

European Codes Update



Paul Auckland, European Policy

Operational Forum, October 2010

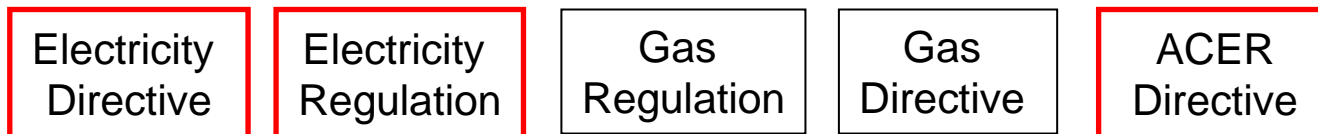
Contents

- Welcome
- European Network Code development as part of the EC Third Energy Package
- Overview of current code developments
- Key Messages
- Questions



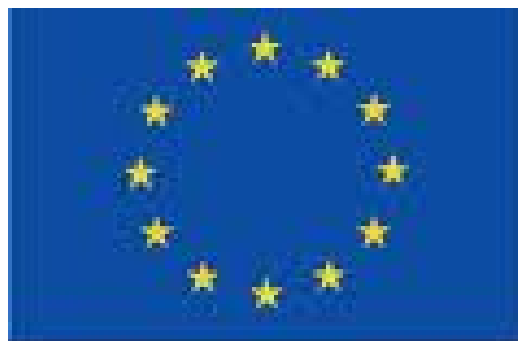
Third Package & Network Codes

- The EC Third Energy package was introduced to further enhance the progression of a European liberalised energy market, and in doing so proposed five pieces of legislation:



- EC Third Energy Package is required (in most part) to be transposed into the UK by March 2011.

Key Organisations in the Code Development Process

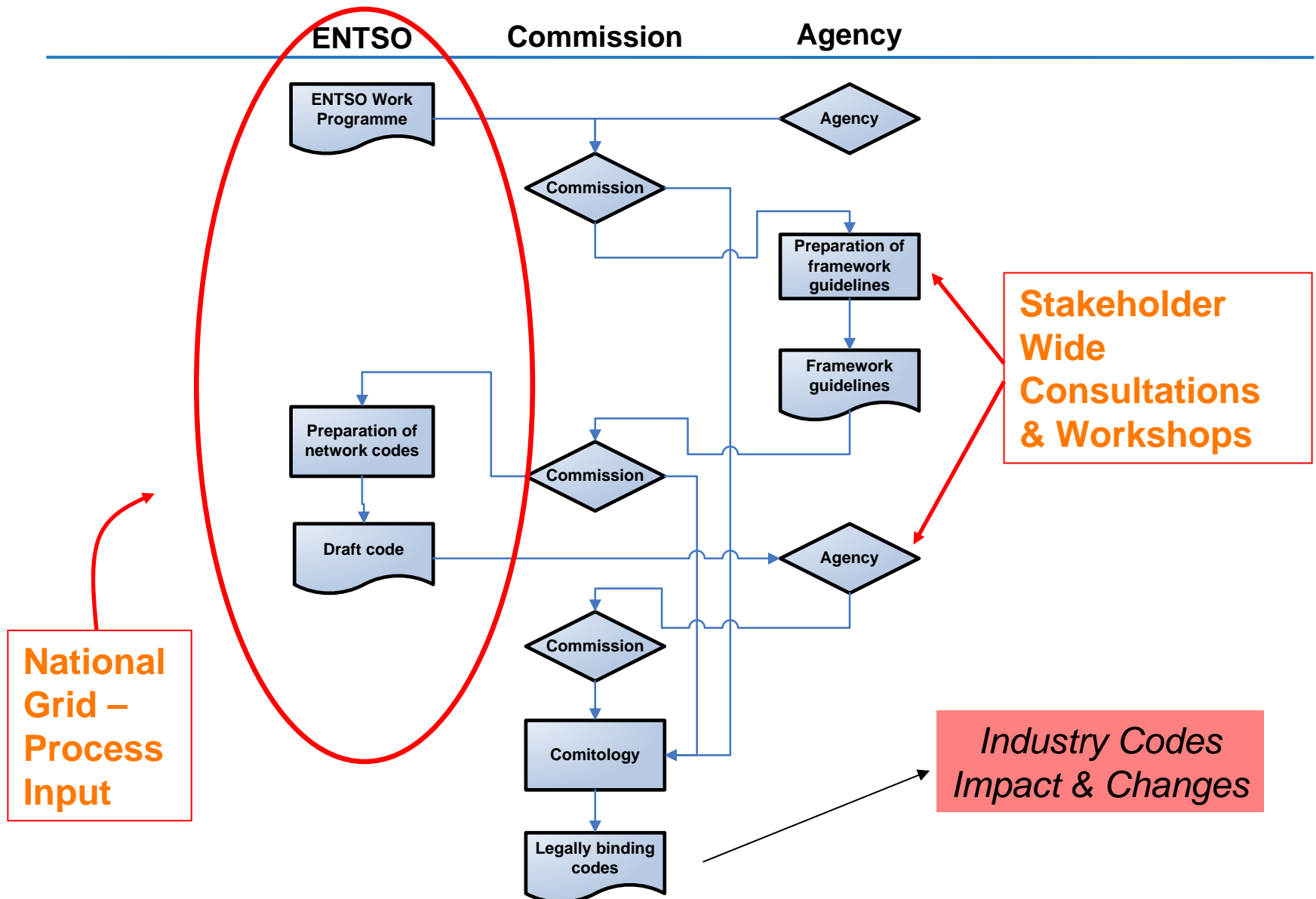


EUROPEAN
COMMISSION

Agency for the
Cooperation of
Energy
Regulators

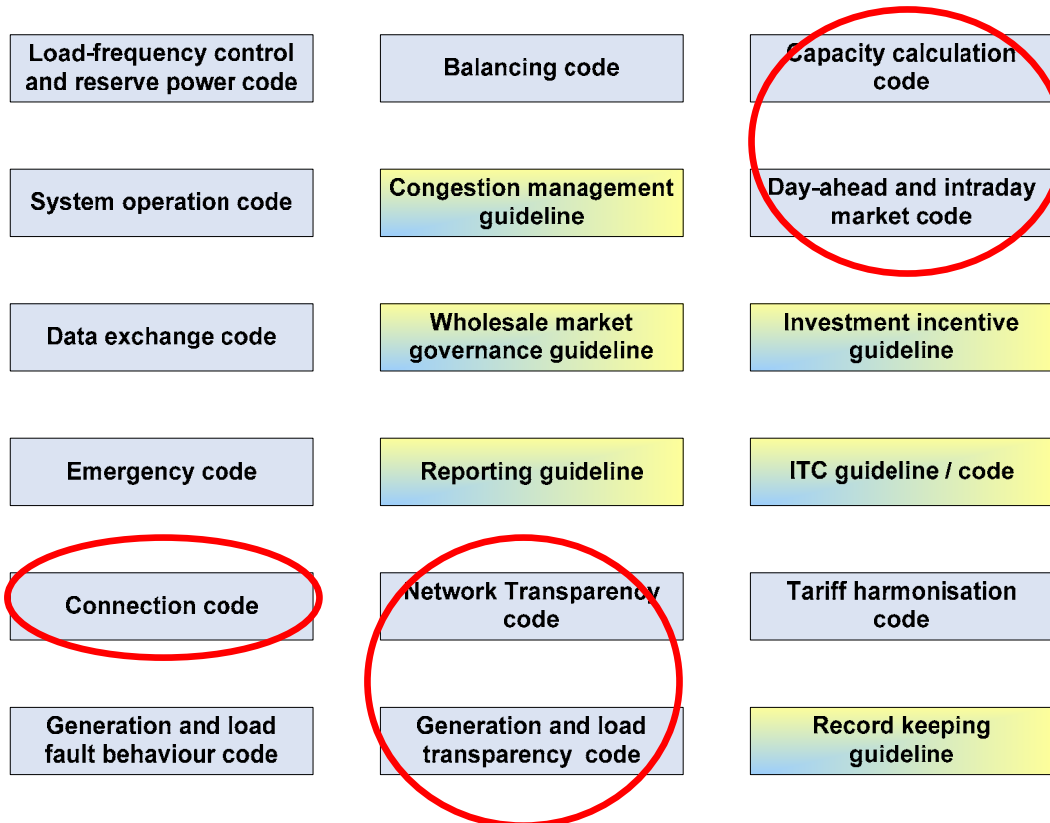


EC Code Development Process



Code Areas Envisaged

- Electricity Regulation 714/2009 requires the following code areas to be developed (once initiated by the EC):



Overview of In-flight Network Code Developments

A

Capacity Allocation & Congestion Management

B

Grid Connections

C

Transparency **Guideline**

- The Transparency code has been subject to a “non-standard” process to speed up delivery led by Regulators.



Capacity Allocation & Congestion Management Codes

- Covers European Network code areas which will include:
 - Capacity Calculation,
 - Forwards,
 - Day-ahead; and;
 - Intraday markets.

- Stream development groups have developed pragmatic solutions implementable across all regions in Europe towards an integrated market;
- Impacts all relevant stakeholders.



Capacity Allocation & Congestion Management Codes

- CACM code development process is now fully underway, with the draft framework guidelines now developed
- **Consultation currently underway**
 - **Responses invited to the proposals by 10 November 2010**
 - **We encourage all industry stakeholders to review the proposals and respond if necessary (*applies to all European code consultations*)**
- Final framework guideline to be sent to the European Commission in December 2010



Grid Connections Code

-
- Connection covers all issues to establish and to maintain a physical connection between the transmission and / or distribution grid and customers
 - Considers connection requirements as features and rules which TSOs and DSOs should follow, in order to maintain system security, availability and functioning of the electricity market
 - Has implications for GB processes, procedures and connection designs.



Grid Connections Code

-
- Previously established as a ‘pilot code’, progress continues to develop key proposals;
 - ERGEG (ACER) Pilot Framework Guidelines consultation closed on 24 September;
 - **National Grid response developed via ENTSO-E;**
 - **Eurelectric, EFET, AEP and others all responded;**
 - Final pilot framework to be sent to the Commission in December 2010.



Transparency Guideline

-
- Identifies a minimum requirement for all stakeholders to publish data;
 - Code will predominantly require information from TSOs, but also **will include requirements from other stakeholders including DSOs and Generators;**
 - Publications are further additions in some places to what is available at present;
 - Aims for consistent approach and definitions across Europe;
 - Establishes a central European platform as a central data hub, easily accessible and available to the public.



Transparency Guideline

-
- Regulatory-led development process, identifying data to be published for both network and cross-border;
 - **Current consultation period closes on 28 October;**
 - **We encourage all industry stakeholders to review the proposals and respond if necessary;**
 - EC is then expected to take the draft proposals to develop (Guideline does not follow the normal process).

Other Upcoming Key Code Areas

- Over the next few years we will see a steady stream of approved European Network codes being transposed into GB
- Some further significant code areas have very recently been or are pending initiation:

- Operational Security Network Code
Work started in March 2010

- Electricity Balancing Network Code
Expected start date: Q2 2011

- ITC Compensation Scheme Code
Due to Complete Q4 2011

Key Messages

- European Network Codes will be directly legally binding on member states and are likely to result in changes to the GB regime;
- Early experience suggests code areas will address internal GB market issues where these impinge on cross border electricity market efficiency;
- Influencing the process early on is more effective than addressing any issues at the end;
- We are expecting greater harmonisation to result between the GB and European market practises;
- There are ways you can engage in the Codes process.

Questions?

Locate Current European Consultations: -

- http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_CONSULT/OPEN%20PUBLIC%20CONSULTATIONS

Find out when European Workshops on Codes are taking place: -

- http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_WORKSHOP

Get more background: - Upcoming Ofgem European Overview session

- 10th January 2011 in London. Contact Andrius.cialka@ofgem.gov.uk for details

If you want to talk to us then contact National Grid's European Electricity Team: -

europeanpolicy@uk.ngrid.com

