DECC-OFGEM EUROPEAN ELECTRICITY STAKEHOLDER GROUP

8th Meeting – Wednesday 31 July 2013 14:30-16:30

1 Victoria Street, London, SW1H 0ET

MINUTES

1. Welcome and review of actions from last meeting

1.1   The Chair (Fiona Navesey) opened the meeting and welcomed participants. She introduced Rob Mills, the new Head of European Wholesale Markets at Ofgem who will be working on the European Network Codes and will be replacing Rachel Fletcher as rotating chair for this stakeholder group.

1.2   There was an action from the last meeting for stakeholders to provide specific examples to Ofgem on the issue of consistency of definitions across the codes. Dipali Raniga (Ofgem) mentioned that there is ongoing work at a European level looking at this issue and Ofgem would encourage stakeholders to provide examples of specific definitions that seem to be inconsistent (and proposed solutions).

1.3   DECC had agreed to circulate a timetable of the proposed comitology preparation processes with dates specific to Capacity Allocation and Congestion Management (CACM) code. However, the deadlines for CACM are still unknown and this will be followed up at the next stakeholder group meeting, in October.

1.4   DECC/Ofgem had agreed to include harmonisation of capacity mechanisms as an agenda point for the July meeting. However, as the EU publication on capacity mechanisms has been delayed until September, this discussion will be postponed for the next meeting of this group on 31 October.

2.   General update on the network code process and ACER deliberations

2.1   Rob Mills (Ofgem) provided an update on network code development. On the grid connection codes, the Requirements for Generators (RfG) code and Demand Connection Code (DCC) are with the Commission (following ACER's Opinions and Recommendation in March). The Commission's consultants continue to work on their technical report on the RfG. The Commission have not yet announced any dates for Comitology for the RfG or DCC.

2.2   ENTSO-E received the Commission's mandate to begin drafting the High Voltage Direct Current (HVDC) code at the end of April. ENTSO-E held a call for stakeholder input on the scope of this code, including a public workshop (7 May - 7 June). ENTSO-E has since been engaging with ACER and the HVDC User Group. The public consultation of the code will take place November to December.

2.3   On the system operation codes, Rob Mills (Ofgem) reported that ACER published its opinions on the Operational Security (OS) and Operational Planning & Scheduling (OPS) codes in May and June respectively, calling for further improvements to the codes before they can be recommended for Comitology. Stakeholders' reaction to this is captured under item 4 below.

2.4   ENTSO-E will be engaging with these ACER opinions and re-drafting the codes, in timescales parallel to the Load Frequency Control & Reserves (LFC&R) code. The LFC&R code was submitted to ACER for its opinion on 28 June. ACER have called for interested stakeholders to provide views on the code until 8 August, and encouraged to submit these views through EU-wide associations. The DECC-Ofgem workshop to prioritise key issues for GB stakeholders for this code was held on 16 July, and outcome of that workshop is discussed in further detail under item 5 below.

2.5   Markets Codes: in March ACER recommended to the European Commission the adoption of the CACM NC. The European Commission is now in the process of merging the governance guidelines and CACM NC. Ofgem understands that the Commission will provide this merged text for comitology in September. This should be followed by a formal opinion in November 2013 and expected adoption in April 2014.

2.6   On the Balancing Code, ENTSO-E published a draft of the code for Public Consultation. Ofgem encourages all stakeholders to respond to the consultation before August 16th. GB Stakeholders are also encouraged to attend a two-day Balancing Code workshop, held by JESG on Tuesday 6 and Wednesday 7 of August. This will include an article-by-article review and should support GB stakeholders' understanding of the code before responding to ENTSO-E's consultation. Following the closure of the Public Consultation, ACER will provide a Preliminary Opinion on the code.

2.7   A more detailed discussion and presentations from National Grid on the Balancing Network Code and the Forward Capacity Allocation Network Code are captured under items 6 and 7 below.

3. Proposal for the European Code Coordination Application Forum (ECCAF)

3.1   Paul Wakeley (National Grid) provided an update on the proposal for a Joint Standing Group to coordinate the application of European Network Codes across GB Codes (see slides). PW stated that the aim of this group will be to advise the Code Panels on matters of coordination of application of European Network Codes to GB Codes and the group will report back to all the Panels. PW mentioned that the feedback from the Panels so far was positive with some comments on the Terms of Reference (see slides for more detail). In terms of next steps, the Panels are asked to approve final Terms of Reference and to make nominations for representatives in August. DECC and Ofgem will then appoint a Chair for this group with the first meeting expected to take place in the autumn.

3.2   Olaf Islei (APX) highlighted that compliance with the Network Codes will not only involve changing the GB Codes as some requirements, particularly for the markets Network Codes, will sit outside the scope of the current GB Codes.

4. Operational Security (OS) and Operational Planning and Scheduling (OP&S) Network Codes

4.1   Gwyn Dolben (Energy UK) provided an update on stakeholder views on ACER's opinions on the OS and OPS Network Code. He stressed that ACER had highlighted in

its opinions the main issues, for example the importance of coherence with other codes, including definitions, especially the definition of "grid users".

4.2   On the OPS code, Gwyn stressed that the key issue for generators is the outage planning as there is a concern that the code may give TSOs more rights to impose this, but it was also recognised that stakeholders have not suggested solutions to resolve this to date. He agreed with ACER on the transparency issues and the treatment of interconnectors and different types of TSOs which should be clearly defined. Additionally, Gwyn also mentioned that he supports ACER's call for more regulatory scrutiny.

4.3   Ofgem (Dipali Raniga) encouraged stakeholders to communicate specific key issues and proposed solutions at this stage in the process.

5. Load-Frequency Control and Reserves (LFC&R) Network Code

5.1   Steve Davies (DECC) provided an update from the DECC-Ofgem prioritisation workshop for stakeholders which took place on 16 July. Steve Davies mentioned that overall the code did not raise any major concerns. Four GB Stakeholder priorities were identified at the workshop (see slides for more detail).

5.2   Steve Davies reminded stakeholders that ACER's call for stakeholder views on the LFC&R code closes on 8th August. ACER will be submitting its opinion on the code on 28 September. 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. The comitology process for the LFC&R code is expected to start in Q4 of 2014.

5.3   John Costa (EDF Energy) mentioned that there is a concern regarding the interactions of the LFC&R with other network codes such as CACM and Balancing, particularly on the topic of reserves. Participants agreed that there are important interactions to be looked at. Ofgem recognised the importance of consistency between codes and the need to avoid overlaps. It also noted that the last ENTSO-E workshop was combined to cover both the Balancing and the LFC&R Network Codes because of the interactions, which shows ENTSO-E are trying to consider these issues.

5.4   National Grid (Bec Thornton) agreed that it would be useful to see how these network codes work together and this is something that the ECCAF could look at later in the year.

6. Forward Capacity Allocation (FCA) Network Code

6.1   Bec Thornton (National Grid) provided an update on the development of the FCA network code (see slides). She reported that the initial drafting of the ENC by ENTSO-E was completed, the public consultation closed on 29th May and a stakeholder workshop was held through JESG on 19th June. The FCA Network Code is now being revised based on stakeholder comments. An initial revised draft of the Network Code was released on 3rd July. In terms of next steps, Bec mentioned that the FCA NC is due to be submitted to ACER for review in Q3 of 2013, the Comitology process is expected to start in Q1 of 2014 and the Network Code to apply from September 2014.

6.2   Bec Thornton also presented some of the main issues and points to note. ENTSO-E and ACER positions are not aligned on the issue of firmness (specifically on who should bear the risk). There is also disagreement around timelines for implementation. Bec Thornton mentioned that ACER is pushing for 2015 implementation timescales which ENTSO-E considers unachievable; ultimately timelines for implementation will only be known after comitolgy.

6.3   Peter Hicks (Ofgem) reported that ACER had stressed that the FCA Network Code should reflect the Framework Guidelines.

7. Balancing Network Code

7.1   Ian Pashley (National Grid) provided an update on the Balancing Network Code (see slides for more detail). He reported that the main issues and challenges for GB to be considered include the creation of the Coordinated Balancing Areas (CoBAs) and the "common merit order" for balancing products within CoBAs, in which GB will participate. Moreover, as for other codes, GB has several TSOs and it will be important for this to be reflected in the code so that each TSO has the 'appropriate' responsibilities. The intention is for ENTSOE to agree on a form of wording which accommodates multiple TSOs (with different responsibilities) within a Member State.

7.2   There are various ways for GB stakeholders to get involved and contribute to the discussions on these issues: ENTSO-E's public consultation started on 17 June and runs until 17 August, stakeholders are encouraged to respond to this and to attend the JESG Workshop at Elexon on 6-7 August and the 3rd Stakeholder workshop in Brussels in October 2013. In terms of deadlines, ENTSO-E has to submit the final code to ACER in December 2013.

8. AOB

8.1   There was discussion around timelines for implementation as quite a few Network Codes are due for comitology in 2014 and this might imply a pressure for resources. Some concerns with the comitology process itself were also raised and stakeholders asked for more engagement with the European Commission.

9. Next meeting

The next meeting of the stakeholder electricity group is scheduled for Thursday 31st October, from 14.30 to 16.30 at Ofgem premises.

Participant list

Organisation	Participant
Ofgem	Rob Mills
Ofgem	Arina Cosac
Ofgem	Dipali Raniga
Ofgem	Hannah Kruimer
Ofgem	Peter Hicks
Ofgem	Michelle Murdoch
DECC	Steve Davies
DECC	Fiona Navesey
DECC	Dawn Armstrong
APX	Olaf Islei
BritNed	Damian Bach
CMS CMCK	Louise Dalton
DETINI	Bill Stevenson
E.ON	Esther Sutton
EDF Energy	John Costa
Energy UK	Gwyn Dolben
National Grid	Bec Thornton
National Grid	Paul Wakeley
National Grid	Ian Pashley
RWE npower	Charles Unvala
Scottish Power	Brian Galloway
The Crown Estate	Chuan Zhang
UREGNI	Natalie McCurry