European Network Code Overview: Progress Update for NG Senior Managers

01 May 2013

Electricity

Network Code	Status	What it's about	Headline Status	NG Key Issue	GB Stakeholder Key Issue
Connection Codes					
Requirements for Generators	Comitology	Sets functional requirements which new generators connecting to the network (both distribution and transmission) will need to meet, as well as responsibilities on TSOs and DSOs .	ACER has provided a revised opinion and qualified recommendation of the Network Code to the Commission. The recommendation is subject to amendments to the significance test for emerging technologies, and changes to the national scrutiny of requirements.	No significant impact for NG, except for complexity of implementation within GB Codes.	GB Stakeholders concerned about potential for retrospective application of requirements of the Network Code and capturing of smaller generators (down to domestic sizes).
Demand Connection Network Code	Comitology	Sets functional requirements for new demand users and distribution network connections to the transmission system, basic Demand Side Response capabilities, as well as responsibilities on TSOs and DSOs.	ACER has provided a revised opinion and qualified recommendation of the Network Code to the Commission. The recommendation is subject to amendment to the clarity of the drafting and a disclaimer around Demand Side Response, and the interaction of DSR with other European Projects.	No significant impact for NG. Code provides framework for DSR but this is expected to be removed during Comitology.	GB Stakeholders concerned that investments required by code should all require NRA approval, also compliance and data issues and whether code is correct vehicle for DSR (rather than product standards or Ecodesign regs).
HVDC	ENTSO-E awaiting mandate to draft	Sets functional requirements for HVDC connections and offshore DC connected generation.	ENTSO-E drafting team formed. Informal drafting and agreement of scope in progress. Formal mandate to start drafting not yet received from Commission but expected imminently.	As GB member of drafting team, NGET relationships with interconnector TSOs (including NGIL) for this code in particular will be critical.	GB Stakeholders (NGIL mainly) concerned about representation.
Market Codes					
Capacity Allocation and Congestion Management	Comitology	Creates the rules for operating pan-European Day Ahead and Intraday markets, explains how capacity is calculated and explains how bidding zones will be defined.	ACER has provided a reasoned opinion and qualified recommendation of the Network Code to the Commission. The recommendation proposes changes to the Network Code in the eleven areas highlighted in the original ACER opinion. ENTSO-E has subsequently highlighted in a letter to the Commission that in a few areas ACER's suggested ammendments may negatively affect the feasibility and quality of the EU target model implementation. In particular, this regards ACER's proposed changes on capacity calculation methodologies, deadlines for implementation, intraday auctions and redispatching and countertrading arrangements.	Key concern for NGET around potential for market splitting as mechanism outlined in the Network Code.	GB Stakeholders particularly concerned about impact of delivering requirements (e.g. IT systems) within timescales.
Forward Capacity Allocation	Issues for ENTSO-E public Consultation	Sets out rules for buying capacity in timescales before Day Ahead and for hedging risks.	Public Consultation now open - running until end of May 2013. Potentially significant impacts to GB Interconnectors if auction rules for capacity are changed plus arrangements around 'firmness' which could lead to hoarding of capacity.	Limited impact to NGET. Potential large impact on NGIL as changes the way capacity is allocated on interconnectors in the forwards market.	GB stakeholders have limited concerns except for interconnectors.
Electricity Balancing	ENTSO-E drafting continues	Sets out the rules to allow TSOs to balance the system close to real time and to allow parties to participate in those markets.	Drafting of this complex code is ongoing; due for completion in Q4 2013.	Potentially significant impact for cross-border and domestic balancing markets in GB, on the scale of BETTA.	GB Stakeholders concerned about potential impact of Code, but have not yet seen full version.
System Operation Codes					
Operational Security	With ACER for review after drafting	Sets common rules for ensuring the operational security of the pan European power system.	Final version submitted to ACER at the end of February. The Code deals predominantly with TSO-TSO obligations and is particularly important for AC connected TSOs in mainland Europe.	Has been drafted so that current GB requirements are not contradicted. No particular concern for NG.	GB Stakeholder concerns around lack of NRA approval, who is captured by the Network Code, and the impact of being captured particularly around data provision by small generators.
Operational Planning & Scheduling	With ACER for review after drafting	Explains how TSOs will work with generators to plan the transmission system in everything from the year ahead to real time.	Final version submitted to ACER at the end of March. ACER may have concerns the code does not achieve sufficient levels of harmonisation.	Limited impact for NG except providing outage data on European Year-ahead timescale which is different to GB's timescale.	GB Stakeholder concerns around lack of NRA approval, who is captured by the Network Code, and the impact of being captured as this will impose different rules on outage planning.
Load Frequency Control & Reserves	ENTSO-E revising Network Code following public consultation	Provides for the coordination and technical specification of load frequency control processes and specifies the levels of reserves (back-up) which TSOs need to hold and specifies where they need to be held.	ENTSO-E is revising the Network Code following public consultation in which 1382 comments were received.	Limited impact as GB position is being maintained during the drafting.	No particular view expressed by Stakeholders yet.