Implementation of Network Codes in the Contracting Parties

Part 1 – implementation requirements

Nina Grall-Edler
Head of ECRB Section
Energy Community Secretariat
Relevant legal acts

Gas

Electricity
- HDVC: Decision 2018/04/PHLG-EnC on incorporating Commission Regulation (EU) 2016/1447 establishing a network code on requirements for grid connection of high voltage direct current systems and direct current-connected power park modules
- DC: Decision 2018/05/PHLG-EnC on incorporating Commission Regulation (EU) 2016/1388 establishing a Network Code on Demand Connection
Procedures

Art 28 Decision 2011/02/MC-EnC:
- “network codes shall be adopted by the PHLG”
- “PHLG shall adopt a procedural act on application”

PA 2012/01/PHLG-EnC:
“[…] Guidelines and Network Codes be transposed without changes to their text or their structure of the Decision, other than translation.”

14.11.2017
EC → proposal → PHLG

12.1.2018
Transposition into national legislation

12.6.2018
EL: implementation

GAS: 1.10.2018

EL: +3y*

notification to ECS: + 2 weeks
Let me re-call that the adopted Regulations need to be transposed without changes to the structure and text other than translation in order to comply with the PHLG Decisions. We assume that the incorporation of the above mentioned Decisions into your country’s legal framework can be accomplished by the adoption and/or adaptation of acts by the regulator and do not require approval by Parliament. In this case, we recommend the following approach to comply with the Energy Community requirements:

1. In a first step, the national regulatory authority to adopt a text corresponding to the Network Codes translated into the official languages.
2. In a second step, the national regulatory authority to adapt the existing regulatory acts to bring them in line with the (incorporated) Network Codes.

Both steps must be accomplished within the transposition deadline. The PHLG Decisions oblige the Contracting Parties to notify the Energy Community Secretariat of completed transposition within two weeks following the adoption of such measures.

We are ready to support your national regulatory authority (or any other authority competent for transposition) in incorporating the five Network Codes into national law. For this purpose, the national regulatory authority (or any other competent) authority are invited to address the Secretariat (Deputy Director Dirk Buschle, dirk.buschle@energy-community.org, and Head of ECRB Section Nina Grall-Edler, nina.grall@energy-community.org by 23 March 2018 about the envisaged legal modus for transposing the Network Codes and any requests for assistance.
Relevant questions

• Who is the competent authority for transposition?
  • Drafting vs. adopting$_{MD}$ – (potentially) problematic? Can NRA enforce drafting by TSO$_{SR}$?

• Can the competent authority transpose within the existing legal framework?
  • Do competences need to be specified? Or can general competences be used?$_{MD}$

• Would the situation be different for less technical rules (electricity market guidelines?)

• Can the 2-step concept (ref letter) be followed?

• Timelines – progress status – work approach

• Any specific challenges?
Implementation of Network Codes in the Contracting Parties

Part 2 – tour de table

Contracting Parties
Implementation of Network Codes in the Contracting Parties

Part 3 – case study Moldova

Bernd Rajal
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Implementation of Network Codes in the Contracting Parties

Part 4 – new edition of network codes on the horizon

Nina Grall-Edler
Head of ECRB Section
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## Next edition

### Gas

<table>
<thead>
<tr>
<th>Legal act</th>
<th>Content</th>
<th>remarks</th>
<th>PHLG adoption</th>
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<tbody>
<tr>
<td>CAM NC Regulation 2017/455</td>
<td>Capacity allocation</td>
<td>ideally the CAM and TAR codes are adopted together</td>
<td>12/2018 or 1st PHLG in 2019[^2] [Title II]</td>
</tr>
<tr>
<td>TAR NC Regulation 469/2017</td>
<td>Transmission tariffs</td>
<td></td>
<td>12/2018 or 1st PHLG in 2019[^1] [Title II]</td>
</tr>
<tr>
<td>BAL NC Regulation 312/2014</td>
<td>Balancing</td>
<td></td>
<td>Last PHLG in 2019 [Title II]</td>
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### Electricity

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<tr>
<td>CACM GL Regulation 1222/2015</td>
<td>Capacity allocation and congestion management</td>
<td>• Requires a EU-CP reciprocity solution: either to be reached by legally binding reciprocity (Treaty reforms) and before by „voluntary reciprocity” (similar to gas), i.e. via agreements developed under the WB6 Connecta Regional DAMI TA</td>
<td>MC 2018[^3] [Title III]</td>
</tr>
<tr>
<td>FCA NC Regulation 1749/2016</td>
<td>Forward capacity allocation</td>
<td>• However, even with a reciprocity solution: also a solution for voting is needed that can only be reached via Title III</td>
<td>MC 2018[^3] [Title III]</td>
</tr>
<tr>
<td>SO GL Regulation 2017/1485</td>
<td>System Operation</td>
<td>• Adaptations are currently prepared</td>
<td>2019</td>
</tr>
<tr>
<td>BAL GL Regulation 2017/2195</td>
<td>Balancing</td>
<td>• 1st meeting: 10.4. VIE</td>
<td>2019</td>
</tr>
<tr>
<td>ERNC Regulation 2017/2195</td>
<td>Emergency &amp; restoration</td>
<td>• Closely linked to BAL GL</td>
<td>2019</td>
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</tbody>
</table>
Focus electricity market guidelines

1. Geographical scope
2. CCRs
3. Methodologies – existing vs new | pan-European vs regional
4. Voting
Approach

- **Standard adaptations**
  - EC → ECS | ACER → ECRB | MS → CP
- **ad-hoc adaptations**
- **Implementation in one step**
- **Implementation deadlines**
- **Reciprocity relevant**
  - Title III
  - Alternative Title IV
The reciprocity challenge\textsubscript{CACM & FCA}

"switching on" of CPs and CP-MS interconnections

- EU CACM
- EnC CACM
- Contracting Parties
Title III CCRs

- CCRs include only the CP-CP & CP-MS borders
- MS-MS borders are covered in CCRs defined by ACER
Explanatory document to all TSOs’ proposal for CCR

- **Future composition of CCRs including non-EU bidding zone borders** (Annex 1 to the Explanatory … document)
  - Establishes the basis for the future implementation of the CACM Regulation by non-EU TSOs/non-EU regulatory authorities
  - Facilitates the early implementation by non-EU TSOs and the cooperation of the EU and non-EU NRAs;
    - Involved TSOs (EU and non-EU) will start working together based on the CCR composition presented in Annex 1 to achieve the targets set in the CACM
  - CCR SEE including non-EU bidding zone borders as fig below (excluding HU-RO and HU-HR)

- The bidding zone borders will be included in the CCR SEE in the future, subject to the fulfilment of the legal requirements for the application of CACM Regulation
- The bidding zone border IT-ME will be included in the CCR SEE when the interconnection between Italy and Montenegro is commissioned (expected to be in 2017/2018) and subject to the fulfilment of any other legal requirements for the application of the CACM Regulation by Montenegro

Source: Explanatory document to all TSOs’ proposal for CCR
Methodologies

All TSOs / (NEMOs) All NRAs

European terms & conditions / methodologies / platforms

Transfer through PHLG decision applicable on Title III (CP-CP, CP-MS)

Example of a region

Relevant TSOs / (NEMOs) & NRAs

Regional (CCR) terms & conditions / methodologies / platforms

Developed on regional level and applicable on Title III (CP-CP, CP-MS)

Example of a region

Relevant TSOs / (NEMOs) & NRAs

National (CCR) terms & conditions / methodologies / platforms

National implementation applicable on CPs

Example of a region

Energy Community Secretariat
Agreeing on methodologies: Voting

European methodologies:
• Qualified majority
  55% of MS + 65% of population of the EU

Regional methodologies:
• Qualified majority of the region
  72% of MS + 65% of population of the region

Region <5: consensus

European methodologies:
• Unchanged taken as part of EU acquis, applicable under PHLG decision requiring national transposition in CPs

Regional methodologies:
• Qualified majority of the region
  2/3 of the CPs/MSs of the region

Region <3: consensus
The next challenge level: BAL, SO

Regions concerned:
Title II – CP-CP
Title III – CP-CP, CP-MS, neighboring MS-MS
Title IV - CP-CP, CP-MS, MS-MS
Synchronous area applicability – Title IV

- Continental Europe SA
- IPS/UPS - Baltic SA +UA/MD/GE
LFC block applicability – Title IV /Title III/ Title II

Title IV
Title III
Title II

SHB Block
SMM Block