

Headline Report

Meeting name	Joint European Standing Group (JESG)
Meeting number	21
Date of meeting	20 August 2013
Location	Shepherd and Wedderburn, Edinburgh

This note sets out the headlines of the most recent meeting of the Joint European Standing Group (JESG). The note is provided in addition to the presentations from the meeting which are available on the JESG website¹ and material in the presentations is not duplicated in the report.

1. Issues Log Review

The current version of the issue log for each of the Network Codes being drafted by ENTSO-E is attached to this Headline Report. Issue logs for cross-code issues for drafting and application are also attached.

The priority lists of Stakeholder Key Issues captured during the DECC-Ofgem Stakeholder Workshops for the individual Network Codes which have completed the ENTSO-E drafting can also be found on the JESG website.

2. Grid Connection Network Codes

Requirements for Generators (RfG) and Demand Connection Code (DCC)

- The RFG and DCC Network Codes are in the pre-Comitology phase. It was noted the DNV KEMA has now produced their initial assessment of the RFG Network Code for the Commission and this has been circulated to trade organisations. The Chair noted that she had a copy and would circulate to attendees.
- ENTSO-E is also developing an 'implementation guidance' document, to assist member states in interpreting the RFG once it becomes law. It is at a very early stage of drafting and unlikely to be publicly available until mid-October 2013.
- It was also noted that based on the ACER opinion, it is very likely that much of the material on Demand Side Response will be removed from the DCC by the Commission prior to Comitology.
- Although Comitology is scheduled for later in 2013, and regular meetings of the appropriate Comitology committee are scheduled for Q4/2013 there is likely to be a slip in the schedule presented by the Commission at the Florence Forum early this year.

HVDC Network Code

- The HVDC Network Code continues to be drafted by ENTSO-E.

3. Market Network Codes (CACM and Balancing Framework Guidelines)

CACM Network Code

- The CACM Network Code is in the pre-Comitology phase. There are ongoing trilateral discussions between NGET, DECC and Ofgem on the CACM Network Code.
- Once a Commission version of the CACM Network Code is released, it is anticipated that a DECC/Ofgem Stakeholder Workshop will be held to discuss GB Issues arising from the revisions. This workshop is expected to be in September or October 2013 depending on when the Commission release their version of the text.

Forward Capacity Allocation Network Code

- The FCA Network Code is being revised by ENTSO-E following the public consultation. A revised version of the Network Code was published² by ENTSO-E on 3 July 2013.
- The most contentious issue is still related to firmness and how should carry the risk for a trip on an Interconnector. At present this issue is not resolved.

¹ <http://www.nationalgrid.com/uk/Electricity/Codes/systemcode/workingstandinggroups/JointEuroSG/>

² https://www.entsoe.eu/fileadmin/user_upload/library/resources/FCA_NC/130703_draft_NC_FCA.pdf

- The FCA is due to the submitted to ACER by the end of September 2013.

Electricity Balancing Network Code

- The Balancing Network Code was issued for Public Consultation, which closed on 17 August 2013. A total of 2178 comments were received. To support this consultation, a JESG technical workshop was held in 6/7 August 2013 as a page-turn of the Network Code.

4. System Operation Network Codes

Operational Security (OS) and Operational Planning and Scheduling (OP&S) Network Codes

- Following receipt of the ACER opinions^{3,4} ENTSO-E is currently revising aspects of both the OS and OPS Network Codes. The expectation is to resubmit the code around October 2013, to allow the timescales to align with the LFCR Network Code.
- Relating to the ACER opinion on OPS and the treatment of small-isolated systems not connected to any country, the issue of Shetland was raised. Shetland is not connected to the rest of the GB Network, and therefore Article 8(7) of Regulation (EC) 714/2009⁵ states the Network Codes do not apply to them. However, the drafting of the OPS needs to be refined to make this explicit.
- It was also noted, that as Shetland has a total electricity consumption⁶ of c. 200GWh, it is classified as a 'small isolated system'⁷ and a 'micro isolated system'⁸, under Directive 2009/72/EC⁹. Under Article 44 of the Directive, it is possible for Member States to apply for derogation from aspects of the Third Package for small- and micro-isolated systems. However, the UK Government's transposition note¹⁰ for the Directive, states that Article 44 'does not apply to GB' therefore it is not clear whether Shetland, although classified as a micro isolated system, has been properly derogated from the requirements of the Third Package through this route.

Load-Frequency Control and Reserves (LFCR) Network Code

- The LFCR Network Code was submitted to ACER on 28 June 2013. ACER now has until 28 September to complete their review of the Network Code against the Framework Guidelines.

5. Stakeholder perspective of ENC development

Garth Graham, SSE, provided some observations of the ENC development process from a Stakeholders perspective:

- The processes established and used within Europe are very different from those that we are used to in GB for Code Governance, and do not always fit with the GB approach.
- The feedback process through the ENTSO-E public consultation is very formalised, and does not allow the type of free-form comments permitted in GB consultations. The tool for submitted responses is still problematic, although a significant improvement on the initial version.
- Stakeholders are anxious to engage with the Commission during the Comitology process, but it is unclear if they will have the ability or route to do so.

³ OS:
http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2010-2013.pdf

⁴ OPS:
http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2012-2013.pdf

⁵ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:211:0015:0035:EN:PDF>

⁶ <http://www.pureenergycentre.com/pureenergycentre/Energy%20Analysis%20Report.pdf>

⁷ Directive 2009/72/EC, Article 2(25): 'small isolated system' means any system with consumption of less than 3 000 GWh in the year 1996, where less than 5 % of annual consumption is obtained through interconnection with other systems.

⁸ Directive 2009/72/EC, Article 2(26): 'micro isolated system' means any system with consumption less than 500 GWh in the year 1996, where there is no connection with other systems.

⁹ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:211:0055:0093:EN:PDF>

¹⁰ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/43248/2573-eu-third-package-trans-note-directive-2.pdf

- It was noted that Comitology is a 'political process' and therefore the stance taken in the Comitology committees may be influenced by political as well as stakeholder and technical views.

6. The Comitology Process

- A presentation was given on the understanding of the Comitology process based on the information released by the Commission.
 - It was noted that Comitology is not a unique process for agreeing the Network Codes, but rather the standard process for the European Commission exercising its implementing powers through the use of Comitology Committees. It was noted that the technical nature of the Network Codes may affect the deliberations.
 - Comitology can be split broadly in to three phases:
 - **Pre-Comitology.** Upon receipt of the ENTSO-E text, and the ACER Opinion and recommendation, the Commission prepares their initial version of the text, undertakes assessments and translations of the document.
 - **Member-state approval.** This is the most active phase of Comitology where the draft text is discussed, changed and ultimately agreed by the Cross-border Committee. Voting takes place under the Qualified Majority Voting system¹¹, which is standard within the Commission. The text agreed at this stage is, in essence, the final version of the regulation.
 - **Council and Parliament approval.** The European Council and the European Parliament both have to ratify the text. Based on precedence, this is a rubber-stamping and changes are not made to the text, but can take 4-6 months.
 - The Regulation is then published in the Official Journal of the European Union, and becomes law.

7. Future GB Stakeholder Engagement

- As the Network Codes continue to progress through the drafting phase and more enter the Comitology process, there is a need to ensure that appropriate structures are in place for robust application of the Network Codes to the GB Framework and to Stakeholder engagement in this process.
- The proposed *European Code Coordination Application Forum* (ECCAF) is now in the final stage of being established. During August and September, each of the seven code panels (Grid Code, CUSC, BSC, SQSS, STC, D-Code, DCUSA) is being asked to agree to the Terms of Reference and choose their nominee with a view to the first meeting being in October 2013. ECCAF will advise the Code Panels on matter relating to application of European Network Code to the GB Codes. The Code Panels will still retain their governance role.
- Other changes to the GB framework, such as licence changes or legislation, are expected to be considered by DECC.
- Proposals will also be considered in Q4/2013 for expanding the temporal scope of the JESG so that it can continue as an information sharing forum throughout the Network Code Application phase. (At present the terms of reference cover the development phase only).
- The DECC-Ofgem Stakeholder Workshops will continue to provide input for Comitology; however, this forum will need to evolve to meet the demands of the Comitology timescales.

8. Forthcoming events/workshops

Please refer to the calendar on the JESG website:

<http://www.nationalgrid.com/uk/Electricity/Codes/systemcode/workingstandinggroups/JointEuroSG/>

Details of forthcoming JESG events and relevant public events for ENTSO-E, ACER and Ofgem are listed in the calendar and available on individual websites:

- ENTSO-E: [https://www.entsoe.eu./resources/network-Network Codes/](https://www.entsoe.eu./resources/network-Network%20Codes/)
- ACER: <http://acer.europa.net>
- Ofgem: <http://www.ofgem.gov.uk/Europe/stakeholder-group/Pages/index.aspx>

¹¹ The German Federal Ministry of Economics and Technology has a used calculator for demonstrating the QMV process: <http://www.bmwi.de/EN/Topics/Europe/majority-calculator.html>. Importantly under QMV, the UK does not have a veto and must form alliances to affect the outcome of voting.

9. Next meeting

The next scheduled meeting for the JESG is 17 September 2013 at Elexon, London. Further details will be included in the draft agenda for the meeting.

The actions log and issues logs follow this report.

Generic Issues Log

New items are marked in grey.

Issue No	Issue
1.	How do the Network Codes align with the individual Framework Guidelines?
2.	Concerns over the mechanism for the publication of data under REMIT
3.	The potential for different definitions of significant across Network Codes
4.	The implementation of the RfG could conflict with CACM as they are at different stages in the Network Codes process
5.	What is contribution of each Network Code to resolve issues? Need a strategic view of the Network Codes but not sure which is the best place to do this.
6.	How is consistency and interoperability being ensured across the Network Codes?
7.	Can the final Network Code to be produced be used to correct errors / inconsistencies in earlier Network Codes?
8.	What is the expected frequency for changes to the Network Codes once implemented? The minutes of the Operational Security Network Code Public Workshop (20/4/12) indicate that a 'frequency of 4-5 years' 'might be needed'.
9.	There should be a general clause in each of the Network Codes to require consultation and NRA approval for elements which are to be defined after the Network Code has entered in to force. Such a condition has been included in the CACM Network Code.
10.	The definition of TSOs in the Network Code may lead to ambiguity due to the certification of additional companies in GB as TSOs (e.g. Interconnectors and OFTOs)
11.	There are various data and information flows defined in various Network Codes which are not obviously consistent. This remains a major concern for the Industry due to changes to processes and infrastructure that will be required to provide this data.
12.	What happens when notifications are provided to the TSO / Relevant Network Operator. Does the TSO have a duty to act upon the notifications? What if they do not comply?
13.	The contractual / market impact of demand side response for domestic customers has not been considered. The DCC and LFR&C Network Codes both deal with capability without outlining how the market will work in practice. Who is the most appropriate part in the UK to have a relationship with the customer for demand side response.
14.	Supplier may be moved to an 'out of balance' position by demand actions taken by the Aggregator / DSO / TSO. This impact on the balancing arrangements will need to be considered.
15.	There are different definitions for 'Significant Grid User' in a number of the Network Codes, so the applicability of the Network Codes to individual users is not clear.
16.	If the term 'Transmission Connected' is used within the Network Codes this will led to discrepancies within Europe and within the UK, and there is no single voltage above which Networks are considered Transmission (e.g. within GB, Transmission in Scotland is at or above 132 kV, whilst in England and Wales it is at or above 275 kV)
17.	There are various different terminologies for geographic areas used in the Network Codes. It is not obvious what each definition refers to and this leads to confusion. Examples are bidding zone, control area, responsibility areas, observability area, LFC control area, member state etc.
18.	The Cost Benefit Analysis methodology considers socio-economic often on a pan-European basis. There is a concern this will lead to one member states constantly subsidising another member state, or one market party being unduly affected (such as GB merchant Interconnectors).
19.	Common definitions. A working group has been established by ENTSO-E to look at definitions across the Network Codes. It is understood that while common definitions are desirable the same term could be defined differently in different Network Codes. Consideration is be to be given to the establishment of a separate cross-codes definitions document.
20.	Alignment of requirements and payment. There is a need to ensure that requirements specified in one Network Code, and the payment mechanisms outline in the Balancing Network Code are aligned so that services are delivered recompensed on the same timescales.

GB Application / Implementation Issue Log

New items are marked in grey.

Issue No	Issue	NGET View
1.	Implementation: Can areas of the GB Network Code be changed to comply with the ENC's be modified through the normal GB governance arrangements, provided it does not affect compliance with the ENC's?	Governance arrangements of GB Codes are not expected to change by implementing the ENC's. However, GB must demonstrate compliance to the ENC's or risks being found in breach and fined.
2.	How do the definitions in the Transparency Regulation, expected to become law as an Annex to Regulation 714/2009 prior to any Network Code, interact with those in the Network Codes? Do the definitions in the Transparency Regulations have primacy over those in the Network Codes?	Once published in the OJEU, the definitions became law. The Transparency Regulation have been published are Regulation 543/2009 amending Annex I of Regulation 714/2009. The interaction of future definitions is not yet fully understood.
3.	How will the changes to the GB Framework be made as a result of the European Network Codes, for example, will existing structures (panels etc.) be used where possible, or will third package powers be used to make changes via the Secretary of State?	It is expected that existing standard Code Governance will be used where possible, however, Ofgem have powers to make changes to the GB Codes to ensure compliance with European legislation.
4.	Further details of the modification process for GB Codes as a result of the ENC's need to be defined, for example, how will raise modifications, can alternatives be proposed etc.	Noted.