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**OPINION OF THE AGENCY FOR THE COOPERATION OF ENERGY
REGULATORS No 17/2015**

of 17 December 2015

**ON THE DRAFT ENTSO-E WORK PROGRAMME
2015 THROUGH DECEMBER 2016**

THE AGENCY FOR THE COOPERATION OF ENERGY REGULATORS,

HAVING REGARD to Regulation (EC) No 713/2009 of the European Parliament and of the Council of 13 July 2009 establishing an Agency for the Cooperation of Energy Regulators¹, and, in particular, Articles 6(3)(b) and 17(3) thereof,

HAVING REGARD to Regulation (EC) No 714/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the network for cross-border exchanges in electricity and repealing Regulation (EC) No 1228/2003², and, in particular, Articles 8(3)(d), 8(5) and 9(2) thereof,

HAVING REGARD to the favourable opinion of the Board of Regulators of 16 December 2015, issued pursuant to Article 15(1) of Regulation (EC) 713/2009,

WHEREAS:

- (1) On 26 October 2015, the European Network of Transmission System Operators for Electricity (ENTSO-E) submitted, with reference to Article 9(2) of Regulation (EC) No 714/2009, the ENTSO-E annual work programme for the period 2015 through December 2016 (the WP), a summary of the consultation process and of the observations received, and an appendix explaining how these responses have been taken into account, to the Agency for its opinion.
- (2) The Agency assessed the WP on the basis of the following main criteria: (i) the annual work programme's essentials as specified in Article 8(5) of Regulation (EC) No 714/2009, and (ii) the objectives set out in Article 6(3)(b) of Regulation (EC) No 713/2009 and Article 9(2) of Regulation (EC) No 714/2009,

¹ OJL 211, 14.8.2009, p.1.

² OJL 211, 14.8.2009, p.15.

HAS ADOPTED THIS OPINION:

1. General remarks

The Agency considers the WP to be in line with the requirements of Article 8(5) of Regulation (EC) No 714/2009, as well as with the objectives of Article 6(3)(b) of Regulation (EC) No 713/2009 and Article 9(2) of Regulation (EC) No 714/2009. The WP contains a list and description of the network codes to be prepared, observations with regard to the envisaged coordination of the network operation, a plan of the research and development (R&D) activities to be realised, and an indicative calendar of the deliverables. Further, the WP does not appear to not contribute to non-discrimination, effective competition, efficient and secure functioning of the market, or a sufficient level of cross-border interconnection open to third party access.

2. Specific remarks

2.1 Stakeholder engagement

The WP (p. 13) mentions, in the context of the Network Codes implementation, that it will maintain a ‘transparency library’.

The meaning of a ‘transparency library’ does not seem obvious. To understand it better, its scope should be clarified.

2.2 Forward Capacity Allocation Early Implementation

The WP (p. 15) states that *‘ENTSO-E will look into the next projects to start, based on possibilities and the different interests from the market side.’*

The meaning and added-value of this sentence is unclear. If its purpose is to highlight stakeholder engagement, this should be addressed more clearly.

2.3 Summary of the Market Codes Implementation Tasks

The WP (p. 16) outlines timelines for activities related to the Network Codes implementation in Figure 4.

The Agency notes that the timelines for the two activities concerning forward capacity allocation are not in line with the recently adopted Forward Capacity Allocation Guideline.

2.4 System Operation Codes’ activities

The WP (p. 17) lists deliverables for the System Operation Codes in Figure 5.

The Agency suggests to separate the legally binding tasks from the ones that are driven by the association. The latter should be presented under Section 3. For instance, the activity titled “Asset Condition-based operation” is not explained and does not seem to relate to the Network Codes Development and Implementation.

Moreover, the Agency suggests to improve clarity regarding how the items in Figure 5 are tackled in the explanatory text that follows by using coherent notions. For example, the explanation of the topic “Advanced use of DC links” can only be found in Section 3, under “Interoperability of synchronous areas”, explaining it as the optimal management and technical development of the HVDC links between synchronous systems.

2.5 Grid Connection Network Codes

The WP (p. 20) refers to the development of an ‘Active Library’ to support the Grid Connection Network Codes implementation at national level.

The Agency recommends that the ‘Active Library’ is used to set up the transparency of the requirements of general application at European level as established by relevant system operators or TSOs under the Grid Connection Network Codes.

As per the Grid Connection Network Codes, ENTSO-E shall prepare and, thereafter every two years, provide and publish on its website non-binding written guidance to its members and other system operators concerning the elements of the Grid Connection Network Codes requiring national decisions. Therefore, it seems reasonable to use the ‘Active Library’ to publish the respective non-binding guidance along the ‘explanatory information on the NC’.

2.6 Ten-Year Network Development Plan (TYNDP)

The WP (p. 21) states that *‘[f]or the TYNDP 2016, ENTSO-E decided to separate the publication of the six Regional Investment Plans from the TYNDP 2016 report itself. The objective is to provide further focus, transparency and clarity to stakeholders on joint TSO studies that are performed to identify the investment needs and lead to a TYNDP 2016 list of project candidates. The six Regional Investment Plans summarise the outcomes of these planning studies, and are consulted during summer 2015 together with the list of TYNDP 2016 project candidates’.*

The Agency invites ENTSO-E to explain why the joint publication of the Regional Investment Plans and of the TYNDP 2016 report does not favour focus, transparency and clarity. It should be clarified why – in contrast to past practice – the joint publication is not planned for 2015/2016.

The WP (p. 21) mentions that *‘ENTSO-E continues to work on improving the methodology for use in TYNDPs beyond 2016.’*

The Agency invites ENTSO-E to clarify their future work on improving the methodology and commit to concrete deadlines when these improvements are complete.

The WP (p. 21) notes that *'[i]nteractions with ENTSSOG and its TYNDP on gas infrastructure is strengthened and clarified, in particular with respect to data sets and scenarios.'*

The Agency invites ENTSO-E to specify how the cooperation with ENTSSOG is strengthened. This should be clarified, in particular, since Annex V of Regulation (EU) No 347/2013 stipulates that the CBA methodology used shall be based on a common input data set representing the Union's electricity and gas systems, and that the data sets used for electricity and gas shall be compatible.

The WP (p. 22) announces that *'[t]hroughout 2016, ENTSO-E will continue to increase the transparency of the TYNDP studies and the data and assumptions considered, starting with the publication of TYNDP 2016 market datasets first half of November.'*

In terms of increasing transparency, the Agency welcomes the November 2015 publication of market datasets and urges ENTSO-E to further increase transparency of the TYNDP process.

2.7 Adequacy methodologies and legally mandated reports

According to the WP (p. 23), *'[t]he focus of the Adequacy Forecast assessment is to assess overall generation adequacy in the mid-term 5–10 years (maximum) by use of bottom-up scenarios ...'*

The Agency recalls the requirements of Article 8(4) of Regulation (EC) No 714/2009, which provides for an adequacy assessment up to a 15-year horizon. Although the Agency understands ENTSO-E's concerns regarding the high uncertainties which the 15-year time horizon brings to adequacy forecasts, the Agency invites ENTSO-E to work with the Agency to find a way to ensure the above-mentioned requirements are met.

The Agency also proposes to split the activities of scenario and adequacy reporting, placing the scenario focus on the Scenario Development Report and the adequacy focus on the Adequacy forecast report.

2.8 Regional Security Coordination Initiatives

The WP (p. 24) includes a section on regional security coordination initiatives.

In this context, the Agency notes that the System Operation Guidelines will eventually provide for setting up the Regional Security Coordinators. To avoid the reallocation of the item in the future ENTSO-E WPs, the Regional Security Coordination Initiatives (Section 2.4.) should be placed under Section 2.1. (Network Codes Development and Implementation).

2.9 System Operation Activities

With regard to the Incident Classification Scale (ICS), the WP (p. 30) states that the ICS report will be published in Q3/2016.

However, it is not clear which methodology will be used to this end. Further, the ENTSO-E WP 2014 through December 2015 mentions on page 23 that the ICS will be updated by mid-2015.

In connection with the integration of renewable energy sources, the WP (p. 32) lists 'ensuring frequency quality is maintained as the generation mix continues to change' as one of the relevant activities.

In the Agency's view, this particular activity should be described more precisely as the TSOs are ultimately responsible for ensuring that frequency quality is maintained as the generation mix continues to change.

2.10 Transparency Platform

The WP (p. 34) mentions that *'[f]or 2016, there is a clear indication to expand the Transparency Platform from a "compliance tool" to a "market-oriented service".'*

The text should be more specific regarding the improvements in the Transparency Platform, which are planned for 2016. In particular, during the last ENTSO-E Transparency User Group meeting held on 20 October 2015, ENTSO-E confirmed (as reflected in the minutes of the meeting) its intention:

- to gradually implement two download solutions by 1 June 2016; and
- to perform a full-scale review of the Manual of Procedures in the beginning of 2016.

These two important ENTSO-E commitments should be included in the WP.

The WP (p. 34) also states that *'[t]o this end, an improved governance structure shall be introduced and new ways of working shall be adopted after the official closure of the project.'*

It is not clear which governance structure and ways of working are envisaged and which specific activities ENTSO-E is aiming at. This should thus be clarified.

2.11 TSO-DSO cooperation

The WP (p. 36) mentions that *'[i]n 2016, work on the main identified challenges (uncoordinated access to resources, regulatory uncertainty and lack of grid visibility and grid data), and especially on data management shall be intensified.'*

It is not clear what the expected outputs are. ENTSO-E should clarify them.

Done at Ljubljana, on 17 December 2015.

For the Agency:


Alberto Pototschnig
Director



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