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Headline Report

Meeting name	Joint European Standing Group (JESG)
Meeting number	19
Date of meeting	19 June 2013
Location	Elexon, London

This note sets out the headlines of the most recent meeting of the Joint European Standing Group (JESG). The note is provided in addition to the presentations from the meeting which are available on the JESG website[1].

The meeting was chair by Garth Graham, as the JESG Chair Barbara Vest had provided her apologies for the meeting.

1. Issues Log Review

The issues logs for each Network Code were updated as required. The current version of the issue log for each of the Network Codes being drafted by ENTSO-E is attached to this Headline Report.

Issue logs for cross-code issues for drafting and application are also attached.

2. Grid Connection Network Codes

Requirements for Generators (RfG)

- The RFG Network Code is in the pre-Comitology phase and was not discussed further at this month's JESG.

Demand Connection Code (DCC)

- The DCC Network Code is in the pre-Comitology phase and was not discussed further at this month's JESG.

HVDC Network Code

- The formal mandate for ENTSO-E to commence drafting of the HVDC Network Code has been issued by the Commission. ENTSO-E must submit the Network Code to ACER 1 May 2014 for their deliberation.
- The initial scoping and drafting of the HVDC Network Code is underway. Requirements specified in the Code supports the EU's3rd Energy Package, ensuring that requirements do not favour or discriminate particular forms of technology, and also ensuring the requirements allow for future developments such as meshed DC grids.
- The following configurations are expected to be considered *significant* and hence covered by the requirements of the Network Code:
  - HVDC connections between synchronous zones or between control areas inside the same synchronous zone;
  - HVDC connections embedded within one control area;
  - HVDC connections to offshore and onshore Power Park Modules;
  - HVDC connected Power Park Modules (AC collected);
  - Back to Back HVDC;
  - Single and radial Multi-terminal HVDC connection types.
- Requirements to be placed on significant configurations are analogous to those in RFG for generators and include, but not limited to:
  - Active power control and frequency support;
  - Reactive power control and voltage support;
  - Fault ride through;
  - Control;
  - Protection devices and settings;
  - Power system restoration.

[1] http://www.nationalgrid.com/uk/Electricity/Codes/systemcode/workingstandinggroups/JointEuroSG/

- The Code is expected to enter public consultation during Q4 2013. The 3rd User Group Meeting is scheduled for 12 September 2013.

3. Market Network Codes (CACM and Balancing Framework Guidelines)

Forward Capacity Allocation Network Code

- The public consultation on the FCA Network Code closed on 28 May. In total 1239 comments were received across the Network Code.
- The key issues raised by stakeholders include:
  - **Firmness**, ENTSO-E working in this area, likely to have revised text by next issue of code.
  - **Revenue Adequacy**, principle accepted (by some stakeholders) that TSOs should not use network tariffs to cover trading costs, therefore working with ACER to refine text.
  - **Reverse Auctions**, the code allows reverse auctions but does not require them. ENTSO-E is not minded to codify such a requirement at such an early stage of development.
  - **Capacity Calculation**, ENTSO-E working on providing more detail for the complimentary approach
  - **Risk Hedging Opportunities**, default is TSOs issue PTRs/FTRs, unless NRAs decide they are not needed.
  - **Synthetic FTRs**, the code currently allows TSOs to enter financial markets but does not require them to. ENTSO-E is not minded to codify requirement.
  - **Multiyear products**, code allows them, but does not prescribe them, subject to consultation and NRA approval.
- There were also a number of other issues which are detailed in the presentation.
- ENTSO-E is now working to complete the Network Code ahead of the 30 September deadline, and expect to issue a revised version to Stakeholder in early July.

CACM Network Code

- The CACM Network Code is in the pre-Comitology phase and was not discussed further at this month's JESG.

Electricity Balancing Network Code

- The Balancing Network Code aims to harmonise the balancing regimes across Europe, and covers three main areas: procurement of balancing reserve and energy, product definition; reservation of Interconnector capacity for balancing purposes; and imbalance settlement, price, volume, responsibilities
- The Network Code was issued for Public Consultation on 17 June 2013, and the deadline for comments is 17 August 2013.
- A JESG technical workshop will be held on 6 and 7 August. An ENTSO-E workshop is scheduled for 17 July 2013 in Brussels.
- The Balancing Network Code proposes creating Coordinated Balancing Areas (CoBAs), within which cooperation takes place
- GB will participate in "common merit order" for balancing products, which includes:
  - Standard products will be defined for exchange and sharing with the CoBA.
  - Specific products will be allowed in order to meet system security requirements within control areas (e.g. GB)
  - GB independent frequency control and operational security paramount
  - Balancing gate closure time will be at the end of Intrad-Day markets (as defined in CACM).
- The proposed transition period is two years i.e. use of products, reserve procurement etc.

4. System Operation Network Codes

Operational Security (OS) Network Code

- On 28 May 2013, ACER issued their opinion on Operational Security Network Code calling for improvements. The next steps are being discussed between ENTSO-E, ACER and Commission
- There are six areas where ACER has requested further improvements
  - Coherence and compatibility with other network codes, particularly the RfG and DCC;
  - National scrutiny;

- Information exchange;
- Drafting quality;
- Performance indicators;
- Scope of application.

Operational Planning and Scheduling (OP&S) Network Code

- The ACER review of the ENTSO-E Network Code is due to be issued by 1 July 2013.
- The OP&S Network Code was not discussed further at this month's JESG.

Load-Frequency Control and Reserves (LFCR) Network Code

- The LFCR Network Code is due to be submitted to ACER by 30 June 2013. and was not discussed further at this month's JESG.

5. Application of European Network Codes to the GB Framework

Feedback from Code Panels

- Following the presentation to JESG in May, NGET were tasked to present to the Code Panels the options for applying RFG to the GB Framework. The presentation has been given to the BSC Panel, CUSC Modification Panel, Grid Code Review Panel, the D-Code Panel and the DCUSA Panel. The Presentation will also be given at the next STC Panel Meeting.
- Feedback from the Code Panels on Application of the European Network Codes to the GB Framework included:
  - To use existing processes as far as possible,
  - The range of GB codes/instruments to take into account clearly needs careful coordination across the codes
  - The staggered drafting of ENCs makes achieving an aligned, efficient solution harder
  - The timescales for implementation are very challenging, possibly compounded by resource issues,
  - There is a need for consultation during national application/implementation,
  - What is the cost recovery mechanism for all parties,
  - It should not simply be a choice of raising the bar – there should be a review and alignment to existing requirements,
  - Will the requirements be retrospectively applied (particular question for generators),
  - What is the process for future code revisions?
- JESG members highlighted that further elaboration and consultation is required as part of the application process.

Options for GB Stakeholder Engagement in Application

- Following the presentation at May JESG, work continues to develop a proposal for a cross-code coordination body for application of European Network Codes to GB.
- It is expected that further proposal will be brought to the JESG and the Code Panels during July.

6. Transparency Regulation

- The Transparency Regulation has been published in the Official Journal of the European Union[2] on 15 June 2013. The full title of the regulation is:
  Commission Regulation (EU) No 543/2013 of 14 June 2013 on submission and publication of data in electricity markets and amending Annex I to Regulation (EC) No 714/2009 of the European Parliament and of the Council
- The Regulation shall enter into force on the twentieth day following that of its publication (4 July 2013). The Regulation then specifies an 18 month implementation period.
- The ENTSO-E consultation on the Manual of Procedures is expected to start in July 2013, and a public workshop is expected on 28 July in Brussels.

7. Forthcoming events/workshops

Please refer to the calendar on the JESG website:
http://www.nationalgrid.com/uk/Electricity/Codes/systemcode/workingstandinggroups/JointEuroSG/

Details of forthcoming JESG events and relevant public events for ENTSO-E, ACER and Ofgem are listed in the calendar and available on individual websites:

[2] http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:163:0001:0012:EN:PDF

- ENTSO-E: https://www.entsoe.eu./resources/network-Network Codes/
- ACER: http://acer.europa.net
- Ofgem: http://www.ofgem.gov.uk/Europe/stakeholder-group/Pages/index.aspx

8. Next meeting

The next scheduled meeting for the JESG is 16 July 2013 at Elexon, London from 10-1pm.
The DECC-Ofgem Workshop on the Prioritisation of Stakeholder Key Issues for the LFCR Network Code will follow the JESG, starting at 1pm.

The actions log and issues logs follow this report.

Generic Issues Log

New items are marked in grey.

Issue No	Issue
1.	How do the Network Codes align with the individual Framework Guidelines?
2.	Concerns over the mechanism for the publication of data under REMIT
3.	The potential for different definitions of significant across Network Codes
4.	The implementation of the RfG could conflict with CACM as they are at different stages in the Network Codes process
5.	What is contribution of each Network Code to resolve issues? Need a strategic view of the Network Codes but not sure which is the best place to do this.
6.	How is consistency and interoperability being ensured across the Network Codes?
7.	Can the final Network Code to be produced be used to correct errors / inconsistencies in earlier Network Codes?
8.	What is the expected frequency for changes to the Network Codes once implemented? The minutes of the Operational Security Network Code Public Workshop (20/4/12) indicate that a 'frequency of 4-5 years' 'might be needed'.
9.	There should be a general clause in each of the Network Codes to require consultation and NRA approval for elements which are to be defined after the Network Code has entered in to force. Such a condition has been included in the CACM Network Code.
10.	The definition of TSOs in the Network Code may lead to ambiguity due to the certification of additional companies in GB as TSOs (e.g. Interconnectors and OFTOs)
11.	There are various data and information flows defined in various Network Codes which are not obviously consistent. This remains a major concern for the Industry due to changes to processes and infrastructure that will be required to provide this data.
12.	What happens when notifications are provided to the TSO / Relevant Network Operator. Does the TSO have a duty to act upon the notifications? What if they do not comply?
13.	The contractual / market impact of demand side response for domestic customers has not been considered. The DCC and LFR&C Network Codes both deal with capability without outlining how the market will work in practice. Who is the most appropriate part in the UK to have a relationship with the customer for demand side response.
14.	Supplier may be moved to an 'out of balance' position by demand actions taken by the Aggregator / DSO / TSO. This impact on the balancing arrangements will need to be considered.
15.	There are different definitions for 'Significant Grid User' in a number of the Network Codes, so the applicability of the Network Codes to individual users is not clear.
16.	If the term 'Transmission Connected' is used within the Network Codes this will led to discrepancies within Europe and within the UK, and there is no single voltage above which Networks are considered Transmission (e.g. within GB, Transmission in Scotland is at or above 132 kV, whilst in England and Wales it is at or above 275 kV)
17.	There are various different terminologies for geographic areas used in the Network Codes. It is not obvious what each definition refers to and this leads to confusion. Examples are bidding zone, control area, responsibility areas, observability area, LFC control area, member state etc.
18.	The Cost Benefit Analysis methodology considers socio-economic often on a pan-European basis. There is a concern this will lead to one member states constantly subsidising another member state, or one market party being unduly affected (such as GB merchant Interconnectors).
19.	**Common definitions.** A working group has been established by ENTSO-E to look at definitions across the Network Codes. It is understood that while common definitions are desirable the same term could be defined differently in different Network Codes. Consideration is be to be given to the establishment of a separate cross-codes definitions document.
20.	**Alignment of requirements and payment.** There is a need to ensure that requirements specified in one Network Code, and the payment mechanisms outline in the Balancing Network Code are aligned so that services are delivered recompensed on the same timescales.

GB Application / Implementation Issue Log

New items are marked in grey.

Issue No	Issue	NGET View
Moved from the Generic Issue Log		
1.	Implementation: Can areas of the GB Network Code changed to comply with the ENCs be modified through the normal GB governance arrangements, provided it does not affect compliance with the ENCs?	Governance arrangements of GB Codes are not expected to change by implementing the ENCs. However, GB must demonstrate compliance to the ENCs or risks being found in breach and fined.
2.	How do the definitions in the Transparency Regulation, expected to become law as an Annex to Regulation 714/2009 prior to any Network Code, interact with those in the Network Codes? Do the definitions in the Transparency Regulations have primacy over those in the Network Codes?	Once published in the OJEU, the definitions became law. The Transparency Regulation have been published are Regulation 543/2009 amending Annex I of Regulation 714/2009. The interaction of future definitions is not yet fully understood.
3.	How will the changes to the GB Framework be made as a result of the European Network Codes, for example, will existing structures (panels etc.) be used where possible, or will third package powers be used to make changes via the Secretary of State?	It is expected that existing standard Code Governance will be used where possible, however, Ofgem have powers to make changes to the GB Codes to ensure compliance with European legislation.
New Issues		
4.	Further details of the modification process for GB Codes as a result of the ENCs need to be defined, for example, how will raise modifications, can alternatives be proposed etc.	Noted.

JESG Actions

Last Updated: 24 June 2013

Ongoing and Open Actions

Action No	Action	Lead Party	Status	Update
42	For each Network Code a comparison document between the Network Code and existing GB Codes will be produced.	NGET	Ongoing	
67	Clarify with Sue Harrison what input DECC expects to need during Comitology for the RFG Network Code Addition 19 Sep: Discuss with DECC how the pre-Comitology stage might be taken forward	BV	Ongoing	BV continues to have an ongoing dialogue with DECC to determine the process.
96	Contact large industrial customer regarding the DCC to ensure they are involved, including Chemical Industries Association, Mineral Products Association, Energy Intensive Users Group, Major Energy Users Council, EEF, BEAMA, SEDC. Update (6/12): Continue to engage with contacts at EIUG (Andrew Bainbridge) and MEUC (Jeremy Nicholson)	BV	Ongoing	Ongoing contact is made with a variety of organisations.
120	Provide an update to JESG on a future Network Code on Tariffs	Reuben Aitkin	Open	The issue of tariffs and incentives is included in the EC Priority list for 2014 which is currently being consulted upon. An update will be provided to a future JESG once information is available from the Commission.
124	Report to a future JESG on the work being undertaken by the ENTSO-E 'taskforce' on addressing the TO/SO vs TSO concept in Network Codes.	Mark Copley / NGET	Open	Awaiting further information form ENTSO-E.
133	Provide information and evidence to DNV KEMA for the impact assessment on RFG. This can be passed via Barbara Vest at Energy UK (Barbara.vest@energy-uk.org.uk)	All	Open	

New Actions captured at June JESG

Action No	Action	Lead Party	Status	Update
137	Circulate the Commission's slides from the Florence Forum	NGET	Closed	All the material presented at the 24th Florence Forum can be found on the Commission's website at: http://ec.europa.eu/energy/gas_electricity/electricity/forum_electricity_florence_en.htm
138	Modify the timescales of the next JESG to run from 10-1pm, then allow the DECC-Ofgem workshop on the LFCR to run from 1-4pm. This will allow individuals planning to travel to Brussels for the Balancing Workshop the following day to travel on the 5pm Eurostar.	NGET	Closed	Meeting times have been changed, and the agendas will be adjusted accordingly.

Actions Closed at June JESG

Action No	Action	Lead Party	Status	Update
134	Provide a link to the European Wind Energy Association, EURELECTRIC, EU Turbines, European Photovoltaic Industry Association and VGB Powertech letter on the RFG sent to the Commission	NGET	**Closed**	The letter can be found on the EU Turbine website; http://www.euturbines.eu/fileadmin/user_upload/Test/111220_-_DT_RfG_-_Eurelectric_WG_Thermal_-_VGB_-_EUTurbines.pdf
135	Circulate the Working paper Revised Working Draft Options for Implementation of RfG prepared by Cameron McKenna, referred to in the worked examples for possible code changes circulated under Action 131.	NGET	**Closed**	File has been circulated and placed on JESG website.
136	Revise the date of the JESG Balancing Technical Workshop so that it aligns with the revised dates for the Consultation on the ENTSO-E Balancing Network Code.	NGET	**Closed**	The dates for the workshop have been moved until 6 and 7 August. The workshop will be held at Elexon.

Load-Frequency Control and Reserves Issues Log

Last updated: 21 May 2013

Issue No	Issue	NGET View
1.	How will the LFR&C Network Code implement sharing of reserves between Synchronous Areas?	The LFR&C Network Code will specify the exchange capability and limits for exchange between synchronous areas and will apply to all HVDC links. The products, market structure and any financial vehicles will be defined in the Balancing Network Code.
2.	Are criteria for determining a credible loss to be included in the Network Code?	The Code places an obligation on the TSO to publish high level methodology statements for determining reserve dimensioning and holding; the current NETSO's operational approach of continual assessment of holding based on risk/cost is expected to continue.
3.	Does this code use the term "Significant Grid User" and what are the obligations on providers in terms of for example categories of generator defined in the RfG?	This Code does not use the term 'Significant Grid User' it uses "Reserve Provider". For some reserve categories there are obligations, for example in terms of detailed information for those units which are reserve providing units greater than 1MW in size. The determination of who qualifies or whether the service is mandatory or optional is not defined in this code. There may be some changes in the data items and frequency of data provision within the code.
4.	Which Grid Users will be captured as being required to comply with the requirements of the LFR&C	The term 'Reserve Provider' is used. There is a prequalification process and items are inferred from the RFG and DCC, but it is acknowledged that it is not explicitly defined. As in Q3 above, the code does not define any obligations and this is left to either the balancing code, local implementation considerations.
5.	Implementation in GB. Appropriate terminology needs to be found in the Network Code to either reflect the single NETSO / multiple TSO arrangement in GB, or to ensure the wording is sufficiently high level to allow the GB model to operate within the constraints of the Network Code.	Noted. National Grid agrees with the position of the JESG. This is a common issue with many Codes & it may be better to be considered by GB at a higher level to achieve a single cross-codes position. Solutions could be: - Satisfy with text in the code - Address during national implementation - Seek a generic solution across all codes
6.	When will detailed methodology statements for the principles outlined in the code Articles be developed?	There is a requirement from ACER for the code drafting teams to develop high-level methodology statements in parallel to the code drafting and supporting document development. In practice due to the time constraints this will not be done until after the public consultation. It is not clear at this time how detailed or how publicly visible these statements will be. NG expects and hopes that there will be room to develop appropriate local methods in conjunction with industry and regulator.

Issue No	Issue	NGET View
7.	NRA approval should be required for each area of the code to be further defined on a national level after entry into force.	NG has no issue with this. Might be neater to do as a blanket clause in the general provisions chapter rather than on each instance in the text.
8.	Putting GB / member state specific numbers into the code means that amending these could only be done by amending the code. Needs to be a clear mechanism for affecting changes to the code.	Agreed. This again is an issue with all codes and also represents the conflict between putting detail into a code and leaving it out.
9.	Performance against the numbers given in the code would be useful.	There are some statistics to monitor (eg arts 10, 12) but could be drawn out in supporting documents. Performance against the numbers does drive investment in the network and operational costs.
10.	Can you highlight the values in art 9 table 1 that are already in GB codes and where?	The values do generally come from current practice. Details to confirm.
11.	The parameters in the code(s) will be used to specify equipment with a 40-60 year life. In some instances the information is not sufficient and in art 9(4) the ability to change frequency quality parameters needs clarification and should mention CBA & NRA approval.	More detail will be provided during national implementation (see pt 8 above). CBA is inherent in all retrospective application. NRA approval – see pt 7.
12.	Art 9(4)(d) Excludes IRE & GB. Why & what equivalent covers GB ?	This is because other areas take a very different approach to reserve holding with these being evaluated much more coarsely on an annual basis rather than continually as in GB. A 1 in 20 year approach does not work for GB.
13.	Applicability – the code needs to clarify application to different generator types in RfG and DCC terminology, also application to new and existing.	Agreed on RfG and DCC. Retrospectivity will only apply with CBA.
14.	Art 15 – Mitigation procedures. Poor drafting in this article which appears to place lower obligations on TSOs compared to Grid Users.	Feed into redrafting from GB will look at: - Enforceability - TSO obligations - Payments for services - Technical feasibility of actions
15.	TSO roles – requirement for clarity to resolve where requirements are on a NETSO and where on a TSO. (and see pt 5 above)	Solutions could be: - Satisfy with text in the code - Address during national implementation - Seek a generic solution across all codes Mark Copley suspects way round this may be through designation from member states.
16.	Will GB use ACE or LFC error? Needs alignment and consistency. (see arts 20 & 10)	GB does not use ACE or k-factor. NG operates the system on the basis of controlling frequency deviation.
17.	Can all obligations on providers be put in a particular place?	Probably not practical to achieve this – a list of references could be provided in the supporting documents.

Issue No	Issue	NGET View
18.	Art 27 – State figure for reference incident.	Likely to be in supporting document; for GB this will be 1800MW (single largest infrequent infeed loss).
19.	Art 28 – FCR Technical Minimum Requirements. Can this be aligned with RfG? GB users did not support this article as drafted which also seems to exclude domestic providers and smaller generators.	For GB, time categorisations are all within the activation time. There could be requirements for a range of products across timeframes; rather than breaking these down the code specifies a minimum requirement but has not factored in current & future provisions and is written around larger generators. GB is market based for these services whereas in Europe there may be statutory obligations.
20.	Art 30 – FRR. What are the figures based on?	To put in supporting documents.
21.	Art 33 – RR What are the RR dimensioning rules? Also, how do you activate RR? (no equivalent of arts 29 / 32 for FCR and FRR respectively).	To follow up.
22.	Art 37 – Exchange of FRR and RR. Could this sterilise interconnector capacity? Needs NRA oversight to ensure this is not used up.	Needs to facilitate sharing but define limits to assure security. Needs a mechanism to demonstrate social welfare – which is in Balancing.
23.	The TSOs should have an obligation to: ○ measure the quality of supply and report on it ○ control the rate of change of frequency, to avoid and protect against large/significant variations in system frequency.	TBC
24.	**Retrospectively.** Changes required by the Network Code for existing generators should be subject to consultation and NRA approval. This is not always the case.	Please feedback specific comments to the Drafting team at this stage.
25.	**Emergency Instructions.** Article 34 permits the use of emergency instructions under certain circumstances. It however, does not allow for these instructions to be rejected on the grounds of plant safety.	Article 1(4) notes that the Code does not take priority of 'human and nuclear' safety, but it is acknowledged this is does not note plant safety.
26.	**Obligation for forecast/contracted MW profile.** Article 17 provides a mechanism for TSOs to obtain information from Grid Users, including potentially small generators and demand users. This process needs consultation and approval.	There is a 1MW level of significant for generators in this Network Code.

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Forward Capacity Allocation

Last updated: 24 June 2013

Issue No	Issue	NGET View
1.	Do the data submission requirements for FCA overlap with the OP&S code?	The current ENTSO-E view is that yes they do. This has been highlighted to the lead of the capacity calculation drafting team and will be factored in when writing the data methodology specification.
2.	The 'Capped Market Spread' identified as a potential compensation principle in the firmness regime relates to what market prices; that at D-1, that at the time of curtailment or something else?	Based on market spread of Day Ahead market.
3.	What are the timescales for the market parties to use the common platform being proposed? Market Parties need time to make the necessary changes to their IT systems etc., after the system has been implemented centrally.	The network code will provide the timescales for implementation and include consultation with stakeholders and NRA approvals.
4.	It is fundamental for existing GB Merchant Interconnectors that they are able to calculate and control capacity, or else they do not have a future business model. This Network Code may detrimentally affect how capacity is calculated and controlled.	This issue is closely correlated with generic issue 10 (certification status of TSOs in GB).
5.	**Consultations** / **NRA Approvals**. As a principal everything that is to be defined after the Code has been implemented should be subject to public consultation and NRA approval. From Articles 4 and 7 it is not clear precisely what is subject to consultation and approval.	It is the intention that consultation and approval should be the default. If items appear to be missing it may be because consultation /approval is nested in another item, or through an oversight.
6.	**Market distortion**. If a review is launched of bidding zones (Article 36), or a review is launched of the types of Long Term Rights (Article 47) offered on an interconnector this may cause the market for existing products to be distorted, potentially detrimentally to a market party.	Please provide specific examples of how the drafting could be improved to limit this effect.
7.	**Methodology for splitting cross zonal capacity** (Article 40). The Network Code harmonises splitting of cross zonal capacity by Capacity Calculation Region. For reasons of competition, technical differences, and the markets in neighbouring counties it may be more appropriate not to harmonise and allow individual Interconnectors more flexibility to split their capacity into products.	Agree. Please feed this comment back to ENTSO-E through the consultation tool

Issue No	Issue	NGET View
8.	**Good Governance**. Market Parties should be able to request reviews of issues that affect them (for example Article 41).	Please feed this comment back to ENTSO-E through the consultation tool
9.	**PTRs or FTRs**. Article 46(4) permits only PTRS or FTRs to be traded on a boundary .There appears to be no good reason for not allowing both.	Agree. Please feed this comment back to ENTSO-E through the consultation tool
10.	**Revenue Adequacy**. Article 51, defines revenue adequacy but it is not clear that the TSOs are revenue natural in this. TSOs should be revenue neutral as they carry not risk, and therefore an independent review may be necessary to ensure this.	This article is subject to NRA approval, so believe this assurance is already built in.
11.	**Transmission losses**. Losses on DC interconnectors need to be recognised. It is not appropriate to use European model of socialisation of losses.	DC losses are recognised in the Network Code (as allocation constraints).
12.	**Relationship with MiFID**. A smarter mechanism needs to found to make the relationship with MiFID clearer, specifically around the resale/return of capacity. As MiFID and the Network Code will have the same status as primary European legislation, exemptions from the requirements of MiFID should be clear rather than covert.	If you have a 'smarter' form of words, please feed these back during the Consultation.
13.	**Contractual relationship**. It is not clear with which body the market parties have a contractual relationship. It is the allocation platform or the TSO/Interconnector.	Agree. The drafting can be tightened.
14.	**Secondary Trading** (Article 61). The Code intends secondary trading to mean entire sale of right and liability of Long Term Transmission Rights. This is a new and additional method beyond that currently used.	If this is a particular issue for your business, please make it clear through the consultation tool. Note that this does not preclude existing trading whereby the rights are transferred but not the obligations.
15.	**Secondary Trading**. A list of 'authorised' market parties needs to be published to facilitate this (as you may only trade with a authorised party)	Agree, please feedback through consultation tool.
16.	**Firmness**. There is a difference of opinion between stakeholders as to who should carry the risk associated with firmness. o ENTSO-E/TSOs would like Initial Price Paid for curtailment of capacity; o Market Parties /ACER want financial firmness based on capped day-ahead market spread.	Based on ACER's indication, the position of the Network Code is likely to move to the ACER position, and the Network code (Articles 73-38) will be substantially rewritten. Please feedback your comments via the consultation tool.
17.	**Stakeholder Implementation**. Stakeholders need involvement / time to adapt their systems / process to comply with the Network Code; e.g. the single allocation platform (65) and the Capacity Calculation approach (Article 22(2)c)	Particular areas where you would like this considered, please feedback

Issue No	Issue	NGET View
18.	**Allocation Rules** (Article 69). The allocation rules need to be refined to include a reference to contractual framework (currently part of the rules in 69(2)k) and include standard boiler plate matters such as dispute resolution, right of appeal, credit cover etc.	Noted. Please note which specific items you would like included via the Consultation
19.	**Transitional arrangements** (Article 86). Clarification is required the around the transitional arrangements. As drafted it can be interpreted that a *new* regional platform is required, whereas the intent is for existing platforms to be used.	The intent is for the 'status quo', the drafting can be revised to reflect this.

Balancing Issues Log

Last updated: 24 June 2013

Issue No	Issue	NGET View
1.	There is a need to understand the implication of the Framework Guidelines on the current GB market and ongoing changes.	Now the Framework Guidelines have been finalised, the Network Code is being developed. Once the requirements in the Network Code become clearer, it will be possible to determine further the implications for the GB market.
2.	Which definition of 'Control Area' is the Balancing Network Code expected to be used. Is it the market definition in CACM, or the technical definition in LFR&C, as the Balancing Code interacts with both of these Codes.	Drafting is at an early stage, and consideration will be given by the Drafting Team to ensure the appropriate definitions are used in the Balancing Network Code.
3.	**Recompense for services in other Network Codes.** The Balancing Network Code sets out a high-level mechanism for payment through balancing service providers such as aggregators. Whereas the DCC places obligations on individual domestic consumers. There is a perceived mismatch between the obligations (placed on individuals) and the compensation (placed on aggregators).	DCC sets capability and Balancing provides mechanism for recompense. This does not appear to be a mismatch.
4.	**Merchant Interconnectors.** The merchant model for GB Interconnectors needs to be represented in the Balancing Network Code. Capacity on a merchant interconnector has a value to the owner and this should be reflected in any decision to curtail or use capacity though this Network Code.	The code has been drafted on the basis that what is not prohibited is allowed. NGET is a member of the drafting team and is representing itself. Opportunity for all stakeholders to engage with the development of the Code will form part of the development process for the Network Code, in particular during the public consultation.
5.	**Imbalance calculation.** The imbalance calculation in the Network Code may be different to that in the current GB market, which would have implications for GB as it provides different signals to market parties. GB Energy imbalance = Contracted & vs. Metered Volume (physical imbalance) Balancing NC calculates Imbalance Volume from Allocated Volume and notified Position – it's not clear this is consistent with GB practice (e.g. it could be interpreted as something more akin to GB Information Imbalance)	TBC
6.	**Coordination Balancing Areas (CBA).** What is the timescales for the determining the CBA.	Formally, the Network Code states that they will be determined after entry into force. However, through the ENTSO-E pilot project, we would expect initials views to be formed fairly soon and prior to the code's entry into force. Coordination Balancing Areas are now referred to as CoBAs to avoid a conflict of acronyms.

HVDC Issues Log

Last updated: 24 June 2013
New Items are marked in gray.

Issue No	Issue	NGET View
1.	Why do the requirements for PPMs only extend to those connected Offshore? There is potential for Onshore PPMs to be connected only via HVDC	Drafting is at a very early stage and consideration of this and other issues will be taken by the drafting team. Onshore HVDC connected PPMs are now included
2.	How will a small island be considered, if it is connected to the Synchronous Area only by HVDC? In the extreme case, GB is an island connected via HVDC to the European Synchronous Area, so a form of words need to be found to ensure requirements are placed on the right parties	Drafting is at a very early stage and consideration of this and other issues will be taken by the drafting team. The Code is drafted to place technical requirements on HVDC, irrespective of who the owner is. The issue of TSO owned HVDC and obligations, responsibility for ensuring compliance, etc is tied in with the definition of "TSO"; this is still being addressed by the LRG to get a harmonised approach to all Codes. It may be necessary to define "island" and "synchronous area" appropriately so as to capture this issue.
3.	Consideration needs to be given to the various configurations of PPMS and HVDC networks, to ensure that obligations are fair and transparent.	Drafting is at a very early stage and consideration of this and other issues will be taken by the drafting team. All obligations and responsibilities will be fair and transparent irrespective of ownership (see above comment)
4.	The code needs to deal with situations where the configuration of the HVDC changes, e.g. if a link previously connecting different synchronous areas becomes an embedded link if a parallel AC line is added.	Drafting is not expected to preclude changes or new configurations. The Drafting Team is aware of potential configuration changes; this issue will be addressed.
5.	If the Code is written to the technology non-specific, there is a risk that some of the functionality of certain technologies may not be fully utilised.	Being technology non-specific means the Code does not preclude future technologies. The Code is a minimum requirement so additional items, provided they are compatible with the Code, are permitted. Technology neutrality is on the Agenda; it is recognised that capabilities of particular technology should not be ruled out. While there is EU pressure to harmonise requirements, certain requirements may have to be left to the local TSOs to specify.

Issue No	Issue	NGET View
6.	The added services required by the Code could make merchant Interconnectors less viable. The GB merchant model is designed for the transfer of Active Power, the draft specification for HVDC NC goes beyond this.	The Code can apply retrospectively depending on the decision by the NRA according to the provisions on retrospective application. For Interconnectors in development, transitional arrangements will be specified in the Code, similar to RFG and DCC. The code is not tasked with the provision of "added services" – just capabilities. Some of these capabilities, e.g Frequency Response, can be met with little or no extra cost. These capabilities can enable HVDC to offer "added services" for which presumably merchant Interconnectors may agree commercially to provide to the relevant TSOs