

Appendix 1 - ENTSO-E Annual Work Programme 2016 - Treatment of Responders' Submissions

This note contains a summary of remarks received and indications on how they have been taken into consideration in the version of the Annual Work Programme 2016 as submitted to ACER.

Respondents' feedback on the consultation document	Stakeholder	ENTSO-E views
Is the structure of the Annual Work Programme 2016 suitable? - Any comments or recommendations?		
ENTSO-E should also tackle the issue of flexible power generation.	EGEC	ENTSO-E will continue in 2016 to assess economic and system benefits of integrating renewable sources through its Market design and RES Working Group. This will include policy recommendations on the possible review of the RES Directive, with a specific focus on RES supports mechanisms, balancing responsibility, provision of ancillary services and other market rules. The goal will be to propose solutions that can support cost-efficiency, system adequacy (including flexibility), and market integration. Both variable (e.g. wind, solar) RES sources and more flexible (e.g. biomass, geothermal) RES sources will be assessed in this analysis.
The Annual Work Programme 2016 clearly describes the challenges related to the integration of high amounts of variable renewable energy sources into a power system in a secure and affordable manner. The unpredictable and variable electricity supply from renewable energy sources negatively impacts system security of supply. Flexibility (e.g. DSR, flexible power generation, etc.) is therefore crucial to balance and integrate renewable energy in a secure and cost efficient manner. We are pleased to see that this issue remains high on the agenda and that ENTSO-E is committed to continue developing solutions to integrate renewable	Wärtsilä Corporation	ENTSO-E appreciates this feedback and in line with its strategy for active involvement of stakeholders.

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<p>energy sources. Wärtsilä encourages ENTSO-E to continue with the active involvement of stakeholder in these developments. Especially for the mentioned concrete activities for ENTSO-E in 2016 that result from the Market Design Policy paper. We agree that the complete implementation of the Network Codes is a key prerequisite for the functioning of the Internal Energy Market. We are pleased to see the high importance of development and full implementation of these codes reflected in the document.</p>		
<p>Is the information of the Annual Work Programme 2016 detailed enough? - Any comments or recommendations?</p>		
<p>As ELEXON's and our stakeholders' systems will need to interface with the relevant balancing pilot projects (as will most of the European electricity industry) and because these will be the first implementations we need to undertake to prepare for the full implementation of the Network Code on Electricity Balancing, ELEXON would like to see more detail on the plans for such projects. We have found the ENTSO-E webpage on 'Cross Border Electricity Balancing Pilot Projects' very valuable in this respect and a commitment in the Annual Work Programme to maintain the regular update reports on the individual balancing pilot projects as they evolve would be very welcome.</p>	<p>ELEXON</p>	<p>ENTSO-E will update the reports on pilot projects, however will not include it in its work programme as the pilot projects are not under the governance of ENTSO-E. However ENTSO-E will include stakeholders via the Balancing Stakeholder Group, in which all relevant EU Stakeholder organizations are represented, in all relevant developments and organize separate workshops if deemed necessary.</p>
<p>The Programme provides a good overview of the work planned for the next months. It provides sufficient details for market participants to understand ENTSO-E priorities and planning stages of ENTSO-E work. We expect more details per major work product to be published in the course of the Programme year, as appropriate.</p>	<p>Wärtsilä Corporation</p>	<p>ENTSO-E appreciates this feedback and in line with its transparency and SH engagement strategy commits to publish in a timely manner sufficient details regarding its main work products and the next steps in the processes in the course of the Programme year as appropriate. Furthermore ENTSO-E is committed to publish the main conclusions of its Assembly decision making meetings</p>
<p>What other topic(s) would you like ENTSO-E to address?</p>		
<p>1) Assess the impact of flexible RES on the development of transmission and distribution infrastructure and the interplay with other flexibility options (e.g. demand-side management and storage).</p>	<p>EGEC</p>	<p>ENTSO-E welcomes the proposals for new topic areas which should be addressed in the future by the Association's work and agrees that the 3 areas are of increasing importance to the development of the IEM and to ensuring SoS in the power system</p>

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<p>2) Analyse the economic impact of the development of flexible RES for market integration</p> <p>3) Assess the potential benefits of flexible RES in terms of flexibility at regional level with a particular focus on MV/LV (Medium Voltage/ Low Voltage) network reinforcement</p>		<p>in light of the new challenges of the energy transition. ENTSO-E would be keen to explore further these topics together with stakeholders and to come up with an evaluation of the future challenges and with potential solutions/recommendations for policy-makers on the actions that might need to be taken at the EU level. ENTSO-E is committed to fulfilling its missions and functions in a way that maximises the competitiveness, sustainability, and security of the EU power system and this can be achieved through close cooperation with stakeholders to ensure that the most optimal solutions for customers are developed jointly and for the benefit of society at large.</p>
<p>Any comments regarding the Network Codes?</p>		
<p>All the Network Codes have now reached at least the pre-comitology stage in their development. However, some of these Network Codes are still subject to, perhaps significant, change, in particular the Network Code on Electricity Balancing and the Network Code on Emergency and Restoration, which we understand are subject to change following the European Commission's Energy Union 'summer package' of proposals. To the maximum extent possible, if there is significant new drafting in these Network Codes and if ENTSO-E is involved in this re-drafting, we would encourage ENTSO-E, as well as ACER and the European Commission, to consult publicly with stakeholders before these drafts are finalised. Earlier drafts were subject to consultation by ENTSO-E and ACER, so this would put the changed sections under equivalent review by the broadest range of stakeholders. Also, we have previously made the comment that Chapter 4 of the Network Code on Emergency and Restoration on market suspension and restoration would best sit under the governance of the markets European Stakeholder Committee.</p>	<p>ELEXON</p>	<p>ENTSO-E agrees that stakeholder consultation is an important factor when making significant changes to the network codes. However the Network Code on Electricity Balancing is not any longer in ENTSO-E's hands. The EC should be approached on how stakeholders should be involved in the next stage. For Network Codes Emergency and Restoration, there is a proposal that the Market Stakeholder committee should observe development for any impact.</p>
<p>We are pleased to see the high importance of development and full implementation of these codes reflected in the document and acknowledge the good work that has been done by ENTSO-E and</p>	<p>Wärtsilä Corporation</p>	<p>ENTSO-E fully agrees with the views presented by Wärtsilä Corporation. The Electricity Balancing is a very ambitious project, which will</p>

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<p>all parties involved to make this progress happen.</p> <p>From all Network Codes, Wärtsilä believes the Network Code on Electricity Balancing (NCEB) is of high importance for a successful market based integration of renewable energy sources. The NCEB provides the common rules which allows the market to reflect scarcity into short term prices signals through pay-as-cleared pricing for balancing energy and cost-reflective imbalance charges, and thereby providing a value for flexibility. Flexibility is key to integrate renewable energy sources into the power system. When flexibility is properly incentivized by the market, new investments in flexible solutions will come forward. It is therefore that we encourage ENTSO-E to remain highly focused on the full implementation of this code as soon as possible.</p> <p>We would also like to highlight the interaction between the Network Codes and the recently launched energy market design consultation of the European Commission. Adjustment of the Network Codes as a result of the outcome of the consultation process may be required. However, in order not to lose valuable time, we believe it is important that the implementation of the Network Codes should not be delayed due to this process.</p>		<p>contribute to a better reflexivity of actual system costs and eventually increase the general welfare created by the power systems, and reduce costs for end consumers.</p> <p>ENTSO-E believes like Wärtsilä that full implementation of the code should be delivered as fast as practicable in a cost efficient way. The transition from heterogeneous national systems to a pan-European balancing market is a complicated project, comparable to technological innovation processes. It requires a careful approach to find the right formula and manage transition costs. Therefore, the implementation period of the code is planned to last several years.</p> <p>ENTSO-E has started where possible early-implementation of the Balancing code, in particular through regional pilot projects. The priority is now to adopt the code, as there is a limit to the resources which ENTSO-E can engage while the final form of the code is still subject to changes.</p>
<p>First of all Vattenfall believes the first priority of both ENTSO-E, ACER and the EC should be to put all efforts into a good implementation of the network codes. A speedy and efficient implementation of the network codes improves the market design along the different time frames (balancing, intraday and day ahead, forward markets) and thus supports the realization of Europe's energy policy goals creating a competitive, sustainable internal energy market with a secure energy supply.</p> <p>Vattenfall strongly supports that drafting and implementation of network codes and guidelines stays a top priority for ENTSO-E</p>	<p>Vattenfall</p>	<p>ENTSO-E appreciates Vattenfall's comment and agrees on the importance of speedy and efficient implementation of the network codes.</p>

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Any comments regarding Stakeholder Engagement?		
<p>ELEXON welcomes, and fully supports, ENTSO-E's increasing commitment to stakeholder engagement, in particular its commitment to take 'into account the broadest range of views from stakeholders at an early stage'. We agree that 'stakeholder expertise (and we would add experience too) is indispensable to delivering well-critiqued and acceptable (we would add effective and workable given that stakeholders will be affected by, and may need to implement interfaces with such) proposals'.</p> <p>Specifically, given ENTSO-E's powerful mandated role in developing and implementing the Network Codes and Guidelines, we believe that it is essential that ENTSO-E engages fully with all affected stakeholders in Europe on its plans. There is much experience of implementing and operating markets and local knowledge residing in the stakeholder community.</p> <p>ELEXON further agrees with ENTSO-E's statement that 'effective stakeholder engagement is essential in ensuring a successful process', particularly since issues may be revealed at local or regional level in implementing the pilot projects for Network Codes that have implications at the pan-European level and must be considered at that level as soon as they are identified.</p> <p>We have found that it is not always easy for individual stakeholders, particularly those who are not members of a European trade association or have a unique perspective, to be heard in the pan-European debates even if they have relevant information, evidence or views to contribute, so any movement by ENTSO-E to further engage with individual stakeholders would be welcome. For example, we have found that public consultations, such as this one, are currently the main way for individual stakeholders to put forward their views to the pan-European</p>	<p>ELEXON</p>	<p>ENTSO-E appreciates Elexon's feedback on stakeholder engagement and agrees on the importance of stimulating pro-active and effective engagement with all stakeholders. Stakeholder contributions play an essential part in the development of all main ENTSO-E deliverables (including NCs, 10-year network development plans, scenario outlooks and adequacy forecasts, annual work programmes, and R & D roadmaps). ENTSO-E is committed to taking into account the broadest range of views from stakeholders at an early stage of development of its products and it engages on a regular basis with individual stakeholders and stakeholder groups through numerous informal meetings, formal web-based consultations, and workshops with the objective to provide the most suitable responses to the challenges of a changing power system while maintaining security of supply.</p> <p>The European Stakeholder Committees jointly set up with ACER will be key in meeting the challenge of successful for network codes' implementation through pro-active engagement with national regulators, Member States, and all stakeholders to ensure the success of the process.</p> <p>The ESCs are set up to serve as a platform for sharing views on the NC implementation, with a particular focus to enable stakeholders to express their views and receive feedback, as well as to contribute to a more informed decision-making process for the methodologies and rules still to be developed for the implementation of the NCs. The diversity and inclusiveness of the ESCs will allow them to serve as a platform pooling as well the local and national experience and knowledge of the stakeholder community. The ENTSO-E webpage dedicated to the ESC will be used as a platform to keep all stakeholders informed of the work of the Committees, to allow them to provide feedback and advice and</p>

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<p>institutions, such as ENTSO-E. But we have recently seen the introduction, and very much welcome, ENTSO-E public workshops open to individual stakeholders, e.g. on balancing pilot projects. We strongly support ENTSO-E's continued use of public consultations and individual stakeholder workshops to aid discussion of issues and gather views from the broadest range of stakeholders wherever possible. And we would encourage ENTSO-E to find other new ways to engage with the broadest range of stakeholders, e.g. perhaps online.</p> <p>We support the commitment that ENTSO-E has made to transparency and visibility in its work areas and particularly support the website for publication of information from the new European stakeholder committees. We encourage ENTSO-E to publish all information that is made available to the stakeholder committees as soon as possible.</p>		<p>share any challenges as well anticipate future obstacles. The ESC platform will provide all relevant info for the meetings, presentations, minutes, and (tbd: allow for direct participation/follow-up online and through web-streaming of the meetings). ENTSO-E is committed to publishing all relevant information on platform as early as possible to enable stakeholders to develop well-informed opinions and to ensure transparency and visibility of the process. <i>ENTSO-E could further envision the development of a news alert service related to the ESCs to keep both its members as well as other interested stakeholders informed of the upcoming meetings/results/discussions etc.</i></p> <p>ENTSO-E appreciates very much the positive feedback with regard to stakeholder engagement through public consultations and public workshops and plans to continue to pursue these as an effective means of open and transparent discussion which enables the pan-European participation in and active contribution of SHs to ENTSO-E's activities and ensures the pan-European scope of its legally mandated products as well as the delivery of solutions with societal value.</p> <p>ENTSO-E welcomes Elexon's proposals to engage more actively with the broadest range of stakeholders online in addition to its traditional ways of interacting with stakeholders and would be keen to explore the development of further solutions to enable the active and direct engagement (including in real-time) of relevant stakeholders in the discussion and elaboration of its deliverables.</p> <p><u>Proposal for the AWP:</u> <i>p. 36 AWP: Consultation with stakeholders is far more than a mandatory requirement—stakeholder expertise and experience is indispensable to delivering well-critiqued, effective (effective and workable) and acceptable proposals.</i></p>
<p>Wärtsilä highly valued the stakeholder involvement opportunities throughout the framework guidelines and Network Code</p>	<p>Wärtsilä Corporation</p>	<p>ENTSO-E welcomes Wärtsilä's commitment to participate in the ESCs and agrees with the idea that the ESC should also bring</p>

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<p>development process. The involvement was valuable in many respects: it raised awareness around the creation of the IEM and associated Network Codes and gave stakeholders a possibility to study the Network Codes and provide feedback, which improved the quality of the Network Codes and increased acceptance across the industry.</p> <p>It is therefore that we support the joint ACER / ENTSO-E initiative to create three European Stakeholder Committees (ESC) to monitor the implementation of the Network Codes. We believe these ESC should lead to an early identify of challenges and provide opportunity to discuss and propose solutions. We also welcome the transparent character of these meetings, where all document, deliverables and minutes will be made public to allow other stakeholders to express comments. We recommend to discuss the reports on the implementation monitoring of the Network Codes in the ESC.</p>		<p>value through identifying early on the potential challenges/difficulties in the implementation of Network Codes for an open discussion at the ESCs. ENTSO-E is fully committed to ensuring maximum transparency and inclusive participation of all stakeholders through providing all documents, deliverables and minutes of the meetings publicly for SH comments. ENTSO-E believes this is the most efficient way to facilitate cooperation, information sharing and solution of potential implementation difficulties as a prerequisite to the timely implementation of NCs across Europe. ENTSO-E will consider the proposal to discuss the reports on the implementation monitoring of the NCs in the ESCs.</p>
<p>Information sharing and stakeholder dialogue should be expanded to other channels.</p> <p>The internal energy market is under continuous development. Network Codes, the EC market design initiative and TYNDP are just a few examples of processes where ENTSO-E has a role as a key player. Vattenfall recognises the extensive external arenas for stakeholder involvement that ENTSO-E has developed during the past couple of years. Still, stakeholder involvement and information sharing must strive to use all channels and always develop further.</p> <p>Vattenfall would like to propose that ENTSO-E complement the possibilities to participate in stakeholder events by introducing the option of participating on-line (webinar).</p>	<p>Vattenfall</p>	<p>ENTSO-E's approach to stakeholder engagement has evolved considerably over the past years and the stakeholder feedback we continuously collect demonstrates a marked positive change in stakeholder perception. We intend to continue to work closely with market players and build on the steps made to date through the deployment of additional channels to ensure pro-active and comprehensive engagement with stakeholders and good cooperation.</p> <p>ENTSO-E welcomes the proposal of Vattenfall to introduce options enabling various stakeholders to participate simultaneously on-line in stakeholder-related activities and notes that this option has already been widely introduced by SDC/ENTSO-E with regard to numerous public stakeholder consultation events/workshops, in particular in the processes of the drafting of the Network Codes, TYNDPs' development, and the SOAFs among others. ENTSO-E values highly the feedback provided by stakeholders in meetings and consultations and agrees on the importance of reflecting a</p>

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		<p>diverse range of views within the development process of its work products. ENTSO-E is committed to expanding further the tools/instruments for involving pro-actively and comprehensively all stakeholders in these processes. ENTSO-E will take into account this need and will work towards expanding the use of webinars, among other relevant communication channels. ENTSO-E will explore the implementation of web-streaming on a regular basis of additional workshops, seminars, and conferences with EU-wide relevance as a way of involving in real-time stakeholders across Europe and giving them possibility to follow the discussions live and to react. ENTSO-E will seek to improve further in the future the tools and channels of communication with SHs based on stakeholder recommendations as a way to ensure transparency and pro-active engagement with all market participants and to support the continuous development/advancement of the IEM.</p>
<p>Any other comments that you would like to share</p>		
<p>Update the Ten-Year Network Development Plan (TYNDP) with data on flexible renewable sources.</p>	<p>EGEC</p>	<p>We take note of your suggestion. We would like to highlight as well that the scenarios of TYNDP 2016 were built with a strong involvement of stakeholders to make sure of the relevance of the scenarios and of the use of the best available data sources. This interaction was structured with workshops (3 organized during the scenario building process) and a one-month formal public consultation.</p>
<p>A minor point, but we suggest that Figure 3 in the draft ENTSO-E Annual Work Programme 2016 may need updating before the Work Programme is finalised. In particular, the timeline for the draft Network Code on Electricity Balancing, as it has only recently been sent to the European Commission.</p>	<p>ELEXON</p>	<p>Network Code Electricity Balancing timeline has been reviewed however the organisation of next steps is not in the hands of ENTSO-E any longer.</p>
<p>The further development of regions support the realisation of the IEM. Vattenfall is convinced that the further development of the internal energy market needs to be stepwise and deepened through</p>	<p>Vattenfall</p>	<p>We take note of your suggestion. ENTSO-E is providing a large amount of data from the TYNDP to the public. For instance, since the publication of TYNDP 2014, ENTSO-E published market modelling input dataset and made available to interested</p>

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<p>regional co-operation. Over time we expect that the benefit from increased coordination and thereby regional welfare maximisation is the way to safeguard secure delivery of electricity as well as more transmission capacity to be available for trade.</p> <p>Ultimately a secure European transmission system should be based on regional entities for system operation and system development. This development must, however, be stepwise and the regional security coordination centres as well as much of the ENTSO-E's work sphere represent promising first steps in such a development. Still, political decision makers should establish a roadmap for such a development in order to further incentivize the progress towards a fully integrated transmission system. As a concrete step towards increasing cooperation in the interest of the European customer, Vattenfall supports that the TSOs initiate regional assessments of supply adequacy. Such assessments will provide the basis for an efficient management of supply adequacy. Additional ground for this deepened cooperation would be a requirement to procure common reserves thereby keeping possible strategic reserves at a minimum.</p> <p>Vattenfall wishes to emphasise the further development of the role and functioning of the Regional Security Coordination Initiatives.</p> <p>Transparency and create sense of urgency is key for the future TYNDP work</p> <p>The importance of the transmission system is placed more and more in the centre of Europe's energy debate. Thus, the future TYNDP must strive to increase understanding and transparency on how the actual grid is used and what it would take from decision makers throughout society to increase capacity further.</p> <p>The challenge to reach an agreement on methodologies and regulatory mechanisms for cost allocation across borders needs to</p>		<p>stakeholders a grid dataset which enable all stakeholder to analyse further the results from the TYNDP.</p> <p>As foreseen by the 3rd Package, this ENTSO-E long-term system adequacy assessment (SOAF) is one of the tools ENTSO-E provides to stakeholders and decision makers on which to base their investments and policy decisions for the future system adequacy planning and with a view to preserving security of supply through an analysis of the operational risk to cover sudden changes due to the variability in the power system as RES-e integration increases further. The 2015 edition of the Scenario Outlook & Adequacy Forecast (SO&AF) looks at how system adequacy -balance between supply and demand- is likely to evolve in Europe up to 2025. The SO&AF 2015 takes into account most of the feedback received from stakeholders on previous editions with a stronger focus given to cross-border flows and the need for flexibility. Further improvements in probabilistic market-based system adequacy assessments will be implemented in the SO&AF 2016 report. SO&AF 2015 also includes an enhanced regional assessment showing how electricity imports and exports can improve national system adequacy. ENTSO-E is keen on developing further the concept of regional assessments of supply adequacy in its future SO&AFs with a view to ensuring that system adequacy risks are minimized/avoided and security of supply is ensured in all relevant timeframes.</p> <p>ENTSO-E recognizes the challenge of ensuring public acceptance and overcoming permitting procedure obstacles across various MS in Europe and the need for ensuring that critical infrastructure is built on time to ensure the effective integration of the IEM. ENTSO-E welcomes the proposal of Vattenfall for the creation of an ad-hoc group to analyse the obstacles to infrastructure roll-out and to develop practical proposals on how to speed up the permitting</p>

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<p>be highlighted. The coming TYNDP should at least indicate which projects depend on cross-border cost allocation between more than two member states.</p> <p>We urge ENTSO-E to further increase transparency on the results. Instead of using e.g. colours and price intervals between bidding zones, we propose that the TYNDP presents actual results in terms of concrete price differences.</p> <p>Finally, gaining public acceptance is a major challenge to realise the TYNDP and the investment needed to transform European's energy supply. Vattenfall suggests that ENTSO-E and/or ACER forms an ad-hoc group, with a group of stakeholders participating, to discuss and analyse common difficulties with the permitting process and with the explicit task to publish concrete ideas on how to speed up the permitting process. It should be ensured that specific regional experiences are covered. Therefore, we suggest that the group takes the forthcoming capacity calculation regions into account ensuring that representatives from all regions are invited to share experiences and solutions.</p>		<p>process, eliminate barriers and enable fast-track/streamlining of procedures across MS with regard to projects of pan-EU significance. ENTSO-E would be keen to explore the possibility of developing such assessment within the framework of either an existing structure or an ad-hoc group. The results of this assessment should be communicated to the relevant authorities/the EC to ensure that appropriate regulation/instruments are put into place to eliminate barriers to infrastructure development.</p>