

Headline Report

Meeting name	Joint European Standing Group (JESG)
Meeting number	2
Date of meeting	12 October 2011
Location	Elexon, London

This note sets out the headlines of the most recent meeting of the Joint European Standing Group (JESG).

1. **Grid Connection Framework Guideline.** The Framework Guidelines have already been approved by ACER for Grid Connections¹ and this will result in the following Network Codes:
 - Requirements for Generators – drafting commenced
 - Demand Connection Code – drafting team established
 - HVDC Connection Code – drafting not commenced
 - Connection Procedures Code - drafting not commenced

Requirements for Generators

- The Framework Guideline requires the completion of the Requirements for Generators Network Code by March 2012
- The ENTSO-E drafting team have concluded the initial version and are currently undergoing their internal governance process to agree the drafting
- An industry consultation will be issued in Feb/March 2012
- ENTSO-E is looking to request an extension to the completion date of the Network Code from March 2012
- Each Transmission System Operator (TSO) may carry out a cost benefit analysis for retrospective application of the appropriate candidate elements of the code on a national basis.
- The methodology for carrying out the quantitative cost benefit analysis will be codified.
- Generators will provide the cost data to the TSO as defined in the Framework Guideline
- A new term has also been introduced by the Framework Guideline; Significant Grid User. This may be based on a graded approach such as by how the precise criteria between 'grades' would be agreed. This is still being discussed by ENTSO-E.

Demand Connection Code

- The Demand Connection Code is to be completed by the end of 2012 or early 2013 and a drafting team has been established by ENTSO-E.
- The first draft will be ready for the stakeholder workshop in January 2012
- Services being considered include
 - Frequency response from temperature controlled demand e.g. refrigerators
 - Electric vehicles for reserve services
 - Low frequency demand disconnection

2. **Transparency Guidelines.**

- The European Commission have consulted on a set of guidelines² which will become mandatory

¹ Grid Connections Framework Guidelines:

http://www.acer.europa.eu/portal/page/portal/ACER_HOME/Public_Docs/Acts%20of%20the%20Agency/Framework%20Guideline/Framework%20Guidelines%20On%20Electricity%20Grid%20Connections/110720_FGC_2011E001_FG_Elec_GrConn_FIN_AL.pdf

² ERGEG Transparency Paper

http://www.energyregulators.eu/portal/page/portal/EER_HOME/EER_CONSULT/CLOSED%20PUBLIC%20CONSULTATIONS/ELECTRICITY/Comitology%20Guideline%20Electricity%20Transparency/CD/E10-ENM-27-03_FEDT_7-Dec-2010.pdf

- It is expected to place obligations on certain parties (e.g. generators and transmission system operators) to publish 'fundamental electricity data'
- A key aspect of the Transparency Guideline is the "definitions paper" which is currently being produced
- ENTSO-E will engage stakeholders to review the definitions paper with initiation expected around November or December 2011
- A new data platform will be created by ENTSO-E to publish the required data.
- A competitive tender process will shortly be undertaken to identify suitable service providers for the data platform

REMIT – Regulation on Energy Market Integrity and Transparency

- New European legislation aims to:
 1. Prohibit insider trading
 2. Prohibit market manipulation
 3. Monitor trading activity
- Monitored by ACER, and the European Commission will decide which trades will be reported
- Parties will be obliged to provide ACER with a record of wholesale energy market transactions

3. Capacity Allocation and Congestion Management (CACM) Framework Guideline.

- The Framework Guidelines³ were adopted by the Agency for the Cooperation of Energy Regulators (ACER) on 29 July 2011
- A direction from the European Commission was sent to ENTSO-E on 19 September 2011 to draft the CACM Network Code
- Will set out the methods for allocating capacity in day-ahead and intra-day timescales
- Aim to deal with the integration, coordination and harmonisation of the congestion management regimes to facilitate electricity trade within the EU
- Day ahead market – transfers between markets sold via implicit auctions
- Intraday market – allows parties to optimise position as close to real time as possible
- Consultation on the draft Network Code is expected in April 2012

4. System Operation Framework Guidelines.

- The Framework Guideline⁴ consultation closed on 15 September 2011 and the draft FG is being amended in light of the responses from the consultation and will be finalised in December
- There is a risk of overlap with the Electricity Balancing markets Integration FG which would have to be resolved.

5. Electricity Balancing Markets Integration Framework Guidelines.

- 2 expert group meetings have been held and the minutes from each meeting will be published shortly
- A workshop will be held in Ljubljana on 24 October 2011 to seek views on the Framework Guideline

6. Statutory Instrument on Electricity Internal Markets

- A Statutory Instrument (SI) to transpose the Third Package into UK Law was laid before Parliament in July 2011.
- The SI establishes Ofgem as the National Regulatory Authority and allows them to modify a licence without requiring support from the licensee.
- Includes an additional "applicable objective" for the CUSC, BSC and Grid Code in relation to compliance with any legally binding decisions of the European Commission
- The SI allows the National Regulatory Authority to raise modifications to the BSC and CUSC only where necessary in order to comply with European Legislation

³ CACM Framework Guidelines

[http://www.acer.europa.eu/portal/page/portal/ACER_HOME/Public_Docs/Acts%20of%20the%20Agency/Framework%20Guideline/Framework_Guidelines_on_Capacity_Allocation_and_Congestion_M/FG-2011-E-002%20\(Final\).pdf](http://www.acer.europa.eu/portal/page/portal/ACER_HOME/Public_Docs/Acts%20of%20the%20Agency/Framework%20Guideline/Framework_Guidelines_on_Capacity_Allocation_and_Congestion_M/FG-2011-E-002%20(Final).pdf)

⁴ System Operation Framework Guidelines

http://www.acer.europa.eu/portal/page/portal/ACER_HOME/Stakeholder_involvement/Public_consultations/Open_Public_Consultations/PC-05%20-%20FG%20on%20System%20Operation

7. **Next meeting.**

- The next meeting will be held on 23 November 2011 at Elexon's offices in London

8. **Useful Links**

- The links below were referred to in the discussions:

Capacity Allocation and Congestion Management Code

Direction to ENTSO-E to draft the CACM code: <https://www.entsoe.eu/index.php?id=554>

Fundamental Electricity Data Transparency

http://ec.europa.eu/energy/gas_electricity/consultations/20110916_electricity_en.htm

Statutory Instrument on Gas and Electricity Internal Markets

Draft of the SI <http://www.legislation.gov.uk/ukdsi/2011/9780111513965/contents>

EC Seminar: The completion of the EU internal energy market: getting to 2014

Links to presentations and videos:

<http://webcast.ec.europa.eu/eutv/portal/archive.html?viewConference=12953&catId=12889>

Link to the JESG Presentations:

<http://www.nationalgrid.com/uk/Electricity/Codes/systemcode/workingstandinggroups/JointEuroSG/>

Issues Log

Issue No	Issue
1	How do the Network Codes align with the individual framework Guidelines?
2	Is the graded approach to “Significant Grid Users” appropriate?
3	What is the process for how the figures will be determined for a Significant Grid User?
4	Potential for a Cost Benefit Analysis Methodology to sit outside of the Network Code
5	How will it be possible to demonstrate that the Grid Code complies with the Network Code? Any flexibility may cause further debate
6	Concerns over the mechanism for the publication of data under REMIT
7	How will the National Parameters be set under the Requirements for Generators Network Code?

Action No	Action	Lead Party
1	What is the process for changing the individual Network Codes? E.g. after Comitology	Alicja Buczkowska
2	Investigate the creation of technical subgroups or “stakeholder groups” to discuss the Network Codes in more detail	NGET
3	Circulate link to ACER’s roadmap when it becomes available	Alicja Buczkowska
4	Check whether an invitation is required to attend the Florence forum, if so is it possible to request an invitation?	Alicja Buczkowska