



# Implementation of Network Codes in the Contracting Parties

## *Part 1 – implementation requirements*

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Head of ECRB Section  
Energy Community Secretariat

# Relevant legal acts

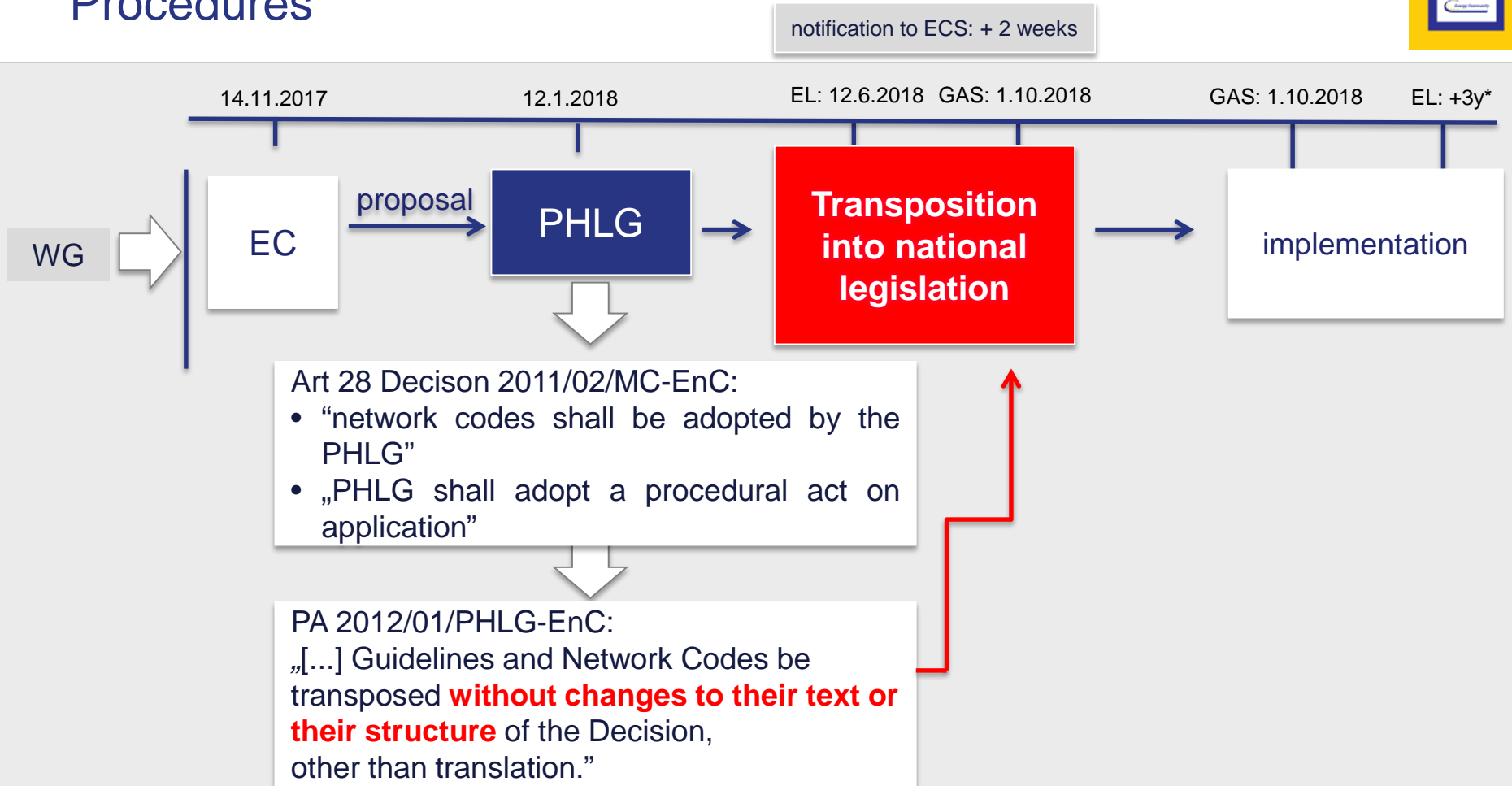
## Gas

- CMP: [Decision 2018/01/PHLG-EnC on amending Annex I to Regulation \(EC\) 715/2009](#)
- IO: [Decision 2018/02/PHLG-EnC on adopting Commission Regulation \(EU\) No 2015/703 establishing a Network Code on Interoperability and Data Exchange Rules](#)

## Electricity

- RfG: [Decision 2018/03/PHLG-EnC on incorporating Commission Regulation \(EU\) 2016/631 establishing a Network Code on requirements for grid connection of generators](#)
- HDVC: [Decision 2018/04/PHLG-EnC on incorporating Commission Regulation \(EU\) 2016/1447 establishing a network code on requirements for grid connection of high voltage direct current systems and direct current-connected power park modules](#)
- DC: [Decision 2018/05/PHLG-EnC on incorporating Commission Regulation \(EU\) 2016/1388 establishing a Network Code on Demand Connection](#)

# Procedures



Let me re-call that the adopted Regulations need to be transposed without changes to the structure and text other than translation in order to comply with the PHLG Decisions. We assume that the incorporation of the above mentioned Decisions into your country's legal framework can be accomplished by the adoption and/or adaptation of acts by the regulator and do not require approval by Parliament. In this case, we recommend the following approach to comply with the Energy Community requirements:

1. In a first step, the national regulatory authority to adopt a text corresponding to the Network Codes translated into the official languages.
2. In a second step, the national regulatory authority to adapt the existing regulatory acts to bring them in line with the (incorporated) Network Codes.

Both steps must be accomplished within the transposition deadline. The PHLG Decisions oblige the Contracting Parties to notify the Energy Community Secretariat of completed transposition within two weeks following the adoption of such measures.

We are ready to support your national regulatory authority (or any other authority competent for transposition) in incorporating the five Network Codes into national law. For this purpose, the national regulatory authority (or any other competent) authority are invited to address the Secretariat (Deputy Director Dirk Buschle, [dirk.buschle@energy-community.org](mailto:dirk.buschle@energy-community.org), and Head of ECRB Section Nina Grall-Edler, [nina.grall@energy-community.org](mailto:nina.grall@energy-community.org) by **23 March 2018** about the envisaged legal modus for transposing the Network Codes and any requests for assistance.

# Relevant questions

- Who is the competent authority for transposition?
  - Drafting vs. adopting<sub>MD</sub> – (potentially) problematic? Can NRA enforce drafting by TSO?<sub>SR</sub>
- Can the competent authority transpose within the *existing* legal framework?
  - Do competences need to be specified? Or can general competences be used?<sub>MD</sub>
- Would the situation be different for less technical rules (electricity market guidelines?)
- Can the 2-step concept (ref letter) be followed?
- Timelines – progress status – work approach
- Any specific challenges?



## Implementation of Network Codes in the Contracting Parties

### *Part 2 – tour de table*

Contracting Parties



## Implementation of Network Codes in the Contracting Parties

### *Part 3 – case study Moldova*

Bernd Rajal

Partner

Schönherr Rechtsanwälte



## Implementation of Network Codes in the Contracting Parties

### *Part 4 – new edition of network codes on the horizon*

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Gas			
Legal act <sup>1</sup>	Content	remarks	PHLG adoption
CAM NC Regulation 2017/459	Capacity allocation	ideally the CAM and TAR codes are adopted together	12/2018 or 1 <sup>st</sup> PHLG in 2019 <sup>2</sup> [Title II]
TAR NC Regulation 460/2017	Transmission tariffs		12/2018 or 1 <sup>st</sup> PHLG in 2019 <sup>1</sup> [Title II]
BAL NC Regulation 312/2014	Balancing		Last PHLG in 2019 [Title II]

Electricity			
Legal act	Content	Remarks	adoption
CACM GL Regulation 1222/2015	Capacity allocation and congestion management	<ul style="list-style-type: none"> <li>Requires a EU-CP reciprocity solution: either to be reached by legally binding reciprocity (Treaty reforms) and before by „voluntary reciprocity“ (similar to gas), i.e. via agreements developed under the WB6 Connecta Regional DAMI TA</li> <li>However, even with a reciprocity solution: also a solution for voting is needed that can only be reached via Title III</li> <li>Adaptations are currently prepared</li> <li>1<sup>st</sup> meeting: 10.4., VIE</li> <li>Closely linked to BAL GL</li> </ul>	MC 2018 [Title III]
FCA NC Regulation 1719/2016	Forward capacity allocation		MC 2018 [Title III]
SO GL Regulation 2017/1485	System Operation		2019
BAL GL Regulation 2017/2195	Balancing		2019
ER NC Regulation 2017/2196	Emergency & restoration		2019

# Focus electricity market guidelines



1. Geographical scope
2. CCRs
3. Methodologies – existing vs new | pan-European vs regional
4. Voting

# Approach



- **Standard adaptations**
  - EC → ECS | ACER → ECRB | MS → CP
- **ad-hoc adaptations**
- **Implementation in one step**
- **Implementation deadlines**
- **Reciprocity relevant**
  - Title III
  - Alternative Title IV

# The reciprocity challenge<sub>CACM & FCA</sub>

■ ■ EU CACM

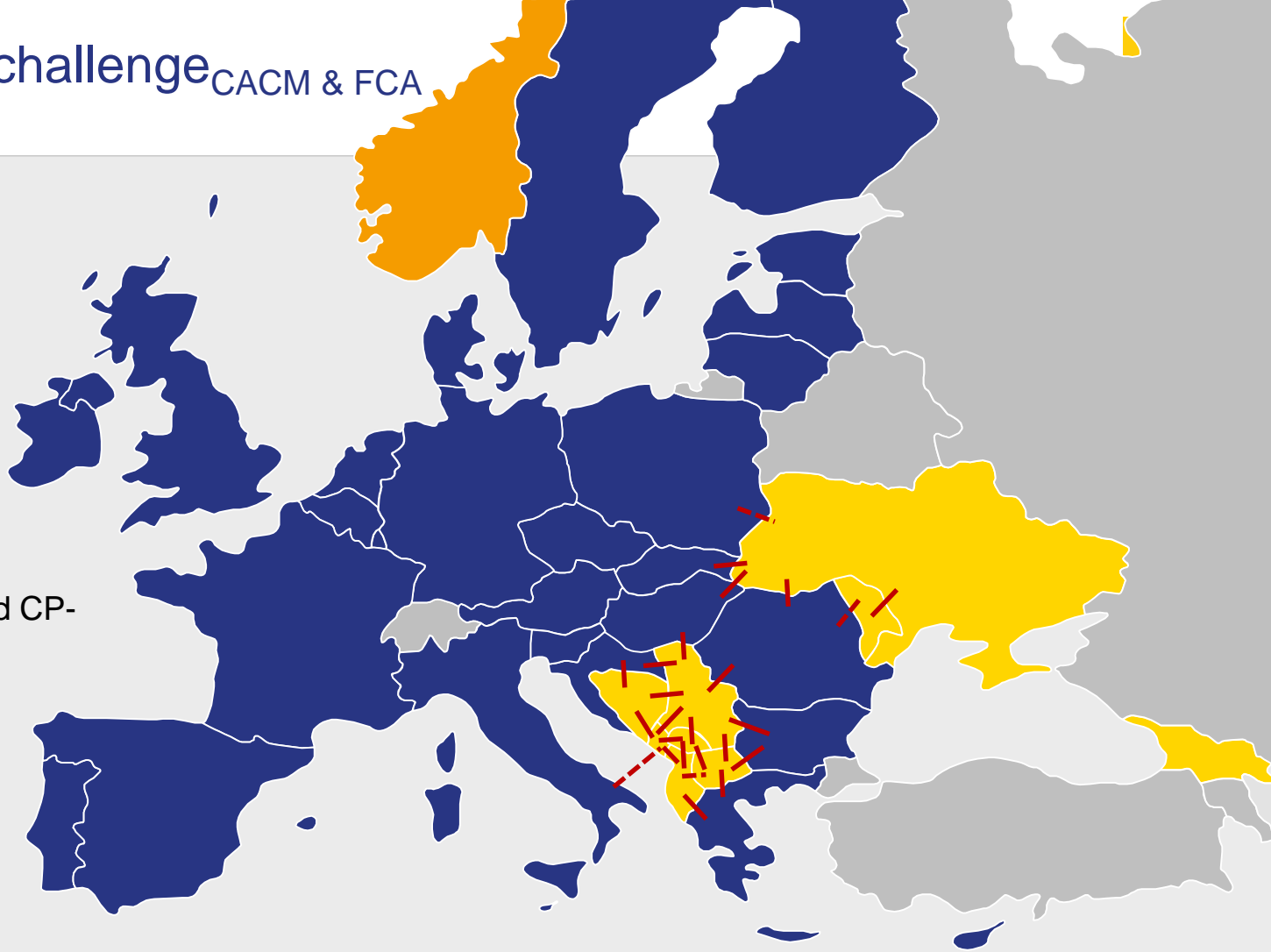
■ ■ EnC CACM

■ ■ EnC CACM

“switching on” of CPs and CP-MS interconnections

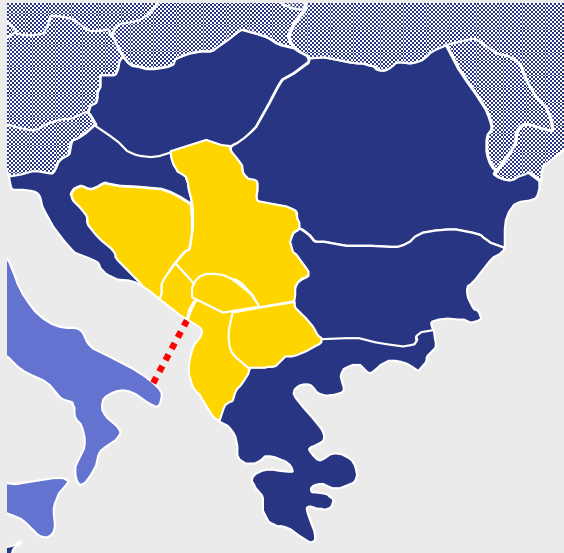
■ European Union

■ Contracting Parties

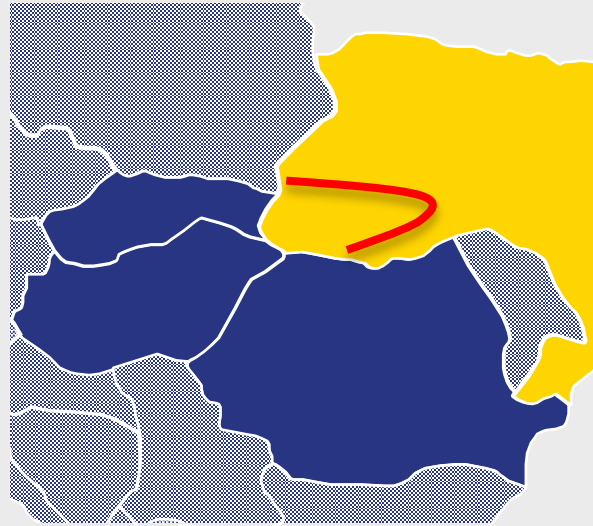


# Title III CCRs

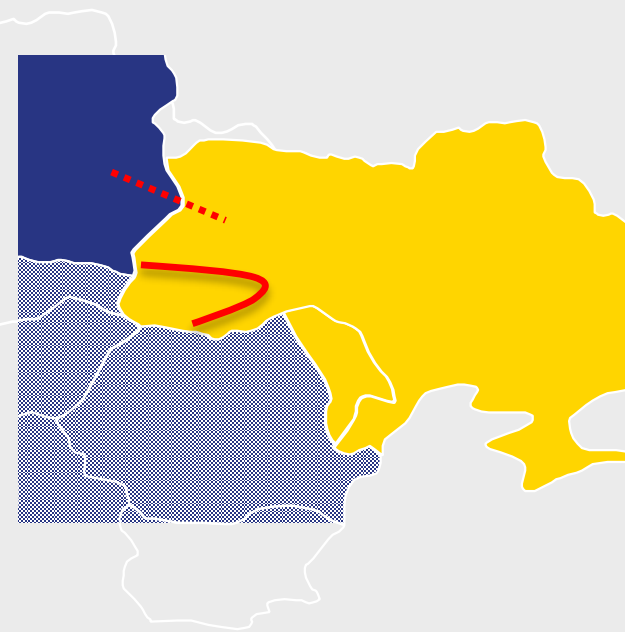
## Shadow SEE CCR (+IT)



## Bursthyn CCR



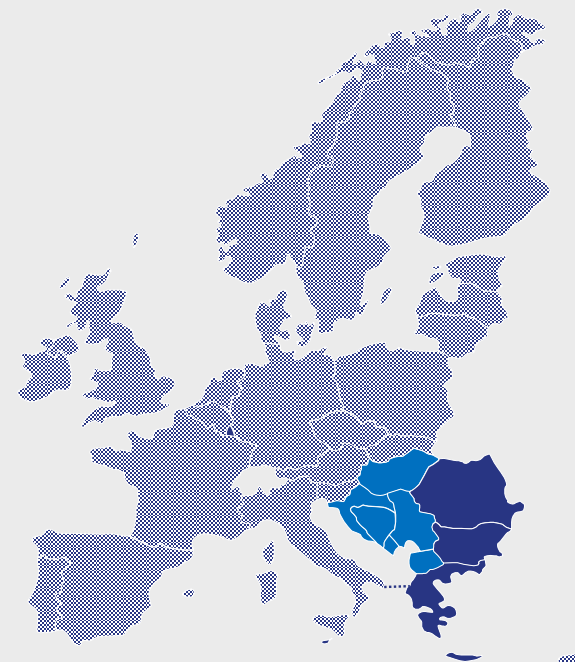
## UAMO CCR (+PL)



- CCRs include only the CP-CP & CP-MS borders
- MS-MS borders are covered in CCRs defined by ACER

# Explanatory document to all TSOs' proposal for CCR

- **Future composition of CCRs including non-EU bidding zone borders** (Annex 1 to the Explanatory ... document)
  - Establishes the basis for the future implementation of the CACM Regulation by non-EU TSOs/non-EU regulatory authorities
  - Facilitates the early implementation by non-EU TSOs and the cooperation of the EU and non-EU NRAs;
    - **Involved TSOs (EU and non-EU) will start working together based on the CCR composition presented in Annex 1 to achieve the targets set in the CACM**
  - CCR SEE including non-EU bidding zone borders as fig below (excluding HU-RO and HU-HR)
- *The bidding zone borders will be included in the CCR SEE in the future, subject to the fulfilment of the legal requirements for the application of CACM Regulation*
- *The bidding zone border IT-ME will be included in the CCR SEE when the interconnection between Italy and Montenegro is commissioned (expected to be in 2017/2018) and subject to the fulfilment of any other legal requirements for the application of the CACM Regulation by Montenegro*



Source: Explanatory document to all TSOs' proposal for CCR

# Methodologies

All TSOs /(NEMOs)  
All NRAs



European terms & conditions / methodologies / platforms

Relevant TSOs /(NEMOs) & NRAs



Regional (CCR) terms & conditions / methodologies / platforms

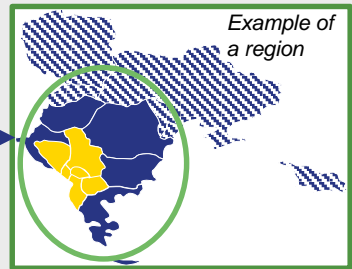
Relevant TSOs /(NEMOs) & NRAs

National (CCR) terms & conditions / methodologies / platforms

Transfer through PHLG decision applicable on Title III (CP-CP, CP-MS)



Developed on regional level and applicable on Title III (CP-CP, CP-MS)

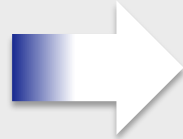


National implementation applicable on CPs



# Agreeing on methodologies: Voting

**EU CACM**  
TSOs/NEMOs voting



**EnC CACM**  
TSOs/NEMOs voting

## European methodologies:

- Qualified majority

55% of MS + 65% of population of the EU

## Regional methodologies:

- Qualified majority of the region

72% of MS + 65% of population of the region

**Region <5: consensus**

## European methodologies:

- Unchanged taken as part of EU acquis, applicable under PHLG decision requiring national transposition in CPs

## Regional methodologies:

- Qualified majority of the region

2/3 of the CPs/MSs of the region

**Region <3: consensus**




# The next challenge level: BAL, SO


Regions concerned:

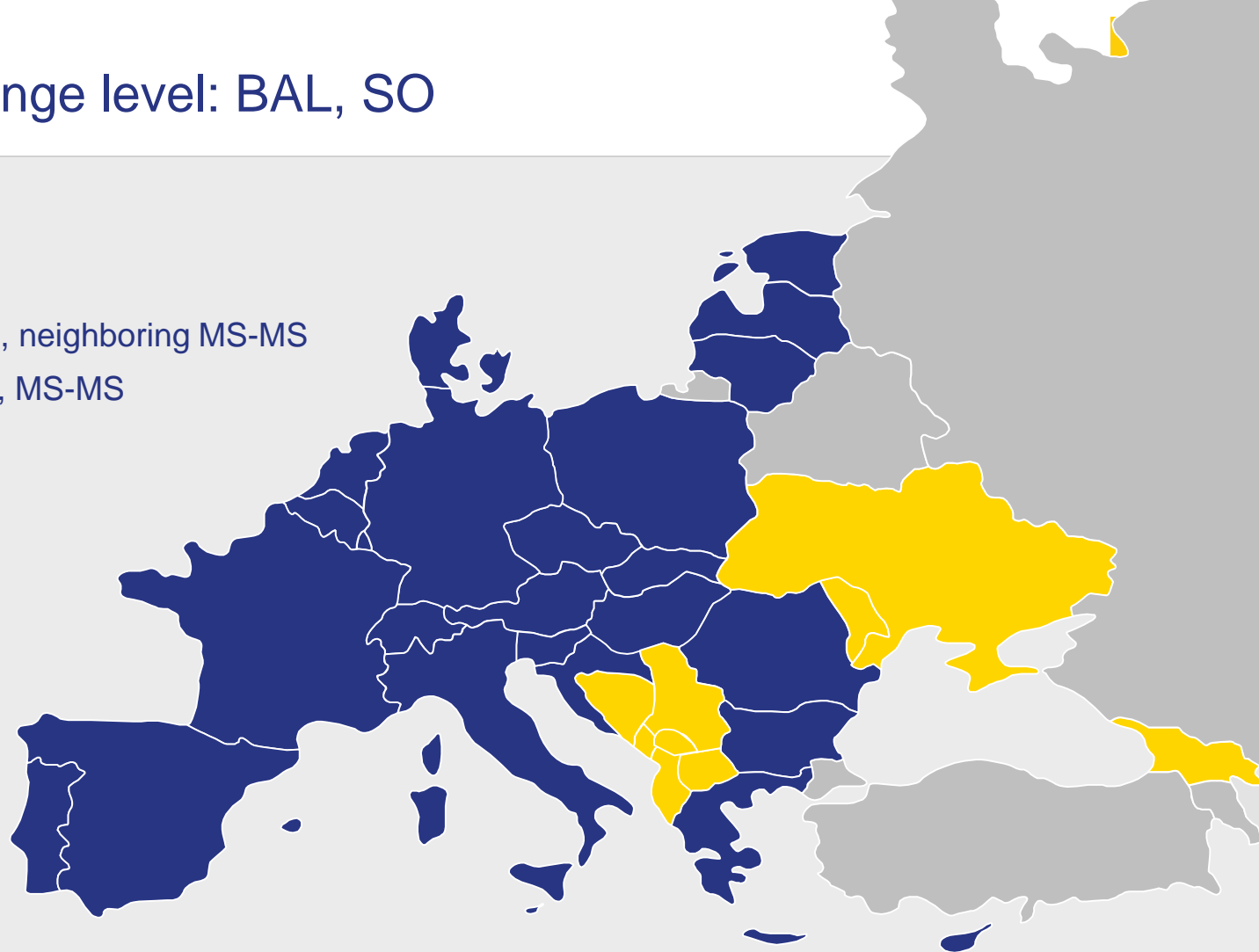
Title II – CP-CP

Title III – CP-CP, CP-MS, neighboring MS-MS

Title IV - CP-CP, CP-MS, MS-MS

 Member States

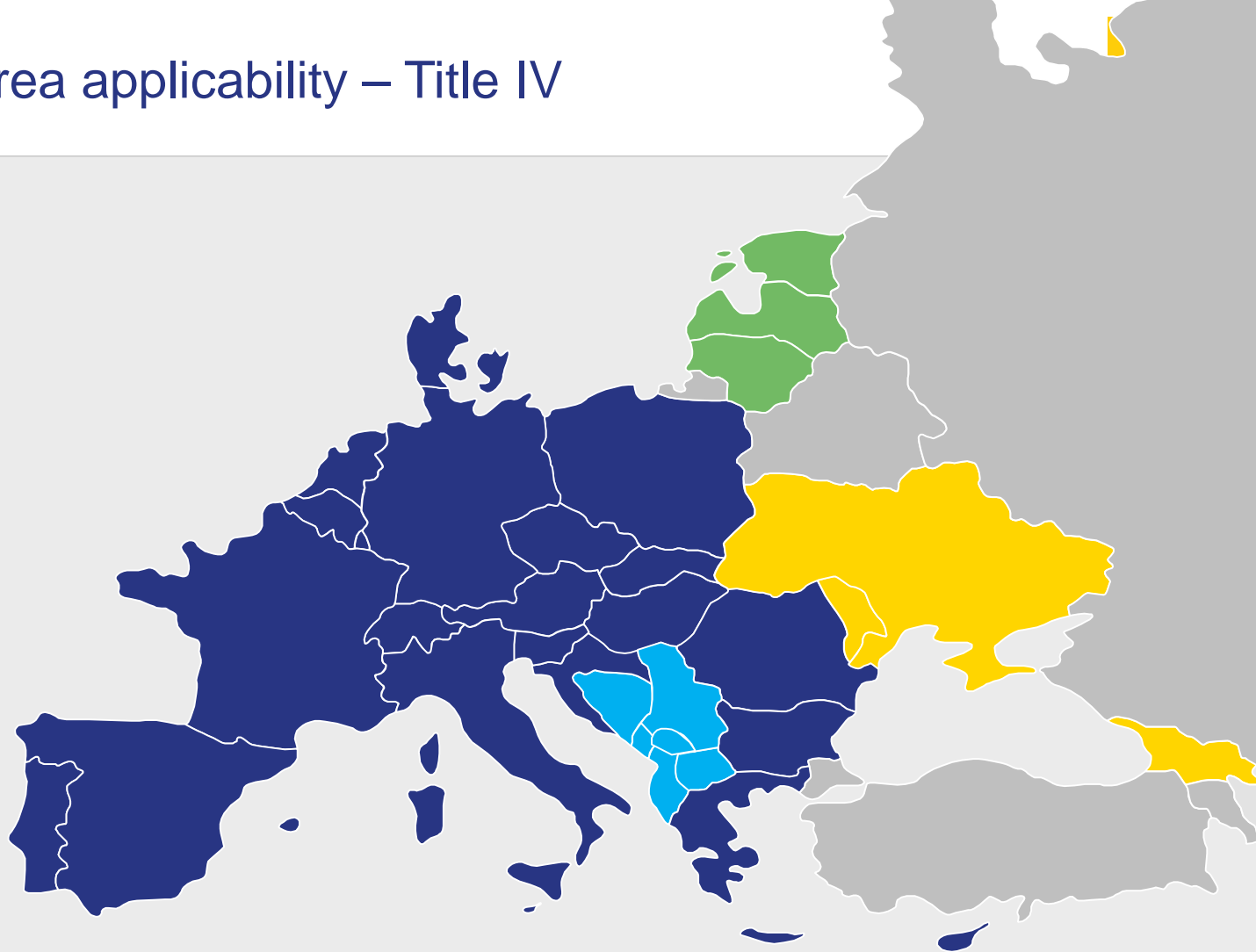
 Contracting Parties



# Synchronous area applicability – Title IV

■ ■ Continental Europe SA

■ ■ IPS/UPS - Baltic SA +UA/MD/GE



# LFC block applicability – Title IV /Title III/ Title II

