

Proposal for a Joint Standing Group to Coordinate Application of European Network Codes across GB Codes



Paul Wakeley | DECC-Ofgem Stakeholder Workshop
31 July 2013

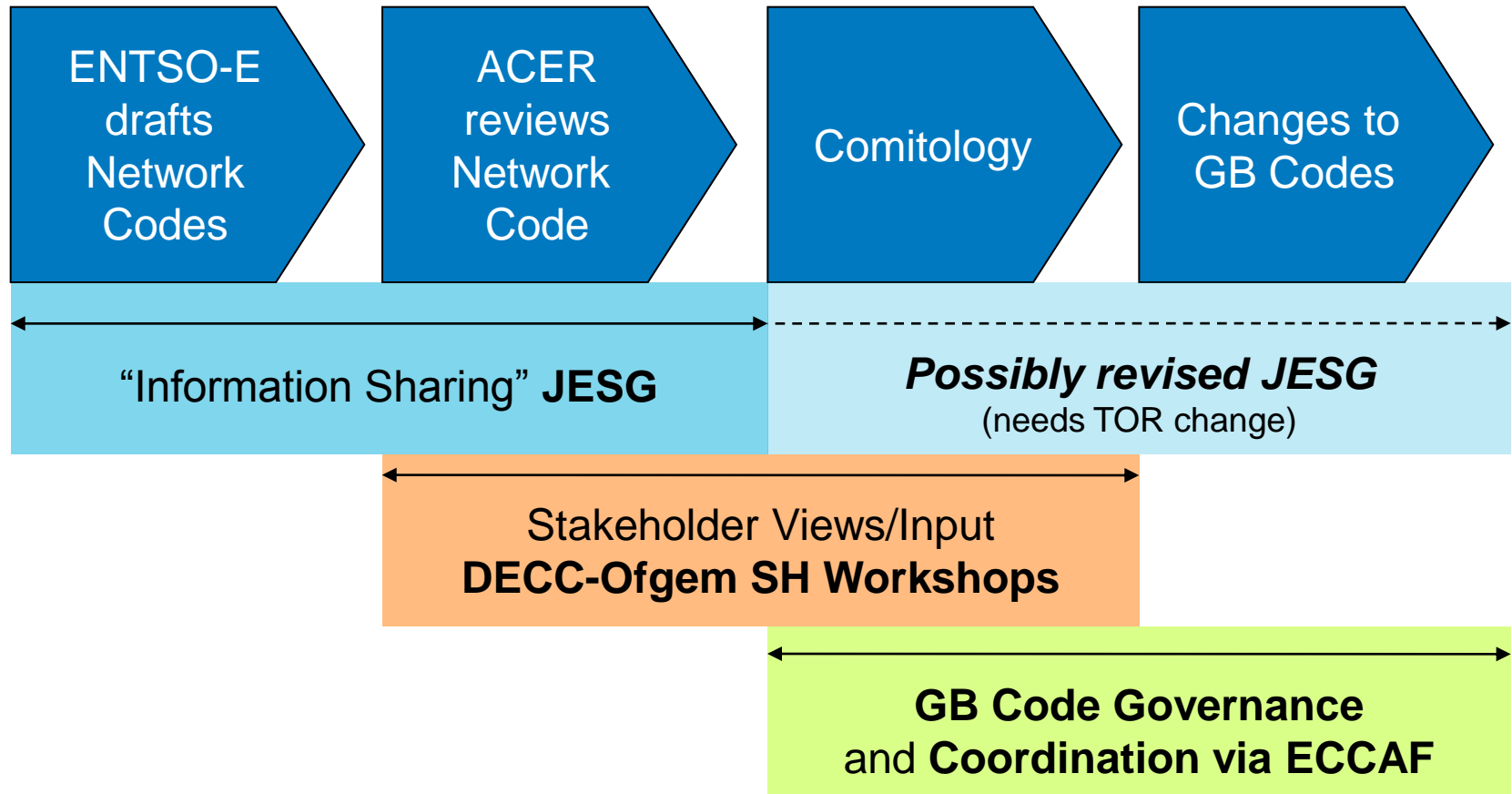
Application of ENCs to GB Codes

- There are 9 European Network Codes due to become law during 2014 in a phased manner
 - GB will have 18 months – 3+ years to demonstrate compliance (varies code-by-code)
- Alignment with GB Codes will aid application and compliance
 - Strong feedback from all parties was to use existing processes that GB Code panels will retain their role to make changes to individual codes.
- **A complex programme with a significant risk, which needs cross-code coordination**

Proposal: European Code Coordination Application Forum

- Advises the Code Panels on matters of coordination of application of European Network Codes to GB Codes
- No firm legal or governance role
- Constituted as a joint standing group of 7 code panels
 - Grid Code, CUSC, BSC, SQSS, STC, D-Code, DCUSA
- Membership:
 - 7 industry members representing Code Panels
 - National Grid, Consumer Futures, DECC, Ofgem
 - Chair appointed by DECC and Ofgem
 - Technical Secretary / Admin provided by National Grid

How does the ECCAF fit with other bodies



Process for establishing ECCAF

July
2013

Stage 1

Paper presented to Panels/JESG for comment
Panels to start to consider possible nominations



Stage 2

Panels asked to approval final Terms of Reference
Panels to make nominations

August
2013

Sept / Oct
2013

First meeting of ECCAF

Likely changes to final Terms of Reference

- Added
 - Ability for chair to review membership
 - Role of Code Administrator as Technical Advisor
 - Mechanism for Alternates to attend meetings instead of members
- Revised
 - Any industry party can attend as an observer by notice to the Secretary. Chair may limit numbers if required.
 - Teleconference facilities to be available, if agreed by membership
 - Subgroup members can be drawn from the wider industry

Next Steps

- Deadline for Comments on Draft Terms of Reference
 - 1 August 2013
 - europeancodes.electricity@nationalgrid.com
- Terms of Reference will be revised
- Circulated to Code Panels for approval in August/September

Questions

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Load Frequency Control and Reserves Network Code

31 July 2013

LFRC – Process and Dates.



Department
of Energy &
Climate Change

28 June 2013	ENTSO-E submitted its final draft to ACER.
16 July 2013	GB stakeholder prioritisation workshop.
8 August 2013	ACER consultation on draft code closes.
28 September 2013	Deadline for ACER Opinion on LFRC Code. <i>NB ENTSO-E is intending to resubmit the Operational Security and Operational Planning and Scheduling Codes in time to allow all three to be sent to the Commission together.</i>
Q4 2013	Expected start of comitology process.

GB Stakeholder priorities as identified at 16 July LFCR workshop.



Department
of Energy &
Climate Change

1. Explicit reference to NRA oversight, particularly to cover Article 29(1)b and agreements between TSOs.
2. A clear obligation to produce a cost benefit analysis with NRA oversight before any retrospective application of the code.
3. Effective language on where the code refers to multiple TSOs, in particular to ensure transparency in agreements between TSOs.
4. The Article 58 reference to applicability and obligations on existing equipment related to imbalance netting to be included in Article 36.
5. *Preservation of the GB and Ireland carve out on frequency containment reserve sharing.*

Forward Capacity Allocation NC



Bec Thornton | DECC-Ofgem Stakeholder Workshop
31 July 2013

FCA - Status

- Initial Drafting of ENC Complete
- Public Consultation Closed (29th May 2013)
- Stakeholder workshop held through JESG 19th June 2013
- FCA Network Code is being revised based on Stakeholder Comments
- An initial revised draft of the Network Code was released on 3rd July 2013
- ENTSO-E Stakeholder meeting 10th July 2013

FCA – Next Steps

- ENC to be submitted to ACER for Review Q3 2013
- Comitology expected to start Q1 2014
- ENC applies from September 2014

FCA – Issues/Points to Note

- Firmness ENTSO-E/ACER positions not aligned – who should bear the financial risk?
- Capacity Calculation proposed to be probabilistic not deterministic
- ACER pushing for 2015 implementation timescales – ENTSO-E consider unachievable

Electricity Balancing Network Code Update



Ian Pashley | DECC-Ofgem Stakeholder Workshop
31 July 2013

Balancing Code

What is it?

- Aim is harmonisation of the balancing regimes across Europe
- On a TSO to TSO basis
- Standardise roles & responsibilities of all “electricity balancing” stakeholders
- Implement integrated, harmonised, coordinated balancing regimes

What does it contain?

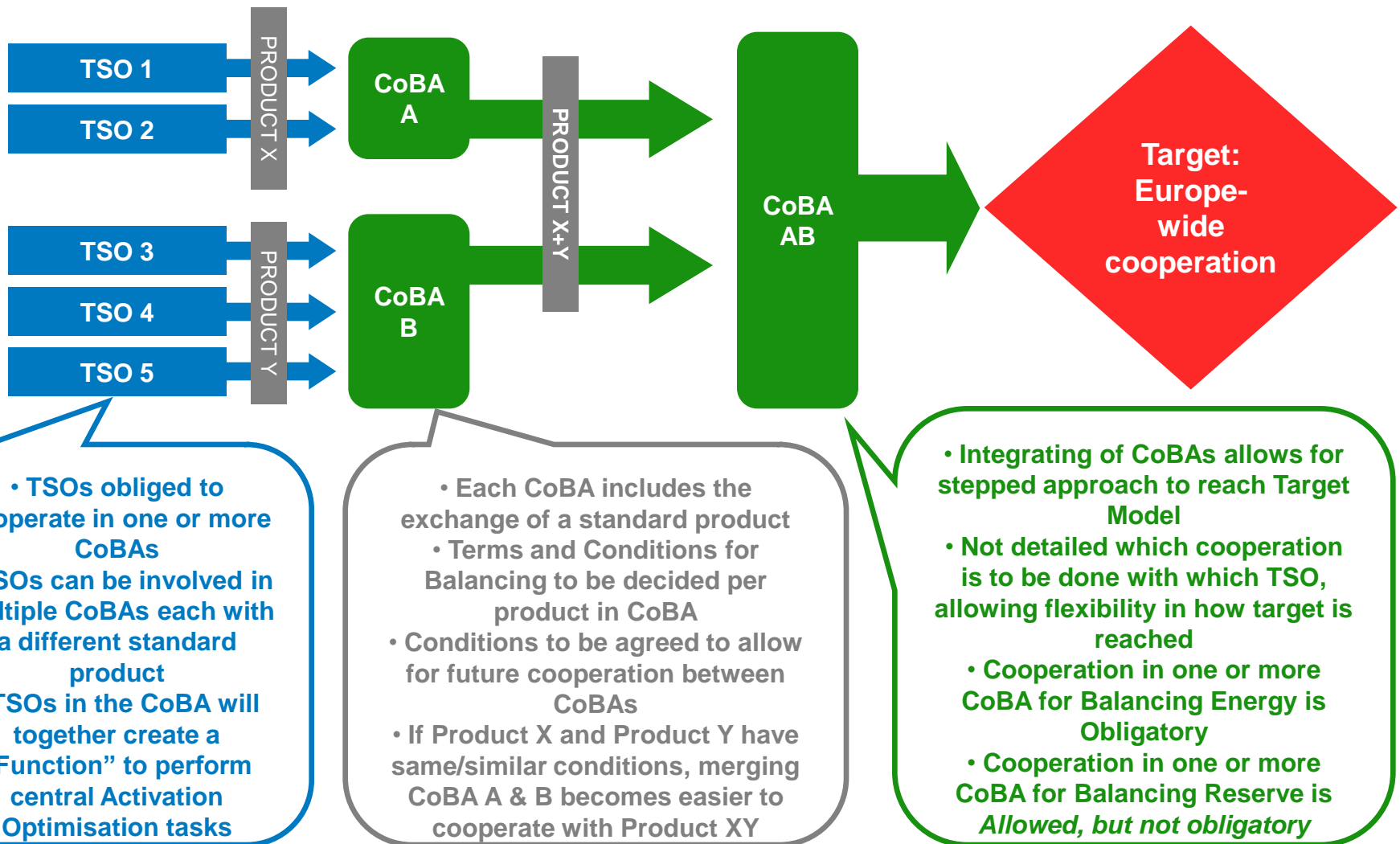
- Covers three main areas:
 - Procurement of balancing reserve and energy; product definitions
 - Reservation of interconnector capacity for balancing purposes
 - Imbalance settlement, price, volume, responsibilities

Balancing Code

What are the issues?

- **Proposes creating CoBAs, within which cooperation takes place**
 - Need to define, plus consider how CoBAs amalgamate to deliver Target Model
 - Automatic netting of market lengths
- **GB will participate in “common merit order” for balancing products**
 - Standard Products to facilitate exchange – FGs require Pay-as-Cleared pricing
 - Specific Products will be allowed in order to meet SoS requirements [GB BM]
 - GB independent frequency control and operational security remains paramount
 - Balancing gate closure time will be at the end of ID markets
- **GB has several TSOS – applicability of code?**
 - Important for each TSOs to have ‘appropriate’ responsibilities
- **Potential for significant operational and IS system developments**

Coordinated Balancing Area (CoBA)



Common Merit Order (CMO) Lists

What is a CMO?

- Common platform for sharing bids, Based on “standard product”
- Key principle of Balancing Code
- Aims to bring more participants into the merit order to drive down prices

How does a CMO work?

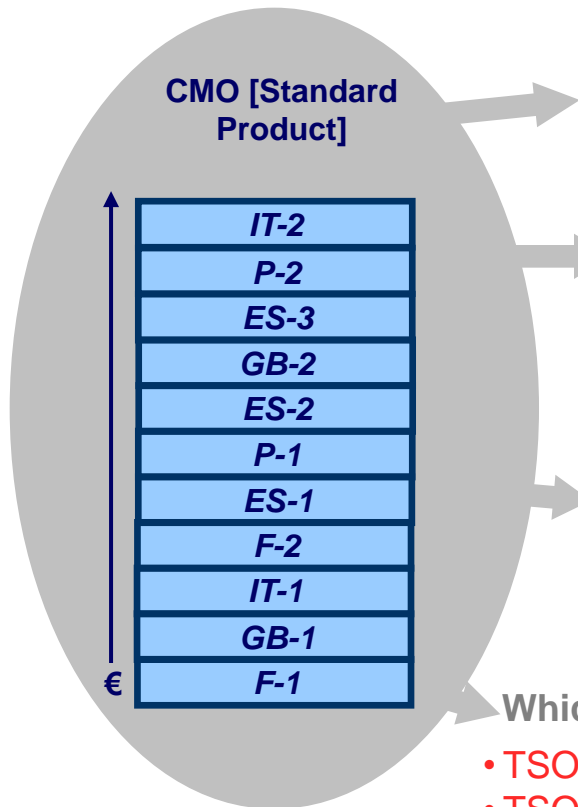
- TSOs within a CoBA submit bids (& offers) for Balancing Reserve/Energy
- Energy is activated by a central function based on the CMO, taking into account restrictions such as x-border capacity

How many CMOs will be used?

- Multiple CMOs can be used; fewer equals greater liquidity
- Expect two CMOs per product (one for upward bids, one for downward bids)

Which bids will be submitted to the CMO?

- TSO must submit cheapest bids in their price stack to the CMO for a product
- TSO must submit all bids for the product to the CMO, unless there are Unshared Bids



UNSHARED BIDS:

Amount of bids that can be withheld by TSO and not shared to CMO:

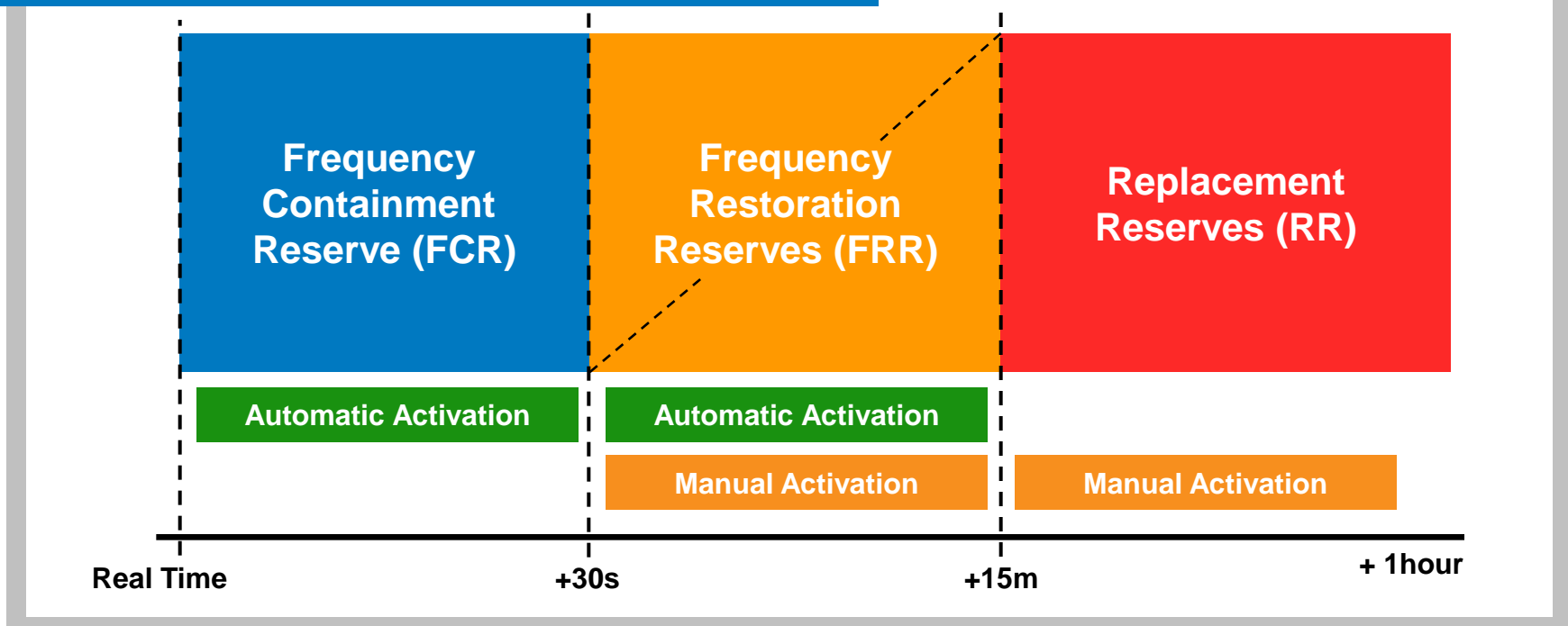
- Cannot be higher than reserve capacity
- Must be the most expensive available bids
- Amount shall be updated yearly, and must be approved by National Regulator

Balancing Reserve & Energy products

Balancing RESERVE = Capacity set aside for balancing, with the option of calling on if required.
(Availability element)

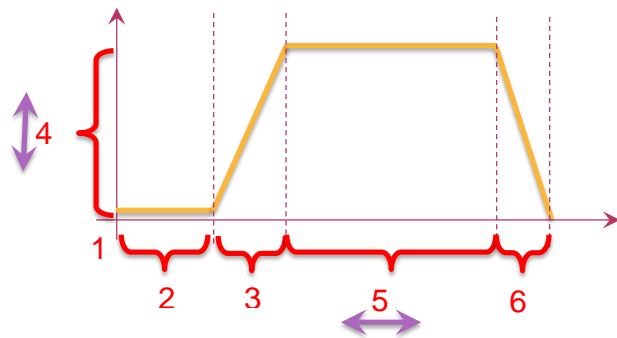
Balancing ENERGY = The physical activation of energy by TSOs to perform system balancing.
(Utilisation element)

Service Definitions – Covers both Reserve & Energy:



Standard & Specific Products

STANDARD PRODUCT – characteristics defined and agreed by all TSOs in a CoBA

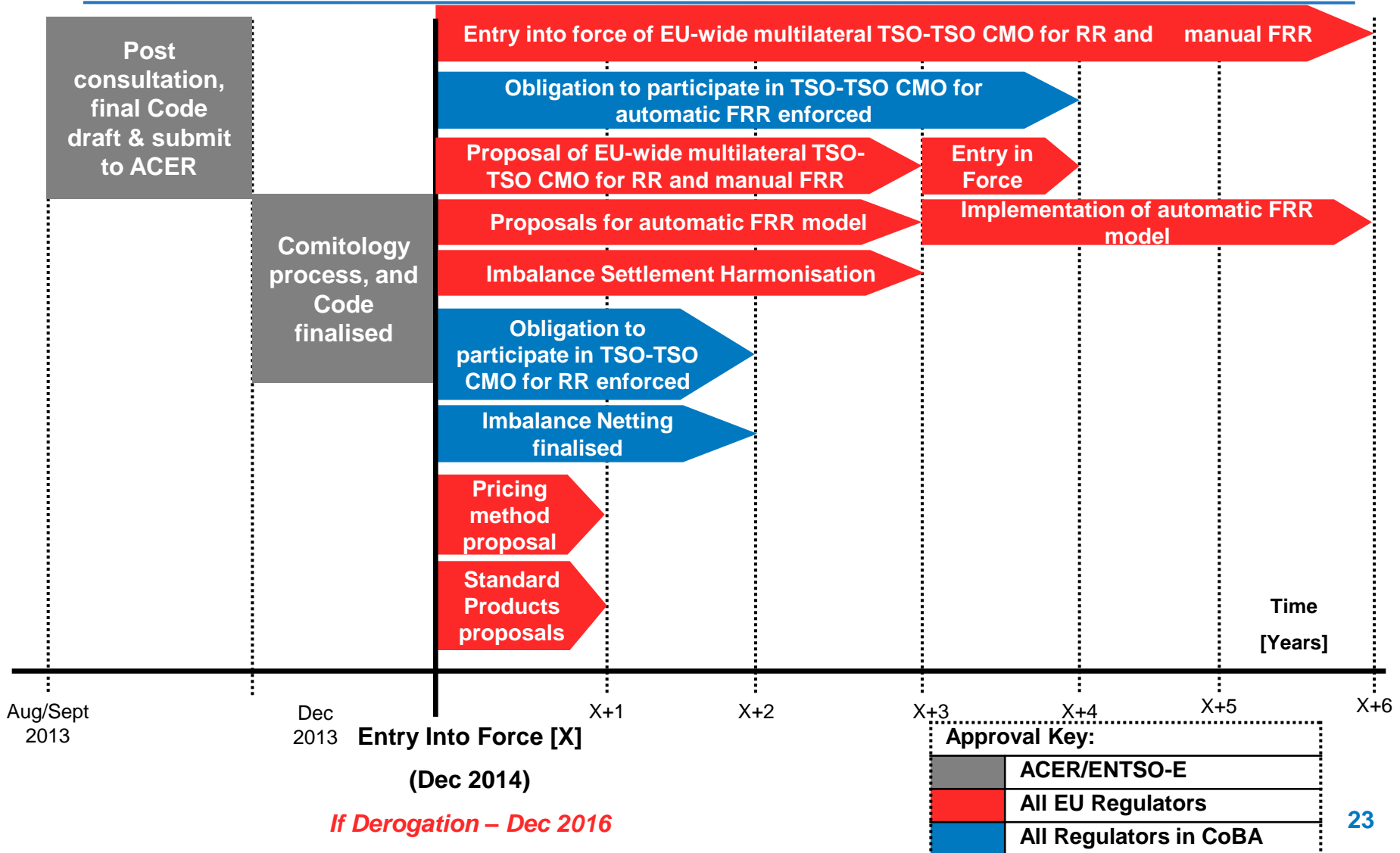


1	Instruction Time
2	Preparation– time required to start first MW
3	Ramping– time require to reach requested MW
4	Min and Max quantity (MW)
5	Min and Max delivery period
6	Deactivation– time to return to min MW

- Standard Product characteristics similar to BOA Instruction
- Possible to “convert” Specific Product into Standard Product
- Standardising product allows for CMO to be created; increases liquidity
- Use of Specific Product requires Regulatory Approval

SPECIFIC PRODUCT – non-standard characteristics, TSO must apply to National Regulator for approval

Key Dates Timeline



Balancing Code

What's the plan?

- **17th June 13** **Public consultation started, runs for 9 weeks**
- **<https://www.entsoe.eu/consultations/>**

- **Sept 13** **Analysis of responses and updated code issued**
- **Nov 13** **Final draft code**
- **Dec 13** **Code submitted to ACER, Comitology starts**

Get involved

Options

- Respond to the consultation at <https://www.entsoe.eu/>
- Attend the JESG Workshop @ Elexon on 6 / 7 Aug 2013.
- Attend the 3rd Stakeholder workshop in Brussels in October 2013, details at <https://www.entsoe.eu/>
- Contact us directly: graham.hathaway@nationalgrid.com

Thank you !

- Any questions?