

Proposal for a Single GB Stakeholder Group for European Issues

DECC-Ofgem Steering Group

January 2015

Executive Summary

This paper proposes the creation of a **single GB stakeholder group for European issues** formed by the merger of the existing Joint European Standing Group (JESG), DECC-Ofgem EU Electricity Stakeholder Group and European Code Coordination Application Forum (ECCAF). The new group is proposed to be known as the *Joint European Stakeholder Group (JESG)*.

The timely and appropriate engagement of GB stakeholders is important for the future development of European energy policy, and in particular in the implementation of the European Network Codes.

The future JESG and its subgroups will cover all of the aspects covered by the existing groups, including the development, Comitology process and implementation of European Network Codes, and other areas of European electricity policy such as infrastructure policy. Having one combined group provides GB Stakeholders with one touch-point for all European issues.

The future JESG is proposed to be constituted as cross-industry group, rather than a Code Standing Group, as European issues are broader than just GB Codes, and affect other parts of the GB industry and framework.

The background to the proposal, the proposed process for implementation and the draft terms of reference are appended.

Actions required

- All **GB Stakeholders** are invited to provide comments on the proposals including the draft terms of reference by 13 February 2015 to Jack Robinson, jack.robinson@ofgem.gov.uk.
- The **BSC, CUSC and Grid Code panels** are requested to note that under this proposal the existing Joint European Standing Group, constituted as a joint standing group of the three code panels, would be replaced by the new Joint European Stakeholder Group¹.
- The **BSC, CUSC, Grid Code, STC, SQSS, D-Code and DCUSA panels** are requested to note that under this proposal the function of the existing European Code Coordination Application Forum (ECCAF), constituted as a joint standing group of the seven code panels, would be replaced by the new Joint European Stakeholder Group¹.

All queries should be submitted to Natasha Smith, natasha.z.smith@ofgem.gov.uk who is coordinating this process on behalf of the DECC-Ofgem Steering Group.

Background

In consultation with stakeholders, the DECC-Ofgem Steering Group has been undertaking a review of Stakeholder Engagement for European electricity policy, to address any issues and to make sure that it is fit for the future. In particular ensuring that the right forums exist, and they are agile enough to support the key task of European Network Code² implementation. This included a discussion at the JESG meeting in January 2015³.

This paper is the next step in agreeing a revised approach with GB Stakeholders. The ongoing process has been designed to include consultation with a broad GB Stakeholder base to ensure their views are represented, captured and reflected in the output.

¹ The new JESG has an obligation in the draft terms of reference (item 6.4) to report to all GB Code Panels.

² 'European Network Codes (ENCs)' includes network codes, guidelines and similar instruments prepared under Regulation (EC) No 714/2009.

³ The slides presented at the JESG 19 January 2015 are available on the National Grid website:

<http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/Standing-groups/Joint-European-standing-group/>

Summary of Current Arrangements

The current arrangements for GB Stakeholder engagement for European electricity policy have evolved since 2011 to capture GB Stakeholders requirements around European Network Code development and other electricity topics.

There are currently three key GB Stakeholder groups, each with subgroups:

- The **Joint European Standing Group (JESG)** constituted as a standing group of the CUSC, BSC and Grid Code Panels. This long standing group shares information on the development of European Network Codes, initially by National Grid in their roles as a member of ENTSO-E. In recent times, the scope of the JESG has also included European Network Codes in the approval phases and in preparing for implementation. *Workgroups* are held to discuss particular European Network Codes on an 'article-by-article' basis to inform GB Stakeholders views for European consultations.
- The **DECC-Ofgem EU Electricity Stakeholder Group** discusses European Network Codes in the ACER Review, Comitology and Implementation phases, and in particular to consider higher level strategy and to gather GB Stakeholders views. *Subgroups* are held to gather Stakeholders' views on particular Codes to inform the ACER review and Comitology processes.
- The **European Code Coordination Application Forum (ECCAF)** first met in November 2013 to consider and coordinate the application of the European Network Codes to the GB Codes. The delay in Comitology during 2014 has meant that ECCAF has not met since June 2014. The Code Mapping Working Group (CWMG) is a *subgroup* which discusses the detailed mapping of particular European Network Codes to the GB Codes.

Since these groups were established, there has been further evolution in the management of the overall GB implementation of the European Network Codes. In particular, DECC and Ofgem have formed a Steering Group to coordinate overall GB Implementation of the European Network Codes for electricity and there are (and there will be further) DECC-Ofgem Implementation Working Groups which consider, with the relevant parties, the required changes for implementing individual Codes or groups of Codes⁴.

Issues that this proposal is seeking to address

Following Stakeholder feedback and investigations, there are a number of issues that this proposal is seeking to address. The aim of the proposal is to enhance the overall GB Stakeholder engagement process for European issues and to ensure that it is fit for purpose now and in the future, in particular for ENC implementation.

Some of the issues identified include:

- Confusion and duplication between the roles of the JESG and DECC-Ofgem EU Electricity Stakeholder Group;
- The lack of single point of engagement for GB Stakeholder on all European Network Codes and other European electricity policy;
- Aligning the work of ECCAF particularly given the new role of the DECC-Ofgem Steering Group and Implementation Working Groups;
- Ensuring that all GB Stakeholders have the opportunity to engage in all aspects of the European Network Code process as appropriate, in particularly making sure the right framework is established for dealing with ENC implementation;
- Needing to capture the broadest range of GB Stakeholders including those not involved with GB Codes, acknowledging that compliance with the European Network Codes is broader than just GB Codes.

Stakeholders are invited to provide feedback on these proposals as detailed in the summary, which will be considered in finalising the arrangements.

⁴ See presentation at December 2014 DECC-Ofgem Stakeholder Group <https://www.ofgem.gov.uk/electricity/wholesale-market/forums-seminars-and-working-groups/european-forums/deccofgem-stakeholder-group>

Proposal for a Single Forum

The proposal outlined in this paper is to create one single stakeholder group (with subgroups) combining the functions of JESG, DECC-Ofgem EU Electricity Stakeholder Group and ECCAF. This new group will maintain the best features of the existing groups (see table below), and will build on the best practice in the existing groups.

The new group will be known as the **Joint European Stakeholder Group (JESG)**.

Summary of proposed Joint European Stakeholder Group	
Chair	Independent Industry Chair (Barbara Vest, Energy UK)
Admin	National Grid on behalf of DECC, Ofgem and GB Stakeholders
Focus	Development, Comitology process, and implementation of ENCs, and other European policy issues
Type of Forum	Information sharing, discussion, debate and issue capture.
Basis	Formed by GB Industry. Reports to GB Code Panels and the DECC-Ofgem Steering Group for information.
Distribution List	Initially the existing JESG and DECC-Ofgem EU Electricity Stakeholder Group distribution lists, with the ability for individuals to be removed or added.
Meeting Frequency	Monthly (by default)
Website	Yes. Likely to be hosted by National Grid
Newsletter	Yes. A weekly 'digest' email to be produced on European matters, similar to the existing JESG Weekly Update
Subgroups	Yes, to cover detailed technical discussions during development, GB prioritisation during Comitology, and Implementation Subgroups as required

This proposal is reflected in the draft terms of reference attached in Annex 1 at the rear of this paper.

Further information on the function of ECCAF

ECCAF was established in summer 2013. It was the first group set up for dealing with (an aspect of) implementation of ENCs in GB. Since then, the DECC-Ofgem Steering Group and Implementation Working Groups have been formed which, in part, overlap with the function of ECCAF.

Therefore as part of this proposal, the DECC-Ofgem Steering Group sought to align the role of ECCAF, and to ensure that all GB Stakeholders could be involved in the GB implementation which is broader than just GB Code changes (also covering licences, access rules, legislation etc.)

The ECCAF Terms of Reference⁵ state that "*The purpose of ECCAF is to provide a forum for discussion of matters relating to the coordination of efficient Application of ENCs to the GB Codes and to provide advice to the Code Panels on these matters ...*". Therefore, ECCAF only deals with alignment of the GB Codes with the European Network Codes, and experience has indicated that it works best if pre-work has been done by DECC, Ofgem, DNOs and National Grid etc.

It is proposed that the 'Stakeholder engagement' function of ECCAF should be merged in to the new JESG through an implementation subgroup on code mapping. The expected process for considering the necessary changes to the GB framework, including Stakeholder engagement, is as follows:

- An initial exercise will be performed to identify which articles of the ENC apply directly, which need additional action to put in place and, where this is the case, the parts of the GB framework that will need to change to achieve this. This exercise will be based on the guiding principles outlined in Ofgem's open letter of 18 December 2014⁶ and the output will be an initial assessment of the required framework changes
- This assessment will be considered and revised in discussion with all GB Stakeholders in an open and transparent manner, via a JESG Implementation subgroup or an Implementation Working Group meeting, covering all changes to the GB framework (existing role of ECCAF, but expanded to cover non GB Code changes)

⁵ Paragraph 6. <http://www2.nationalgrid.com/WorkArea/DownloadAsset.aspx?id=31838>

⁶ :<https://www.ofgem.gov.uk/ofgem-publications/92240/openletteronencimplementationandconsultationonnemodesignation.pdf>

- There will then be a need for relevant parties to ensure that changes are taken forward through the appropriate route, including changes to industry codes both to implement ENCs and remove any duplications and inconsistencies (an existing process, involving normal GB code governance and GB Stakeholders).
- The relevant Implementation Working Group will play a role in ensuring the changes to the GB Framework including GB Codes happen in a timely manner, with regular reporting to the JESG (previously envisaged to be a role for ECCAF).

The advantage of this model is that it would enable all GB Stakeholders to be involved in discussions relating to all changes arising from ENCs, and not just GB Codes. The existence of a single group, would avoid having ECCAF covering Codes, and then needing another group for other aspects such as licence and legislative changes. The Implementation Working Groups have the task of coordinating compliance of the whole GB framework and it therefore makes sense they are responsible for monitoring the work of the GB Code Panels, and reporting this regularly to GB Stakeholder via the JESG.

Subgroups

The expectation is that JESG will be formed with three categories of subgroups to cover the current work of the existing groups.

- **Development Subgroups:** “Article-by-Article” reviews of European Network Codes in development, to support GB Stakeholders in responding to European consultations;
- **GB Prioritisation Subgroups:** Sessions to identify GB stakeholder issues with European Network Codes, to inform Ofgem and DECC for the ACER review and comitology processes respectively;
- **Implementation Subgroups:** Various stakeholder forums to cover implementation, including seeking stakeholder views, code mapping, and facilitating discussions about consultations.

Proposed Process

As outlined above, this paper and associated presentation are the first stage in discussing and agreeing a revised approach with GB Stakeholders, with a view to delivering the changes in March 2015.

The proposed timetable for achieving a single Stakeholder group is as follows:

Proposed timetable for establishing Joint European Stakeholder Group	
January 2015	<ul style="list-style-type: none"> • Presentation at JESG and inviting initial thoughts and feedback. • Preparation of a paper detailing the proposal. • Circulation of paper to GB Stakeholders, together with draft terms of reference and an invitation to comment via email.
February 2015	<ul style="list-style-type: none"> • Discussions with GB Code Panels, DECC-Ofgem EU Electricity Stakeholder Group, JESG and ECCAF members. • Deadline for comments on the paper and draft terms of reference. • Stakeholder feedback considered and proposed terms of reference issued (along with supporting paper).
March 2015	<ul style="list-style-type: none"> • GB Code Panels asked to agree to the merger of JESG and ECCAF in to a single group, which is not a standing group of the Panels. • First Joint European Stakeholder Group Meeting. • Agreement of terms of reference by membership. • Relaunch of website and weekly update emails

ANNEX 1: Draft Terms of Reference

Single GB Stakeholder Group for European Issues NEW Joint European Stakeholder Group: DRAFT Terms of Reference

1. Purpose and Scope

- 1.1. The purpose of the Joint European Stakeholder Group (JESG) is to facilitate the discussion of matters relating to the European Commission's Third Energy Package for Electricity for GB Stakeholders. In particular this includes:
 - a. The development of European Network Codes by ENTSO-E, ACER and the Commission,
 - b. The approval of the European Network Codes through the comitology process,
 - c. The implementation of the European Network Codes in GB and in Europe, including aligning the GB Codes to the ENC requirements,
 - d. Infrastructure policy – for example, Projects of Common Interest, Ten Year Network Development Plan, Cost Benefit Analysis and Cross Border Cost Allocation,
 - e. Other areas of European energy policy.
- 1.2. 'European Network Codes (ENCs)' includes network codes, guidelines and similar instruments prepared under Regulation (EC) No 714/2009.
- 1.3. Discussions may be held at the JESG to inform GB Stakeholders' position and to seek views from GB Stakeholders on the topics in paragraph 1.1. This may include engagement from Ofgem as a member of ACER, DECC in its role as the UK Government department responsible for ENCs, and National Grid Electricity Transmission plc as NETSO and a member of ENTSO-E, and other relevant individuals or organisations.
- 1.4. The JESG is not a decision-making body. DECC, Ofgem, National Grid or any other individual or organisation presenting at JESG may solicit views from GB Stakeholders, but they are not bound by the conclusions of the group.

2. Meetings

- 2.1. The JESG will meet in person, with the default location being London.
- 2.2. Meeting will be held on a monthly basis, unless decided otherwise by the Chair, in consultation with the membership and the Technical Secretary.
- 2.3. Other parties are invited to propose items for the meeting agenda. The agenda for each meeting will be prepared by the Technical Secretary in consultation with DECC and Ofgem and approved by the Chair.
- 2.4. Where practicable, and with the agreement of the Chair, teleconference or videoconference facilities may be used.

3. Chair

- 3.1. The JESG Chair shall be a representative from the GB Industry, independent of DECC, Ofgem or National Grid Electricity Transmission plc in the first instance.
- 3.2. Where necessary DECC and Ofgem shall appoint a representative as Vice Chair.
- 3.3. In the event of the temporary absence of the Chair, the membership present at a meeting may choose one of the members to chair the meeting.
- 3.4. If the position of Chair is vacant, the technical secretary shall seek nominations by email from the GB Industry for a period of not less than 14 calendar days. At the following JESG meeting, those members present shall decide upon the Chair.

4. Meeting Administration

- 4.1. National Grid will act as the Technical Secretary and administrator of the JESG on behalf of the GB Industry.
- 4.2. Communications will be sent from a dedicated account (europencodes.electricity@nationalgrid.com)

5. Membership

- 5.1. Membership of the JESG is open to all GB interested parties. Those wishing to attend JESG meetings or wishing to be added to the mailing list for correspondence should provide details to the Technical Secretary.
- 5.2. Representatives from Ofgem and / or DECC will attend JESG meetings.
- 5.3. The JESG Chair may remove any JESG member if the member is deliberately or persistently disrupting or frustrating the work of the JESG.
- 5.4. A review of Stakeholder representation will be undertaken from time to time to ensure appropriate representation of the GB Industry.

6. Reporting

- 6.1. The Technical Secretary will circulate and publish meeting agendas prior to each meeting and a high-level "headline report" after each meeting. Actions will be captured in an actions log and any issues identified in issue logs.
- 6.2. Meeting documentation including the headline report and slides will be published on a dedicated webpage, hosted on National Grid's website.
- 6.3. Links to and information on relevant developments in Europe and GB, and any European consultations and information on how to access those consultations will be circulated to the JESG distribution list.
- 6.4. The Technical Secretary shall ensure that the GB Code Panels (BSC, CUSC, D-Code, D-CUSA, Grid Code, SQSS, STC) are informed of the work of JESG.
- 6.5. The Technical Secretary shall ensure that the DECC-Ofgem Steering Group is informed of the work of JESG and vice versa.

7. Subgroup

- 7.1. The JESG may establish subgroups as it considers necessary to address specific ENCs, issues or topics. Terms of Reference may be established for a subgroup, but are not required. The purpose of a subgroup should be recorded in the JESG headline report.
- 7.2. The following subgroups are expected to operate:
 - a. Technical workshops for each ENC during the ENTSO-E public consultation period,
 - b. GB issue prioritisation workshops for each ENC during the ACER Review and Comitology phases,
 - c. Implementation subgroups, including code specific Stakeholder groups, and workgroups for mapping changes required to the GB framework.
- 7.3. Subgroups may be chaired by any member of the JESG.
- 7.4. Subgroups should report to the JESG on a periodic basis.

8. Transitional Arrangements

- 8.1. The first chair of JESG shall be Barbara Vest of Energy UK.
- 8.2. Further to item 6.1, the existing issue and action logs from the Joint European Standing Group, DECC-Ofgem EU Electricity Stakeholder Group and European Code Coordination Application Forum will be carried forward to the JESG.

ANNEX 2: Implementing ENCs – roles, responsibilities and forums for stakeholder engagement

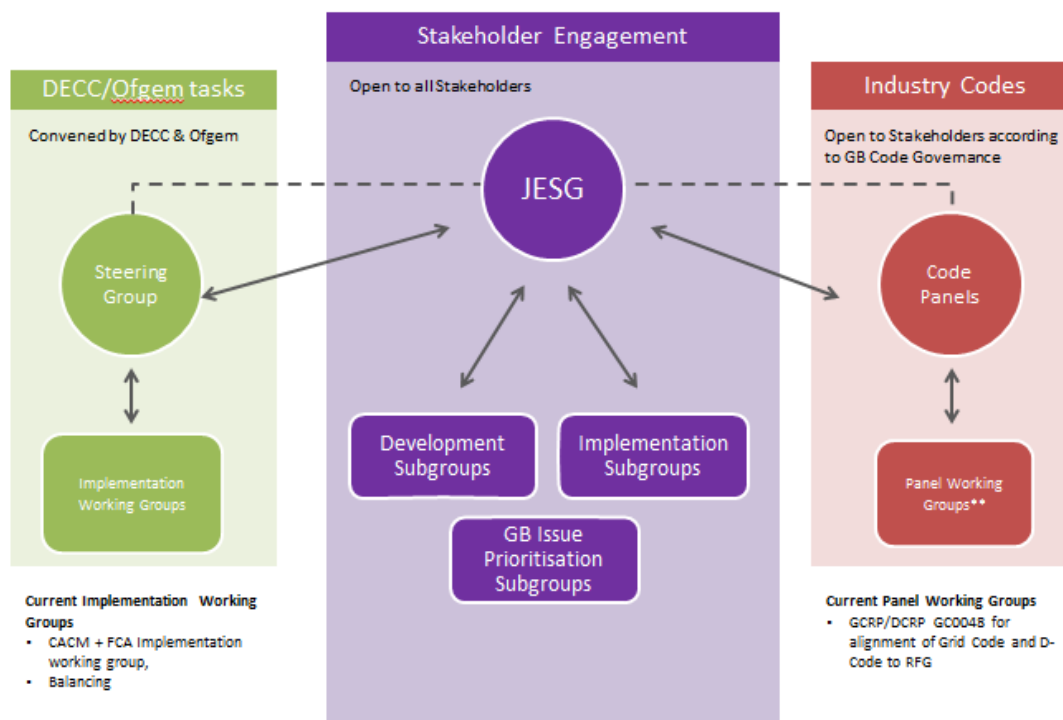
Implementation will see changes being made to interconnector access rules, charging methodologies, industry codes and licences and is likely to require legislation in a limited number of cases⁷. To implement each ENC there will be a need for different parties to ensure that changes are taken forward through the appropriate route and that the suite of changes is coordinated.

Under the new proposed structure for stakeholder engagement, JESG and its subgroups will become the hub for EU electricity issues, considering the evolution of network codes from development to the proposed GB framework changes to implement each ENC.

It is proposed that groups implementing ENCs will use the newly formed JESG as the primary interface with stakeholders, including:

- The DECC-Ofgem Steering Group, established to oversee and coordinate implementation across ENCs:
- DECC-Ofgem Implementation Working Groups which consider, with the relevant parties, the required changes for implementing individual Codes or groups of Codes
- Industry working groups established by Code Panels to consider changes to existing industry codes such as the GC0048⁸.

The diagram shows the interaction between the existing groups involved in implementing ENCs and the proposed new structure for stakeholder engagement.



ENTSO-E structures can be found:

<https://www.entsoe.eu/about-entso-e/inside-entso-e/entso-e-structure/Pages/default.aspx>

⁷ See presentation at December 2014 DECC-Ofgem Stakeholder Group <https://www.ofgem.gov.uk/electricity/wholesale-market/forums-seminars-and-working-groups/european-forums/deccofgem-stakeholder-group>

⁸ <http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/Grid-code/Modifications/GC0048/>