

EC Public Consultation Paper "Establishment of the priority list for the development of network codes for 2012 and beyond"

General comments

Svensk Energi comments are limited to electricity issues.

Svensk Energi recognizes that the decision by the European Council on 4 February 2011 to achieve completion of the internal market for electricity by 2014 increases the importance of an efficient governance in the process of developing market-related framework guidelines and network codes.

The overall purpose is to create an internal market for electricity. The existing electrical system in Europe consists of several synchronous subsystems connected to each other via HVDC-links. The subsystems have been created during a long period of time and differ a lot in their technical functionality, depending on available energy sources and the location of production facilities and load centres etc.

Hence for each subsystem the existing rules for planning, expanding and operating the system differ to some extent compared to other subsystems. The security of supply has in each and every subsystem been prioritized creating individually defined set of rules for the involved stakeholders.

Svensk Energi stresses that the development and adoption of the market framework guidelines and network codes should go in parallel with the implementation of the market coupling and intraday projects on the ground. More specifically, the implementation of the decision of the last Florence Forum on establishing a NEW regional market for both Day-Ahead and Intraday by 2012 should in no case be delayed because of the work on the network codes during 2011 and 2012.

In our understanding, the deadline of 2014 is primarily relevant for the market related codes. With regard to the other framework guidelines and network codes, it will be important to set the priorities correctly. Svensk Energi underlines that defining common operational security requirements relevant for cross-border market functioning is essential for development of the other technical codes and thus should be given the immediate priority. Without a clear upfront view upon how the system will be operated there is a

significant risk for "over-regulation" by too detailed requirements for network users. Furthermore, it is necessary to avoid a situation where the quality of the technical framework guidelines and network codes is compromised if aimed to be finalized before 2014. Therefore, the deadline for delivering the network connection and system operation network codes might need to be extended.

Svensk Energi agrees that network connection and system operation framework guidelines and network codes should set minimum common standards in order to prevent situations that could have a negative impact on cross-border trade and the European system operation and security. However, the subsidiarity principle has to be always respected and the network codes should not be over-prescriptive and go beyond cross-border issues.

Svensk Energi considers it important that all the draft proposals for the Framework Guidelines and Network Codes should be accompanied by the relevant Impact Assessments outlining the main policy options and underpinned by their comprehensive cost-benefit analysis. We believe that the Impact Assessments should be subject to public consultation (separately or as a part of the consultation on the relevant Framework Guidelines or Network Codes) and that the 3-year work plan should make specific reference to the timing of these public consultations to facilitate preparation of the input by stakeholders.

Consultation Questions

Q1. Are the priorities proposed for 2012 the correct ones?

Q2. What should be the longer-term priorities for 2013 and beyond? Please also specify in your response the expectations you have for the scope of these priorities.

Framework guidelines and network codes on capacity allocation and congestion management

Svensk Energi supports the proposed timeline for adoption of the Framework Guidelines on Congestion Management and Capacity Calculation and the respective network codes. We agree that the network codes on Day-Ahead and Intraday should be taken up as first by ENTSO-E, followed by Capacity Calculation network code and Forward Market network code.

We also support the finalisation of the draft EC guideline on governance by mid 2011 as it should provide relevant input on governance-related aspects to the Day-Ahead and Intraday network codes. We would like to point out, however, that the 3-year work plan does not include an indication of the timing of the public consultation on this comitology guideline. In our view, the importance of reaching an agreement about governance principles for Day-Ahead and Intraday has been widely recognised by all the stakeholders. Given that the discussions on this topic have been primarily held between the Commission, ENTSO-E and EUROPEX in the AHAG Day-Ahead governance project, without the market parties' involvement, the public consultation of the final draft proposal will be crucial.

Svensk Energi welcomes the proposal to launch the preparation of the Framework Guidelines on Balancing during the 2nd half of 2011. However, as many features of the target model for balancing have not been discussed in sufficient detail in the PCG, there might be a need for more time for the stakeholder debate. Therefore, we believe that the deadline for the finalisation of this Framework Guideline should be extended till early 2012.

Framework guidelines and network codes on network connection and System Operation

Svensk Energi believes that the main barriers to cross border trade are predominantly commercial, regulatory and political, with those of a technical nature being considered after these. In relation to the technical aspects, we strongly support that the immediate priority should be the development of the operational security requirements which underpin the other technical codes. The system security criteria need to be determined in order to support the connection codes and before proceeding with those. Their absence makes the assessment of the technical codes more difficult as stakeholders have no baseline to assess how proportionate the measures being included within pilot code on generation connection (Requirements for grid connection applicable to all generators) are against the security levels which they are to meet/deliver.

The network codes on grid connection and system operation need to aim at the right level of detail. With regard to the scope, EURELECTRIC believes that the technical codes should set minimum common standards for criteria that have a direct impact on European system security. In case of introducing requirements dealing with issues which could have only an indirect impact on European system security, network codes should only define objectives/criteria to be fulfilled. No concrete values should be prescribed at the European level when the requirements are subject to local circumstances and can be sufficiently achieved at the Member State level, in accordance with the principle of subsidiarity. In other words, concrete requirements should become a part of the national grid codes in this case.

Accompanying all network codes' proposals by the relevant Impact Assessments underpinned by comprehensive cost-benefit analysis is also necessary for justification of their scope and for ensuring transparency of the whole process. Socio-economic benefits should be demonstrated if any new standards or substantial revisions of present standards which will lead to compliance costs are introduced.

ENTSO-E is a new organisation with substantial new responsibilities and it will take time to establish the most effective methods for consultation. In this respect, Svensk Energi believes that the pilot code on generation connection process has been only partially successful and more work must be done to involve those directly impacted in the code drafting process.

In case of the network code on DSO and industrial load connection, the participation of stakeholders representing DSOs in the early phase of the document preparation ("Common scoping discussions") is indispensable since it will significantly affect their processes. DSOs' in their capacity as system operators cannot be circumvented by TSOs imposing on them requirements

which disregard their specific responsibilities and/or may not allow them adequate operation of their networks.

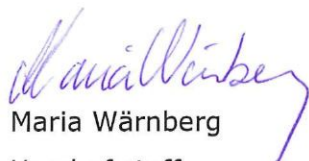
Q3. In the 3-year-plan for electricity, several network codes are proposed for a single framework guideline. In gas, only one network code per framework guideline is foreseen. The Electricity and Gas Regulations do not specify whether a framework guideline has to be mirrored by a single network code or whether the issue can be divided into several sub issues. Do you agree that keeping both options, as used by ENTSO-E on the one hand and ENTSG on the other hand, are viable? Do you agree with the order in which the sub-issues in electricity will be tackled under the framework guidelines for capacity allocation and congestion management, network connection and system operation? Do you agree that the sub-issues marked red in the 3-year-plan for electricity in Annex 1 are the essential ones to ensure completion of the single market by 2014?

Framework guidelines and network codes on network connection and system operation

Svensk Energi believes that the subdivision of Framework Guidelines in several network codes reflects the different attributes of the topics (see also answer to Q1&2). We realize that compared to integration of all (or some) of them under one network code would require running more comitology processes, often in parallel. On the other hand, Svensk Energi underlines that the network codes on network connection and system operation will require timely adaptation to rapidly changing technical environment in order to ensure reliable operation of the system (with regard to rising intake from solar plants and e-mobility in particular) which will be subject to comitology according to Art.7 of the Regulation (EC) No 714/2009.

Therefore, Svensk Energi believes that integrating all (or several) respective sub-issues into a single network code is not possible unless the subsidiarity principle is considered to a larger extent (see also answer to Q1&2 above). If the precedent of the over-detailed pilot code on generation connection is followed in the other areas, the challenge of timely adjustment of the network codes to new conditions would be only aggravated with a single "big" code.

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Maria Wärnberg
Head of staff


Anders Pettersson
Networks