NRA’s role in implementing network codes

Marco Pasquadibisceglie & Salvatore Lanza

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Outline

• Part 1 Completion of rules
  – Pan EU TCM pre and post CEP (Salvio)
  – Regional TCM (Marco)

• Part 2 Enforcement
  – MCO Plan (Salvio)
  – CGM (Marco)
TCM and Guidelines

• CACM, FCA, EB, SO Guidelines are EU regulations that set general rules on the functioning of electricity markets and electricity system operation.

• Such rules need to be complemented by specific terms and conditions or methodologies (TCMs) developed by NEMOs and TSOs.
TCM: Geography

• There are 3 layers for TCMs geographical scope:
  – Pan-EU
  – Regional
  – National
Pan-EU TCM before the CEP: Coordination

• All TCMs had to be approved by each NRA at national level
• However, for pan-EU, NRAs had to reach the agreement of issuing the same decision in all involved MSs

• A platform for facilitating the agreement was established: the European Regulators Forum (ERF)
Pan-EU TCM after the CEP: ACER

- The recast ACER regulation (2019/942) transfers to ACER the power to approve the pan-EU TCMs and all their amendments
  - ACER may approve the methodology or directly amend it if needed.

- EU NRAs represented in the BoR give their favourable opinion to the decisions drafted by the ACER Director (2/3 majority voting rule)
Regional TCM: the agreement

- For regional TCM NRAs have to reach an agreement of issuing the same decision as well.
  - The governance hasn’t undergone any changes with CEP

- Regional platforms are usually in place to manage these TCMs.
- If a proper platform is not present, a ERF-like approach is usually adopted
Regional TCM: the outcome

• Before CEP regional agreement may lead to:
  – Approval by NRAs of TCM as submitted by NEMOs or TSOs
  – Request for amendment
  – Referral to Acer

• Since CEP NRAs are also allowed to:
  – Directly amend a TCM (same powers as Acer)
Enforcement: the general problem

• Many TCMs set provisions addressed to groups of regulated entities (e.g. all TSOs, all NEMOs, regional TSOs).
• NRAs and ACER have the duty to monitor compliance with such provisions and in case of a breach, NRAs need to intervene.
• How should NRAs proceed in case of indivisible obligations?
• How NRAs might coordinate when enforcing the TCMs?
• Is it legally and technically possible to split indivisible obligations into individual obligations?
Enforcement: the case of the MCO Plan 1

• Pursuant to CACM Regulation, all NEMOs submitted to all NRAs a plan for setting up and performing the so called Market Coupling Operator functions.

• The Plan foresees a sequence of tasks that NEMOs need to accomplish in order to achieve the goal within a deadline defined by the CACM (12 months after the approval of the Plan).
Enforcement: the case of the MCO Plan 2

- The deadline, set by April 2018, has not been met, since both technical (e.g. the algorithm functionality needed for implementing the multi-NEMO arrangements) and contractual milestones (signature of operation agreements) have been reached only afterward.

- The SDAC is not yet completed, because the 2 regional projects (MRC and 4M MC) are not merged.
Enforcement: common grid model 1

• A methodology for CGM is foreseen by CACM, FCA and SO GL
  – Three different versions were developed and approved by NRAs (all before CEP)

• Relevant deadlines for CGM implementation
  – January 2018 – CACM version
  – December 2018 – SOGL version
Enforcement: common grid model 2

- CGM is still not operational
  - TSOs are working on the implementation
  - Go live is expected in late 2021, three years after the most generous deadline

- Consequences
  - All processes depending on CGM (capacity calculation, coordination of remedial actions) are delayed or run basing on a model built at local level
  - This is preventing a proper coordination across EU
Thank you!

Contacts:
Marco Pasquadibisceglie, mpasquadibisceglie@arera.it
Salvatore Lanza, slanza@arera.it
Office for European Regulation, Energy Division