

Headline Report

Meeting number: Meeting 5

Date of meeting: Wednesday 26 August 2015

Location: Shepherd and Wedderburn, Edinburgh

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 was approved by the Cross-Border Committee in July 2015. It will now proceed to the formal approval of the Council and Parliament before being published in the OJEU.
- As there is no longer any opportunity to influence or change the text, the focus for RfG now shifts fully towards implementation. The existing workgroup under the Grid Code and Distribution Code Review Panels, GC0048, is continuing to look at how to align the GB framework with the requirements in the RfG Network Code.

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. The Commission has since indicated that both Codes are likely to be considered by the cross border committee in the autumn.
- Two new workgroups are being established for GB Stakeholders to consider the alignment of the GB Framework with the requirements in the DCC and HVDC Network Codes. GC0090 has been established under the Grid Code Review Panel for HVDC, and GC0091 has been established jointly under the Grid Code Review Panel and Distribution Code Review Panel for DCC. Both Workgroups are expected to have their initial meetings in autumn 2015.

3 Markets

Capacity Allocation and Congestion Management (CACM)

- The CACM Guideline was published in the Official Journal of the European Union on 25th July, and is officially referred to as “*Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management*”. As a regulation of the European Union it has supremacy over any member state laws or requirements, and where there is conflict between European law and the law of Member States, European law prevails.
- The final published text, in all official languages of the European Union, can be found online². It was reported that there is an error in the translation of the Dutch version, and the JESG is interested in how this will be corrected.
- The Regulation entered into force on the 14 August 2015, and this is the date that the ‘clock started’ for the time-dated provisions in the guideline.

¹ <http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/European-network-code/Joint-European-Stakeholder-Group/>
² http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2015.197.01.0024.01.ENG

- Some specific areas of CACM were discussed:
 - **National specification of relevant TSOs and TSO voting:** DECC are likely to consult in the near future how votes should be apportioned between the TSOs in UK in line with Article 9 of the CACM regulation. In addition Ofgem noted they expect to issue their decision on which TSOs are relevant to each article in CACM in the near future.
 - **Capacity Calculation Regions Consultation:** It was noted that there is an all TSO consultation currently running on the proposed Capacity Calculation Regions. GB is affected by two regions – “Channel” for the links to the continent, and “IU” for the links to Ireland. The consultation runs until 24th September, with a workshop planned at ENTSO-E on 14th September.

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.
- Early work has progressed on developing the *Harmonised Allocation Rules* (HAR). As a result of this early implementation project the GB interconnectors have submitted modifications to their access rules for Ofgem approval. The draft HAR is available on the ENTSO-e website.

Electricity Balancing (EB)

- The EB Network Code is currently with the Commission post ACER’s qualified recommendation.
- 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 2016.
- An update was provided on hot topics under Electricity Balancing being considered by the Balancing Stakeholder Focus Group, and these included:
 - Project TERRE – a pilot project for early implementation of sharing of Replacement Reserves.
 - The definition of *standard products*, common tradable blocks of balancing energy between member states design to promote liquidity in the market. Member States may be able to have *specific products* which are specific to the operation of their system.
 - The ongoing process for a cost benefits analysis for the harmonisation of the Imbalance Settlement Period across member states.
 - How alignment will be achieved with the GB frameworks and the domestic balancing market.

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 will be merged to form one guideline. Some draft merged text is expected in the autumn, with the Commission indicating that voting is possible towards the end of the year.
- DECC have noted GB Stakeholders desire to have sufficient time to study and comment on the revised text when released by the Commission, as they have previously commented on the text as three separate network codes some years ago.

Emergency and Restoration (ER)

- The headlines of the ACER recommendation and opinion of the Emergency and Restoration Network Code were discussed.
- The four highlighted areas from the recommendation were: 1) An increased role for Regional Security Coordination Bodies (RSCI) may be required; 2) the treatment of energy storage; 3) the correct level of national scrutiny of plans and 4) appropriateness and clarity in data and communications systems.
- Stakeholders cautioned a distinct treatment of energy storage, as for operational purposes it is either acting as generation or demand. Stakeholders also noted that the chapter on suspension of the market in the event of emergencies would likely be changed, and this is a key area of concern for market participants particularly as considerable effort was put in to drafting the version in the ENTSO-E text.

- CORESO (<http://www.coreso.eu/>) is an existing voluntary body akin an RSCI. It supports its member TSOs (National Grid, GB; RTE, France; Elia, Belgium; Terna, Italy and 50Hertz, Eastern Germany) to maintain optimal security of supply by providing them with an overview of electricity flows at European regional level to complement their national data.

5 The Energy Union Communication

- Ofgem highlighted the recent communication from the Commission regarding the “The Energy Union”, and invited stakeholders’ initial feedback.
- The high-level themes discussed were:
 - The consultation could be interpreted in different and varied ways, and it’s not clear what the aim of the next package of legislation is. The questions, particular around tariffs, seem out of sync with the existing state of the GB market arrangements and perhaps a backwards step.
 - A lot of the Commission’s aspirations are already covered in the Network Codes which are yet to be delivered. It is better to complete and embed the third package first, before introducing yet more legislation.
 - There is a need to check very carefully if there are any unintended consequences from any of this work.
 - The governance roles of ACER and ENTSO-E may need to be strengthened / adjusted based on the experience of the Network Codes to ensure timely deliverables involving the right parties
 - The need for ‘evidence based decision making’ should be explicit to strengthen anything developed, and avoid individual or political views from having excess influence on the market design.
 - A concern that the Commission is proposing a further legislative package whilst criticising the delays in implementing the Network Codes, when much of the delay in implementing the third package is caused by the Comitology process run by the Commission.
- The formal consultation³ runs until 8 October 2015, and it is expected to be discussed further at the next JESG meeting.
- It was proposed that a “coordinated GB” response might help our position in the negotiations. Stakeholders asked to discuss any further feedback at the next JESG.

6 New JESG subgroup for CACM and FCA

- The JESG agreed in principal to establish a new JESG subgroup to facilitate the implementation of CACM and FCA in GB. The first meeting is proposed for 29th September (after the JESG) and further information, such as proposed terms of reference, will be circulated via the JESG Weekly Update

7 Any Other Business

- The JESG briefly discussed future agenda items and it was noted stakeholders are invited to submit any ideas for agenda items to the usual address.

8 Next Meeting

- The next scheduled meeting for the JESG is 29 September 2015 at Elexon Offices in London. **Registration is mandatory** details will be provided in the JESG Weekly Updates and stakeholders will be invited to suggest agenda items.

³ <https://ec.europa.eu/energy/en/consultations/public-consultation-new-energy-market-design>

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
13	What is the process if there is a translation error in the published version of a regulation? How can an error be corrected, and what is the legal result if there is a discrepancy between different language versions.	Ofgem / DECC	New	
14	Circulate the proposed Term of Reference, and likely agenda items for the JESG Subgroup on CACM and FCA	NGET	New	
15	Consider nominations for the chair of the JESG Subgroup on CACM and FCA from the industry	All	New	

Recently Closed Actions

ID	Topic	Lead Party	Status	Update
12	Circulate the comments received by stakeholders on the latest draft of RfG.	DECC	Complete	Circulated and available on the JESG Website under the 'Stakeholder Issues Captured with European Network Codes' section.

Meeting Attendees

Name	Company
Barbara Vest	Independent JESG Chair - Energy UK
Paul Wakeley	Acting Technical Secretary - NGET
James Anderson	Scottish Power
Alice Barrs	RWE
Garth Graham	SSE
Hazel Gulliver	Scottish Power
Damon Hewlett	Scottish Government
Olaf Islei	APX
Mike Kay	ENA
Marta Krajewska	Energy UK
Paul McGuckin	Mutual Energy
Lorcan Murray	Britned
Ian Pashley	NGET
Michael Rieley	Scottish Renewables
Rob Selbie	NGET
Natasha Smith	Ofgem
David Spillett	ENA
Helen Stack	Centrica
Mari Toda	EDF
Joseph Underwood	Drax Power
Steve Wilkin	Elaxon