nationalgrid

Headline Report

Meeting name	Joint European Standing Group (JESG)
Meeting number	27
Date of meeting	17 June 2014
Location	Elexon, 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 website[1] and material in the presentations is not duplicated in the report.

1. Issues Log Review

The current version of the Generic Issues Log and the GB (Network Codes) Application/Implementation Issues Log follow the Headline Report.

2. Grid Connection Network Codes

Requirements for Generators (RfG)

- No further information has been issued by the European Commission on the progress of RFG through the Comitology process.
- No further update on RfG was provided at the meeting.

Demand Connection Code (DCC)

- No further information has been issued by the European Commission on the progress of DCC through the Comitology process.
- No further update on DCC was provided at the meeting.

HVDC Network Code

- The Code was submitted by ENTSO-E to ACER on 1 May 2014. The Network Code is now in the three month ACER review period.
- ACER held a stakeholder workshop on the Network Code on 19 May in Ljubljana.
- No further update on the HVDC Code was provided at the meeting.

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

Capacity Allocation and Congestion Management Network Code (CACM)

- Will Francis (DECC) provided an update on the CACM drafting process, including the debate within the Commission that is taking place over whether the drafted text should be implemented as *Network Code* or as a *Guideline*.
- Network Codes are required to be detailed, whereas Guidelines can be more general. The Commission's Legal Services has ruled that CACM cannot become a Network Code as there are several methodologies that still need to be written and agreed.
- Whether the text proceeds as a Guideline or Network Code, the end result is directly applicable European Regulations. The difference arises in the development and modification routes as defined in Regulation (EU) 714/2009.
- A timeline for the further consideration of the CACM Network Code is not available whilst the Network Code/Guidelines discussion continues. A GB stakeholder workshop is expected to be held by DECC/Ofgem once a revised draft text is published by the Commission.

Forward Capacity Allocation Network Code (FCA)

[1] http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/Standing-groups/Joint-European-standing-group/

- Clémence Marcelis (Ofgem) provided an update on ACER's Reasoned Opinion on ENTSO-E's latest draft of the FCA Network Code. ACER provided a final recommendation of the Code to the Commission in May.
- ACER believes that the Code is broadly in line with the Framework Guidelines, but requires more work on three key areas: timelines, firmness, and long term transmission rights remuneration principles. ACER concerns centre around:
    - The deadlines set by ENTSO-E to implement the main features of the Target Model, and ACER believes this can be done sooner.
    - The rules on firmness are not in line with the Framework Guidelines. ACER recommends full firmness after long term nomination deadline, and some form of cap before the deadline.
- Ofgem and ACER are interested in hearing any stakeholder views on the FCA Network Code.

Electricity Balancing Network Code

- Redrafting of the Balancing Code is taking place during April – June; the ENTSO-E Market committee will decide on whether or not to resubmit the code to ACER in July, with submission of the code likely to take place in September.
- No further update on the Balancing Code was provided at the meeting.

4. System Operation Network Codes

- Operational Security (OS), Operational Planning and Scheduling (OP&S) and Load-Frequency Control and Reserves (LFCR) Network Codes
- The Commission wants the System Operation Network codes to become Network Codes as opposed to Guidelines, however it expects that some redrafting and further detail will be required for this to happen. ENTSO-E expects to have a role in the redrafting.
- John Costa (EDF) questioned why two articles on nuclear safety had been removed from the version of the OS Network Code published on 24 September 2013; this issue has been captured by DECC.
- The OS, OP&S and LFCR Network Codes were not discussed further at this month's JESG.

Emergency and Restoration Network Code (ER)

- The ER Network code is currently being drafted by ENTSO-E and is due to be submitted to ACER no later than 1 April 2015.
- Steve Wilkin (Elexon) raised the issue that the commercial impact of ER actions is not covered by the European Balancing Code.

5. Project TERRE Update

- Steve Miller (NGET) provided an update on Project TERRE (Trans-European Replacement Reserves Exchange) Balancing Pilot Project. The project is in its early stages but the intent is to extend the existing Cross Border Balancing (CBB) system with partner TSOs in France, Italy, Spain and Portugal.
- The project will look at ensuring existing services comply with the Balancing and LFCR Network Codes, and harmonising the offer of balancing services of around 15 minutes lead time for use after an harmonised intraday gate closure. This should improve flexibility and reduce costs for the TSOs.
- Barbara Vest (JESG Chair) raised the issue that the timing of the gate closure will be of key interest to the industry.
- The key imperatives of the project are that there is no negative impact on GB that change for GB industry is kept to a minimum, and to align to the LFCR and Balancing Codes. However, the project is still in the very early stages (Memorandum of Understanding still to be signed by all parties) so there are significant parts of the project that are yet to be decided.
- Clémence Marcelis (Ofgem) raised that AESAG had questioned if TERRE would form its own stakeholder group, and how TERRE was planning to engage stakeholders. Steve mentioned that there will be a stakeholder event in October.

6. REMIT Update

- Alisdair Yuille (Ofgem) presented a discussion item on the developments in REMIT.
- Implementation of REMIT has been delayed by six months, which means it is now likely that transaction reporting will begin in the summer of 2015. ACER and the Commission are developing Registered Reporting Mechanisms (RRMs) and also the technical specification for data submission.
- Self-reporting of transaction data will be possible for market participants; ACER is developing a user manual on what and how to report. NRAs are working with external participant 'expert panels' including brokers and exchanges to further develop the financial reporting experience.
- ACER has scheduled a stakeholder meeting on REMIT to take place on 16 July in Ljubljana.
- Olaf Islei (APX) raised the concern that as NRAs and ACER are planning to implement reporting as soon as possible, they may be placing a burden of double reporting of data on market participants without considering the cost to market parties that this may bring.

7. 'A Bridge to 2025': National Grid's view on ACER's Consultation

- ACER and the Board of Regulator's consultation was launched by Lord Mogg to gather a broad snapshot of the industry's view on energy regulation over the next decade, to bridge the gap between the 2020 and 2030 visions. It covers gas and electricity, future energy sector challenges and future regulatory actions.
- The implementation of the Network Codes is of paramount importance to the functioning of single market. It is recognised that although RES subsidies and capacity markets distort the market, they are necessary in the medium term for the development of the market.
- Coordination is required on a pan-European basis as the challenges of infrastructure investment increase. Benefits will be gained from greater RES and TSO/DSO coordination. This is happening at pan-European level already with regional coordination centres (e.g. CORESO) through information sharing practices.
- Security of supply is now being considered with greater importance following the developments in Ukraine.

8. ECCAF Update

- Paul Wakeley (NGET) presented the update from the ECCAF meeting on 29 April.
- The mapping of the current version (14 January) of RfG to GB codes has been completed. Issues have been divided into three categories: Grid Code Review Panel/Distribution Code Review Panel issues, ECCAF issues and DECC/Ofgem issues. The results will be re-evaluated following the publication of any further RfG drafts.
- CACM has been mapped to determine which articles fall into the "direct effect" category, meeting the criteria to become a piece of European legislation to be enforced by a Member State without the need to be codified in Member State law.
- Further details are published in the ECCAF Headline Report[2].

9. AOB

- John Costa (EDF) highlighted that the GB stakeholder priority issues log for all Network Codes currently on the JESG website need to reviewed and updated where necessary. He also noted that a single consolidated version would be beneficial for those new to Network codes.
- Tom Selby (NGET) raised the issue that the JESG website should now be working more quickly and reliably, but any more problems should be reported to europeancodes.electricity@nationalgrid.com
- Steve Wilkin (Elexon) mentioned that ENTSO-E has issued a call to tender for parties to work on its cost benefit analysis requirements as needed under the Network Codes.

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[2] Please refer to: http://www2.nationalgrid.com/uk/industry-information/electricity-codes/standing-groups/.
The ECCAF webpage is due to go live shortly; in the meantime please refer to the JESG website.

10. Forthcoming events/workshops

Please refer to the calendar on the JESG website:
http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/Standing-groups/Joint-European-standing-group/

Details of forthcoming JESG events 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

11. Next meeting

The next scheduled meeting for the JESG is 16 July 2014 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

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.
21.	Consideration by Ofgem to be made on whether to reconvene the former FUI (France-UK-Ireland) regulatory group, or potentially set up a new GB regulatory balancing group, as a means to engage with stakeholders.

GB Application / Implementation Issues Log

Issue No	Issue	NGET View
1.	Implementation: Can areas of the GB Network Code be changed to comply with the ENCs be modified through the normal GB governance arrangements, provided it does not affect compliance with the ENCs?	Governance arrangements of GB Codes are not expected to change by implementing the ENCs. However, GB must demonstrate compliance to the ENCs 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 ENCs need to be defined, for example, how will raise modifications, can alternatives be proposed etc.	Noted.

JESG Action Log

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
S5	If required by the Commission, facilitate an industry-wide read-through of the Network Codes once they are released by the Commission . (formerly Open Action 135)	JESG Chair/Ofgem/DECC
S6	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). (formerly Open Action 140)	All
S7	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

New and Open Actions

Action No	Action	Lead Party	Status	Update
152	Arrange another stakeholder group workshop on RfG Network Code following publication of the next draft.	NGET/DECC/Ofgem	Open	Awaiting new RfG draft
156	Report to JESG who from GB is on the ENTSO-E Balancing Pilot Project Stakeholder Group	NGET/BV	Closed	Steven Peter Reid (Scottish Power)
157	What are the arrangements for stakeholder engagement in TERRE and/or the Balancing Network Code: • Will stakeholders be consulted on Balancing Code amendments? • Will there be a GB TERRE group? Will CBAs be published to stakeholders?	NGET	Open	
158	• What products and what gate closure time will Project Terre use?	NGET	Open	
159	Report to JESG on	Ofgem	Open	

	ACER's opinion on having both firm and no-firm transmission rights on the same TSO border			
160	Circulate details of the ACER Public Workshop on REMIT in the JESG weekly update	NGET	Closed	Circulated 20 June 2014
161	Review the issues logs for the Network Codes that are published on the JESG website	DECC/Ofgem/NGET	Open	
162	Consider creating a single issues log with all the issues from every code in one place	DECC/Ofgem/NGET	Open	

Recently Closed Actions

Action No	Action	Lead Party	Status	Update
149	Circulate to JESG the invitation for nominations to the ENTSO-E Balancing Pilot Stakeholder Group.	NGET	Complete	Circulated 15 April and 17 April.
150	Circulate to JESG the paper written by the French Government on proposed amendments to the RfG Code	NGET	Complete	Circulated 17 April
151	Circulate to JESG the expected timelines for CACM Network Code development.	Ofgem	Complete	Discussed 17 June
153	Circulate to JESG the provisional dates for the ER Network Code stakeholder events.	NGET	Complete	Discussed 17 June/circulated in JESG weekly update email (9 July, Brussels)
154	Consider the level of engagement undertaken with market participants on their future data submission requirements; review to try to identify any parties who may need to be contacted directly.	NGET	Complete	Discussed 17 June
155	REMIT: consider presenting an item at the next JESG on REMIT and the interactions with the Transparency Guidelines in reporting fundamental data.	NGET	Complete	Item presented at JESG on 17 June

List of JESG Attendees on 17 June 2014

First Name	Surname	Organisation
James	Anderson	Scottish Power
Peter	Bolitho	Waters Wye Associates
John	Costa	EDF Energy
Will	Francis	DECC
David	Freed	Ofgem
Garth	Graham	SSE
Catherine	Hiorns	NGET
Tom	Ireland	NGET
Olaf	Islei	APX
Clémence	Marcelis	Ofgem
Liz	McLeod	Ofgem
Steve	Miller	NGET
Lorcan	Murray	BritNed
Tom	Selby	National Grid
Helen	Stack	Centrica
Esther	Sutton	E.ON
Barbara	Vest	Energy UK
Graeme	Vincent	SP Energy Networks
Paul	Wakeley	NGET
Steve	Wilkin	Elexon
Alisdair	Yuille	Ofgem