

Headline Report

Meeting name	Joint European Standing Group (JESG)
Meeting number	23
Date of meeting	16 October 2013
Location	Elaxon, 4th Floor, 350 Euston Road, London, NW1 3AW

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)

- The RFG Network Code is in the pre-Comitology phase. A version of the text is being prepared by the Commission but no indication has been given of when it will be published.
- A DECC-Ofgem GB stakeholder information session will take place on 28 October.
- The RFG Network Code was not discussed further at this month's JESG.

Demand Connection Code (DCC)

- The DCC Network Code is in the pre-Comitology phase. A version of the text is being prepared by the Commission but no indication has been given of when it will be published.
- The DCC Network Code was not discussed further at this month's JESG.

HVDC Network Code

- The HVDC Network Code continues to be drafted by ENTSO-E. The Code is expected to be released for public consultation in November and December 2013, and an ENTSO-E workshop is planned to occur during this time.
- It was highlighted that the ENTSO-E Public Workshop is likely to take place in the first week of December to support stakeholders' contribution to the public consultation. A JESG Technical Workshop has therefore been scheduled for 11-12 December 2013 for stakeholders to discuss key areas of focus.

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.
- A DECC-Ofgem Stakeholder Workshop will be held on 19 November 2013. The aim of this will be to discuss GB issues arising from the revisions to the code that the Commission is expected to make.

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

Forward Capacity Allocation Network Code

- The FCA Network Code was submitted to ENTSO-E on 1 October 2013. ACER will now have three months in which to review the code and develop a formal opinion.
- The most contentious issue is still related to firmness and who should carry the risk for a trip on an Interconnector. At present this issue is not resolved and is a particular concern for GB TSO interconnectors.
- DECC and Ofgem chaired a joint workshop on FCA following the JESG meeting on 17 October 2013, with a view to informing the development of the ACER opinion. The outputs of the session will be captured on the JESG website.

Electricity Balancing Network Code

- Drafting of the Balancing Network Code continues following the public consultation window, which ran from mid-June to mid-August 2013. The Network Code is due to be submitted to ACER by 31 December 2013.
- Graham Hathaway delivered a presentation outlining changes made to the Network Code following stakeholder input into the public consultation. Specific areas of change include target models, the ability for TSOs to delegate any function in the Network Code to a Third Party (not limited to Imbalance Settlement), reservation of cross-border capacity and procurement of balancing reserves (with procurement within a Relevant Area and a Coordinated Balancing Area clearly distinguishable). Graham's presentation material can be found on the JESG website.
- It was noted that an ENTSO-E stakeholder workshop will take place on 23 October in Brussels to inform stakeholders of changes made to the Network Code in light of stakeholder feedback. To support the workshop, ENTSO-E has published the latest draft of the Balancing Network Code².

4. System Operation Network Codes

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

- ENTSO-E re-submitted both the OS and OP&S Network Codes to ACER on 24 September 2013, following recent revisions.
- Revisions to the OP&S have focussed on developing the descriptiveness of the code and improvements to legal wording. Revisions to the OS Network Code have been mainly concerned consistency with other Network Codes, clarity of the text and legal wording changes.
- The OS and OP&S Network Codes were not discussed further at this month's JESG.

Load-Frequency Control and Reserves (LFCR) Network Code

- On 27 September, ACER issued a positive reasoned opinion⁶ and recommendation⁷ to adopt the LFCR. The Network Code will now pass to the European Commission where preparation for entering the Comitology process will begin.
- Hannah Kruimer of Ofgem delivered a presentation offering insight into the ACER opinion. Hannah's presentation material can be found on the JESG website.

² Balancing Network Code v1.30

https://www.entsoe.eu/fileadmin/user_upload/library/resources/BAL/131016_NC_EB_draft_V1_30.pdf

³ ACER Opinion on LFCR

http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2019-2013.pdf

⁴ ACER Recommendation of LFCR

http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Recommendations/ACER%20Recommendation%2008-2013.pdf

5. Transparency Regulation

- JESG Action 135 was a request for further granularity on the data required from market parties under the Transparency Regulations. National Grid's Tariq Hakeem was therefore invited to present an update on developments concerning the implementation of the Transparency Regulation.
- Tariq's presentation covered items that will need to be submitted to the Electricity Market Fundamental Information Platform (EMFIP) as well as the interaction between the Transparency Regulation and REMIT.
- It was also highlighted that there will be an industry workshop (provisionally scheduled for 6 November 2013) to further clarify data requirements and to offer stakeholders an opportunity to flag areas of concern to National Grid. Interested parties are invited to contact David Arrowsmith of National Grid (david.arrowsmith@nationalgrid.com) for more information.

6. JESG Terms of Reference

- Since its inception in August 2011, the JESG has primarily focused on the ENTSO-E development of European Network Codes. With the Network Code development landscape now changing as more and more Network Codes approach and enter comitology, it is proposed to revise the Terms of Reference for the JESG to include not only information on the ENTSO-E Network Code development and information on ACER Reviews of the Network Codes, but also Information on the Comitology process and developments as well as updates from the newly-established European Code Coordination Application Forum.
- Paul Wakeley presented this proposal to JESG attendees and directed them towards the proposed JESG Terms of Reference⁵, which can be found on the JESG meeting website.
- Comments on the draft Terms of Reference are sought from JESG members by 1 November 2013. The Terms of Reference will then be submitted to the Grid Code Review Panel, BSC Panel and CUSC Modification Panel to approve the changes.

7. Update on European Code Coordination Application Forum (ECCAF)

- As part of the update on the JESG Terms of Reference, a presentation was given to update attendees on the development of ECCAF.
- Attendees were reminded that ECCAF will consist of representatives from each of the seven GB code panels and will seek to advise the Code Panels on matters of coordination of application of European Network Codes to GB Codes, though holding no firm legal or governance role per se. The Code Panels will still retain their responsibilities for making changes to the GB Codes via normal governance.
- At the time of writing, five of the seven panels had formally submitted a representative. Barbara Vest will represent the BSC Panel, Garth Graham will be the CUSC representative, Mike Kay was the D-Code nominee, the DCUSA nominated Chris Allanson and Joseph Dunn will represent the STC.
- The first ECCAF meeting is scheduled to take place on 21 November 2013 in London, where an enduring Chair will be appointed.

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/>
- ACER: <http://acer.europa.net>
- Ofgem: <http://www.ofgem.gov.uk/Europe/stakeholder-group/Pages/index.aspx>

9. Next meeting

After the cancellation of the November meeting, the next scheduled meeting for the JESG is 17 December 2013 at Elexon, London. Further details will be included in the draft agenda for the meeting.

⁵ JESG Terms of Reference
<http://www.nationalgrid.com/NR/rdonlyres/9DCF2659-8E37-47F4-9A90-5B75F81585F1/63024/ProposedchangestotheJESGTermsofReference.pdf>

The actions log and issues logs follow this report.

Generic Issues Log

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

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.

JESG Actions

Standing Actions

Action No	Action	Lead Party
S1	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
S2	Engage with DECC and Ofgem to ensure appropriate and timely input can be provided from GB Stakeholders in to the Comitology process.	JESG Chair
S3	Continue to review the membership of the JESG and engage additional industry parties where appropriate.	JESG Chair
S4	Provide update on future Network Codes and incentives being developed as and when appropriate.	NGET/Ofgem/DECC

New and Open Actions

Action No	Action	Lead Party	Status	Update
135	If required by the Commission, facilitate an industry-wide read-through of the Network Codes once they are released by the Commission	BV/DECC/Ofgem	Open	
136	Transparency Regulations: Provide further granularity on the data required from market parties under the Transparency Regulations and indicate whether it is new or existing data.	NGET	Closed	Tariq Hakeem to provide an update at the October JESG.
138	Consider the need for how to best capture stakeholders' most recent priority issues before and during the Comitology process, in particular for the RFG, DCC and CACM Network Codes as the codes develop in the pre-comitology phase.	DECC	Open	
139	When appropriate, circulate the 'Implementation guidance document' being prepared by ENTSO-E for the RFG Network Code	NGET	Open	Publication expected c. October 2013 – nothing has yet been published.
140	Stakeholders are requested to provide specific example of inconsistent or problematic definitions in the Network Codes to Ofgem (reuben.aitken@ofgem.gov.uk) and DECC (will.francis@decc.gsi.gov.uk).	All	Open	
142	National Grid to produce a signposting document, offering a layman's guide to European Network Code development to aid industry parties in understanding the Network Codes.	NGET	Open	A draft of the document has been developed, and is expected to be published on the JESG website in November 2013.
143	National Grid to arrange 2014 JESG meeting dates.	NGET	Closed	Provisional meeting dates for 2014 will be announced at the October 2013 meeting.

Action No	Action	Lead Party	Status	Update
144	Provide an update on the second tranche of codes based on information in the Commission, ACER and ENTSO-E workplans.	NGET	New	<p>The ENTSO-E Workplan for 2013 outlines the expected work that ENTSO-E will need to complete on the nine Network Codes.</p> <p>Regarding the second tranche of Codes, the work plan notes <i>"It is possible that ENTSO-E may be requested to begin work on additional network codes late in 2014; though this will be driven by the European Commission's priority list and work of European regulators and ACER. The Framework Guideline on Electricity System Operation asked for key criteria for emergency and restoration. ENTSO-E already started the scoping of the Network Code on Emergency Requirements and Procedures. Interactions with NC LFCR and NC EB will be carefully taken into consideration."</i></p>

Balancing Network Code

Last updated: 8 August 2013

This issue log has been created to capture the key issues raised by GB stakeholders during the JESG Technical Workshop on the Network Code held on 6/7 August 2013.

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| 1. | Definitions | It was suggested that ENTSO-E should provide a consolidation of all definitions used across the nine Network Codes, while it was suggested that a number of terms in the Balancing Network Code require further clarification/elaboration. | <p>Article 8 – Cross Zonal Capacity Reservation needs defining.</p> <p>Article 14 – Role of Balance Responsible Party requires further elaboration (possibly to include references to Article 16).</p> |
| 2. | Grammar & Terminology | Main concerns included the articulation of, and syntactical issues around, key concepts in the Network Code and housekeeping queries. | <p>Article 15 – Incorrect numbering of paragraphs</p> <p>Article 16 – Inclusion of comma before the phrase “where applicable” implies that the specificities of Central Dispatch should be accounted for as standard.</p> <p>Article 21 – Is “best endeavours”, rather than “reasonable endeavours”, the correct term to be used?</p> |
| 3. | NRA Approval | <p>There are a number of instances in the Network Code where the need for NRA approval should be clarified. In principle, all items which are left to the TSOs to determine after the Code has entered in to force should be subject to NRA approval.</p> <p>Furthermore, dispute resolution methodologies are not set out when required.</p> | <p>Article 25 – Should the submission of pricing methodologies be to Agency or NRA (as stated in Article 7)?</p> <p>Article 34 – Definition of settlement mechanisms.</p> <p>Article 44 – Dispute methodology required when Ramp Rate Process is not agreed unanimously.</p> |
| 4. | Remuneration | Stakeholders expected more detail on compensation and payment mechanisms in the Balancing Network Code to provide the remuneration mechanism for capabilities required in other Network Codes. | See references to remuneration in other Network Codes (e.g. Requirements for Generators, Demand Connection Code). |
| 5. | Designated Entity | There is a need to ensure that the option for TSOs to delegate tasks is extended to cover all suitable activities, and to ensure current GB activities are able to continue (e.g. Elexon being the Balancing and Settlement company). | <p>Article 11 – Enables tasks pursuant to Chapter 5 Section 4 to be undertaken by a designated authority. Should this be extended to cover the broader balancing mechanism, rather than just imbalance settlements?</p> <p>Article 14 – Modifications of the Position should be able to be submitted to a Designated Entity as well as a TSO.</p> |
| 6. | DSO Impact | The Network Code places | <p>Article 12 – Article provides a</p> |

		obligations on Distribution System Operators. There is a need to ensure such obligations are appropriate and proportionate.	summary of key DSO activities as set out by the Balancing Network Code.
7.	Treatment of merchant interconnectors	Clarification is needed on how merchant interconnectors can operate under the provisions of the Balancing Network Code.	Article 30 – Clarification needed on the prohibition of additional charges for the use of Cross Zonal Capacity for Exchanges of Balancing Energy.
8.	Publication of data	More stringent requirements would be preferred around the frequency and content of publications.	Article 8 – No timescales are offered for the TSO's publication of information regarding Specific Products. Article 57 – Given that the annual report's requirements are clearly set out, why is there an option to publish a "simpler" version every second year?
9.	Impact on existing arrangements	The Network Code states that it will apply to all existing arrangement related to Electricity Balancing.	Article 58 – How would the application of the Network Code take place?
10.	Application questions	A number of questions were raised that will require consideration when the Network Code is applied to the GB Framework.	- Currency complexities (e.g. conversion, pay-as-bid or pay-as-cleared) - Can a product defined as a Standard Product in one Coordinated Balancing Area be a Specific Product in another CoBA?

The following issues were captured at JESG meetings, prior to the 6/7 August JESG Workshop and may relate to an earlier version of the Network Code.

Issue No	Issue	NGET View
11.	There is a need to understand the implication of the Framework Guidelines on the current GB market and ongoing changes.	Now the Framework Guidelines have been finalised, the Network Code is being developed. Once the requirements in the Network Code become clearer, it will be possible to determine further the implications for the GB market.
12.	Which definition of 'Control Area' is the Balancing Network Code expected to be used. Is it the market definition in CACM, or the technical definition in LFR&C, as the Balancing Code interacts with both of these Codes.	Drafting is at an early stage, and consideration will be given by the Drafting Team to ensure the appropriate definitions are used in the Balancing Network Code.
13.	Recompense for services in other Network Codes. The Balancing Network Code sets out a high-level mechanism for payment through balancing service providers such as aggregators. Whereas the DCC places obligations on individual domestic consumers. There is a perceived mismatch between the obligations (placed on individuals) and the compensation (placed on aggregators).	DCC sets capability and Balancing provides mechanism for recompense. This does not appear to be a mismatch.

Issue No	Issue	NGET View
14.	Merchant Interconnectors. The merchant model for GB Interconnectors needs to be represented in the Balancing Network Code. Capacity on a merchant interconnector has a value to the owner and this should be reflected in any decision to curtail or use capacity through this Network Code.	The code has been drafted on the basis that what is not prohibited is allowed. NGET is a member of the drafting team and is representing itself. Opportunity for all stakeholders to engage with the development of the Code will form part of the development process for the Network Code, in particular during the public consultation.
15.	Imbalance calculation. The imbalance calculation in the Network Code may be different to that in the current GB market, which would have implications for GB as it provides different signals to market parties. GB Energy imbalance = Contracted & vs. Metered Volume (physical imbalance) Balancing NC calculates Imbalance Volume from Allocated Volume and notified Position – it's not clear this is consistent with GB practice (e.g. it could be interpreted as something more akin to GB Information Imbalance)	TBC
16.	Coordination Balancing Areas (CBA). What is the timescales for the determining the CBA.	Formally, the Network Code states that they will be determined after entry into force. However, through the ENTSO-E pilot project, we would expect initial views to be formed fairly soon and prior to the code's entry into force. Coordination Balancing Areas are now referred to as CoBAs to avoid a conflict of acronyms.



HVDC Issues Log

Last updated: 18 September 2013
New Items are marked in grey.

Issue No	Issue	NGET View
1.	Why do the requirements for PPMs only extend to those connected Offshore? There is potential for Onshore PPMs to be connected only via HVDC	Drafting is at a very early stage and consideration of this and other issues will be taken by the drafting team. Onshore HVDC connected PPMs are now included
2.	How will a small island be considered, if it is connected to the Synchronous Area only by HVDC? In the extreme case, GB is an island connected via HVDC to the European Synchronous Area, so a form of words need to be found to ensure requirements are placed on the right parties	Drafting is at a very early stage and consideration of this and other issues will be taken by the drafting team. The Code is drafted to place technical requirements on HVDC, irrespective of who the owner is. The issue of TSO owned HVDC and obligations, responsibility for ensuring compliance, etc is tied in with the definition of "TSO"; this is still being addressed by the LRG to get a harmonised approach to all Codes. It may be necessary to define "island" and "synchronous area" appropriately so as to capture this issue.
3.	Consideration needs to be given to the various configurations of PPMS and HVDC networks, to ensure that obligations are fair and transparent.	Drafting is at a very early stage and consideration of this and other issues will be taken by the drafting team. All obligations and responsibilities will be fair and transparent irrespective of ownership (see above comment)
4.	The code needs to deal with situations where the configuration of the HVDC changes, e.g. if a link previously connecting different synchronous areas becomes an embedded link if a parallel AC line is added.	Drafting is not expected to preclude changes or new configurations. The Drafting Team is aware of potential configuration changes; this issue will be addressed.
5.	If the Code is written to the technology non-specific, there is a risk that some of the functionality of certain technologies may not be fully utilised.	Being technology non-specific means the Code does not preclude future technologies. The Code is a minimum requirement so additional items, provided they are compatible with the Code, are permitted. Technology neutrality is on the Agenda; it is recognised that capabilities of particular technology should not be ruled out. While there is EU pressure to harmonise requirements, certain requirements may have to be left to the local TSOs to specify.
6.	The added services required by the Code could make merchant Interconnectors less viable. The GB merchant model is designed for the transfer of Active Power, the draft specification for HVDC NC goes beyond this.	The Code can apply retrospectively depending on the decision by the NRA according to the provisions on retrospective application. For Interconnectors in development, transitional arrangements will be specified in the Code, similar to RFG and DCC. The code is not tasked with the provision of "added services" – just capabilities. Some of these capabilities, e.g Frequency Response, can be met with little or no extra cost. These capabilities can enable HVDC to offer "added services" for which presumably merchant Interconnectors may agree commercially to provide to the relevant TSOs