

# NRA's role in implementing network codes

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# Outline

- Part 1 Completion of rules
  - Pan EU TCM pre and post CEP (Salvio)
  - Regional TCM (Marco)
  
- Part 2 Enforcement
  - MCO Plan (Salvio)
  - CGM (Marco)



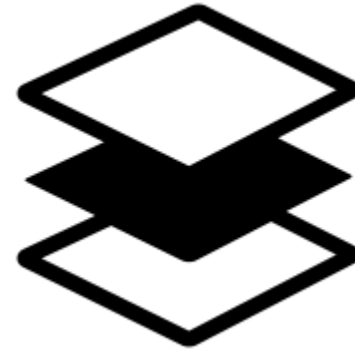
# TCM and Guidelines

- CACM, FCA, EB, SO Guidelines are EU regulations that set general rules on the functioning of electricity markets and electricity system operation
- Such rules need to be complemented by specific terms and conditions or methodologies (TCMs) developed by NEMOs and TSOs



# TCM: Geography

- There are 3 layers for TCMs geographical scope:
  - Pan-EU
  - Regional
  - National



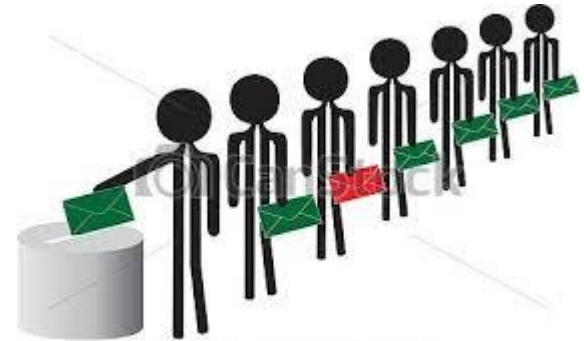
# Pan-EU TCM before the CEP: Coordination

- All TCMs had to be approved by each NRA at national level
- However, for pan-EU, NRAs had to reach the agreement of issuing the same decision in all involved MSs
- A platform for facilitating the agreement was established: the European Regulators Forum (ERF)



# Pan-EU TCM after the CEP: ACER

- The recast ACER regulation (2019/942) transfers to ACER the power to approve the pan-EU TCMs and all their amendments
  - ACER may approve the methodology or directly amend it if needed.
- EU NRAs represented in the BoR give their favourable opinion to the decisions drafted by the ACER Director (2/3 majority voting rule)



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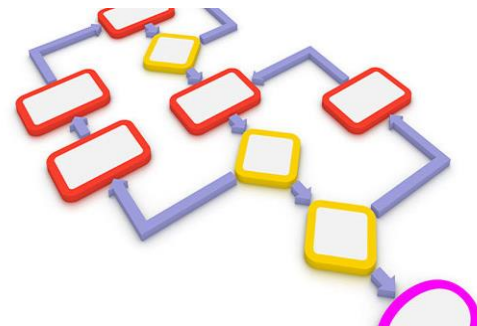
# Regional TCM: the agreement

- For regional TCM NRAs have to reach an agreement of issuing the same decision as well.
  - The governance hasn't undergone any changes with CEP
- Regional platforms are usually in place to manage these TCMs.
- If a proper platform is not present, a ERF-like approach is usually adopted



# Regional TCM: the outcome

- Before CEP regional agreement may lead to:
  - Approval by NRAs of TCM as submitted by NEMOs or TSOs
  - Request for amendment
  - Referral to Acer
- Since CEP NRAs are also allowed to:
  - Directly amend a TCM (same powers as Acer)





# Enforcement: the general problem

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



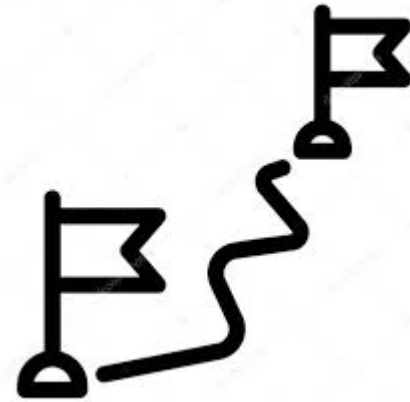
# Enforcement: the case of the MCO Plan 1

- Pursuant to CACM Regulation, all NEMOs submitted to all NRAs a plan for setting up and performing the so called Market Coupling Operator functions.
- The Plan foresees a sequence of tasks that NEMOs need to accomplish in order to achieve the goal within a deadline defined by the CACM (12 months after the approval of the Plan).



# Enforcement: the case of the MCO Plan 2

- The deadline, set by April 2018, has not been met, since both technical (e.g. the algorithm functionality needed for implementing the multi-NEMO arrangements) and contractual milestones (signature of operation agreements) have been reached only afterward
- The SDAC is not yet completed, because the 2 regional projects (MRC and 4M MC) are not merged



# Enforcement: common grid model 1

- A methodology for CGM is foreseen by CACM, FCA and SO GL
  - Three different versions were developed and approved by NRAs (all before CEP)
- Relevant deadlines for CGM implementation
  - January 2018 – CACM version
  - December 2018 – SOGL version



# Enforcement: common grid model 2

- CGM is still not operational
  - TSOs are working on the implementation
  - Go live is expected in late 2021, three years after the most generous deadline
- Consequences
  - All processes depending on CGM (capacity calculation, coordination of remedial actions) are delayed or run basing on a model built at local level
  - This is preventing a proper coordination across EU



# Thank you!

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