

JOINT WORKSHOP WITH STAKEHOLDERS ON THE CONNECTION NETWORK CODES' NATIONAL IMPLEMENTATION

Inés de la Barreda

**“Objectives of Network
Codes / Guidelines in the
frame of EU energy
policy”**

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1. THIRD PACKAGE MAIN OBJECTIVES:

Main Policy Objective: – Creation of an internal market in the Community (Directive 2009/72/EC and Regulation EC No 714/2009);

Pillars:

- Real choice for all consumers (citizens or businesses);
- More cross border trade (efficiency gains);
- Competitive prices and higher standards of services;
- Security of supply and sustainability.

Communication of the Commission 10th January 2007:

To create a level playing field for all undertakings in the Community (based on non discriminatory principles).

2. NETWORK CODES AND GUIDELINES:

- Both Network Codes and Guidelines are implementing acts of the Commission deriving from Electricity Directive and Regulation;
- Both Network Codes and Guidelines are approved as EU Regulations and have the same legal value.

Network Codes:

- Article 8 – Electricity Regulation;
- Do not require further regional steps for their implementation;
- Only implementation measures at national level

2. NETWORK CODES AND GUIDELINES:

Scope of NC:

- Cross border network issues (not intended to replace national codes for non cross-border issues);
- Market integration issues.

Guidelines:

- Article 8 – list can be finally adopted as guidelines (CACM);
- Other articles of Directive 2009/72/EC and Regulation EC No 714/2009 foresee the creation of guidelines (arts 3 and 18 of Electricity Regulation).

3. INCORPORATION IN THE ENERGY COMMUNITY:

Treaty establishing the Energy Community(title VI)

Decision D/2011/02/MC-EnC:

- Incorporation of Directive 2009/72 EC and Regulation EC No 714/2009 and a new list of “acquis communautaire” on energy;
- Incorporation requires certain adaptations;
- Article 12 establishes the adoption of Regulation (EU) No 774/2010 (guidelines for inter-transmission system operator compensation);
- Difference in the adoption of NC and Guidelines arts.27 and 28 (these might require adaptation of the institutional framework);
- A procedural act is required for the application of those arts.

3. INCORPORATION TO THE ENERGY COMMUNITY:

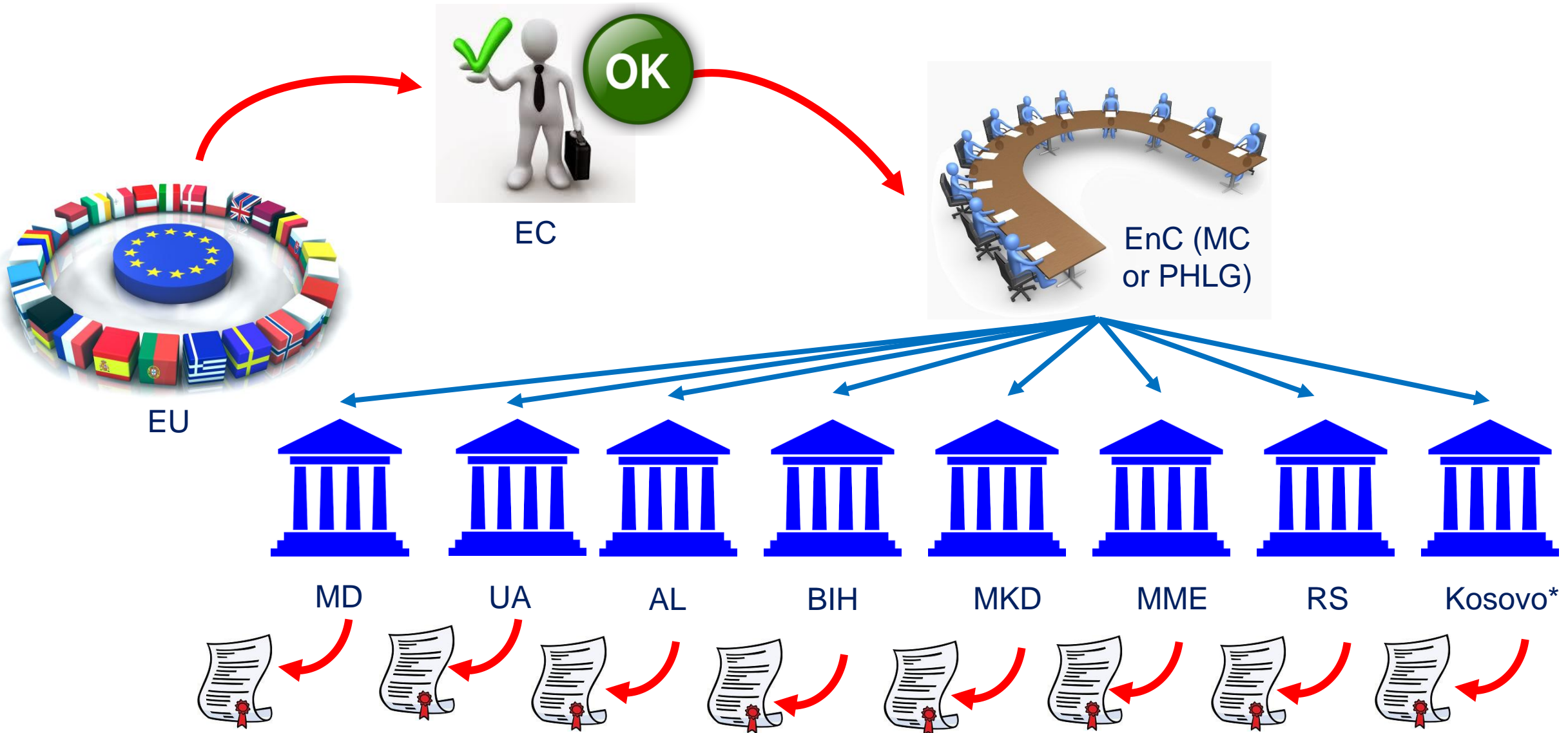
Procedural act 1/2012:

- Establishes the procedure for adoption of NC and Guidelines.

Procedural act 2/2012:

- Details the role of the Energy Community Regulatory Board (ECRB).

How does EU Law get in the SEE region?



4. **INSIDE THE CNC: What needs to be implemented? (1)**

1. **Scope of application: entities affected by the requirements:**

- **NC RFG:** Power generating modules
- **NC DCC**
 - ✓ transmission-connected demand and distribution facilities
 - ✓ distribution systems, including closed distribution systems
 - ✓ demand units used by a demand facility or closed distribution system to provide DSR services
- **NC HVDC**
 - ✓ HVDC systems connecting synchronous areas/ control areas
 - ✓ HVDC systems within a control area at transmission level or at distribution level with cross-border impact
 - ✓ DC-connected power park modules

2. **Geographical scope of application**

- Not applicable to connections in islands of MS of which the systems are not synchronously operated with a synchronous area

4. INSIDE THE CNC: What needs to be implemented? (2)

3. Two types of requirements

a) Requirements of direct application / “*exhaustive requirements*”:

- **Applicability different for EU and non EU members:**

- **EU Members:** replace national regulation (art. 288 TFEU) – should not be incorporated into national law.
- **Non EU Members:** EEA (once inserted in the Annex of the Treaty); EnC (once inserted in the list of acts of energy acquis), other countries not bound by EU law (when incorporated in their national legal order).

b) Requirements for national implementation: “*non exhaustive requirements*”

- **Requirements of general application:**

- Proposed by the TSO or relevant system operator
- Approval granted by the NRA unless MS assigns it to other entity

- **Site specific requirements:**

- TSO or relevant system operator;
- Member State might require approval by a designated entity

5. REGULATORY ASPECTS: Who implements? (1)

1. Entities granted powers in NCs (arts 7 RfG, 5 DCC, 9 HVDC):

- **System operators / TSO:**

- Define certain requirements for devices connected to their network upon approval of the entities below. Site specific might not require approval, depending on each MS.
- Draft proposals of requirements of general application for approval of the entities mentioned below.

- **National Regulatory Authorities:**

- Approve requirements; scope of application, derogations...
- In general terms are assigned powers in the NCs based in Article 37 of Directive 72/2009.

- **Member States:**

- In some cases MS can appoint a different entity to provide for these approvals based on Article 5 of Directive 72/2009.
- Can provide that TSOs define certain requirements instead of the relevant system operator.

5. REGULATORY ASPECTS: Who implements? (2)

2. Role of EU entities:

•ACER:

- Stakeholder involvement;
- Monitoring of implementation and effects on market integration and efficiency;
- Derogations (monitoring).

•ENTSO-E:

- Stakeholder involvement (in close cooperation with the Agency);
- Non-binding guidance on NCs;
- Monitoring of implementation;
- Provide information to the Agency

•European Commission:

- Derogations: providing a harmonized approach, monitoring the derogation process and granting a reasoned opinion to provide or revoke a derogation.

6. DEROGATION PROCESS

Addressees of the code could request a derogation not to apply some specific requirements:

•Initiative to request a derogation:

- Affected entities – file the derogation request with the relevant system operator;
- Relevant system operator or relevant TSO – for classes of users connected to their network.

•Entity granting a derogation:

- Regulatory authorities – based on published derogation criteria;
- Other entities.

•All the process is monitored by ACER and the EC.

7. TIMING:

- Entry into application requirements: 3 years after entry into force CNCs;
- Proposal for non-exhaustive requirements of general application for approval: 2 years after entry into force CNCs;
- Approval decision: 6 months after receipt proposals;
- Transitory regime for existing grid users already connected to network before entry into force;
- Purchase contract 2 years after entry into force.

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