including The Electricity Regulation (714/2009).

SI2: [The Gas \(Security of Supply and Network Codes\) \(Amendment\) \(EU Exit\) Regulations 2019](#) – 2019/531

Amends the European Network Codes and Guidelines setting out the technical arrangements for the cross-border trade in gas and the EU Security of Gas Supply Regulation. Technical arrangements are not expected to fundamentally change following EU Exit.

SI3: [The Electricity Network Codes and Guidelines \(Markets and Trading\) \(Amendment\) \(EU Exit\) Regulations 2019](#) – 2019/532

Amends the European Network Codes and Guidelines setting out the technical arrangements for the cross-border trade of electricity. Revokes guidelines on Capacity Allocation and Congestion Management (CACM) and Forward Capacity Allocation (FCA).

SI4: [The Electricity Network Codes and Guidelines \(System Operation and Connection\) \(Amendment etc.\) \(EU Exit\) Regulations 2019](#) – 2019/533

Amends European Network Codes and Guidelines governing electricity system operation. Revokes electricity Connection Codes, as key provisions of these codes apply from dates after exit day and therefore won't be incorporated into domestic law. Intension was to bring Connection Codes into domestic law later through SI12 – but extension to 31 October meant Connection Codes could enter retained EU law. Deficiencies now being dealt with in the Sweeper SI.

SI5 (REMIT): [The Electricity and Gas \(Market Integrity and Transparency\) \(Amendment\) \(EU Exit\) Regulations 2019](#) – 2019/534

Amends retained EU and domestic legislation introduced in order to combat market manipulation and insider trading in wholesale energy markets. Enables Ofgem and UR to operate domestic arrangements for market integrity and transparency, mirroring existing EU regime with minimal changes.

Network Codes (A50): [The Electricity Network Codes and Guidelines \(System Operation and Connection\) \(Amendment etc.\) \(EU Exit\) \(No.2\) Regulations 2019](#) – 2019/1104

Amends SI4 to ensure that the electricity Connection Codes become retained EU law. These codes did not apply in full before the exit date of 29 March 2019 but since apply in full due to Article 50 extension.

TAR: [The Gas Tariffs Code \(Amendment\) \(EU Exit\) Regulations 2019](#) – 2019/1393

Amends Schedule 5 of SI12, the Gas (Security of Supply and Network Codes) (Amendment) (EU Exit) Regulations 2019 which amends Commission Regulation (EU) 2017/460, due to the historic postponement of exit day beyond 31 May 2019, the date from which Chapters II, III and IV 2017/460 apply.

'Amending SI': [The Electricity and Gas etc. \(Amendment\) \(EU Exit\) Regulations 2020](#) – 2020/1016

Amends six of our previous EU Exit SIs (SIs 1-5 and 12) to make them relevant for a Transition Period context e.g. updating references to 'exit day' with 'IP completion day' and updating references to the 2009 Electricity and ACER regulations with the new 2019 recast regulations. This SI also strips out provisions relating to NI wholesale electricity markets as this will be accounted for in the NI Protocol.

'Sweeper SI': [The Electricity and Gas \(Internal Markets and Network Codes\) \(Amendment etc.\) \(EU Exit\) Regulations 2020](#) – 2020/1006

Amends the Electricity Regulation (recast) 2019 and three of the EU electricity network codes to make them operable for a non-negotiated outcome when they enter retained EU law after the end of the Transition Period. This SI applies and extends to GB only.

6. Review of Actions log

Andrew Hemus
JESG Technical Secretary

JESG Standing items

ID	Topic	Lead Party
S1	Continue to review the membership of the JESG and engage additional industry parties where appropriate.	JESG Chair
S2	Prepare a commentary / comparison document between the Network Code and the existing GB arrangements at appropriate stages in the Code development for each Network Code.	NGET / Ofgem / BEIS
S3	Share any intelligence about how other member states are approaching demonstrating compliance through information gained from other government departments, regulators or parent companies	BEIS / Ofgem / Industry parties with European parent companies

JESG Open Actions

ID	Topic	Lead Party	Status	Update
117.	JESG to be updated on SQSS and Grid Code Modifications	NGESO	Open	
121.	Provide an update on elements of the recast Electricity Regulation: Article 36 – Scope of TSO's Article 35 – Scope of engagement requirement	Bernie Dolan (NGESO)	Open	<p>Article 36 – Scope of TSO's</p> <p>ACER response on 6th April. No comments in regards to IU SOR and Channel CCR. There was a comment around 3rd party non EU TSOs and withdrawal agreement. Participation in the RCC will be dependent on the nature of Brexit deal. (Swiss grid were removed from the proposal due to not being EU) For info, the TSOs of the Central SOR are planning an appeal as ACER merged CORE and SWE into a single SOR.</p> <p>Article 35 – Scope of engagement requirement</p> <p>Proposal for the RCCss was submitted by TSOs to NRAs on 5th July 2020</p>
126.	Provide update for January JESG on the role of the CMA as acting ACER / Commission and how subsequent changes to Network Codes after 21 June 2020 will be put into effect in GB.	BEIS	Open	Ophelia Brook will representing BEIS at future JESG meetings.

JESG Open Actions

ID	Topic	Lead Party	Status	Update
127	ENTSO(E) membership update in relation to TSO position regarding EU Exit.	Andrew Hemus (NGESO)	Open	During the transition phase, the United Kingdom remains bound by all existing European regulations including obligations contained in Network Codes and the Clean Energy Package. NGESO remains a member of ENTSO-E during the transition phase (ENTSO-E, unlike ENTSO-E has always had members from outside the EU, and the European Economic Area e.g. Norway, Switzerland, Albania, North Macedonia etc.). Once the UK Government has concluded an agreement on the future trading relationship with the European Union, depending on the outcome of that agreement, NGESO will need to consider whether it is possible, practical and efficient to remain a member of ENTSO-E. This will depends on the level of regulatory alignment that is maintained between the UK and the EU in future, and how involved we can be in ENTSO-E processes in the future. As the future trading relationship between the UK and the EU becomes clearer we will be able to update our thinking in this area.
128.	Provide an update on when the two planned derogation requests under Article 6 of the recast Electricity Regulation (i.e. Article 6.4 & Article 6.9) are to be published.	Claire Huxley (NGESO)	Open	NGESO has submitted derogation requests directly to Ofgem. There is no obligation to publish the requests however NGESO will provide more details in future
130.	ODFM Annex 1 link to be circulated	Bernie Dolan (NGESO)	Open	

JESG Open Actions

ID	Topic	Lead Party	Status	Update
131.	GB Interconnectors Capacity Calculation Methodology (NTC) Wider Policy Queries – 4) Better understanding on the potential impact on BSUoS and wider impacts on the wholesale market.	Bernie Dolan (NGESO)	Open	
132.	Update of the Grid Code changes for ramping as part of SOGL A118/119	Bernie Dolan (NGESO)	Open	

7. Future Meeting Dates & Agenda Items

Andrew Hemus
JESG Technical Secretary

Future JESG Meetings

- As always registration is required and will be opened through the JESG Weekly updates.
- Stakeholders are invited to put forward agenda items for the forthcoming JESG meetings:

Date	Proposed Agenda Items
Tuesday 13 October	BEIS guidance on Trading electricity from 1 January 2021 Cross-border participation in capacity mechanisms
Tuesday 10 November	
Tuesday 8 December	

8. Stakeholder Representation

All

9. AOB