

## **IBERDROLA'S COMMENTS ON CONSULTATION ON THE ESTABLISHMENT OF THE ANNUAL PRIORITY LISTS FOR THE DEVELOPMENT OF NETWORK CODES AND GUIDELINES FOR 2016 AND BEYOND**

**31<sup>st</sup> of July 2015**

### **About Iberdrola**

With a track record stretching back 150 years, IBERDROLA is today Spain's number one energy group thanks to a long-term business model. It produces and supplies electricity - in a clean, reliable and responsible manner. In addition to our presence in Spain, our work has led us to a strong international position, as one of the leading operators in the UK, one of the largest producers of wind energy in the USA, the main private generator of Mexico and has consolidated its position as supplier of electricity to an increased number of customers in Brazil.

### **Comments on the priority list**

IBERDROLA welcomes and supports the Commission's "Consultation on the establishment of the annual priority lists for the development of network codes and guidelines for 2016 and beyond" and its plan to prioritise finalisation of the codes under preparation and for speeding up the adaptation of the network codes. The implementation at national and regional level of network codes and guidelines will be a great challenge.

However, and as a preliminary comment, since some methodologies, terms and conditions and other decisions are not set out in the legal text of the network codes and guidelines and they should be developed by TSOs and NRAs, we consider of extreme importance that these lists contain additional information so as to enable the Commission to periodically review that the developments fulfil the objectives pursued in the network codes, in line with the completion of the Internal Energy Market

In addition, we set out below Iberdrola's main concerns on the current regulation of network codes:

- Regional intraday auctions projects that may coexist with the pan-European continuous intraday market should be carefully assessed by the Commission, in order to prevent a potential negative impact in liquidity or in competitiveness of market players throughout European electricity markets.
- The network codes have not harmonised some issues that we consider relevant to reduce barriers to new entrants in some Member States and that would help Member States' fulfil their network code obligations. We support ACER monitoring of national and regional implementation in order to ensure that national regulation does not create new barriers to competition.
- We claim for the harmonisation of electricity market design in the following areas: Portfolio offers, Balance responsible parties model and Nomination rules.

- ENTSO-E's proposal should be supported by a detailed impact assessment. Related with the comitology process, Network codes and guidelines should be accompanied by a Cost Benefit Analysis that assesses its provisions' implementation costs and savings. We have concerns about the impact of the implementation of the Network Codes, especially in relation to Imbalance Settlement Period harmonisation. We support consideration of a wider range of considerations in the Cost Benefit Analysis in this case.
- One of the "key areas" the consultation makes reference to is that the ACER scoping work around the rules regarding harmonised transmission tariff structures should be finalised in 2016. We would prefer to see the Commission open the door to possible action being taken in this regard within the 2016 timeframe, rather than simply completing the scoping works. With increased interconnection, and now a 10% target, the existence of a level playing field for generators at each end of interconnectors becomes increasingly important and should be addressed at the earliest opportunity.
- We suggest that each network code includes a provision to ensure that national regulatory framework will provide cost recovery to those parties that will have to make investments to fulfil the new obligations set out in network codes.
- Finally, to ensure stakeholder's involvement and increase the transparency of the implementation process we support the setting up of Stakeholder Committees and working groups at national and regional level. The active stakeholder engagement that takes place at a national level in GB, through the Joint European Stakeholder Group, should be encouraged at an EU level and across all EU Member States – in GB in particular the implementation into the existing framework will be complex and confusing for all parties involved in the process so it is crucial that this stakeholder engagement continues, and is mirrored across the EU, as we come to implementation. For new network codes and amendments, it would be useful to establish working groups at national level across all EU Member States from the drafting phase.