

**DECC-OFGEM STAKEHOLDER GROUP (SG) ON EU NETWORK CODES  
AND FRAMEWORK GUIDELINES**

**4<sup>th</sup> Meeting – Wednesday 18 July 2012**

**MINUTES**

**1. Actions from last meeting**

- 1.1. Outstanding action for DECC to circulate revised Forward Plan paper before the next meeting. This has been addressed by the NG and JESG proposals – see paragraph 2.1 below. DECC and Ofgem will consider how to incorporate this into a generic plan to be followed for each Code to ensure that key concerns are picked up at the necessary points in the process.
- 1.2. Next DECC-Ofgem SG meeting to take place on 29 October, 14.30-16.30 at Ofgem.

**2. Update from JESG**

- 2.1. Garth Graham (SSE) updated the group on the outcome of the 16 July JESG meeting. The main focus was on the Requirements for Generators (RfG) Network Code (NC). A JESG workshop on RfG is taking place on 2-3 August in Warwick. The intention is to identify 3-4 key issues with the RfG NC from a GB perspective in advance of the comitology stage.
- 2.2. In terms of input from stakeholders, Ofgem noted that feedback should not be limited to the NC text but also the information provided in the FAQs and justification outline documents.
- 2.3. Consumer Focus asked for clarity on how stakeholders not directly involved in the ENTSOE process should get involved. SSE also questioned the sequencing of the electricity NCs and asked whether there was flexibility in the timetable for the development of Framework Guidelines (FG) or NC once it has been set.
- 2.4. Ofgem confirmed that the Commission were responsible for setting the timetable and that only they could change it. ACER and ENTSOE are each responsible for their own processes within the Commission's timetable.
- 2.5. **Action for Ofgem to liaise with Consumer Focus to discuss how to engage with them on FGs/NCs.**

**3. Comitology process**

- 3.1. Sue Harrison (DECC) gave a high-level overview of the comitology process. She underlined the importance of stakeholders feeding in not only to DECC and Ofgem but also to the governments of their parent companies early on in the process in order to help DECC identify and agree compromises before the comitology stage.
- 3.2. DECC would welcome stakeholder feedback on the big ticket items in GB to help inform the Government's position going into the comitology process. It would also be helpful if stakeholders could identify any issues that may come up on other Member State agendas.
- 3.3. **Action for JESG to consider how best to provide this input to the comitology process – to be discussed at the 2-3 August workshop.**

**4. Update from DECC-Ofgem-National Grid Group**

- 4.1. Terms of Reference for this tripartite group were circulated to the SG. The group built on the on-going regular meetings between the three parties and its aim was

to facilitate specific discussions on the UK's interests in the NC process. NG shared their high-level NC overview which sets out key milestones and identifies National Grid's view of key points to note for each NC. National Grid stressed that these will not necessarily be the same issues as other stakeholders are likely to raise.

- 4.2. The outcome of the discussions of this group will be shared with the broader SG going forward.
- 4.3. **Overview table to be sent to stakeholders via email and for stakeholders to add their comments before the next meeting.**

## 5. Balancing FG

- 5.1. William Webster (RWE) provided an initial industry perspective on the Balancing FG, identifying some key implications for the GB market<sup>1</sup>. The overall messages presented were:
  - 5.1.1. Overarching objective should be for market participants to have strong incentives and opportunity to balance their own positions.
  - 5.1.2. Market rules in most Member States do not reward flexibility sufficiently resulting in some concerns about security of supply.
  - 5.1.3. Overall integrated markets should result in a preferred outcome.
  - 5.1.4. Concern about impact on transparency and liquidity if price zones are diluted.
- 5.2. Suggested that a target model for imbalance would be helpful. Uncertainty as to whether imbalance is based on a contractual position (GB) or a physical position.

## 6. Updates on

- 6.1. Planning Group: Latest version of EC/ACER/ENTSOE 3-year plan was circulated to SG. ACER and CEER have published their draft work plans for 2013 and these are open for comment until the end of July. Stakeholders to send their comments to ACER or CEER respectively and are welcome to cc Ofgem.
- 6.2. NC Update: National Grid and Ofgem updated the SG on the ENTSOE and ACER processes for the ongoing NC:
  - 6.2.1. *RfG* – the NC and supporting package was submitted by ENTSOE to ACER on 14 July. The 2-3 August JESG workshop will be used to work through issues from a GB perspective. ACER expected to hold a workshop in early September during which stakeholders will be invited to give views on the conformity of the NC with the FG.
  - 6.2.2. *Demand Connection Code (DCC)* – Now out for formal consultation, to be submitted to ACER in December 2012. 21-22 August workshop to discuss in detail the impact in GB. ACER to develop an initial view on the draft NC while it is out for consultation. Feedback on the draft NC from stakeholders would be helpful for Ofgem in order to develop this initial view.
  - 6.2.3. *HVDC* – expected that timetable will be advanced, code drafting to start ~early 2013.
  - 6.2.4. *Congestion Management and Capacity Allocation (CACM)* – revised draft of NC published by ENTSOE on 16 July, due to be submitted to ACER in September. ACER has already provided an initial reaction. User group

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<sup>1</sup> Slides can be found here: <http://www.ofgem.gov.uk/Europe/stakeholder-group/Documents1/Presentations%20from%204th%20Elec%20SG.pdf>

meetings on 7 and 29 August – stakeholders to contact Carole Hook (National Grid) if they would like to participate.

6.3. Electricity Target Model: Ofgem updated the SG on the 2 North West Europe (NWE) projects:

- 6.3.1. *Day-Ahead Market Coupling* – IT infrastructure has been agreed, project is on track for implementation at the end of 2012. 2 stakeholder workshops expected for September and December (dates to be confirmed).
- 6.3.2. *Continuous intra-day trading* – some outstanding IT issues, aim for these to be resolved by September. Potential for phased implementation should IT issues result in delays in full implementation.
- 6.3.3. Garth Graham noted importance of identifying what preliminary work can be done before implementation and considering interactions with the CACM NC.
- 6.3.4. Noted that the procurement of the GB hub by NGIL should be ready for the start of the market coupling implementation.

## 7. Transparency Guideline

7.1. Gwyn Dolben (Energy UK) provided some preliminary comments on the draft Transparency rules<sup>1</sup>. As a general comment, he noted that the draft rules are broadly supported and that the GB market generally complies but care needed with definitions. He highlighted some issues for further consideration:

- 7.1.1. Central Platform – is this needed?
- 7.1.2. Unplanned Outages - disclosure of outage cause and duration not previously required in GB market. It may not be possible to provide accurate information in the timescales prescribed because of practicalities of determining cause and hence outage duration. Market players should not be liable if information is provided in good faith.
- 7.1.3. Large consumption units – is data published by unit? Issue of commercial confidentiality for large users.
- 7.1.4. Production units – inconsistency in the thresholds.
- 7.1.5. The section on balancing raises some issues for GB, e.g. publication of imbalance volume within fifteen months would be challenging and costly.

7.2. One stakeholder queried whether there was an overlap between the data reporting required under REMIT and the proposed transparency rules or whether this should be a single project.

## 8. Process for implementation of NC in GB

8.1. Ofgem provided an overview of the proposed high-level process for the implementation of NC in GB<sup>1</sup>. This underlined the importance of stakeholder engagement throughout the process, achieved through forums such as the DECC-Ofgem SG, informal discussion and through formal consultation on the proposed process for each individual NC.

8.2. Further discussion on this to be picked up at future meetings, following initial assessments of the first network codes.

## 9. AOB

9.1. **On RfG NC** – 2 ways for stakeholders to influence final NC: (i) if ACER ask ENTSOE to redraft NC there may be a chance to be engaged in the redrafting process and (ii) once the code has been submitted to the Commission, the Commission is able to make changes.

9.2. **On the process for making amendments to NC** – ACER expected to provide guidance on this process in September.

## 10. Participant List

| Organisation                 | Participant                      |
|------------------------------|----------------------------------|
| DECC                         | Fiona Navesey                    |
| DECC                         | Steve Davies                     |
| DECC                         | Sue Harrison                     |
| EDF                          | Nigel Edwards                    |
| Elexon                       | Steve Wilkin                     |
| Energy UK                    | Gwyn Dolben                      |
| E-ON                         | Peter Bolitho                    |
| ESBI                         | Felicity Bush                    |
| Mainstream Renewable Power   | Nick Fedorkiw                    |
| National Grid                | Adrian Lewis                     |
| National Grid                | Carole Hook                      |
| Ofgem                        | Charlotte Ramsay                 |
| Ofgem                        | Olaf Islei                       |
| Ofgem                        | Grendon Thompson                 |
| Ofgem                        | David Omom                       |
| Ofgem                        | Martin Crouch                    |
| Ofgem                        | Reuben Aitken                    |
| Ofgem                        | Pamela Taylor                    |
| Ofgem                        | Harriet Williams                 |
| Scottish and Southern Energy | Will Steggals                    |
| SSE                          | Garth Graham                     |
| UREGNI                       | Jean-Pierre Miura                |
| CMS                          | Robert Lane <i>(Dial in)</i>     |
| ENA                          | David Spillett <i>(Dial in)</i>  |
| RWE                          | William Webster <i>(Dial in)</i> |
| Scottish Power Renewables    | Ane Landaluze <i>(Dial in)</i>   |
| Scottish Power               | Gordon McGregor <i>(Dial in)</i> |