

Headline Report

Meeting name	Joint European Standing Group (JESG)
Meeting number	21
Date of meeting	20 August 2013
Location	Shepherd and Wedderburn, Edinburgh

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 website¹ and material in the presentations is not duplicated in the report.

1. Issues Log Review

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.

The priority lists of Stakeholder Key Issues captured during the DECC-Ofgem Stakeholder Workshops for the individual Network Codes which have completed the ENTSO-E drafting can also be found on the JESG website.

2. Grid Connection Network Codes

Requirements for Generators (RfG) and Demand Connection Code (DCC)

- The RFG and DCC Network Codes are in the pre-Comitology phase. It was noted the DNV KEMA has now produced their initial assessment of the RFG Network Code for the Commission and this has been circulated to trade organisations. The Chair noted that she had a copy and would circulate to attendees.
- ENTSO-E is also developing an 'implementation guidance' document, to assist member states in interpreting the RFG once it becomes law. It is at a very early stage of drafting and unlikely to be publicly available until mid-October 2013.
- It was also noted that based on the ACER opinion, it is very likely that much of the material on Demand Side Response will be removed from the DCC by the Commission prior to Comitology.
- Although Comitology is scheduled for later in 2013, and regular meetings of the appropriate Comitology committee are scheduled for Q4/2013 there is likely to be a slip in the schedule presented by the Commission at the Florence Forum early this year.

HVDC Network Code

- The HVDC Network Code continues to be drafted by ENTSO-E.

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

CACM Network Code

- The CACM Network Code is in the pre-Comitology phase. There are ongoing trilateral discussions between NGET, DECC and Ofgem on the CACM Network Code.
- Once a Commission version of the CACM Network Code is released, it is anticipated that a DECC/Ofgem Stakeholder Workshop will be held to discuss GB Issues arising from the revisions. This workshop is expected to be in September or October 2013 depending on when the Commission release their version of the text.

Forward Capacity Allocation Network Code

- The FCA Network Code is being revised by ENTSO-E following the public consultation. A revised version of the Network Code was published² by ENTSO-E on 3 July 2013.
- The most contentious issue is still related to firmness and how should carry the risk for a trip on an Interconnector. At present this issue is not resolved.

¹ <http://www.nationalgrid.com/uk/Electricity/Codes/systemcode/workingstandinggroups/JointEuroSG/>

² https://www.entsoe.eu/fileadmin/user_upload/library/resources/FCA_NC/130703_draft_NC_FCA.pdf

- The FCA is due to be submitted to ACER by the end of September 2013.

Electricity Balancing Network Code

- The Balancing Network Code was issued for Public Consultation, which closed on 17 August 2013. A total of 2178 comments were received. To support this consultation, a JESG technical workshop was held on 6/7 August 2013 as a page-turn of the Network Code.

4. System Operation Network Codes

Operational Security (OS) and Operational Planning and Scheduling (OP&S) Network Codes

- Following receipt of the ACER opinions^{3,4} ENTSO-E is currently revising aspects of both the OS and OPS Network Codes. The expectation is to resubmit the code around October 2013, to allow the timescales to align with the LFCR Network Code.
- Relating to the ACER opinion on OPS and the treatment of small-isolated systems not connected to any country, the issue of Shetland was raised. Shetland is not connected to the rest of the GB Network, and therefore Article 8(7) of Regulation (EC) 714/2009⁵ states the Network Codes do not apply to them. However, the drafting of the OPS needs to be refined to make this explicit.
- It was also noted, that as Shetland has a total electricity consumption⁶ of c. 200GWh, it is classified as a 'small isolated system'⁷ and a 'micro isolated system'⁸, under Directive 2009/72/EC⁹. Under Article 44 of the Directive, it is possible for Member States to apply for derogation from aspects of the Third Package for small- and micro-isolated systems. However, the UK Government's transposition note¹⁰ for the Directive, states that Article 44 'does not apply to GB' therefore it is not clear whether Shetland, although classified as a micro isolated system, has been properly derogated from the requirements of the Third Package through this route.

Load-Frequency Control and Reserves (LFCR) Network Code

- The LFCR Network Code was submitted to ACER on 28 June 2013. ACER now has until 28 September to complete their review of the Network Code against the Framework Guidelines.

5. Stakeholder perspective of ENC development

Garth Graham, SSE, provided some observations of the ENC development process from a Stakeholders perspective:

- The processes established and used within Europe are very different from those that we are used to in GB for Code Governance, and do not always fit with the GB approach.
- The feedback process through the ENTSO-E public consultation is very formalised, and does not allow the type of free-form comments permitted in GB consultations. The tool for submitted responses is still problematic, although a significant improvement on the initial version.
- Stakeholders are anxious to engage with the Commission during the Comitology process, but it is unclear if they will have the ability or route to do so.

³ OS:
http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2010-2013.pdf

⁴ OPS:
http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2012-2013.pdf

⁵ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:211:0015:0035:EN:PDF>

⁶ <http://www.pureenergycentre.com/pureenergycentre/Energy%20Analysis%20Report.pdf>

⁷ Directive 2009/72/EC, Article 2(25): 'small isolated system' means any system with consumption of less than 3 000 GWh in the year 1996, where less than 5 % of annual consumption is obtained through interconnection with other systems.

⁸ Directive 2009/72/EC, Article 2(26): 'micro isolated system' means any system with consumption less than 500 GWh in the year 1996, where there is no connection with other systems.

⁹ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:211:0055:0093:EN:PDF>

¹⁰ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/43248/2573-eu-third-package-trans-note-directive-2.pdf

- It was noted that Comitology is a 'political process' and therefore the stance taken in the Comitology committees may be influenced by political as well as stakeholder and technical views.

6. The Comitology Process

- A presentation was given on the understanding of the Comitology process based on the information released by the Commission.
 - It was noted that Comitology is not a unique process for agreeing the Network Codes, but rather the standard process for the European Commission exercising its implementing powers through the use of Comitology Committees. It was noted that the technical nature of the Network Codes may affect the deliberations.
 - Comitology can be split broadly in to three phases:
 - **Pre-Comitology.** Upon receipt of the ENTSO-E text, and the ACER Opinion and recommendation, the Commission prepares their initial version of the text, undertakes assessments and translations of the document.
 - **Member-state approval.** This is the most active phase of Comitology where the draft text is discussed, changed and ultimately agreed by the Cross-border Committee. Voting takes place under the Qualified Majority Voting system¹¹, which is standard within the Commission. The text agreed at this stage is, in essence, the final version of the regulation.
 - **Council and Parliament approval.** The European Council and the European Parliament both have to ratify the text. Based on precedence, this is a rubber-stamping and changes are not made to the text, but can take 4-6 months.
 - The Regulation is then published in the Official Journal of the European Union, and becomes law.

7. Future GB Stakeholder Engagement

- As the Network Codes continue to progress through the drafting phase and more enter the Comitology process, there is a need to ensure that appropriate structures are in place for robust application of the Network Codes to the GB Framework and to Stakeholder engagement in this process.
- The proposed *European Code Coordination Application Forum* (ECCAF) is now in the final stage of being established. During August and September, each of the seven code panels (Grid Code, CUSC, BSC, SQSS, STC, D-Code, DCUSA) is being asked to agree to the Terms of Reference and choose their nominee with a view to the first meeting being in October 2013. ECCAF will advise the Code Panels on matter relating to application of European Network Code to the GB Codes. The Code Panels will still retain their governance role.
- Other changes to the GB framework, such as licence changes or legislation, are expected to be considered by DECC.
- Proposals will also be considered in Q4/2013 for expanding the temporal scope of the JESG so that it can continue as an information sharing forum throughout the Network Code Application phase. (At present the terms of reference cover the development phase only).
- The DECC-Ofgem Stakeholder Workshops will continue to provide input for Comitology; however, this forum will need to evolve to meet the demands of the Comitology timescales.

8. 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:

- ENTSO-E: [https://www.entsoe.eu./resources/network-Network Codes/](https://www.entsoe.eu./resources/network-Network%20Codes/)
- ACER: <http://acer.europa.net>
- Ofgem: <http://www.ofgem.gov.uk/Europe/stakeholder-group/Pages/index.aspx>

¹¹ The German Federal Ministry of Economics and Technology has a used calculator for demonstrating the QMV process: <http://www.bmwi.de/EN/Topics/Europe/majority-calculator.html>. Importantly under QMV, the UK does not have a veto and must form alliances to affect the outcome of voting.

9. Next meeting

The next scheduled meeting for the JESG is 17 September 2013 at Elexon, London. Further details will be included in the draft agenda for the meeting.

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
1.	Implementation: Can areas of the GB Network Code be changed to comply with the ENC's be modified through the normal GB governance arrangements, provided it does not affect compliance with the ENC's?	Governance arrangements of GB Codes are not expected to change by implementing the ENC's. However, GB must demonstrate compliance to the ENC's 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.
4.	Further details of the modification process for GB Codes as a result of the ENC's need to be defined, for example, how will raise modifications, can alternatives be proposed etc.	Noted.

JESG Actions

Last Updated: 21 August 2013

Standing Actions

Action No	Action	Lead Party
S1	Prepare a commentary / comparison document between the Network Code and the existing GB arrangements at appropriate stages in the Code development for each Network Code.	NGET
S2	Engage with DECC and Ofgem to ensure appropriate and timely input can be provided from GB Stakeholders in to the Comitology process.	JESG Chair
S3	Continue to review the membership of the JESG and engage additional industry parties where appropriate.	JESG Chair
S4	Provide update on future Network Codes and incentives being developed as and when appropriate.	NGET/Ofgem/DECC

New and Open Actions

Action No	Action	Lead Party	Status	Update
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	
135	If required by the Commission, facilitate an industry-wide read-through of the Network Codes once they are released by the Commission	BV/DECC/Ofgem	Open	
136	Transparency Regulations: Provide further granularity on the data required from market parties under the Transparency Regulations and indicate whether it is new or existing data.	NGET	Open	
137	Circulate the draft DNV KEMA report to meeting attendees. BV to provide a copy.	BV/NGET	New	Circulated 21/08/2013
138	Consider the need for how to best capture stakeholders' most recent priority issues before and during the Comitology process, in particular for the RFG, DCC and CACM Network Codes as the codes develop in the pre-comitology phase.	DECC	New	
139	When appropriate, circulate the 'Implementation guidance document' being prepared by ENTSO-E for the RFG Network Code	NGET	New	
140	Stakeholders are requested to provide specific example of inconsistent or problematic definitions in the Network Codes to Ofgem (reuben.aitken@ofgem.gov.uk) and DECC (will.francis@decc.gsi.gov.uk).	All	New	
141	Consider the need for a 'Day in the Life' run through of aspects of the Network Codes.	NGET	New	

Actions which were closed at the August JESG Meeting

Action No	Action	Lead Party	Status	Update
134	Continue to engage with ENTSO-E/ACER on the need for a common and consistent set of definitions across the Network Codes	NGET/Ofgem	Closed	National Grid continues to discuss the issue of the need for a common and consistent set of definitions across the European Network Codes.

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 countries 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. <ul style="list-style-type: none"> ○ ENTSO-E/TSOs would like Initial Price Paid for curtailment of capacity; ○ 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.	<p>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.</p>	<p>Noted. Please note which specific items you would like included via the Consultation</p>
19.	<p>Transitional arrangements (Article 86). Clarification is required the around the transitional arrangements. As drafted it can be interpreted that a <i>new</i> regional platform is required, whereas the intent is for existing platforms to be used.</p>	<p>The intent is for the 'status quo', the drafting can be revised to reflect this.</p>

Balancing Network Code

Last updated: 8 August 2013

This issue log has been created to capture the key issues raised by GB stakeholders during the JESG Technical Workshop on the Network Code held on 6/7 August 2013.

Issue No	Key Issue	Summary	Examples / Points of reference
1.	Definitions	It was suggested that ENTSO-E should provide a consolidation of all definitions used across the nine Network Codes, while it was suggested that a number of terms in the Balancing Network Code require further clarification/elaboration.	Article 8 – Cross Zonal Capacity Reservation needs defining. Article 14 – Role of Balance Responsible Party requires further elaboration (possibly to include references to Article 16).
2.	Grammar & Terminology	Main concerns included the articulation of, and syntactical issues around, key concepts in the Network Code and housekeeping queries.	Article 15 – Incorrect numbering of paragraphs Article 16 – Inclusion of comma before the phrase “where applicable” implies that the specificities of Central Dispatch should be accounted for as standard. Article 21 – Is “best endeavours”, rather than “reasonable endeavours”, the correct term to be used?
3.	NRA Approval	There are a number of instances in the Network Code where the need for NRA approval should be clarified. In principle, all items which are left to the TSOs to determine after the Code has entered in to force should be subject to NRA approval. Furthermore, dispute resolution methodologies are not set out when required.	Article 25 – Should the submission of pricing methodologies be to Agency or NRA (as stated in Article 7)? Article 34 – Definition of settlement mechanisms. Article 44 – Dispute methodology required when Ramp Rate Process is not agreed unanimously.
4.	Remuneration	Stakeholders expected more detail on compensation and payment mechanisms in the Balancing Network Code to provide the remuneration mechanism for capabilities required in other Network Codes.	See references to remuneration in other Network Codes (e.g. Requirements for Generators, Demand Connection Code).
5.	Designated Entity	There is a need to ensure that the option for TSOs to delegate tasks is extended to cover all suitable activities, and to ensure current GB activities are able to continue (e.g. Elexon being the Balancing and Settlement company).	Article 11 – Enables tasks pursuant to Chapter 5 Section 4 to be undertaken by a designated authority. Should this be extended to cover the broader balancing mechanism, rather than just imbalance settlements? Article 14 – Modifications of the Position should be able to be submitted to a Designated Entity as well as a TSO.
6.	DSO Impact	The Network Code places obligations on Distribution System Operators. There is a need to ensure such obligations are appropriate and proportionate.	Article 12 – Article provides a summary of key DSO activities as set out by the Balancing Network Code.

Issue No	Key Issue	Summary	Examples / Points of reference
7.	Treatment of merchant interconnectors	Clarification is needed on how merchant interconnectors can operate under the provisions of the Balancing Network Code.	Article 30 – Clarification needed on the prohibition of additional charges for the use of Cross Zonal Capacity for Exchanges of Balancing Energy.
8.	Publication of data	More stringent requirements would be preferred around the frequency and content of publications.	Article 8 – No timescales are offered for the TSO's publication of information regarding Specific Products. Article 57 – Given that the annual report's requirements are clearly set out, why is there an option to publish a "simpler" version every second year?
9.	Impact on existing arrangements	The Network Code states that it will apply to all existing arrangement related to Electricity Balancing.	Article 58 – How would the application of the Network Code take place?
10.	Application questions	A number of questions were raised that will require consideration when the Network Code is applied to the GB Framework.	- Currency complexities (e.g. conversion, pay-as-bid or pay-as-cleared) - Can a product defined as a Standard Product in one Coordinated Balancing Area be a Specific Product in another CoBA?

The following issues were captured at JESG meetings, prior to the 6/7 August JESG Workshop and may relate to an earlier version of the Network Code.

Issue No	Issue	NGET View
11.	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.
12.	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.
13.	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.
14.	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 through 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.

Issue No	Issue	NGET View
15.	<p>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.</p> <p>GB Energy imbalance = Contracted & vs. Metered Volume (physical imbalance)</p> <p>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)</p>	TBC
16.	<p>Coordination Balancing Areas (CBA). What is the timescales for the determining the CBA.</p>	<p>Formally, the Network Code states that they will be determined after entry into force. However, through the ENTSO-E pilot project, we would expect initial views to be formed fairly soon and prior to the code's entry into force.</p> <p>Coordination Balancing Areas are now referred to as CoBAs to avoid a conflict of acronyms.</p>

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.	<p>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.</p>	<p>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.</p> <p>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</p>