

## ECCAF – Meeting 3



Elexon

27 March, 10:00

# 1. Introductions and Apologies

Barbara Vest (Energy UK)  
ECCAF Chair

## 2. Action Log Update

Paul Wakeley (National Grid)  
ECCAF Technical Secretary

## Action Updates

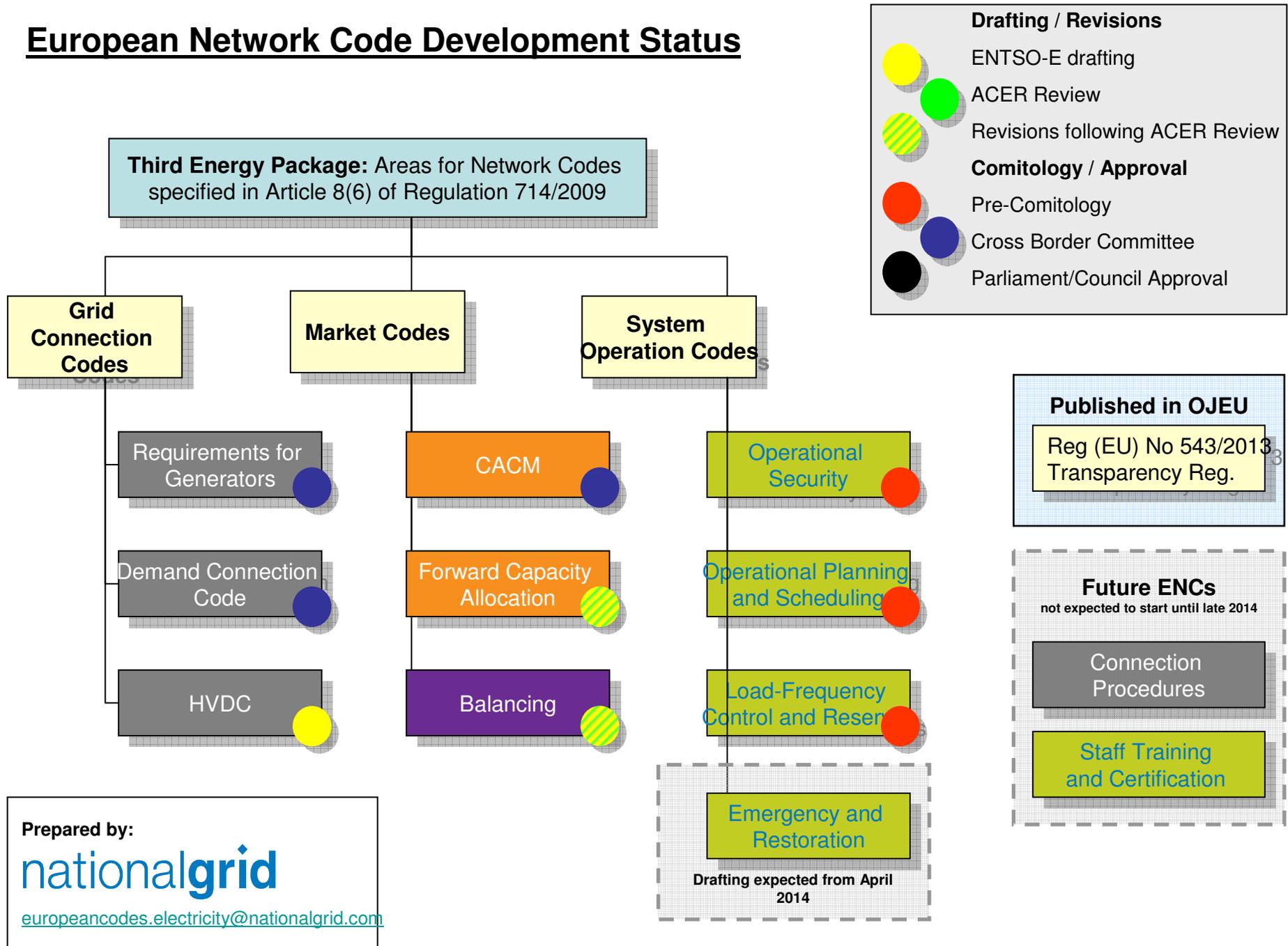
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ID	Action	Lead Party	Target Date	Status	Update
<b>New and Existing Actions</b>					
2/1	Do principals in European Network Codes need to be transcribed in to the GB Framework	FN	March 2014	Open	
2/2	Arrange session with Code Administrators (and Stakeholder) on initial mapping of RFG and CACM.	PW	March 2014	Open	RFG Part 1, held 12 March. RFG Part 2, to be held 17 March CACM to be arranged.

## 3. Network Code and Comitology Update

NGET / DECC / Ofgem

# European Network Code Development Status

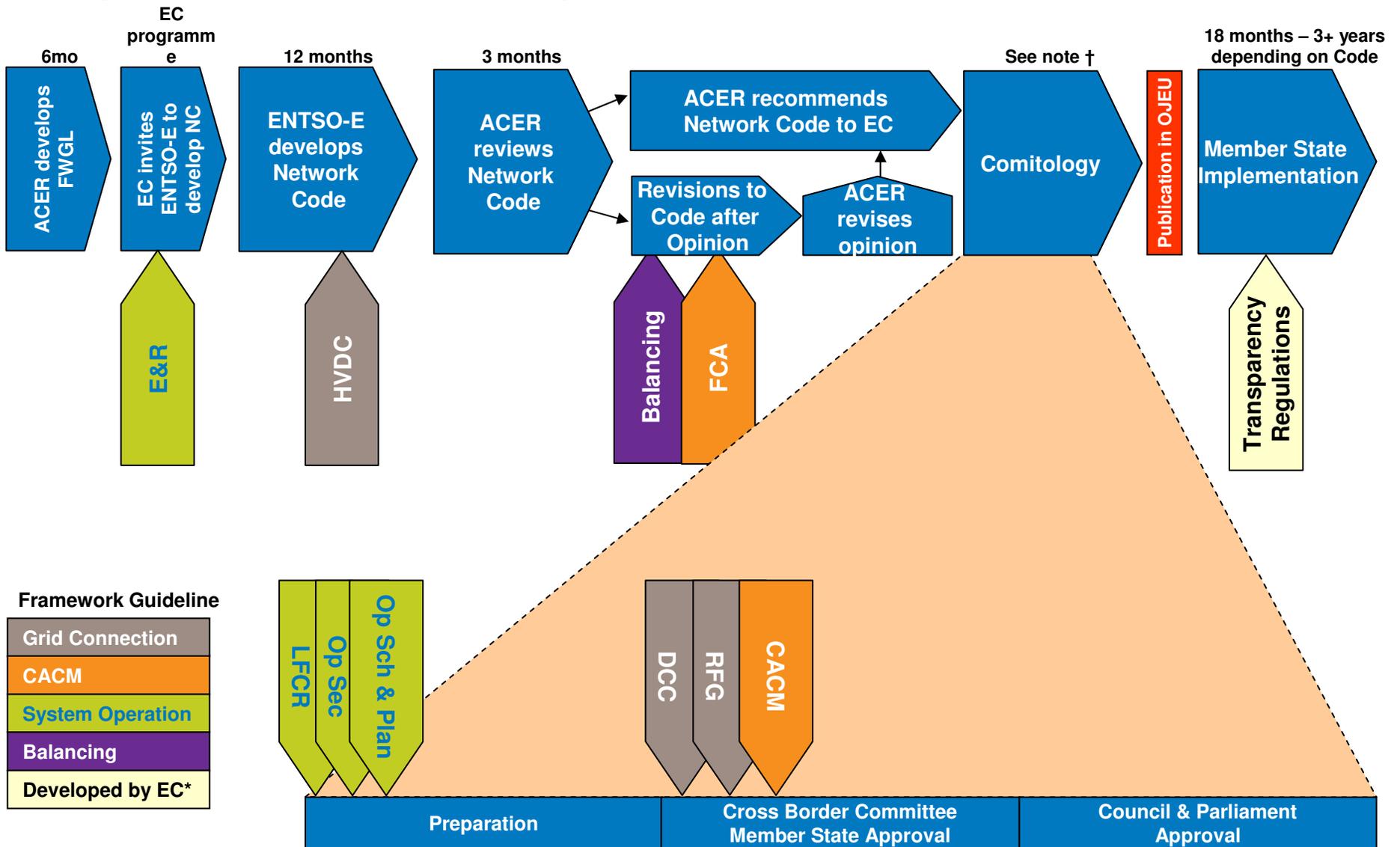


Prepared by:

**nationalgrid**

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# European Network Code Development Status



\* Areas developed by EC follow a different development process and there are no Framework Guidelines.

† Timescales for the stages of Comitology are not specified and under the Commission control

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## 4. Code Mapping Working Group Terms of Reference

For approval

## 5. Report from CMWG (12 March) on RFG (Articles 1-23)

## CMWG 12 March

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- CMWG held on 12 March
- Covered Articles 1 – 23
- Meeting later today to cover remaining articles

# Key Findings

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- Majority of technical requirements map to either Grid Code or D-Code
- Some consequential changes to CUSC if requirements are specified in Bilateral Contracts
- Three categories of outstanding issues:
  - To be considered by DCRP/GCRP Workgroup
  - To be considered by ECCAF
  - To be flagged to DECC/Ofgem

# DCRP/GCRP Workgroup to Consider: nationalgrid

(For ECCAF Information Only)

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- How D-Code/G-Code are **structured** going forwards
  - Need to ensure that if requirements are in two different GB Codes they are consistent / equivalent
- Need to be clear where requirements for Types of generators are located, i.e. a Type D at 132kV will be **Distribution** connected in England and Wales and **Transmission** Connected in Scotland
  - How do we interpret “**Relevant Network Operator**” – this may mean that Type D requirements are different depending on if they are in E+W or Scot at 132kV.
- Any references to **Article 4(3)** need to refer to a process in the relevant GB Code and refer to the GB Governance process, with the obligation placed on the relevant TSO or DNO as per the text.

## Issues to flag to ECCAF

Issue	Proposal
<p>Global issue of treatment and handling of definitions. Queries over GB vs (multiple) EU definitions</p>	<ul style="list-style-type: none"> <li>■ Park.</li> <li>■ Definitions are an ongoing area of work for Commission / ENTSO-E / ACER</li> <li>■ Propose become an ECCAF focus topic when more clarity is gained</li> </ul>
<p>Article 11(4) Type D general system management requirements. “Too hard”.</p> <ul style="list-style-type: none"> <li>■ Feels like central dispatch. Not clear where this goes. How does this work in principal.</li> </ul>	<ul style="list-style-type: none"> <li>■ Park</li> <li>■ Await further drafting in case changes are made during Comitology to improve text</li> <li>■ Propose to review in light of final text</li> </ul>
<p>Article 18. Concern over Connection Point and how this applies in GB.</p>	

# Non-Code Issue for DECC/Ofgem

nationalgrid

## (For ECCAF Information Only)

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- Scope
  - Article 3(2), Article 3(3). Legislation required to give NRA the necessary powers. Licence changes to oblige others.
  - Article 3a(1): Secondary legislation to make requirements enforceable?
  - Article 3a(2): Obligation on DECC/Ofgem
  - Article 3a(3): Legislation required to give NRA the necessary powers
- Article 3a(4): **Generators in construction / contract**: Ofgem to write / lead a one-off process (to consider someone an 'existing' generator).
- Article 4(1): Regulatory Aspects. Are changes required to modify GB Code objectives to match European objectives?
- Article 5: Cost recovery. Ofgem to consider overall approach.
- Article 6: Confidentiality. Legal advice required. Broader issues for GB under the EU Codes
- Article 14(3): Relevant Network Operator: If obligations are placed on TSOs at 132kV enforcement mechanisms may be required in GB.

## Presentation on D-Code structure options



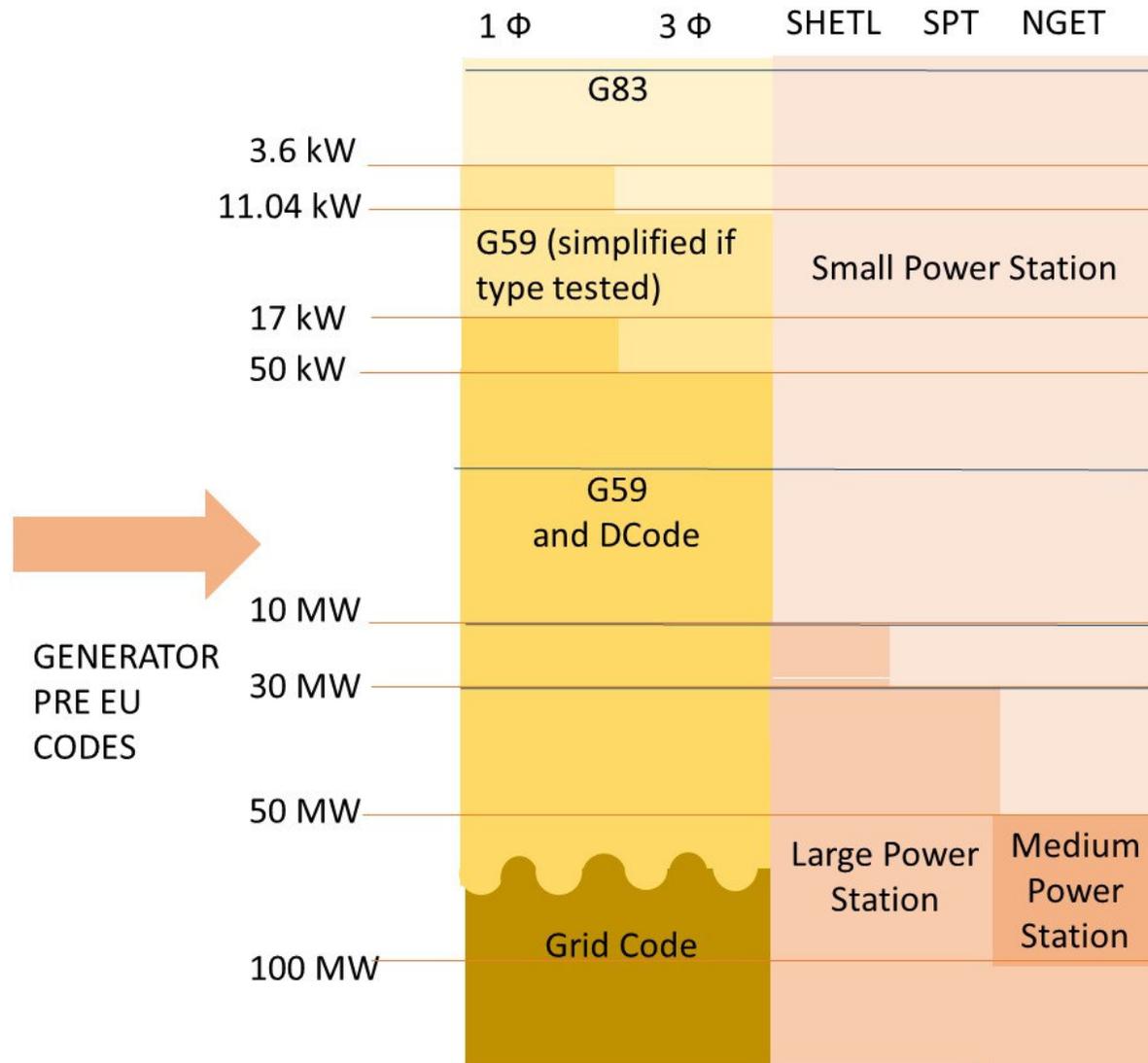
# Options for Integration of EU Network Codes into GB Distribution Documents

24 March 2014

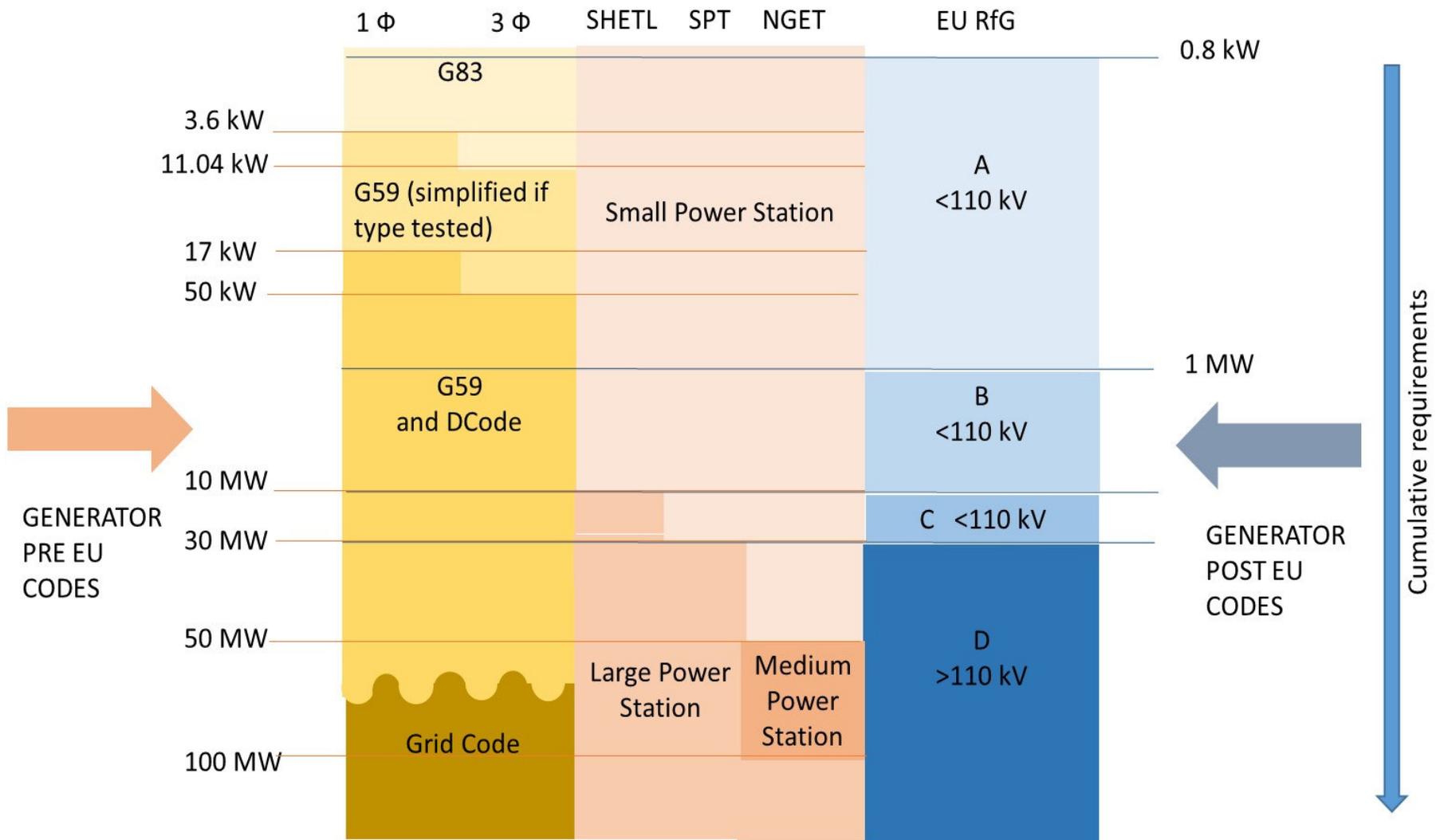


# Generation Requirements

## Pre EU/Now...



# Post EU/Integrating EU Network Codes



# EU Code implementation - Considerations



- Clarity to the Users:
  - Generation
  - Demand
  - National Grid and DNOs
  - Retain existing GB governance processes
- Reasonable initial cost to implement changes
- Future updates
  - Management of compliance
    - Clarity of applicability of codes to respective users
    - Grandfathering of clauses
    - Demonstration of compliance

# Options for Integration of EU Codes with GB Distribution Documents

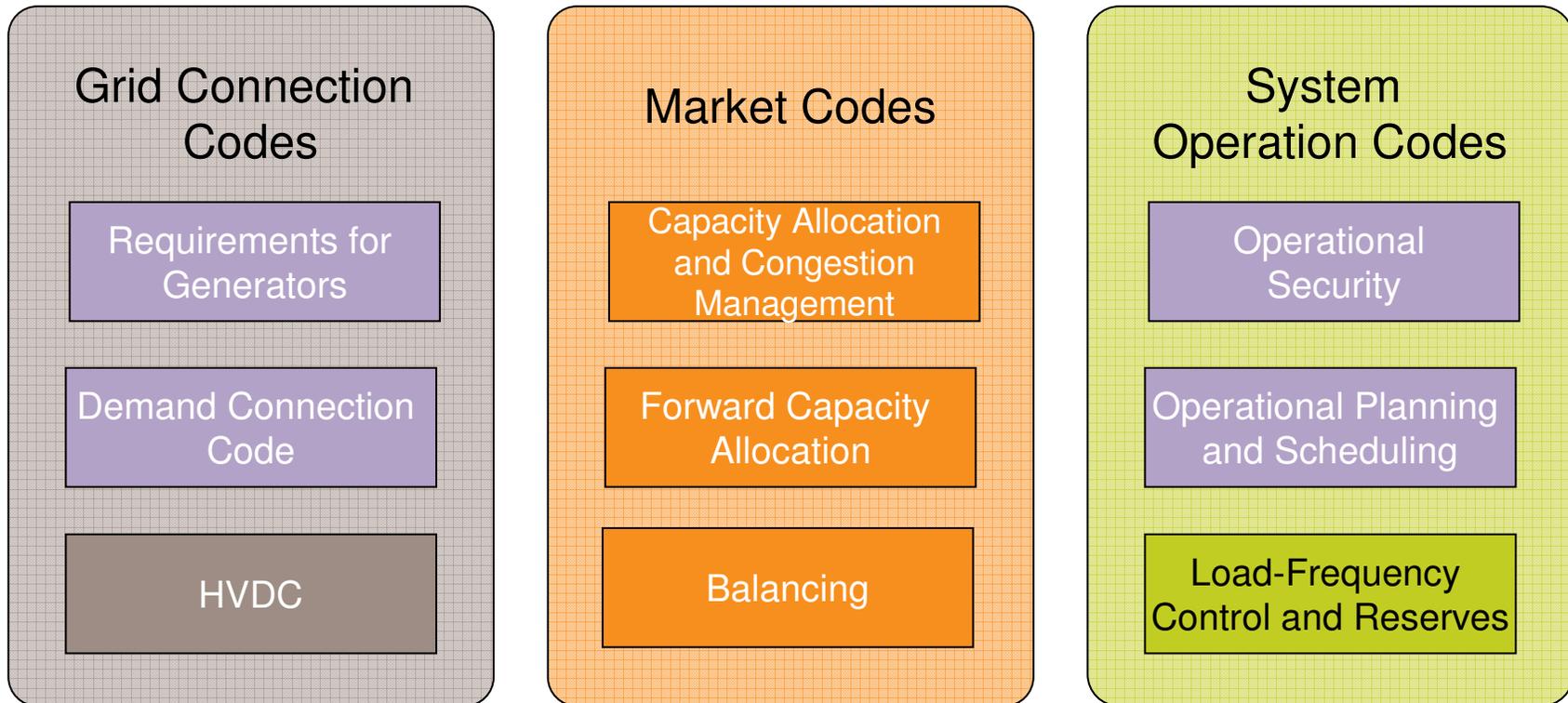


i	<b>Add on:</b> Based on GB Documents New SCO Clauses added D Code, G83 and G59	<ul style="list-style-type: none"><li>+ No change to existing document structures</li><li>- Double clauses (pre and post), larger documents</li></ul>
ii	<b>Create New SCO:</b> EU generator type based and Demand Categories	<ul style="list-style-type: none"><li>+ Easy to demonstrate EU compliance</li><li>- Not so user accessible, especially for small G83 generators</li></ul>
iii	<b>Create number of SCOs:</b> Using existing GB classification for G83/G59	<ul style="list-style-type: none"><li>+ Set of user accessible documents, for small generators</li><li>+ One document for Type D, distribution and grid connected</li></ul>
iv	<b>Add On:</b> Based on EU Documents Additional sections from GB documents by generator type	<ul style="list-style-type: none"><li>+ Easy to demonstrate EU compliance</li><li>- Confusing re cumulative clauses and requirements</li></ul>

## Option iii? SCO codes for:

Code	GB Type	EU Type
1.	G83 Single Premises	
2.	G83 Multiple Premises G59 Simple - Type Tested	A
3.	G59 - Non Type Tested	B
4/5.	Larger generator	C D

# The Priority Network Codes: EU



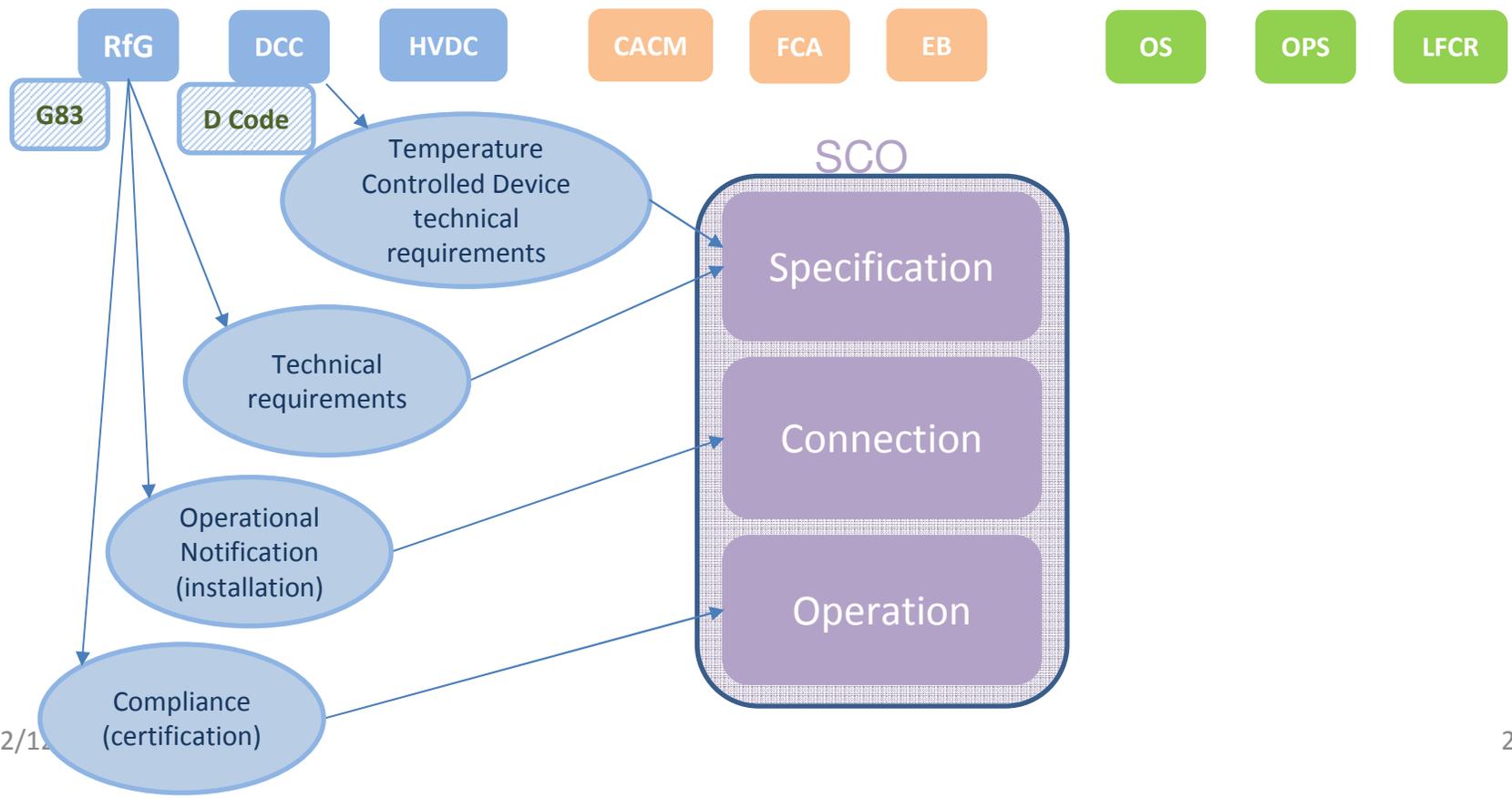
Purple Codes relevant to Distribution

# Single Premises Type Tested & Domestic User

Grid Connection Codes

Market Codes

System Operation Codes

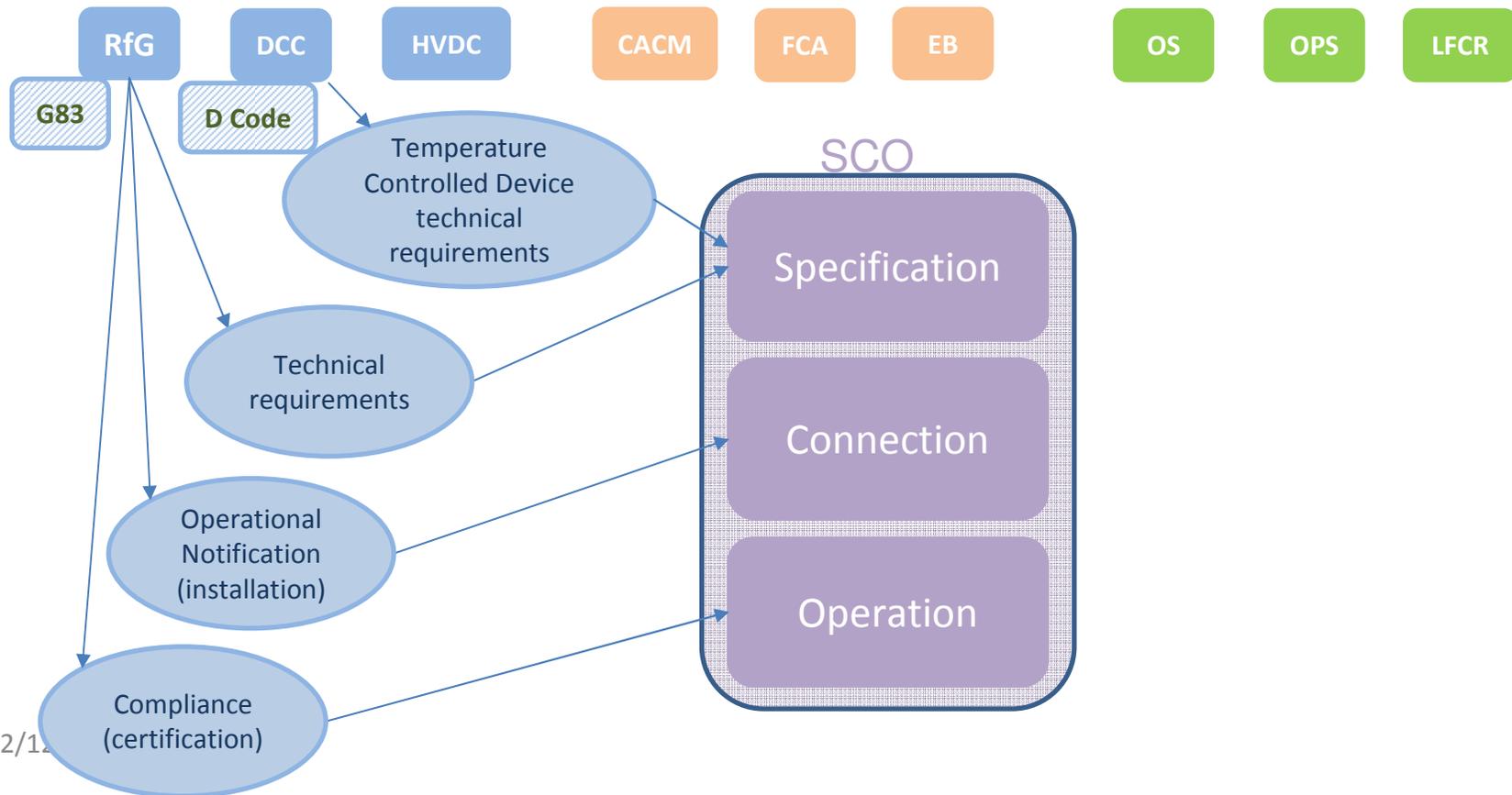


# Multiple Premises Type Tested & Domestic User

Grid Connection Codes

Market Codes

System Operation Codes

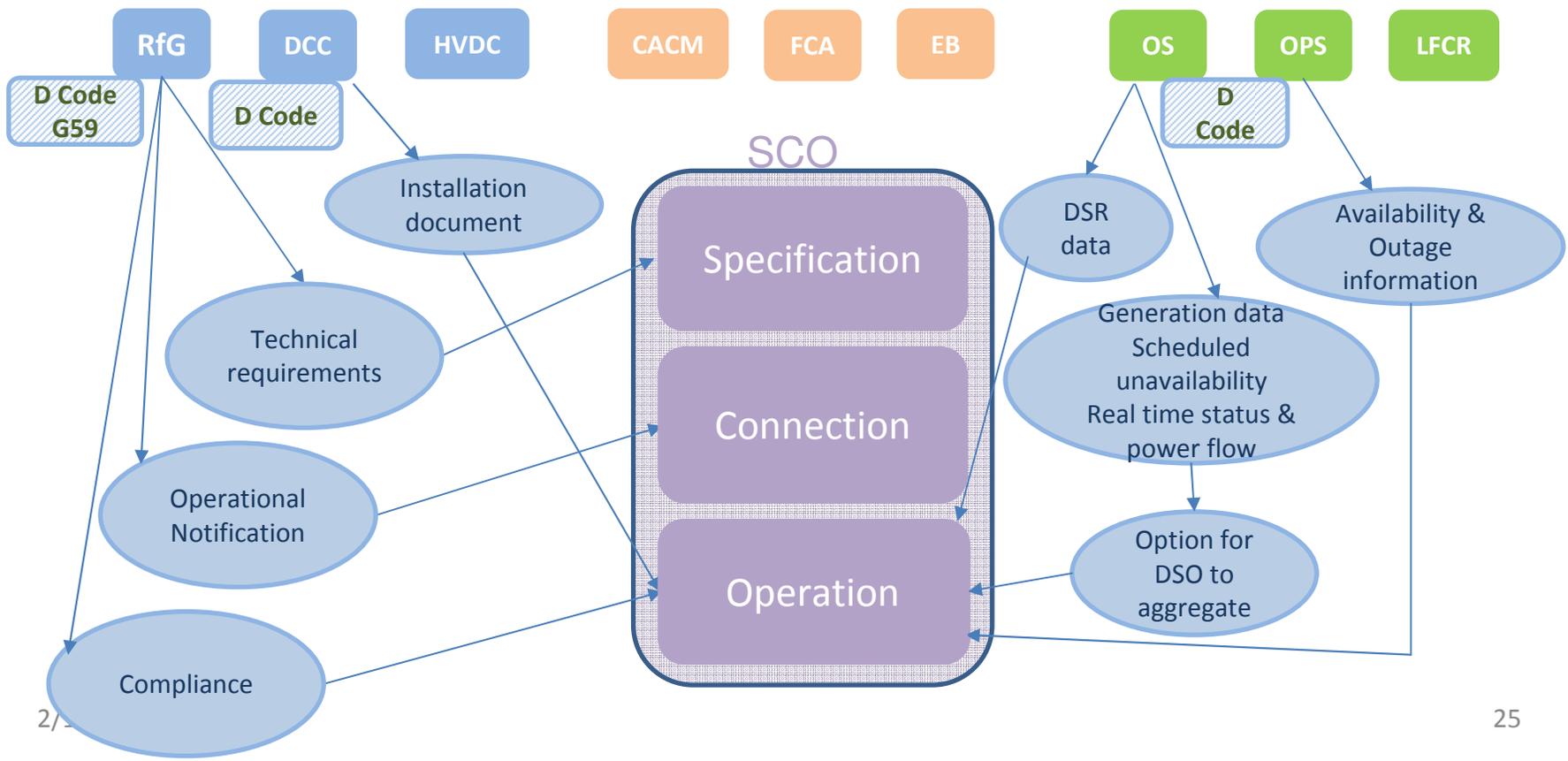


# Non Type Tested Type B <10MW & Significant Demand Facility

Grid Connection Codes

Market Codes

System Operation Codes



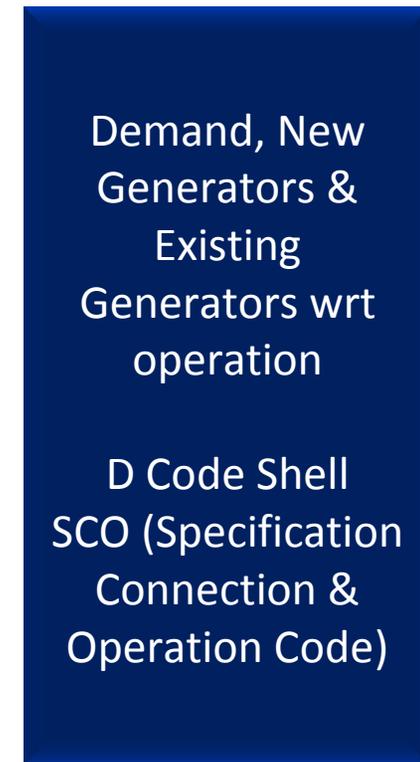
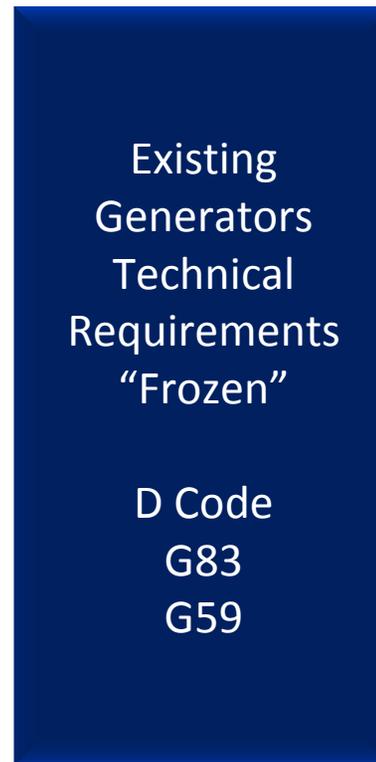
# Embedded Generators <10 MW Pre and Post EU



Pre EU



Post EU



# Our Contacts

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## 6. The role of existing GB Codes?

Garth Graham (SSE)

# The role of existing GB Codes?

Garth Graham

ECCAF / JESG / DECC & Ofgem

Stakeholder Group (March-April 2014)

# What's the issue (1)

- In terms of connections, markets and operations\* do existing national requirements in GC, DC, DCUSA, BSC, CUSC, Engineering Recommendations (G59 / G83) etc., apply as well as the new European Network Code requirements?
  - connections (RfG / DCC / HVDC)
  - markets (Balancing / CACM / FCA)
  - operations (OS / OP&S / LFC&R)

# National Grid's view

- New generator (as defined in the RfG) connecting has to comply with RfG and Grid Code (where GC requirements are *not* replaced by those for RfG)
- This view is based on (EU) Regulation 714/2009 (Art 8 and Art 21)
- This came up at:-
  - ECCAF (30<sup>th</sup> Jan)
  - JESG (4<sup>th</sup> Feb)
  - DECC /Ofgem RfG workshop (4<sup>th</sup> Feb)

# Regulation 714/2009

- Article 8 (paragraph 7): *“The network codes shall be developed for cross-border network issues and market integration issues and shall be without prejudice to the Member States’ right to establish national network codes **which do not affect cross-border trade.**”* [emphasis added]
- Article 21: *“Right of Member States to provide for more detailed measures - This Regulation shall be without prejudice to the rights of Member States to maintain or introduce measures that contain more detailed provisions than those set out herein or in the Guidelines referred to in Article 18.”*

# Another point of view (1)

- Question: without (old) RfG Art 7 how do national requirements (in GB codes) stand in relation to RfG (and other ENCs)?
- 714/2009 Art 8 clear, but what about Art 21?
- The Commission\* answer to this question, from my understanding, is:-

\* 28<sup>th</sup> February 2014

## Another point of view (2)

- “1. *that Article 21 of Regulation (EC) No 714/2009 already provided for the possibility for Member States to adopt more detailed measures and that there was thus no need to reiterate this possibility in the ENC RfG*”
- “2. *the adoption by Member States of measures more stringent than the ones of the ENC RfG (to the extent of measures with cross-border trade effect) would not be in line with Article 21 of Regulation (EC) No 714/2009, i.e. if the Member states were to adopt more stringent measures then **it should be proved that there is no cross border trade effect of doing so***”  
[emphasis added]

# Another point of view (3)

- In light of the Commissions view it's important to recognise what it *appears* to be saying:-
  - Firstly: burden of proof to say a particular “more stringent” national measure (over and above the ones of the ENCs) does not affect cross border trade resides with the Member State (not stakeholders)
  - Secondly: the presumption for all “more stringent” national measures (over and above the ones of the ENCs) is that they are not legally binding unless and until the Member State (not stakeholders) has “proved that there is no cross border trade effect”
  - [alternatively?]

## Another point of view (4)

- In terms of Art 8 and Art 21 what do “...***which do not affect cross-border trade...***” and “... **no cross border trade effect...**” mean?
- Important to be mindful of very strong ENTSOe arguments about Type A generators - individually an 800W generator will not affect cross border trade but, cumulatively, they will have an affect on cross border trade
- So is this not also the same for GB code requirements?!

# Another point of view (5)

- Single GB code\* requirement:
  - on one generator, maybe a case of there being no cross border affect?
  - cumulatively on multiple generators, a case that there is an affect?
- Multiple GB code\* requirements:
  - cumulatively on one generator, some cross border affect?
  - cumulatively on multiple generators, a clear affect?
- All GB code\* requirements:
  - cumulatively on one generator, some cross border affect?
  - cumulatively on multiple generators, a clear affect?

\* document(s) where national requirements are set out - such as GC, DC, DCUSA, BSC, CUSC, Engineering Recommendations (G59 / G83) etc.

# Another point of view (6)

- Policy aims of ENCs:
  - supporting the completion and functioning of the internal market in electricity and **cross-border trade** [*emphasis added*]
  - facilitating the targets for penetration of renewable generation
  - maintaining security of supply
- ENCs do so in efficient, reasonable and propitiate way (as per cost recovery Article in ENCs)
- “More stringent” national measure over and above the ones of the ENCs could be considered '*gold plating*'?
  - Plus do affect cross border trade
  - Plus incurs additional (unnecessary?) costs for GB end consumers

# 'Gold-plating' (1)

- What is 'gold-plating' - UK Government view April 2013
- *“Gold-plating is when implementation goes beyond the minimum necessary to comply with a Directive, by:*
  - ***extending the scope, adding in some way to the substantive requirement, or substituting wider UK legal terms for those used in the Directive*** [emphasis added]; or
  - *not taking full advantage of any derogations which keep requirements to a minimum (e.g. for certain scales of operation, or specific activities); or*
  - ***retaining pre-existing UK standards where they are higher than those required by the Directive*** [emphasis added]; or
  - *providing sanctions, enforcement mechanisms and matters such as burden of proof which are not aligned with the principles of good regulation; or*
  - ***implementing early, before the date given in the Directive*** [emphasis added].”

# Examples (1)

- Load Frequency Control & Reserve Code Art 1 ("Subject Matter and Scope")
  - *“This Network Code defines the minimal requirements and principles for load-frequency control and reserves applicable to all TSOs, Reserve Connecting DSOs and Reserve Providers.”*
  - *“This Network Code aims at ....achieving and maintaining a satisfactory level of System Frequency quality and efficient utilisation of the power system and resources”*

## Examples (2)

- So if LFC&R achieves and maintains satisfactory level of system frequency why do we need additional mandatory frequency requirements (such as those in existing GB codes) to apply to (GB) generators?
- Surely additional mandatory frequency requirements
  - (a) would not be efficient, reasonable and propitiate; and
  - (b) would affect cross border trade?

# Examples (3) questions

- This presentation focuses on RfG (generation) – what about the other ENC's such as DCC (demand)?
  - Do existing (or new?) Engineering Recommendations (G83/G59 etc.) still apply to new domestic / small sites when the DCC is implemented?
- What happens when other ENC's such as OS, OP&S, LFC&R, CACM, FCA and Balancing etc., are implemented as they apply to all parties classified as SGUs (not 'existing' and 'new' classification like connection ENC's)?
- Do the existing GB national requirements still apply for markets and operations?
  - If Balancing ENC in place do we still need the existing BSC requirements?

# Way Forward?

- Seek clarification sooner rather than later?
  - If the National Grid view is correct, we all know where we stand: so continue to proceed as we are
  - If the National Grid view is not correct (and my view is correct?) do we need to do things differently than what has been considered / planned for so far by ECCAF, JESG, GCRP/DCRP joint working group etc.?

# Further Background

- What's the issue (2), (3) and (4)
- Another Point of View (7) and (8)
- Gold-plating (2) and (3)

## What's the issue? (2)

- 'X' = RfG connection requirements at a high level (as set out in the RfG itself)
- 'Y' = RfG connection requirements at a more detailed level (not detailed in the RfG, but to be defined etc., later in GB code(s))
- 'Z' = existing GB code (i.e. Grid Code) connection requirements

# What's the issue? (3)

- as a new generator (as defined in the RfG) connecting in GB do you only have to comply with X and Y (the new RfG requirements) but not Z (the existing GB code requirements)?
- as an existing generator (as defined in the RfG) connecting in GB do you only have to comply with Z (the existing GB code requirements) but not X or Y\* (the new RfG requirements)?

\* unless a CBA is done

# What's the issue? (4)

- This issue was brought to the fore by the Commissions' proposed\* deletion of the (old) Article 7 from the RfG
  - *“This Network Code shall be without prejudice to the rights of Member States to maintain or introduce measures that contain more detailed or more stringent provisions than those set out herein, provided that these measures are compatible with the principles set forth in this Network Code.”*

\* 14<sup>th</sup> January 2014

# Another point of view (8)

- National Grid seem to read Art 8(7)\* in past tense
- Could be read in the future tense - it talks in terms of "*...Member States' right to establish national network codes*" where, in this reading, the emphasis would be on '**to establish**'; i.e. future national network codes being developed after the ENC(s) are written
- Some logic in this – ENC(s) set out the main requirements, so only after they have been agreed would Member States, presumably, wish to consider establishing (if appropriate) additional requirements, taking account of the approved ENC(s) requirements

\*714/2009

## Another point of view (2)

- If reading Art 8(7)\* in past tense correct (National Grid view) then existing GB code requirements applicable to new generators – but this is not unfettered
- Application of GB code requirements to new generators is limited (by explicit constraint at end Art 8 (7)): “...***which do not affect cross-border trade***”
- This must be taken into account

\*714/2009

# 'Gold-plating' (2)

- Michael Fallon MP
  - CityAM 24<sup>th</sup> April 2013



# 'Gold-plating' (3)

- **The Minister of State, Department for Business, Innovation and Skills (Michael Fallon):** The Government's guiding principles for EU legislation were put in place to end the so-called gold-plating of EU legislation so that British businesses are not put at a disadvantage relative to their European competitors. The guiding principles were introduced in December 2010 and were updated in June 2011 to incorporate three operating principles on early influencing, negotiating positions, and holding the EU institutions to account on their better regulation commitments.
- I am today informing the House that the Government have now agreed a revised version of the guiding principles for EU legislation and accompanying guidance on how to implement European directives effectively. These amendments introduce a new principle emphasising the importance of minimising regulatory burdens when implementing EU legislation and **ensuring that the UK does not go beyond the minimum requirements of EU legislation when transposing it into UK law** [*emphasis added*].
- The Government are determined to ensure that UK businesses are not put at a competitive disadvantage compared with their European counterparts. By making these amendments, the Government will ensure that no unnecessary legislative burdens are placed on UK businesses when transposing EU law.
- The **Government will continue to scrutinise the implementation of all EU legislation to ensure that it is transposed in the least burdensome way possible** [*emphasis added*]. We will also continue to work with partners in Europe to reduce the burden of red tape on business that flows from Brussels.
  - *Written Answer, House of Commons, Tuesday 23 April 2013*

## 7. Agenda for April Meeting

Barbara Vest (Energy UK)

## 8. AOB

Barbara Vest (Energy UK)

**Thank You**

