

Headline Report

Meeting name: Joint European Stakeholder Group

Meeting number: Meeting 1

Date of meeting: Tuesday 17 March 2015

Location: Elexon, London

This note sets out the headlines from the latest meeting of the Joint European Stakeholder Group (JESG) and is provided in addition to the presentation from the meeting which is available on the new JESG website¹ and material in the presentation is not duplicated in this report. If you have any queries in relation to the content of this report, please email the JESG Technical Secretary Sara-Lee Kenney europencodes.electricity@nationalgrid.com

1. New Joint European Stakeholder Group (JESG)

Terms of Reference

The new JESG Terms of Reference was approved by JESG attendees subject to the amendments raised by stakeholders;

1.1 To note this is not solely for the Third Energy Package but will in the future when applicable look at any further energy packages.

1.1 (c) to include pilot projects

1.1 (e) to read 'other areas of relevant European energy policy'

Consolidated Actions and Issues Logs

The action logs and issue logs associated with the Joint European Standing Group, DECC and Ofgem Stakeholder Group and European Code Coordination Application Forum (ECCAF) have been reviewed and updated to provide a consolidated list of actions and issues to be taken forward to the new JESG. Both the consolidated action and issue log along with any closed items have been published to the new JESG website. The actions and issues will then be covered in the new JESG Headline Report going forwards.

Website

A [new website page has been created for the JESG](#), this will hold all information related to the JESG and associated JESG Subgroup meetings. The Joint European Standing Group and the ECCAF pages are still available for viewing and can be located under the '[Archive Code Standing Groups](#)' section on the website.

JESG Subgroups

JESG subgroups will be arranged as and when required through the JESG Technical Secretary and these will be communicated through the JESG Weekly Updates. Any information relating to these meetings can be found on the new JESG website. A running update of these subgroups will not be provided at JESG, however we expect significant milestones to be communicated through JESG.

2 JESG Actions Review

The Technical Secretary noted the updated JESG Standing Actions and any carried over actions. The current version of the JESG action log and issue log including any additions from this meeting is attached to this Headline Report.

3 Grid Connection

Requirements for Generators (RfG)

The RfG Network Code is currently in the Comitology phase of the development process with discussions at the Cross-Border Committee. The European Commission has indicated that the next

¹ <http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/European-network-code/Joint-European-Stakeholder-Group/>

Comitology meeting is likely to take place in April with a view for discussion on RfG but also on how to proceed with the DCC and HVDC network codes. No further information has been issued to date.

Demand Connection Code (DCC) and High Voltage Direct Current (HVDC)

The Commission is working on both DCC and HVDC network codes which are expected to enter the Comitology phase of the development process in April. No further information has been communicated by the European Commission in relation to the process of DCC or HVDC. However, as mentioned above, the European Commission has indicated that the next Comitology meeting is likely to take place in April with a view for discussion on how to proceed with the DCC and HVDC network codes.

4 Markets

Capacity Allocation and Congestion Management (CACM)

- CACM is currently with the European Parliament and Council for approval. It is expected to be published, and enter in to law around July 2015.
- Natasha Smith (Ofgem) provided an update from the February CACM Mapping Workshop.
- To implement each European Network Code an initial exercise will need to be performed to identify the required changes to the GB framework. This exercise is expected to be performed and revisited at different stages for each European Network Code:
 - when the text is relatively stable
 - when the text is voted on by Member States and
 - as required after the approval of terms, conditions and methodologies.
- Following adoption of CACM by Member States in December last year, a workshop was held 19 February to identify the required framework changes to implement CACM. This workshop was open to all interested parties.
- A summary note will be circulated to stakeholders through the JESG Weekly Update. Stakeholders will be invited to provide comments on the outputs of the implementation mapping workshop.
- An update on the CACM Flow based and NTC approach was also provided at the JESG meeting, notes from this can be found in section 6 of this Headline Report.

Forward Capacity Allocation (FCA)

- The European Commission had indicated that FCA will start Comitology in May, no further details have been provided by the European Commission on the progress of FCA through the Comitology process and no further information was provided on FCA at this month's JESG meeting.

5 System Operation

Operation Security (OS), Operational Planning and Scheduling (OP&S) and Load Frequency Control Reserves (LFCR)

- The European Commission had indicated the System Operation Network Codes may be merged to form one guideline. However, nothing has yet been formally confirmed. The Commission has also indicated that further discussion on the System Operation Network Codes and progression through Comitology is likely to take place in the Autumn.

Emergency and Restoration (ER)

- ENTSO-E is currently revising the ER network code and it is anticipated they will submit to ACER for review on 1 April 2015. ACER will then have a 3 month review to assess the network code against the framework guidelines.
- A JESG Subgroup on the Emergency and Restoration Network Code has been arranged for **Tuesday 14 April from 10-12:30 at Exelon in London**. The meeting will be led by DECC and Ofgem and further information and details for registration will be communicated through the JESG Weekly Update.

6 CACM Flow based

- Rob Selbie (NGET) set out an introduction to Bidding Zones, Capacity Calculation and Capacity Calculation Regions and ran through analysis of both the Net Transmission Capacity (NTC) and Flow Based approach with are currently required under the CACM Network Code.

- Each Capacity Calculation Region must have a Capacity Calculation Methodology and must undertake either NTC or Flow based. This decision is made in the Capacity Calculation Methodology.
- Rob Selbie ran through in further detail examples of each approach, noting that for GB as we are poorly meshed with the continent, and the issues faced on our network are typically not thermal issues, the NTC approach would be preferred over Flow based (which is the preferred approach in parts of Continental Europe).
- The next steps are to provide a proven case that NTC is the preferred option for GB and highlighted the forthcoming timescales associated;
 - CACM entry into force ~ July 2015
 - Capacity Calculation Regions (CCR) consultation ~ August/September 2015
 - All TSO CCR proposal deadline ~ October 2015
 - Capacity Calculation Methodology consultation ~ Q3/Q4 2016
 - All TSOs in each CCR - Capacity Calculation Methodology proposal deadline~ February 2017

7 DECC/Ofgem Steering Group

- Natasha Smith (Ofgem) discussed the updates from the latest DECC/Ofgem Steering Group meeting which was held on 2 March.
- The key areas covered were Transparency and any lessons that can be learnt following implementation, the task of assigning voting rights to Transmission System Operators (TSOs) and Nominated Electricity Market Operators (NEMOs) required by CACM and the RfG GC0048 Workgroup Implementation Plan.
- Natasha Smith advised that National Grid were invited to join part of this meeting to present the project plan developed by the RfG GC0048 Workgroup and Transparency.
- The RfG Implementation Plan outlines the proposed process for developing and proposing the required industry code modifications. Although the RfG network code is yet to be adopted, the RfG text is deemed stable enough to begin identifying and planning implementation steps for the required industry code modifications. The intention is to incorporate any changes to other parts of the framework where required following a similar exercise as that carried out for CACM mapping exercise once the text is close to adoption..
- The RfG GC0048 Workgroup is open membership, and therefore any stakeholders wishing to attend or wanting to learn more about the workgroup should email grid.code@nationalgrid.com or visit the [GC0048 website page](#).
- Ofgem and DECC understand that National Grid is performing a lessons learned exercise following the implementation of the Transparency Regulation. They have suggested that initial findings are shared through JESG to ensure any lessons that can be learnt are picked up for future ENC's.
- In relation to the task to assign votes amongst TSOs and NEMOs, DECC has taken this for consideration and will be discussing this with their colleagues in Northern Ireland.

8 Projects of Common Interest Update

- David Freed (Ofgem) provided an update on the Projects of Common Interest which is currently in the 2nd selection round.
- The Ten Year Network Development Plan (TYNDP) for 2016 is progressing and stakeholder workshops have taken place in relation to this. There will be a consultation and workshop in May and June 2016 to develop this further.
- For European Unit Cost Indicators which NRAs have an obligation to publish, this is expected to be published by ACER in Q2 2015.
- At the request of the Commission, ACER are currently reviewing the case for harmonisation in electricity tariffs, this review will include a study and consultation by Cambridge Economic Policy Associates (CEPA). ACER will submit a draft recommendation to the Commission Q2 2015.

9 ENTSO-E Consultation on Harmonised Access Rules (HAR)

- Lorcán Murray (NGIL) provided an introduction to the requirement under the FCA guideline for the establishment of Harmonised Allocation Rules for long term capacity and the associated [ENTSO-E consultation](#).

- Lorcán added that both [Britned](#) and [IFA](#) have also launched a consultation on their respective Access Rules and the Participation Agreements in parallel to ENTSO-Es consultation.
- Both Lorcán and Natasha Smith (Ofgem) encouraged stakeholders to provide feedback on these consultations.

10 Any Other Business

- Sara-Lee Kenney (JESG Technical Secretary) provided an update on the August JESG Meeting which is held in Edinburgh each year. This will take place on Wednesday 26 August at the Shepherd and Wedderburn. It is recommended that any required accommodation or travel, are booked well in advance. Further information will be detailed in the JESG Weekly Update.
- Steve Wilkin (Elexon) advised stakeholders of an update in relation to REMIT Regulation. Inside Information Platforms were invited by ACER to discuss this process with a view to standardising across Europe. Slides in relation to this meeting are expected to be published on [ACERs website](#) in due course.
- Barbara Vest (JESG Chair and Energy UK) highlighted to stakeholders a workshop due to take place at Energy UK in relation the European Network Codes and the Competition Markets Authority (CMA) Investigation. Anyone wishing to be involved in this workshop should email Barbara.vest@energy-uk.org.uk

11 Next Meeting

The next scheduled meeting for the JESG is 28 April 2015 at Elexon Offices in London. Registration details will be provided in the JESG Weekly Updates and stakeholders will be invited to suggested agenda items.

Action Log

Standing Actions

ID	Topic	Lead Party	Status	Source
S1	Continue to review the membership of the JESG and engage additional industry parties where appropriate.	JESG Chair	Standing Item	JESG S3
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/DECC	Standing Item	JESG S1
S3	Share any intelligence about how other member states are approaching demonstrating compliance through information gained from other government departments, regulators or parent companies	DECC / Ofgem / Industry parties with European parent companies	Standing Item	ECCAF 3/2
S4	Stakeholders are requested to provide specific examples of inconsistent or problematic definitions in the Network Codes to Ofgem (natasha.z.smith@ofgem.gov.uk) and DECC (elena.mylona@decc.gsi.gov.uk).	All Stakeholders	Standing Item	JESG S6

Open Actions

ID	Topic	Lead Party	Status	Update
4	DECC to update JESG on how GB TSO voting will work under CACM and what information will be published with regards to voting.	DECC	New	
5	New JESG Terms of Reference additions to be updated and published to JESG website and Weekly Update.	Ofgem/DECC, JESG Technical Secretary	New	
6	Transparency 'Lessons Learnt' to be presented to JESG when available.	NGET	New	
7	JESG Meeting Slides from April onwards to include future meetings/workshops (ENTSO-E/ACER etc)	JESG Technical Secretary	New	

Recently Closed Actions

ID	Topic	Lead Party	Status	Update	Source
1	Consult GB Code Panels on the development of the Joint European Stakeholder Forum	DECC, Ofgem	Closed	Closed: Ofgem has liaised with Code Panels who were also invited to provide comments on the proposed new structure. Responses broadly supported the proposal for a single cross-industry forum on electricity European issues. All interested parties are invited to review and approve the ToR for the new group at the March 2015 JESG'	JESG 188
2	NGET to liaise with the GB Regional Group on how voting will work and what information will be published with regards to voting.	NGET (Paul Wakeley)	Open	Closed: Voting allocation under CACM is the responsibility of the member state, so DECC to consider. There has not been a further regional group meeting since the last JESG. New JESG action (4) created for DECC to update JESG on GB TSO voting under CACM.	JESG 193

3	JESG Subgroup to be arranged for April on Emergency and Restoration Network Code	JESG Technical Secretary	Closed	Tuesday 14 April 10-12:30 (Elxon, London) lead by Ofgem and DECC	JESG 194
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Issue Log

ID	Topic	Issue	Update	Source
1.	CBA Methodology	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).		JESG generic issue log
2.	Data Flows	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.		JESG generic issue log
3.	Definitions	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.		JESG generic issue log
4.	GB Framework implications	Further details of the modification process for GB Codes as a result of the ENCs need to be defined, for example, who will raise modifications, can alternatives be proposed etc.		ECCAF Application / Implementation Issues Log
5.	GB Framework implications	The industry may not have sufficient resource to make the scale of the changes required to the GB Codes.	This is a high impact risk, and all industry parties should consider how application can be done in the most efficient method possible to reduce the burden where possible.	ECCAF Application / Implementation Issues Log
6.	GB Framework implications.	Handling of definitions in GB where the European set keeps changing.	How will the GB Codes handle the changing landscape of European definitions. A mechanism to align GB definitions to EU definitions may be required.	ECCAF Application / Implementation Issues Log
7.	Market Interactions	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.		JESG generic issue log
8.	Market Interactions	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 party in the UK to have a relationship with the customer for demand side response.		JESG generic issue log

ID	Topic	Issue	Update	Source
9.	Market Interactions	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.		JESG generic issue log
10.	Network Code Amendment process	Can the final Network Code to be produced be used to correct errors / inconsistencies in earlier Network Codes?		JESG generic issue log
11.	Obligation on Network Operators	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?		JESG generic issue log
12.	Regulatory Approval	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.		JESG generic issue log

Meeting Attendees

Name		Company
Barbara	Vest	Chair
Sara-Lee	Kenney	Technical Secretary
Alice	Barrs	RWE
Andy	Colley	SSE
Bec	Thornton	National Grid Electricity Transmission (NGET)
Campbell	McDonald	SSE
Cem	Suleyman	Drax
David	Freed	Ofgem
Elena	Mylona	DECC
Esther	Sutton	Eon
Francesca	Scucces	NGET
Hazel	Gulliver	Scottish Power (SP)
James	Anderson	SP
Jenny	Smith	Gemserv
John	Costa	EDF
Jonny	Whiting	Ofgem
Kamila	Nugumanova	ESB
Lorcan	Murray	NGIL
Mark	Copley	Ofgem
Marta	Krajewska	ENA
Martin	Moran	National Grid Interconnectors Limited (NGIL)
Matt	Ramsden	Ofgem
Michela	Beltracchi	Nord Spot
Natasha	Smith	Ofgem
Olaf	Islei	APX
Peter	Bolitho	Waters Wye Associates
Peter	Campbell	SONI
Richard	Sarti	Nord Spot
Rob	Selbie	NGET
Stephen	Powell	Commission for Energy Regulation Ireland
Steve	Wilkin	Elexon
Sue	Harrison	DECC