

Role of stakeholders in the implementation of network codes and related guidelines, and in particular the establishment of European Stakeholder Committees for network code implementation

Consultation Document

12 December 2014

ACER and ENTSO-E invite all interested parties to submit their comments on the following consultation document on the **role of stakeholders in the implementation of network codes and related guidelines**, and in particular on the establishment of **European Network Code Stakeholder Committees**.

Responses to the consultation must be sent on consultation.acer@entsoe.eu by 23 January 2015 midnight, Central European Time.

ACER and ENTSO-E will publish all the input received on their websites shortly after the consultation is over and will organise a public workshop beginning of 2015 to present the results and discuss the way forward.

ACER and ENTSO-E would also be pleased to discuss this subject with interested parties, either by phone or in person. Interested stakeholders should contact at ENTSO-E, Jean-Baptiste Paquel: jean-baptiste.paquel@entsoe.eu and at ACER, Christophe Gence-Creux: electricity@acer.europa.eu

All the formal documents and updates on the EU Network Codes development and early implementation are available on ACER and ENTSO-E websites:
www.acer.europa.eu / www.entsoe.eu

Background and general information explaining to a non-technical audience what the Network Codes are about is available on
<http://networkcodes.entsoe.eu>

1. Introduction

Implementing the network codes¹: a challenge for the electricity sector

The European Commission (EC), the Agency for the Cooperation of Energy Regulators (ACER), the European network of transmission system operators for electricity (ENTSO-E), associations representing Distribution System Operators (DSOs), EuroPEX and other stakeholders (such as consumer organisations, generators, suppliers and many others) from across the electricity sector have devoted considerable effort over the past four years to the development of the network codes for electricity. At the time of this public consultation, ACER has recommended eight network codes for adoption. They are currently going through the process of becoming law. **On 5 December 2014, Member States gave a positive opinion on the draft Regulation establishing a Guideline on Capacity Allocation and Congestion Management (CACM).**

The drafting and approval of network codes is however just the start. The network codes have been developed to help realise Europe's three energy key policy goals – ensuring security of supply, creating a competitive Internal Electricity Market (IEM) and decarbonising the electricity sector. For this to happen, the network codes need to be implemented and complied with across Europe.

This represents an important challenge for the European electricity sector. Each network code requires a series of steps to be taken before they can be considered as fully implemented. This will include national decisions, the conclusion of regional agreements and the creation of European detailed common methodologies. All market participants, DSOs, Nominated Electricity Market Operators (NEMOs), Transmission System Operators (TSOs) and regulators will be involved and the required development work and consultation will be extensive.

This work needs to be taken forward in a coordinated way applying programme and project management principles. Effective stakeholder engagement is essential to the programme's success, and ACER and ENTSO-E are looking for broad and deep contributions from stakeholders on how implementation should take place. In practice this involves efficient and intensive sharing of views and information by all interested parties throughout the process as a whole. Stakeholders will need to be kept abreast of developments and, where appropriate, to provide their views and feedback. ACER and ENTSO-E (and in some cases nominated electricity market operators, i.e. NEMOs) will play an important role in that respect.

¹ For clarity, the term “network codes” is mainly used in this document to define any set of common rules for electricity markets, be it “network codes” or “binding guidelines”, as defined by Regulation (EC) N°714/2009. The term “network codes and guidelines” is used on very specific occasions when it actually contributes to a better understanding of the consultation document.

2. Purpose of this document

Through the draft guideline on capacity allocation and congestion management (CACM), the EC tasked² ACER, in close collaboration with ENTSO-E, to establish a stakeholder committee in order to facilitating discussion with stakeholders during the implementation phase of the different network codes.

This structure must efficiently allow stakeholders to express their opinions, share good practices, and share and receive information.

For these reasons, ACER and ENTSO-E launch the present public consultation, aimed at finding the best way to involve stakeholders in the process of implementing the network codes.

3. Proposed structure for additional stakeholder engagement in the implementation process

Beyond the formal obligations of stakeholder consultation and information included in the network codes, ACER and ENTSO-E are considering creating three permanent European Stakeholder Committees, one per family of codes (Market codes, Operational codes and Connection codes)³.

Each European Stakeholder Committee would be used as an over-arching structure to monitor progress in the NC implementation process at local, regional and pan-European level. They would *liaise* with existing local structures, and could *propose* the creation of dedicated European expert groups; for example, on bidding zones, capacity calculation methodologies, Long-term auction rules, Day-ahead and Intraday market coupling.

The composition of each committee, as well as the structure, organisation, deliverables and exact purpose would be discussed based on contributions to this consultation, however some general principles can already be foreseen.

Stakeholder committees should:

- **Serve as a platform to share views on network codes implementation and monitoring.** Such a group could prove beneficial in raising and resolving concerns, in overseeing code implementation, and coordinating views to ensure that network codes are efficient and effectively enforced.
- **Be based on simple predefined rules and procedures, to avoid bureaucracy and maximize the benefit from stakeholder engagement. These rules must be based on return of experience and suggestions from all users across Europe.** The rules and procedures should be clear, and allow for good governance and explicit responsibilities. They should allow for flexibility in organising work and for stakeholder involvement in an appropriate manner. They should ensure that all industry and customer views, whether they represent a majority or not, are taken into account.
- **Define responsibilities to ensure clear leadership.** The rights and responsibilities of the different parties (ACER, ENTSO-E, NEMOs, DSOs and other stakeholders) need to be clearly established. ACER proposes to set up and chair the stakeholder committee on market NCs, while ENTSO-E would be responsible for setting up and chairing the stakeholder committee for the two other families of codes. This approach was jointly discussed by ACER and ENTSO-E so as to maximise the

² Subject to adoption of the text in the Comitology procedure

³ Note that a similar structure already exists for the Market codes with the Ad-hoc Electricity Stakeholders Advisory Group (AESAG) framework.

efficiency of the structure, minimise double reporting duties and ensure the effective allocation of expert resources.

On a number of subjects, including in particular works on CACM, NEMOs (together with ENTSO-E) will also be asked to play a co-leading role in setting-up and chairing the dedicated European expert groups. Liaison with organisations which could play a particular role in some aspects of network code implementation, for instance CENELEC or JRC, will also need to be considered. ENTSO-E also suggests setting up a perennial TSO/DSO expert group to discuss system operator-specific issues throughout the implementation of network codes.

- **Have the appropriate composition based on expertise and efficiency.** To increase efficiency, the stakeholder committees and expert groups should ideally be composed of key experts from industry and customer associations; a selective number of representatives, though large enough to represent the interests of the various addressees of network codes appropriately.
- **Ensure close links between the different groups.** Several project-specific expert groups will be created. The proposed stakeholder groups will have strong ties with these expert groups, which should help minimise reporting duties and resource burdens for all parties. Therefore, it is essential that the members of these committees recognise these links in order to ensure consistency across the whole network.
- **Ensure transparency.** The stakeholder committees should have a common, single IT platform to share information, accessible to all interested parties. This platform should be provided for in the predefined rules of the committees for its effective use; for example outlining deadlines for sharing information, confidentiality of materials, roles and responsibilities of platform management, etc.
- **Periodically, bring their views, expertise and experience to the amendment process,** which is described in *ACER's Guidance on the Evaluation Procedure for Network Code Amendment Proposals under Article 7 of the Electricity and Gas Regulations*⁴. ACER and ENTSO-E indeed believe that the stakeholder committee created for implementation should also periodically be used to discuss lessons learned from the implementation process and steer necessary evolution of the codes by informing the amendment process. Dedicated stakeholder committee meetings, chaired by ACER, could be periodically organised to discuss possible amendments of the market, connection and operational codes. This informal consultation through the stakeholder committees will be without prejudice to the obligations of ACER to consult stakeholders more broadly and in a more formal framework.

⁴ http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Directors%20decision/ACER%20Guidance%20on%20Evaluation%20Procedure%20for%20NC%20Amendment%20Proposals%20under%20Article%207%20of%20Elec%20and%20Gas%20Regulations.pdf

The diagram below shows an example of a way the committee could be organised:

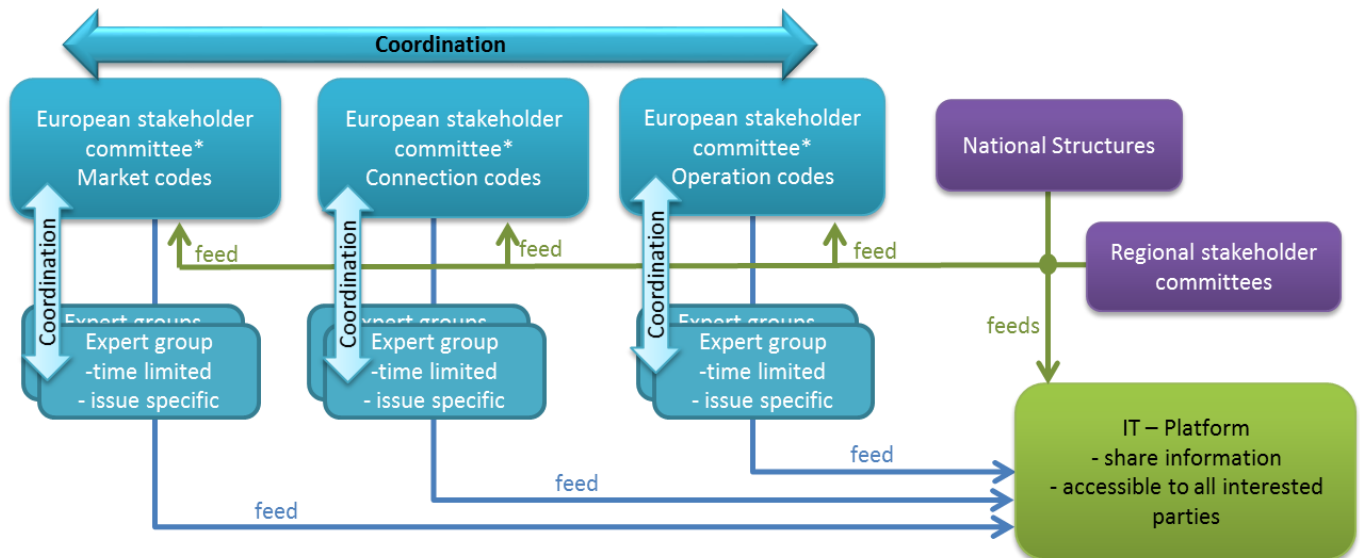


Fig1: ACER and ENTSO-E's proposal for a possible structure: ACER will chair the Market codes committee on implementation, while ENTSO-E will chair the Connection and Operational codes committees discussions on implementation.

4. Next Steps

We encourage interested parties to provide their views on the proposed structure for stakeholders' engagement in the implementation process. ACER and ENTSO-E will publish all submissions. ACER and ENTSO-E aim at discussing all inputs and findings with the EC, in order to provide a significant industry and customer point of view to the debate.