

Framework Guidelines and Network Codes

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LJUBLJANA
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Overview

- General introduction and outlook
- Grid Connection Codes
 - » Requirements for Generators Network Code
 - » Demand Connection Code
- System Operation Network Codes
- Balancing Network Code
- Forward capacity allocation Network Code

ACER contributes actively to the process in all phases

- ACER is committed to the process and acts constructively within the legal framework
- What does success look like?

Add value

- Improve the status quo

Add consistency

- Supported across NCs and as an indispensable basis for the IEM

Add certainty

- Consider legal framework and make it practically applicable

Add momentum

- Support ambitious and practical implementation

Experiences from the processes trigger continuous improvements

Important to develop common understanding on scope and key topics for each code

Crucial issues to be identified and divergent interpretations recorded systematically as basis for resolution

Consistency across codes is crucial

Ensure consistent definitions and related concepts

Justifications for definition of standards are a key input for adoption

Supporting documents can provide valuable explanations

Stakeholder involvement and input taken into account

Different stakeholder involvement formats already established – to be utilized properly

Summary and outlook

- Significant progress has been made over the last 6 months
- ACER is committed to supporting and cooperating on the forthcoming comitology processes and to finalising preparation of the pending NCs
- The objective is to create “high quality legislation”
- Process improvements shall continue based on first experiences
- Implementation shall continue/start and be monitored appropriately

Good progress following ACER opinion, but still work to do

- RfG has evolved dramatically over last two years
- The requirements and provisions of the RfG need to form a coherent set of capabilities which the System Operation codes use
- Code has been improved by ENTSO-E following ACER opinion but further refinement needed to improve coherence / drafting
- Does the RfG set the benchmark for defining 'significant grid users' – should other codes be more consistent with this?

Last minute changes brought DCC into line with Framework Guidelines

- DCC improved significantly at the end of the process (after consultation finished)
- Demand side response is very important for the future electricity system but the DCC is not the right vehicle to progress this
- Final changes (including after submission to ACER) sufficient for ACER to recommend EC take forward, but recognise further refinement needed
- Need to ensure consistency – now and in the future – among NCs may suggest combining RfG and DCC

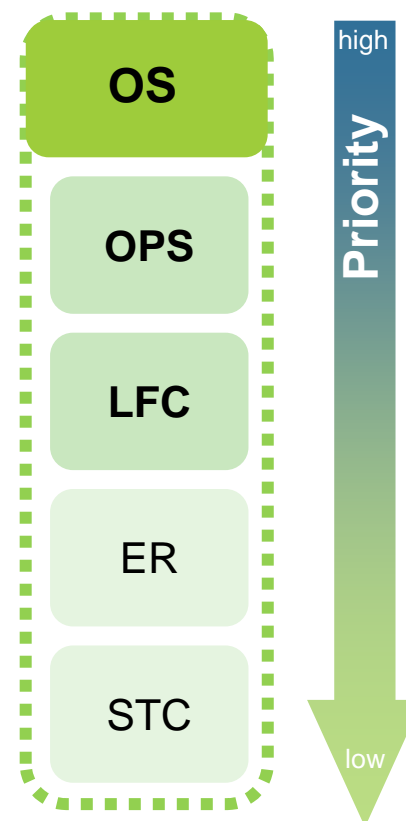
Work on the first 3 system operation NCs is executed in parallel

Three network codes under development

- Operational Security (OS)
 - submitted to ACER 28 Feb 2013
 - ACER opinion due 28 May 2013
- Operational Planning and Scheduling (OPS)
 - submitted to ACER 29 Mar 2013
 - ACER opinion due 29 Jun 2013
- Load Frequency Control and Reserves (LFC)
 - due for submission to ACER 1 Jul 2013

Network codes on Emergency & Restoration (ER) and on Staff Training & Certification (STC) not yet scheduled for development

New applications to be considered in each NC



Interactions during the development process

- All three NCs were/are progressively improving following feedback from ACER and stakeholders
- Background: already existing working rules (Operation Handbook, Nordic Grid Code, etc.)
- Several cross-NC issues have been identified. Trilateral legal group to address
- Coherent definitions/references/notions in all NCs → prerequisite for efficient implementation. Trilateral team set up
- Drafting quality leaves room for improvements
- EC stated option to combine comitology of OS, OPS and LFCR

Regulators are concerned about 5 crucial needs

- 1 Need for ensuring a proper level of NRA involvement & national scrutiny
- 2 Need for consistency and proportionality between the NCs including grand design of future system
- 3 Need for linking the requirements of SO NCs with capabilities required in other NCs, especially NCs RfG and DC
- 4 Need for proper performance indicators as base for implementation monitoring and checks of NC provisions' effectivity
- 5 Need for assessment of and involvement in cost implications from NCs implementation and application

Main concerns on draft NC EB

Draft NC EB broadly follows the principles set out in the FG – but, doesn't seem to provide more detailed arrangements at this stage

- 1 Clarity needed on Coordinated Balancing Areas and the application of targets (2-4-6 years after entry into force)
- 2 Risk linked to functioning of balancing algorithm (optimisation process, number of CMOs, use of products) and definition of standard products to ensure that a higher economic efficiency is reached while maintaining the level of security enjoyed to date
- 3 Procurement of reserves (MW): flexibility based on several models valuable, but consistency of drafting (exchanges, collateralisation) to be checked
- 4 Need to maintain a satisfying level of transparency (process, products, exchanges, etc): treatment of central dispatch systems

Draft FCA NC submitted to public consultation lacks compliance with FG

ACER has shared their concerns with ENTSO-E since the beginning stages of the process (December). Major concerns remain related to:

- **Decision on Transmission Rights allocation or hedging through financial markets (related to applicability of most requirements):** improved process will be proposed by NRAs
- **Definition of a “Revenue Adequacy” principle for ensuring hedging:** may conflict with FG requirements
- **Firmness regime:** inconsistent with FG requirements
- **Process and deadlines:** e.g. 3y3m for the EU single platform, leading to 2018 (instead of 2014)
 - Early implementation should start now, following the updated ACER cross-regional roadmap (published in February 2013)

Consistency with CACM NC shall also be ensured

Backup

Recent and next steps

- 7 May: ENTSO-E workshop on NC Electricity Balancing
- Mid June – Mid August: Public Consultation
- Mid/End July: 2nd ENTSO-E public workshop
- August-September: ACER's Preliminary Opinion
- December: NC on EB submitted to ACER
- January – March 2014: ACER's Reasoned Opinion drafting

Next steps

- Until 28 May: ENTSO-E public consultation
- 29 May: ACER - ENTSO-E bilateral meeting
- June – September: FCA NC update by ENTSO-E
- 1st October: FCA NC submitted to ACER
- October – December: ACER's Reasoned Opinion drafting

Thank you for your attention!



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