

ACER

 Agency for the Cooperation
of Energy Regulators

ACER Public Consultation on Draft Framework Guidelines on Electricity Grid Connections

Evaluation of responses

EP-2011-E-001

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1 Introduction

In March 2011, Agency for Cooperation of Energy Regulators (ACER) launched a public consultation on the Framework Guidelines on Electricity Grid Connection. The purpose of this consultation was to present the outcome of the first project to develop and publish Framework Guidelines of the ACER according to the provisions of the 3rd Package and to solicit feedback from stakeholders on the regulators' approach to date.

The Framework Guidelines are based on the former work of ERGEG, the Pilot Framework Guideline on electricity grid connection that began development in autumn 2009, including also a workshop with stakeholders in April 2010, and a consultation in June 2010.

The call for consultation responses on this final ACER draft of the Framework Guidelines closed on 2nd May 2011. A total of 40 responses were received. This note summarises the issues and positions of the respondents and addresses each of the main issues with the ACER position, and highlights the main changes that have been made to the Framework Guidelines text to reflect comments from the consultation process.

1.1. Responses

The respondents to the public consultation represented the interests of equipment manufacturers, national associations, Generators, DSOs, of TSOs, Gas suppliers and European associations. Annex 2 lists all respondents by their activity.

2 Response per question

In the public consultation, no questions were raised by ACER, but the responses revealed several common topics that are used to structure this evaluation. Therefore, where possible, the individual responses are captured under the "Common Issue". Responses are presented alongside ACER's own developed thinking.

Due to the large number of responses, an exhaustive analysis of each topic is not included here but instead the key points have been addressed accordingly and targeted changes made to the Framework Guidelines (FG).

| Common Issue | Respondents' feedback | ACER's developed thinking |
|---|--|---|
| 1. Applicability of network code(s) | | |
| Applicability of network code(s) to DSOs | Several respondents noted that the network code should apply to all parties (DSOs and generators), not just TSOs. Requirements for distribution-connected users should be dealt with by DSOs. Respondents also commented on confusion arising by deeming DSOs as Grid Users. The FG should be clear if they are grid users, system operators or both. | Agree. The Scope has been redrafted to accommodate also the DSOs and <i>significant grid users</i> . The roles of TSOs and DSOs have also been described in a more detail e.g. Chapter 1.3: "DSOs are treated as <i>grid users</i> where they have to comply with the TSO's requirements in the network code(s). They are treated as system operators where they implement network code(s) (NC) provisions with respect to <i>significant grid users</i> connected to the distribution system. Unless stated otherwise, reference to DSO implies DSO as <i>grid user</i> ." |
| Clear definition of significant grid user | Many respondents stressed that a clear definition and assessment process for significant grid users, bound to fulfil minimum requirements, should be established. Further, the cross-border emphasis of Regulation 714/2009 should be respected, and accordingly the code should only apply to those grid users that impact on cross border exchanges. Reflecting this, one respondent asked for evaluation of grid user influences on bottlenecks and other targets e.g. the renewable energy target set by the European Union. | Agree. The definition for <i>significant grid users</i> has been amended. The new definition of significance now considers the <i>grid user's</i> impact on the cross border system performances. A "significance test" has been described that will identify <i>significant grid users</i> . For those <i>grid users</i> not deemed to be significant, the NC does not apply. See chapter 2.1 for a full elaboration of these changes. Regular re-assessment of <i>significant grid users</i> shall allow the impact of the NC to evolve in line with evolving system requirements. The relevant part in the FG has been redrafted to reflect this (Chapter 2.1). |
| Justification of applicability to pre-existing grid users | The majority of respondents commented on the existing grid users' provisions and related network codes' application. To some of them the provisions were unclear, some emphasised that there should be no retroactive application of requirements on the existing grid users while some argued that a quantitative or qualitative analysis should prove clear benefit of doing so. Many argued that the FG should build a clear and precise framework for the cost-benefits assessment and that NRAs should supervise it. | Partly agree. The applicability of the standards and requirements to the existing <i>significant grid users</i> shall be decided on a national basis (by NRA), after a public consultation, by each NRA on the basis of a sound and transparent quantitative cost-benefit analysis that shall demonstrate the socio-economic benefit of retroactive application. Where it is not socio-economic beneficial to require compliance, existing <i>significant grid users</i> shall be granted derogations. The cost-benefit analysis (CBA) format and methodology or principles shall be prescribed by the NC. |
| Transition periods for pre-existing grid users. | Several respondents noted that if the pre-existing users have to adjust installations to comply with minimum standards, an adequate transition period should be provided - the timeframe should be in line with overhaul planning for the existing power plants. | Agree. "The network code(s) shall always require the <i>system operators</i> to optimise between the highest overall efficiency and lowest total cost for all involved stakeholders". |
| Minimum thresholds to define | Some respondents asked for de-minimis thresholds based on size to cut off non-significant users from respecting the minimum standards and requirements of | Partly agree. There is a need for better definition of <i>significant grid users</i> . However, ex-ante arbitrary values for thresholds, irrespective of actual system requirements, would only weakly address the identified cross-border issues. It could turn out to be incapable of providing an |

| Common Issue | Respondents' feedback | ACER's developed thinking |
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| significant grid users | the NC. | adequate framework for future system operation. Instead, as described earlier the FG shall apply to grid connections for all types of <i>significant grid users</i> which are deemed significant on the basis of their impact on the cross border system performances via influence on the control area's security of supply including provision of <i>ancillary services</i> . Any <i>grid users</i> not deemed as significant grid user shall not fall under the requirements of the NC. See chapter 2.1 for further elaboration. |
| Unclear terminology defining transition periods | Some respondents requested clarification of the term used in the FG "gradual approach process". | Agree, this term is unclear. The relevant paragraph has been deleted since with the concept that it covers is sufficiently provided for by the inclusion of "The NC shall always require the <i>system operators</i> to optimise between the highest overall efficiency and lowest total cost for all involved stakeholders." i.e. the last paragraph of Chapter <i>Compliance testing, compliance monitoring and enforcement</i> . |
| Greater clarity in the use of cost-benefit analyses to identify significant grid users | The majority of respondents addressed the CBA as a criterion to decide on levying minimum standards and requirements on <i>grid users</i> . Some were referring only to the existing grid users while others emphasised both the existing and new <i>grid users</i> should be identified by means of a CBA test. Several respondents claimed that the CBA should be made public. If different standards and requirements are possible to achieve the same goal, the most cost-efficient solution should be chosen. | Agree. ACER considers the cost-benefit analysis as an important tool to ensure that only economically justified measures are taken. The role of the FG is to set high level principles and should not be overly prescriptive. The format and methodology of CBA shall be prescribed by the NC while the implementation shall come under regulatory scrutiny. The relevant text has been amended. Chapter 2.1 in the FG has been substantially redrafted to reflect the role of the CBA in identification of the significant grid user. |
| Inclusion of a position on cost of compliance in the FG | The majority of respondents addressed the issue of how to deal with the costs arising from compliance with the code. Some of them claimed that costs incurred as a result of implementing the FG and/or the resulting NC should be compensated. Some noted that the costs should be socialised. | Partly agree. The cost split should follow the principles of non-discrimination, maximum transparency and assignment to the real originator of the costs. The factual costs implications are beyond the scope of these FG due to subsidiarity of NC implementation. |

| Common Issue | Respondents' feedback | ACER's developed thinking |
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| Derogations | Several respondents noted that the NC should apply only to users with a significant impact on the transmission network. Thus, non-significant grid users should not fall under derogation regime. | Agree. The Chapter 2.1 has been redrafted as per comments above on greater clarity in definition of the significant grid user. The Derogation chapter (2.3) has also been amended to provide greater clarity on the derogation process and applicability. |
| | Many respondents commented on the clarity of the derogation process. The derogation process should be transparent, non-discriminatory, non-biased and well documented. Any derogation should be based on criteria set out in the NC with strong and formal guidance from the FG. During the derogation application process the <i>grid user</i> should be deemed as compliant. The NC should determine the maximum time to grant or reject a derogation Regulatory authorities and not TSOs should be responsible for granting derogations. | |
| | Some respondents suggested that derogations could be granted for technologies that offer special services to the grid, such as exceptionally fast ramping up and enabling island operation of critical electricity users, or to accommodate innovative technologies | Partly agree. Special cases shall as any other case be subject of a CBA. The derogations chapter (2.3) has been amended to allow for derogations of new grid users in exceptional cases. |
| | One respondent suggested to compile and concentrate all conditions for derogations within the FG. | Disagree. It is not feasible – neither practical nor beneficial – to attempt to list all possible conditions for derogations “ex ante” in the FG, moreover, the TSOs are the only institutions which can judge on the technical background of derogations – of course, under the proper regulatory supervision and following consent of the regulators and ACER, as it is presently specified in the FG. |
| Other | Several respondents noted that the FG should not specify principles and requirements in terms of equipment. | Partly agree. Features and performance of the equipment have been emphasised. |
| | There were diverse opinions on definition of the physical connection point; should it remain under TSO competence or not. | Referring to IIA savings in equipment manufacturing can only be achieved through (EU-wide) harmonisation of connection regime. |
| | Several respondents emphasised the specifics of Industrial Site Networks and asked for clarifications. | Agree. The NC shall clarify whether it applies to closed distribution system as well. If closed distribution system is identified as a significant grid user, the NC shall apply to them. The NC shall apply at the connection point to the transmission or to the distribution grids. The CBA shall give an answer whether to grant derogation. |
| | The effort of compliance testing for small generators | Agree. However, this has already been provided with “The network code(s) shall always require |

| Common Issue | Respondents' feedback | ACER's developed thinking |
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| | could be relatively expensive. Therefore need to consider costs/benefits of the types of tests that are applied. If identical types of generation units are installed in a plant, it could be enough to do some tests with one representative. | the <i>system operators</i> to optimise between the highest overall efficiency and lowest total cost for all involved stakeholders". |
| | One respondent asked for addressing the issue of "inefficient" national connection regime for remote units. | Disagree. The national connection regimes are closely related to national plans to meet the carbon emission targets, subject to national regulatory scrutiny and thus beyond the scope of the FG. |
| 2. Process | | |
| Link to the Initial Impact Assessment (IIA) | Respondents asked for clarification on the impact assessment and criteria against which to assess the NC. The IIA is missing from the consultation which affects the completeness of the consultation. Respondents were requesting clarity on the origins of the objectives etc. | Partly agree. The IIA was made and published with the pilot FG. It is still valid for this FG. Reference to the IIA has been included in the FG. |
| Stakeholder involvement | Many respondents claimed that stakeholders (Generators, industry experts, DSOs, etc.) need to be actively involved in the drafting process of the NC. When there are provisions that directly affect distribution networks operation - involvement by way of public consultations is insufficient and too late. | Agree. In general this is a Governance issue that shall be dealt within separate Guidelines. Anyhow, the DSOs in their role as <i>system operators</i> have been considered to take part in the drafting of the NC. This however does not preclude stakeholders to conduct consultations with ENTSO-E prior to formal public consultation on draft NC. According to our information this is already a common practice. Involvement of stakeholders is a prerequisite for the acceptance of the FG and NC. |
| | It has to be ensured in the FG that proper involvement of DSOs, generators and network users will be assured during the FG drafting process. | Partly agree. This was well considered in the drafting process (pilot FG). |
| | Highly recommend any economic and technical standards are developed and set by users and operators jointly. | Agree. Yes, where possible. |
| Cost benefit analysis of the FG and the minimum standards | A detailed CBA of the FG is indispensable. | Partly agree. A detailed CBA of the non-binding FG is not possible due to the fact that the FG merely sets out high level principles while the underlying binding NC provide for detail rules. However, the format and methodology of CBA shall be required from the NC. |
| | The NC should include a detailed CBA by ENTSO-E to justify the levels of minimum standards and requirements which will be thoroughly checked by regulators. | Agree. Where the minimum requirements are significantly in excess of recognised international and industry standards, a CBA must be carried out to demonstrate that the benefits outweigh the costs and justify the higher standard. Chapter 2.1 has been amended accordingly. |
| Interaction with the FG on System | Several respondents noted the interactions between the FG on grid connection and system operation. As a minimum, some requested that the Connection FG | Agree. Frequent coordination already takes place between the two developing FG. And due attention is paid to ensure that redundancies between the two FG are avoided and synergies taken into account accordingly. This is expressly noted in Chapter 1 of the grid connection FG |

| Common Issue | Respondents' feedback | ACER's developed thinking |
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| Operation | should be drafted in parallel to the System Operation FG and should include reference to security standards. | Disagree. The development of System Operation and Grid Connection FG is going on in parallel as much as it is possible. It is not intended to adjust the processes further, as it will make the whole work and development virtually unfeasible because of time and resources overlaps. |
| | Others questioned why the FG on system operation had not been completed first. | |
| Other process issues | Some respondents requested that the process to adopt NC should be strictly and clearly framed by regulators in order to guarantee a fair and efficient treatment and sharing of costs and responsibilities. | Disagree. The regulators are not in the position to define the process for the development of the network code. |
| 3. General Scope and Governance | | |
| Governance | Several respondents asked why the Governance chapter has been cut back. | The Governance issues, which are cross cutting against all FG, will be dealt with separately. |
| Balancing and ancillary services | Some respondents questioned if "balancing capabilities and provision of ancillary services" should be part of these FG or in the NC for grid connection. Many respondents claimed that a market based approach should be advocated by the FG where balancing and ancillary services can be freely traded between grid users. | Agree. The "Balancing capabilities" has been deleted and the following text introduced: "Nothing in the network code(s) shall prevent commercial arrangements being used for provision of <i>ancillary services</i> ". |
| Relationship between international standards and NC | Several respondents asked for clarification on the relationship between international technical standards, national code(s) and European codes. One respondent further noted that experts criteria on applicability and durability should be taken into account. | Disagree. FG already provide a high level principle. More detail relationship between existing international standards and the NC goes beyond the scope of the FG. The Regulation (EC) 714/2009 provides for a top-down approach whereas the experts participating in drafting the NC have a thorough insight into the existing standards and regulations. |
| 4. Level of detail of FG | | |
| Level of detail of FG and NC | There were diverse opinions on the level of detail of the FG. Some respondents asked for a more general approach while some asked to address specific cases. Similarly, diverse concerns were raised regarding the NC; should they be general or detailed. | Partly agree. The role of the FG is to set high level principles and should not be overly prescriptive. Certain aspects have been further clarified though. Anyhow, the FG and the NC shall be related to cross border issues (and market integration). Further, NC` minimum requirements shall be applied when the grid user has an impact on cross border issues, which is identified through a significance-test and enforced for the existing grid users if the CBA shows clear benefit. ACER is confident that the ENTSO-E is aware of the trade-off between the level of detail and ease of NC adaptation. |
| | One respondent asked for one set of reasonable conditions over a multitude of country and TSO specific rules. Further, one respondent asked for national rules to be kept at a minimum. | Partly agree. The FG and the NC shall be related to cross border issues (and market integration). In this respect they are not intended to substitute national network codes facing national and local issues. |
| | One respondent asked for a protection of grid users in | Disagree. In general, this is not a cross-border issue. |

| Common Issue | Respondents' feedback | ACER's developed thinking |
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| | <p>terms of power quality at connection points.</p> <p>One respondent claimed that the DSOs should maintain the competences on connection to the distribution grids.</p> <p>One respondent suggested that the criteria to assess the allowed connection capacity should be simplified and harmonised as much as possible.</p> <p>One respondent suggested a partial "load-shedding" as an ancillary service provided to the TSO on a contractual base and "Load-shedding of all consumers" during an emergency plan.</p> <p>Several respondents asked for clarification and division of roles and responsibilities between TSOs, DSOs, generators and consumers.</p> | <p>Disagree. The FG on grid connection shall identify minimum requirement for <i>significant grid users</i>, which in turn have an impact on cross border system performance, being them connected to transmission or to distribution grids.</p> <p>Disagree. The existence of a wide set of local technical and market conditions does not allow simplified or harmonized criteria to determine connection capacity.</p> <p>Disagree. Load-shedding is an issue for the FG on System Operation.</p> <p>Agree. The FG have been amended to provide more clarity on roles and responsibilities.</p> |
| 5. Drafting | | |
| Definitions and wording | <p>Many respondents commented that the definitions of key terms were not always adequate.</p> <p>The NC should be applied by all relevant stakeholders. The NC should specify protection requirements, not devices.</p> <p>It is not possible to define balancing service parameters to DSOs where those DSOs are prevented by existing national legislation from undertaking any of those services.</p> <p>The 2nd paragraph in Chapter 2.2 is not clear.</p> <p>In case of NC applicable to a certain generator connected to distribution network, provisions required in NC are not necessary to be agreed upon between TSOs and DSOs, they will be established by TSOs in NC or in national legislation</p> <p>Need for clarification of NC prevailing over technical standards in p.7, Ch. 2.1, § 1.</p> <p>One respondent asked why harmonic limits were not mentioned in Chapter 2.1, paragraph 6.</p> <p>One respondent questioned if explicit mentioning of distributed generation in Chapter 2.6 is not discriminatory.</p> | <p>Partly agree. Definition of key terms has been revised. The definitions in the relevant legislation (Directive 2009/72/EC, Regulation (EC) 714/2009) also apply.</p> <p>Agree. The paragraphs have been amended.</p> <p>Partly agree. At this time the FG do not prevent the harmonic limit from being included in the NC. ENTSO-E should evaluate the issue in relation to cross-border influence.</p> <p>Disagree. Referring to IIA on Pilot FG on EGC.</p> |

| Common Issue | Respondents' feedback | ACER's developed thinking |
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| | One respondent suggested renaming "special requirements for critical grid situations" to "... disturbed grid situations". | Disagree. The wording "Critical situations" is more intuitive in understanding. |
| Classification of generation technologies | Several respondents noted that the generation technologies should be classified by name, according to their primary energy source, and the transmission entry capacity. | Disagree. It is not necessary to go down to that level of detail for the FG. |
| | One respondent claimed that the specifications and requirements for the new generation units should be specified when the grid user contracts for the grid connection construction. | Partly agree. The specifications and requirements for the new significant grid user should be specified when it applies for the grid connection and not when it contracts for the grid connection construction. Anyway, this goes without saying. |
| | One respondent asked for a requirement addressing the connection in reasonable time. | Disagree. The "reasonable time" definition does not exist but different transition periods for compliance can be set for newly connected users and for users already connected to the network. |
| | One respondent asked for a precise definition of cross-border issues in the FG. | Disagree. Any more precise cross-border issues' definition is not considered feasible neither helpful – virtually every issue in the interconnected electric power systems of a synchronous area (and beyond its borders) could be termed cross-border-relevant under specific circumstances. E.g. even though voltage / reactive power control (of distributed or centralized generators) are indeed local phenomena and items in the grid, specifying how to deal with them (e.g. so as to have no reactive power flows) is indeed an important issue for cross-border trade in electricity. Therefore it is anticipated not to add additional cross-border-issues' definition. |
| 6. Implementation/compliance monitoring | | |
| Transition period | Several respondents commented that the given transitional period was not adequately representing factual technical and other constraints. | Agree. The FG identifies a transition period, in general, not longer than 2 years. Different transition periods for compliance can be set for newly connected users and for users already connected to the network. The detailed technical provisions for the transition from the national to the European network codes shall be further elaborated on in the respective codes. Derogations are also possible. |
| Amendments | Several respondents claimed that the TSOs should not be allowed to unilaterally amend connection agreements. | Partly agree. A quantitative analysis shall prove costs and benefits. NRAs should provide for transparency and non-discrimination. |
| Compliance monitoring | Several respondents claimed that ACER and NRAs should monitor the process of compliance monitoring and enforcement. There were requests for clear and transparent criteria and procedures for the compliance monitoring. | Agree. The relevant provisions have been amended. Governance of the compliance monitoring to be better defined in the NC. |
| | Several respondents asked for the possibility to develop within the network code a simplified compliance | Partly agree. The NC shall always require the system operators to optimise between the highest overall efficiency and lowest total cost for all involved stakeholders. |

| Common Issue | Respondents' feedback | ACER's developed thinking |
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| | procedure for small systems (a type-testing approach). | |
| | One respondent emphasised that continued compliance monitoring can lead to considerable added bureaucracy and increasing cost for DSOs and generators. | Partly agree. The NC shall always require the system operators to optimise between the highest overall efficiency and lowest total cost for all involved stakeholders. Although the cost implications are beyond the scope of the FG, the relevant paragraph was redrafted to impose the obligation for system operator regularly to assess the compliance of generation units. |
| | To one of the respondents it was unclear how the optimisation between the highest overall efficiency and lowest total cost for all involved stakeholders will be achieved. | Disagree. Having in mind that the FG should not be overly prescriptive, ACER believes that the provision speaks for itself while allowing margin of freedom on the execution level. |
| 7. Minimum standards and requirements | | |
| Cost-benefit analysis | Many respondents claimed that the CBA should be applied to all minimum standards and requirements set out in the NC (not just for existing users). The quantitative analyses should be made public. Need to justify each individual requirement. Specify that the NC requirements must be built on a clear prerequisite definition of system needs | Agree. "Where the minimum standards and requirements, introduced by the network code(s) deviate significantly from the current international standards/requirements and practices, there should be a cost-benefit analysis that justifies this deviation and demonstrates additional benefits from requiring the higher standard". |
| | One respondent asked for a format and a methodology of CBA to be set by the FG. | Partly agree. The role of the FG is to set high level principles and should not be overly prescriptive. However, the format and methodology of CBA shall be prescribed by the NC. |
| Definition of Minimum standards | Several respondents asked for a clear definition of minimum standards and requirements. The FG should be clear about the quantitative analysis and calculation methods to be used for all standards and requirements stipulated in the NC. | Related to the previous comment. |
| | One respondent asked to avoid duplication of standards in case if both generation and consumption units are connected at the same connection point. | Partly agree. The relevant text goes beyond the high level principle of the FG. Anyhow, the NC shall always require the system operators to optimise between the highest overall efficiency and lowest total cost for all involved stakeholders. |
| Voltage of Connection | Several respondents claimed that the voltage of connection is completely irrelevant and should be removed. The only materiality is size in MW. | Disagree. Voltage level is one of the key parameters to classify grid connection, while MW value provides limited information to relative influence of the <i>grid user</i> . |
| | One respondent noted that NC are not entitled to provide for corrective measures for misalignment of EU and national codes. | Agree. NC are EU codes and they prevail. |
| | One respondent suggested specifying grid connection requirements according to the geographical and electrical conditions. | Disagree. Whereas it is true that there are differences between synchronous areas and geographical areas of Europe, it is indeed the purpose of NC to harmonize grid connection requirements and conditions throughout the EU and as far as possible within the defined objectives. Therefore, this suggestion will not be taken into account. |

| Common Issue | Respondents' feedback | ACER's developed thinking |
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| 8. Data sharing | | |
| | Several respondents claimed that the real time information sharing must be tightly defined to strictly limit what is necessary for TSOs. | Agree. No change needed in the FG. |
| | One respondent asked for TSOs to publish more information on the status of the network. | Disagree. All information necessary should be available but need not necessarily be made public. |
| | One respondent asked for the FG to provide for a single real-time signal exchange technology within EU. | Disagree. The role of the FG is to set high level principles and should not be overly prescriptive. |
| | One respondent asked for TSOs to share real time information with significant users in order to help control security of supply. | Disagree. This is a system operation issue. |

3 Adjustments of Framework Guidelines resulting from further comments and responses in public consultation

Due to the innovative aim of the electricity grid connection project, it is no surprise that the document generated a wide set of welcomed comments, from high level to details. Part of them, out of the scope of the FG on grid connection, will be focused in the future works (e.g. System Operation FG, Access FG, Governance guidelines, etc.). ACER found the public consultation very useful in terms of comments and proposals, all of them taken into high consideration. Therefore, ACER decided to review the consulted document in order to better organize, explain and integrate the FG. In this paragraph a summary of the most substantial changes is reported.

| General issues and needs for changes | Changes in FG |
|---|--|
| <p>Several respondents noted that the network code should apply to all parties (DSOs and generators), not just TSOs. Requirements for distribution-connected users should be dealt with by DSOs.</p> | <p>The Scope has been redrafted to accommodate also the DSOs and <i>significant grid users</i>. The roles of TSOs and DSOs have also been described in a more detail e.g. Chapter 1.3: “DSOs are treated as <i>grid users</i> where they have to comply with the TSO’s requirements in the network code(s). They are treated as system operators where they implement network code(s) provisions with respect to <i>significant grid users</i> connected to the distribution system. Unless stated otherwise, reference to DSO implies DSO as <i>grid user</i>”.</p> |
| <p>Many respondents stressed that a clear definition and assessment process for significant grid users, bound to fulfil minimum requirements, should be established. Further, the cross-border emphasis of Regulation 714/2009 should be respected, and accordingly the code should only apply to those grid users that impact on cross border exchanges. Reflecting this, one respondent asked for evaluation of grid user influences on bottlenecks and other targets e.g. the renewable energy target set by the European Union.</p> | <p>The definition for <i>significant grid users</i> has been amended. The new definition of significance now considers the grid user’s impact on the cross border system performances. A “significance test” has been described that will identify significant grid users. For those users not deemed to be significant, the network code does not apply. See chapter 2.1 for a full elaboration of these changes. Regular re-assessment of <i>significant grid users</i> shall allow the impact of the network code(s) to evolve in line with evolving system requirements. The relevant part in the FG has been redrafted to reflect this (Chapter 2.1).</p> |
| <p>The majority of respondents addressed the CBA as a criterion to decide on levying minimum standards and requirements on <i>grid users</i>. Some were referring only to the existing grid users while others emphasised both the existing and new <i>grid users</i> should be identified by means of a CBA test.</p> <p>Several respondents claimed that the CBA should be made public. If different standards and requirements are possible to achieve the same goal, the most cost-efficient solution should be chosen.</p> | <p>ACER considers the cost-benefit analysis as an important tool in ensuring that only economically justified measures are taken.</p> <p>The role of the FG is to set high level principles and should not be overly prescriptive. The format and methodology of CBA shall be prescribed by the NC while the implementation shall come under regulatory scrutiny. The relevant text has been amended. Chapter 2.1 in the FG has been substantially redrafted to reflect the role of the CBA in identification of the significant grid user.</p> |
| <p>Several respondents noted that the NC should apply only to users with a significant impact on the transmission network. Thus, non-significant grid users should not fall under derogation regime.</p> | <p>The Chapter 2.1 has been redrafted as per comments received on greater clarity in definition of the <i>significant grid users</i>.</p> |
| <p>Many respondents commented on the clarity of the derogation process. The derogation process should be transparent, non-discriminatory, non-biased and well documented. Any derogation should be based on criteria set out in the NC with strong and formal</p> | <p>The Derogation chapter (2.3) has also been amended to provide greater clarity on the derogation process and applicability.</p> |

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| <p>guidance from the FG. During the derogation application process the <i>grid user</i> should be deemed as compliant. The network code(s) should determine the maximum time to grant or reject a derogation. Regulatory authorities and not TSOs should be responsible for granting derogations.</p> | |
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Annex 1 – ACER

The Agency for the Cooperation of Energy Regulators (ACER) is a European Union body established in 2010. ACER's mission is to assist National Regulatory Authorities in exercising, at Community level, the regulatory tasks that they perform in the Member States and, where necessary, to coordinate their action. The work of the ACER is structured according to a number of working groups, composed of ACER staff members and staff members of the national energy regulatory authorities. These working groups deal with different topics, according to their members' fields of expertise.

This report was prepared by the ACER Electricity Network and Market Task Force (AENM TF) of the ACER Electricity Working Group (AEWG).

Annex 2 – List of Respondents

| Organisation | |
|----------------------------------|-----------------------------|
| AEP | Association |
| Alpiq Trading AG | Energy trading company |
| Britned | Interconnector operator |
| CEDEC | Association |
| EDF | Energy company |
| EDF Energy | Energy company |
| Edison | Energy company |
| Electricity North West | DSO |
| E.ON | Energy company |
| ENA | Association |
| EnBW | Energy company |
| Energy Norway | Association |
| ENTSO-E | A |
| ERDF | DSO |
| EURELECTRIC | Association |
| EPIA | Association |
| EU Turbines | Association |
| EWEA | Association |
| Finnish Energy Industry | Association |
| Gas Natural Fenosa | Gas and electricity company |
| GE Energy Product Europe | Production and Development |
| GE Energy | Production and Development |
| GEODE | Association |
| Iberdrola | Energy company |
| IFIEC | Association |
| Nordenergi | Energy company |
| Nuon | Energy company |
| Red Electrica | TSO |
| RES Ltd. | Developer |
| Russell Power Ltd. | Association |
| RWE | Energy company |
| Scottish Renewables | Association |
| SSE | Energy company |
| Svensk Vindenergi | Association |
| Union Francaise de l'Electricité | Association |
| Vereiniging Energie-Nederland | Association |
| VGB | Association |
| VIK | Association |
| Vladimir Prochazka | Private individual |
| Wärtsilä | Energy company |