

Headline Report

Meeting name: Joint European Stakeholder Group

Meeting number: Meeting 3

Date of meeting: Thursday 21 May 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 JESG website¹. The 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 europeancodes.electricity@nationalgrid.com

1 JESG Actions Review

The Technical Secretary noted the JESG Standing Actions and updates on current actions. The current version of the JESG action log, including any additions from this meeting is [attached to this Headline Report](#).

2 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.
- On Friday 10 April, the European Commission released an updated draft of the RfG network code to Member States. Following this on Tuesday 21 April DECC and Ofgem led a stakeholder session on the updated draft of RfG to gather stakeholder views and comments ahead of the 29 April Cross-Border Committee meeting.
- The Commission has since indicated that RfG is expected to be voted on by Member States in June 2015.

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

- Both DCC and HVDC network codes are currently in the Comitology phase of the development process.
- On Friday 10 April, the European Commission released an updated draft of both the DCC and HVDC network codes to Member States. Following this, on Tuesday 21 April and Wednesday 22 April, DECC and Ofgem led stakeholder sessions on the updated drafts to gather stakeholder views and comments ahead of the 29 April Cross-Border Committee meeting.
- The Commission has since indicated that further consideration is required for the DCC network code and in which case HVDC is expected to be voted on in July 2015 followed by expected voting on DCC in September 2015.

3 Markets

Capacity Allocation and Congestion Management (CACM)

- The CACM guideline is currently with the European Parliament and Council for approval. It is expected to be published, and enter in to law around July/August 2015.
- No further information has been provided to date however please visit sections 8 and 9 below for related updates.

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

Forward Capacity Allocation (FCA)

- The European Commission had indicated that the FCA guideline will start Comitology in September/October 2015, no further details have been provided by the European Commission on the progress of FCA.

Electricity Balancing (EB)

- The EB network code is currently with ACER pending their opinion.
- Following the Energy Union communication and associated market design work, the Commission has indicated that both the EB network code and Emergency & Restoration network code will be deferred until the latter half of 2016.
- At this month's JESG Grendon Thompson presented an update on ACER's recommendation on the EB network code following the ACER Board of Regulators meeting held the previous week. ACER's recommendation will be formed of an explanatory document and an updated, track-changed version of the network code text.
- The ACER board concluded further work is required on the EB network code ahead of a recommendation being provided and therefore their opinion is expected to be published end of May/early June and expected to be published ahead of the Florence Forum.
- It is expected however ACER will propose adoption of the EB network code subject to amendments in relation to i) the level of harmonisation, ii) requirements on implementation and iii) clarity/enforceability and consistency with other codes.
- Grendon also presented on the expected changes to the EB network code, to which stakeholders had particular concerns in relation to the ACER view to move to a 15 minute settlement period and the lack of clarity around the justification to support this. It was suggested to await the published recommendation before pursuing further.

4 System Operation

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

- The European Commission has 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 December 2015.

Emergency and Restoration (ER)

- ENTSO-E has completed its revisions of the ER network code and submitted to ACER on 31 March 2015 for review. ACER has 3 months to review and assess the network code against the framework guidelines and publish their opinion.
- Following the Energy Union Communication and associated market design work, the Commission has indicated that both the EB network code and ER network code will be deferred until the latter half of 2016.

5 Energy Union Update

- Sue Harrison (DECC) provided an update on the legislative proposals that were trailed in the European Commission's Energy Union Communication.
- The Commission will issue a consultative Communication on the new electricity market design in July 2015 and this will run for 3 months. This will involve amending existing legislation, notably elements of the third energy package, the renewables directive and the electricity security of supply directive and focus on the challenges posed by the decarbonisation agenda. Sue noted that we do not expect the Communication to propose concrete measures but rather pose open questions and invite stakeholders' comments and engagement.

- The Commission has also indicated concerns over the number of Capacity Remuneration Mechanisms either in existence at present or under development and will be looking to establish a blue print for these.
- A Sector Enquiry has also been launched by the Commission which will be looking at 11 Member States' Capacity Mechanisms. Although the UK is not one of the 11 Member States, stakeholders mentioned how they had been asked to provide their comments on this. Sue took an action to clarify this point with DG Comp and was informed that they were not currently interested in information on GB as part of the sector inquiry.
- Sue also mentioned that the Commission were concerned about the distortive impacts of different renewable support mechanisms but would not be proposing harmonisation and they were considering governance issues with a potentially expanded role for ACER.
- Stakeholders discussed the forthcoming ACER Annual Conference 'An Energy Union for Consumers' due to take place in Kranji, Slovenia on the 9 July and queried the content of the meeting and agenda.
- ACER have a dedicated webpage for the Annual Conference 'An Energy Union for Consumers' and it is expected the conference will be structured into 3 sessions:
 - 1) How will the Energy Union strategy ensure a new deal for EU consumers
 - 2) Energy Union and wholesale markets: integration, integrity and
 - 3) Delivering the Energy Union: how can ACER contribute

6 Connection Codes Implementation & Stakeholder Implementation

- Richard Woodward (NGET) returned to this month's JESG following his April agenda item inviting stakeholder feedback on how to approach the stakeholder engagement and implementation for the HVDC and DCC network codes.
- Fulfilling the April JESG action, Richard had drafted Terms of References to aid stakeholders in understanding how two separate implementation groups would work for HVDC and DCC.
- Stakeholders overall were in support of two separate implementation workgroups for HVDC and DCC, noting that the governance and membership would require more thought in particular for DCC and its Demand Side Response (DSR) specificities.
- For RfG, an implementation group already exists under existing code governance processes. The intention is to use current industry code governance process for the new groups too where possible.
- Marta Krajewska added that further consideration would be required for how issues which affect more than one ENC will be dealt with and coordinated. Stakeholders also mentioned the option to utilise JESG subgroups as an option for setting up these workgroups or developing items further.
- An open letter will be produced and sent jointly by Ofgem, DECC and the JESG Chair. The letter will be an open call for membership in these groups. It will also outline how the implementation workgroups for both HVDC and DCC would work in principle, noting the items requiring further consideration and inviting stakeholders to provide their feedback. This will be distributed to all JESG distribution list members, Energy UK members and Ofgem will be contacting a number of smaller parties and groups to capture their comments also.

7 Transparency Lessons Learnt

- Richard Price (NGET) presented on the 'lessons learnt' from a National Grid perspective in relation to implementing the European Transparency Regulation (543/2013) and associated Regulation on Energy Market Integrity and Transparency (REMIT).
- To support the implementation of these regulations, NGET established an in-house project team and externally liaised with ENTSO-E, Ofgem, Elexon and other parties across the industry.
- Richard highlighted the timescales to deliver the requirements of the regulations were extremely challenging and were a significant factor in the issues encountered during implementation.
- Richard also discussed the output delivered as a result of these regulations, the review undertaken of the overall implementation process and the involvement of stakeholders within this. Further to this the details behind the lessons learnt and points for consideration when implementing future regulations.

- Richard highlighted that a report has been compiled by NGET and will be published in the coming weeks on [National Grid's Website](#) which includes the stakeholder feedback received and details the lessons learnt and changes for the future as a result of implementing these regulations.
- Stakeholders queried how the lessons learnt would feed into existing workgroups in particular the [GC0048 RfG Implementation Workgroup](#) also noting the challenges will differ for that of pan-European groups to that of GB related groups. NGET will present the lessons learnt at the June GC0048 meeting and as a guide overall the lessons learnt can be shared with all groups as and when applicable.

8 Capacity Calculation Regions Update

- Within 3 months of CACM entering into force, all TSOs are required to jointly develop a common proposal for Capacity Calculation Regions (CCRs). The proposal will be subject to approval by all NRAs within 6 months.
- TSOs are coordinating their proposal through ENTSO-E.
- Bec Thornton (NGET) presented on the Capacity Calculation Regions (CCRs) approval timeline which is the first deadline detailed under the CACM Guideline. This timeline is based on the anticipated entry into force date for CACM of 1 July 2015.
- The approval of the CCRs is required to agree which TSOs fall within which region ahead of the next deadline under the CACM guideline which is to produce regional Capacity Calculation Methodologies.
- The next step is for the Market Committee (MC) who sit within the ENTSO-E Assembly structure, to agree on the CCRs. This is anticipated to be completed by the end of June/beginning of July 2015 and following this ENTSO-E will publish this consultation.

9 Assignment of TSO Obligations under CACM

- Natasha Smith (Ofgem) presented a further update following the April JESG on Ofgem's minded to decisions for TSO and OFTO obligations under the CACM guideline.
- There are currently 2 Ofgem minded to decisions open for consultation until 9 June;
 - 1) [Transmission System Operator \(TSO\) obligations under the CACM Guideline](#)
 - 2) [Assignment of CACM obligations to Offshore Transmission Owners \(OFTOs\)](#)
- Natasha summarised the key areas the consultation is seeking to address and also invited stakeholder views on whether a workshop would be desirable to discuss the consultations further.

10 Any Other Business

- Natasha Smith (Ofgem) advised stakeholders that Ofgem intends to consult on its draft decision as to whether candidates meet the Nominated Electricity Market Operator (NEMO) designation criteria under CACM in mid-July.
- Stakeholders queried if the European Stakeholder Committee is likely to be included on the agenda for discussion at the next Florence Forum. Ofgem expects this to be the case

11 Next Meeting

The next scheduled meeting for the JESG is 18 June 2015 at Elexon Offices in London. Registration details will be provided in the JESG Weekly Updates and stakeholders will be invited to suggest 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	Open	To be covered at the June/July JESG
11	Open letter to stakeholders on the HVDC and DCC implementation approach, also through JESG Weekly Update.	Ofgem, JESG Chair and JESG Tech Sec	NEW	

Recently Closed Actions

ID	Topic	Lead Party	Status	Update
6	Transparency 'Lessons Learnt' to be presented to JESG when available.	NGET	Closed	May JESG (Agenda Item 6)
8	All stakeholders are invited to provide their comments on the proposed approach to mapping the RfG network code to the GB Distribution Code to Mike.Kay@enwl.co.uk & Sarah.Carter@ricardo.com by Friday 8 May.	All	Closed	Complete
9	RJW to produce a draft Terms of Reference for DCC and HVDC which provide an overview of how individual implementation groups would work in principle for stakeholders' feedback.	NGET	Closed	Complete
10	Following the above action 9: Stakeholders to provide feedback and agree approach for implementation and stakeholder engagement on the Connection Codes HVDC and DCC ready for the May JESG.	All	Closed	May JESG (Agenda Item 5)

Meeting Attendees

Name	Company
Marta Krajewska	Covering Chair
Sara-Lee Kenney	Technical Secretary
Alice Barrs	RWE
Andy Colley	SSE
Bec Thornton	National Grid Electricity Transmission (NGET)
David Freed	Ofgem
Grendon Thompson	Ofgem
Helen Stack	Centrica
James Anderson	Scottish Power (SP)
Joe Underwood	Drax
John Costa	EDF
Jon Robinson	DECC
Judith Ross	Ofgem
Julian Rudd	DECC
Lorcán Murray	National Grid Interconnectors Limited (NGIL)
Martin Moran	National Grid Interconnectors Limited (NGIL)
Michael Dodd	Electricity Supply Board – Ireland (ESB)
Natasha Smith	Ofgem
Olaf Islei	APX
Peter Bolitho	Waters Wye Associates
Richard Price	National Grid Electricity Transmission (NGET)
Richard Woodward	National Grid Electricity Transmission (NGET)
Rupika Madhura	Ofgem
Steve Wilkin	Elexon
Sue Harrison	DECC
By Phone:	
David Spillet	Energy Networks Association (ENA)