



## **Public Consultation Paper**

### **Establishment of the annual priority lists for the development of network codes and guidelines for 2015 and beyond**

The Third energy package has created an institutional set up for developing network codes with a view to harmonising, where necessary, the technical, operational and market rules governing the electricity and gas grids. In this institutional setup there is a key role for the Agency for the Cooperation of Energy Regulators ("ACER"), for the European Network of Transmission System Operators ("ENTSOs") and for the European Commission to work in close cooperation with all relevant stakeholders on the development of network codes. The process of establishing network codes is defined in Article 6 and 8 of the Regulation (EC) No. 714/2009 ("Electricity Regulation") and of the Regulation (EC) No. 715/2009 ("Gas Regulation"). The areas in which network codes can be developed are set out in Article 8(6) of the Electricity Regulation and the Gas Regulation.

As a first step towards binding European network codes, an annual priority list identifying the areas to be included in the development of network codes has to be established by the European Commission in accordance with Article 6(1) of the Electricity Regulation and the Gas Regulation. Before setting the annual priorities, the European Commission has to consult ACER, the ENTSOs and the other relevant stakeholders.

Despite the possibility to develop network codes according to the process laid down in Article 6 and 8 of the Electricity Regulation and the Gas Regulation, the European Commission can develop guidelines by itself and subsequently initiate the adoption procedure to make them legally binding. The areas in which guidelines can be developed are set out in Article 18 (1), (2), (3) of the Electricity Regulation and Article 23 (1) of the Gas Regulation.

The European Commission together with ACER and the ENTSOs has set up a planning group to continuously monitor the work on network codes and guidelines. The planning group drew up a 3-year work plan for electricity and gas which is updated on a regular basis: [http://ec.europa.eu/energy/gas\\_electricity/codes/codes\\_en.htm](http://ec.europa.eu/energy/gas_electricity/codes/codes_en.htm)

The purpose of this paper is to consult stakeholders on the priorities for the development of network codes and guidelines for 2015 and to get input for the further work on the 3-year work plans for electricity and gas.

## 1. Tentative annual priority lists 2015

The development and implementation of network codes and guidelines is an important action to be taken in order to fully integrate the internal energy market. But not only the actions needed to develop and implement network codes and guidelines have to be taken, also the full implementation and enforcement of the Third energy package, the enhancement of investments in energy infrastructure, the work of regional initiatives and the enforcement of competition and State aid rules are needed.

Having regard to i) the various actions needed to ensure the full integration of the internal energy market ii) the limits to resources and iii) the fact that the implementation of network codes and guidelines will require significant resources from all relevant parties including European Commission, ACER and the ENTSOs, the European Commission proposes to prioritise in 2015 the work already started in the previous years.

### 1.1 Tentative annual priority list 2015 regarding electricity networks rules

As it is foreseen that harmonised rules on i) capacity allocation and congestion management including governance for day-ahead and intraday markets including capacity calculation ii) requirements for generators, iii) distribution system operator and industrial load connection, iv) operational security and on v) operational planning and scheduling will be adopted in 2014 the European Commission proposes to put the following key areas on the annual priority list for 2015 for the development of harmonised **electricity** rules:

- network connection rules
  - rules on high-voltage direct current transmission system connection (Commission adoption phase)
- system operation rules:
  - rules on load-frequency control and reserves (Commission adoption phase)
  - rules on emergency requirements & procedures (Commission adoption phase)
- balancing rules including network-related reserve power (Commission adoption phase),
- rules for longer term (forward) capacity allocation (Commission adoption phase),
- rules regarding harmonised transmission tariff structures (scoping by ACER to prepare framework guideline<sup>1</sup>).

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<sup>1</sup> Regarding rules on investment incentives, the TEN-E Regulation notably Article 13, provides for rules to ensure that appropriate incentives are granted to infrastructure projects of common interest in gas and electricity, which are subject to higher risks than normally incurred. In this context, the TEN-E Regulation sets out the following tasks:

- Each national regulatory authority to submit to ACER its methodology and criteria used to evaluate investments and the higher risks incurred by them, where available, by 31 July 2013
- ACER to facilitate the sharing of good practices and to make recommendations by 31 December 2013
- Each national regulatory authority to publish its respective methodology and the criteria used to evaluate investments and the higher risks incurred by them by 31 March 2014

Based on the input from the abovementioned tasks, the European Commission will decide whether guidelines need to be issued.

## **1.2 Tentative annual priority list 2015 regarding gas networks rules**

As harmonised rules on congestion management procedures and capacity allocation have already been adopted in 2012 and 2013 and as it is foreseen that harmonised rules on balancing and interoperability and data exchange will be adopted in 2014 the European Commission proposes to put the following key areas on the annual priority list for 2015 for the development of harmonised **gas** rules:

- Rules regarding harmonised transmission tariff structures (finalise network code and start Commission adoption phase)
- Rules regarding an EU-wide market-based approach on the allocation of ‘new build’ gas transmission capacity (finalise amendment proposal of capacity allocation mechanisms network code and start Commission adoption phase)
- Rules for trading related to technical and operational provisions of network access services and system balancing (finalise framework guideline and start drafting network code)

## **2. Annual priorities beyond 2015**

Even though the European Commission proposes to focus in 2015 on the work already started in the previous years, attention should also be given to scoping work for items which are not yet on the annual priority lists. Therefore the European Commission wants to encourage stakeholders at an early stage to give their input on the need and possible scope of network codes and guidelines which could be envisaged as key areas beyond 2015. This will enable ACER to foresee such scoping work in its work program for 2015. The areas in which network codes can be developed are set out in the Articles 8 (6) of the Electricity and Gas Regulations. The areas in which guidelines can be developed are set out in Article 18 (1), (2), (3) of the Electricity Regulation and Article 23 (1) of the Gas Regulation. The 3-year work plans for electricity and gas<sup>2</sup> provide an overview of the possible areas which have been addressed so far and of the ones which haven't.

## **3. Consultation**

The European Commission's view on key areas for network codes and guidelines is laid down in the tentative annual priority lists for 2015. The Commission would welcome feedback from stakeholders on whether they agree with the proposed annual priority lists and encourage them to give their input on the network code development processes in general and on possible scope and the need of network codes and guidelines beyond 2015.

Input to the consultation should be sent by **09 May 2014** by e-mail to [ENER-NC-PRIORITIES@ec.europa.eu](mailto:ENER-NC-PRIORITIES@ec.europa.eu).

All responses will be published in full unless it is specifically indicated that the information contained within the response is confidential. Following the consultation period, the European Commission will evaluate the input received and will adopt the priorities for 2015.

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<sup>2</sup> [http://ec.europa.eu/energy/gas\\_electricity/codes/codes\\_en.htm](http://ec.europa.eu/energy/gas_electricity/codes/codes_en.htm)