

ENTSO-E Network codes: EURELECTRIC views

- **General**

- **Lack of ambition** and conservative approach: there should be a much clearer obligation placed upon TSOs to **have a higher level of European harmonisation** in the codes ('Risk of stepping back from the third energy Package')
- **"Empty shell" phenomenon** is relevant for most of the codes. Too many parameters are to be defined at MS level after the code has been adopted. The implementation phase of the network codes is becoming highly important
- **Coherence between codes** (definitions, cross-references, compatibility of rules etc.) still needs to be improved
- **Lack of a consistent approach** to organising the **stakeholder involvement** across the codes
- **Governance**: to be improved to ensure that completion/revision of the codes are based on a much more **objective decision-making process** with **clear responsibilities on the end result** (EC or ACER) and greater **account given to stakeholders' input**

ENTSO-E Market Network codes

- **NC Capacity Allocation & Congestion Management**
 - **Timing** for establishment of price coupling and an intraday platform must remain **ambitious** and provide a stimulus to speed up current progress whilst ensuring robust and well-tested mechanisms
 - **Regional complementary auctions undermine** the functioning of the intraday platform and **split common European Market**
 - **Stakeholders Committee provision** needs to be improved to guarantee **proper engagement with the market**

Network Codes on Grid Connection

(Requirements for Generators & Demand Connection)

- Despite ACER positive reasoned opinions, the **need for establishing a well-balanced, non-discriminatory and fair NCs for all system users remains and shall be urgently addressed before comitology starts**
- **EURELECTRIC maintains its concerns that the codes will:**
 - Massively **increase power generation costs**, for both renewables and non-renewables generators
 - Endanger **security of supply** by leading to early plant retirement/closure
 - Result in an **unbalanced allocation of roles and responsibilities** where duties are taken away from TSOs and pushed onto network users
 - **Distort fair industry competition** as European equipment suppliers will be put at a disadvantage compared to non-EU players
 - **Discourage customers from joining demand response programmes** as compliance testing and monitoring procedures in the codes will represent a tremendous administrative burden for both customers and distribution system operators (DSOs)

Network Code on System Operation

(Op Security, Op Planning & Scheduling, Load Frequency Control & Reserves)

- Inefficiencies stemming from compliance testing and monitoring requirements and potentially also from information exchange requirements ***(NC Op Security)***
- Non-compliance with the ACER FG requirements on information exchange coordination between TSOs & DSOs ***(NC Op Security & NC Op Planning & Scheduling)***
- Resolving incompatibility in outage planning should be based on the principle of minimizing the impact on the market ***(NC Op Planning & Scheduling)***
- Frequency quality parameters should be defined by TSOs in agreement with grid users ***(NC Load Frequency Control & Reserves)***
- Consistency with other Network Codes ***(NC Load Frequency Control & Reserves)***
 - TSO-BSP model is not allowed (mismatch with the NC Balancing),
 - No evidence for required increased frequency ranges as defined in RfG NC

ENTSO-E Market Network codes

- **Balancing NC**

- More **harmonisation and integration** of balancing markets is needed
- **Market-based principle** should be respected (e.g. obligation for BSP to provide reserves must be removed)
- **Compatibility with the intraday market** should be ensured (e.g. balance gate closure should not impede liquidity of intraday market, no RR activation before intraday GCT, TSO shall not be allowed to offer Balancing Services themselves)

- **Forward NC**

- **Firmness** must be properly addressed in the network code. EURELECTRIC proposal for “inverse auctions” should be carefully investigated by TSOs
- **Methodology** to define “appropriate cross-border financial hedging is offered in liquid financial markets on both side of an interconnector” should be developed for a proper evaluation of exemptions from the obligation to issue TRs
- Investigate a **possibility to extend the definition of FTRs** (e.g. combination of two CfDs offered by the TSOs to the amount of XB capacity between bidding zones)