Framework Guidelines and Network Codes

Energy Community
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Legally binding rules on detailed issues

- Art. 6, 7 and 8, Gas Regulation (EC) no 715/2009
- Art. 6, 7 and 8, Electricity Regulation (EC) no 714/2009
- Detailed, technical, operational issues to be harmonized where they facilitate market integration
- Aim is to address cross-border issues that are potentially hampering trade:
  - More efficient use of networks
  - More transparency
  - Lower transaction costs
  - More liquid markets
  - More reliable price signaling

- Not the end of national rules.
Network Codes to be developed in these Policy Areas (art. 8(6) E-Reg.)

- 1. Technical & Operational Rules
- 2. Market & Trading Rules
- 3. Tariff & Investment Rules
Simplified Process

- ACER develops Framework Guidelines
  » High-level principles, guidance for ENTSO

- ENTSOs develop Network Codes
  » Detailed rules

- Commission makes the Network Codes binding through comitology
Phase 1: Framework Guideline Development

Procedure for Framework guidelines and Network codes

<table>
<thead>
<tr>
<th>Time</th>
<th>ENTSO-E</th>
<th>Agency</th>
<th>Commission</th>
</tr>
</thead>
<tbody>
<tr>
<td>Max. 6 months (+ extension)²</td>
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<tr>
<td>Incl. consultation min. 2 months</td>
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<tr>
<td>Timeframe not defined</td>
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<tr>
<td>Reasonable time</td>
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<tr>
<td>Timeframe not defined</td>
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- Draft FGL
  - Consult ENTSO-E and other relevant stakeholders
    (Art. 6.2 to art. 6.3)

- Framework complete?
  - Yes: Framework guideline
  - No: Review FGL
    (Art. 6.4)

- Review FGL
  - Yes: Framework guideline
  - No: Draft FGL
    (Art. 6.3)

- Establish annual priority list for the development of network codes¹
  (Art. 6.3)
Phase 2: Network Code Development

- **Consultation** (Art. 10)
- **Draft NC** (Art. 6.6)
- **Provide reasoned opinion on NC** (Art. 6.7)
- **Amend NC** (optional) (Art. 6.8)
- **Check NC** (Art. 6.9 jo art. 6.11)
- **Recommendation NC** (optional)
- **Draft NC** (Art. 6.10)
- **Launch consultations** (optional)
- **Draft NC** (Art. 6.11)

- **Max. 12 months**
- **Max. 3 months**
- **Timeframe not defined**

- **Draft NC**
- **Adopt NC**
- **Comitology**
What is Comitology?

Decision Making Procedure led by Commission

1. Commission submits proposal
2. Favourable opinion of the Committee (QMV)
3. Draft measure to European Parliament and Council
4. Council (QMV) and EP (AM) have 3 months to:
   »   a) oppose the draft measure; then Commission amends draft measure or presents a legislative proposal.
   »   b) not oppose the draft measure; Commission adopts draft measure.
The 1st wave of projects is underway, 2nd is in preparation

<table>
<thead>
<tr>
<th>Electricity Framework guidelines</th>
<th>Electricity network codes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grid connection framework guideline (pilot)</td>
<td>Connection network code (pilot)</td>
</tr>
<tr>
<td>Capacity allocation and congestion management guideline</td>
<td>Day-ahead, intra-day, capacity calculation and forward product network code</td>
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<tr>
<td>System operation framework guideline</td>
<td>System operation network code (possibly several codes)</td>
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<table>
<thead>
<tr>
<th>Gas Framework guidelines</th>
<th>Gas network codes</th>
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<tr>
<td>Capacity allocation (pilot)</td>
<td>Capacity allocation (pilot)</td>
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<tr>
<td>Tariff structure</td>
<td>Harmonised tariff structure</td>
</tr>
<tr>
<td>Balancing</td>
<td>Balancing</td>
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<tr>
<td>Interoperability</td>
<td>Interoperability (IT and Communication)</td>
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</tbody>
</table>
Well on track to deliver binding Network Codes in 2012

Thank you for your attention