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”
Viena, 24 February 2016
1. Third Package main objectives
2. Network Codes and Guidelines
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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 businessess);
- 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?

- EU
- EC
- EnC (MC or PHLG)
- MD
- UA
- AL
- BIH
- MKD
- MME
- RS
- Kosovo*

Diagram showing the flow of EU Law to the SEE region through various countries.
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.