

2nd ENTSO-E Advisory Council meeting

Date: 8 February 2017

Time: 10h00 – 15h00

Place: ENTSO-E premises, Avenue de Cortenbergh 100, conference room - FARADAY

MINUTES

Advisory Council Members

1.	ALBA RIOS Juan Jose	EURELECTRIC
2.	BLANC Jean-Yves	SEDC
3.	BUHEL Christian	DSOs
4.	CLAES Peter	IFIEC
5.	PARRES Alfredo	RES Associations
6.	TRIO Wendel	NGOs
7.	GIESBERTZ Paul	EFET
8.	HORNE Stew	BEUC Citizens Advice

ENTSO-E President

1.	ANDREASEN Peder	Energinet.dk
----	-----------------	--------------

ENTSO-E Chair of the Board

1.	HAGEM Bente	Statnett
----	-------------	----------

Observer Member

1.	VAN HAASTEREN Augustijn	EC
----	-------------------------	----

ENTSO-E

1.	GOLDING Matt	ENTSO-E
2.	NIES Susanne	ENTSO-E
3.	SCHMITT Laurent	ENTSO-E
4.	NENOVA Stela	ENTSO-E

Observer Member - excused

1.	BUZEK Jerzy	European Parliament
----	-------------	---------------------

Guest for item 7

1.	MEEUS Leonardo	FSR
----	----------------	-----

1. Welcome and introduction

The Advisory Council (AC) Chair, Juan Jose Alba Rios, welcomes all members and introduces Laurent Schmitt, new ENTSO-E Secretary-General, Bente Hagem, Chair of ENTSO-E Board, Peder Andreasen, President of ENTSO-E, and Christian Buchel, as a new member of the AC, representing the European DSO associations, followed by a tour de table.

2. Tour de table

Peder Andreasen underlines the commitment of ENTSO-E as a European organization to deliver on its mandates, to be more open and to listen to stakeholders' input, to have the AC as a sounding board for ENTSO-E's strategies.

The Chair encourages stakeholders to focus in the discussions and their proposals on finding ways of how the AC will work together to deliver its advice and guidance to ENTSO-E.

3. ENTSO-E 2017 Strategic Agenda

Laurent Schmitt presents the ENTSO-E strategic agenda for 2017 which is focused on eight priorities, among which supporting the active customer paradigm shift, improving further ENTSO-E's interaction and co-creation with stakeholders, successful Network Codes' implementation, developing a new ENTSO-E IT strategy, efficient infrastructure implementation, innovation, wholesale & retail market integration and stronger cooperation with DSOs, and last but not least, regional energy cooperation, with ENTSO-E's Common Grid Model ensuring interoperability.

ENTSO-E welcomes feedback from the AC on its priorities, performance and proposals for future areas of focus for its new strategy to be developed in 2017. AC members discuss in more detail the ENTSO-E 2017 strategic agenda and welcome the customer-centric approach of ENTSO-E and its focus on wholesale-retail market integration. Some members underline that it would be important to align ENTSO-E's future strategy with the European developments and long-term priorities on climate.

Advice

- The Advisory Council agrees on having a more focused discussion on the ENTSO-E strategy at the next AC meeting and on the main points raised by stakeholders. The role of the customer is key and should be central to ENTSO-E's strategy. Further discussion should follow on how the ENTSO-E strategy relates to and aligns with the European decarbonisation strategy and the 2050 European agenda and vision.

4. ENTSO-E decision-making and governance

Peder Andreasen presents ENTSO-E's structure and governance framework, and explains the change of the decision-making process of ENTSO-E from unanimity to qualified majority principles in line with the Lisbon Treaty principles. ENTSO-E developed this decision-making methodology to ensure that decisions are in line with the European objectives and to the benefit of society and to engage all TSOs in implementing the European agenda. In addition, ENTSO-E has developed a special all-TSO process to enable the inclusion, participation and uptake of pan-EU Network Code implementation tasks of all certified TSOs beyond ENTSO-E's membership and beyond EU borders. He reminds of the roles and responsibilities of both ENTSO-E, all TSOs, ACER, EC and stakeholders in making the Network Code implementation a success in the future through the various types and levels of tasks, monitoring etc.

Paul Giesbertz presents some stakeholder observations and perceptions related to Network Codes and ENTSO-E's position papers, and AC members discuss different approaches to the two types of ENTSO-E products (network codes and position papers) and their presentation. Paul Giesbertz notes that the Network Codes' aim is to set clear, strict and harmonised rules across Europe as they are mandated tasks while ENTSO-E position papers on the other hand could promote the European debate further by providing a view which reflects a variety of TSOs' positions and identifies pros/cons rather than recommendations. AC members encourage ENTSO-E to

involve stakeholders in the development of position papers at the very start of the writing process through discussions.

AC members suggest additional topics that possibly need to be considered in ENTSO-E's future work, including the fast developments on the technology side (like block chain technology) and what this means with regard to Network Code implementation and the time lag between rules' drafting and implementation, and IT and cybersecurity issues. Another recommendation from AC members is to identify topics that could be solved through standardisation (CENELEC) to facilitate the implementation process, ensure consistency etc. NRA cooperation is also very important in the implementation process but a good governance process should be complemented by agility to ensure that Europe is moving ahead.

ENTSO-E notes that its objective is to build a European market and TSOs want to cooperate across regions more and to unlock the potential of regional cooperation, however, the policy and regulatory framework have to follow suit to support TSOs to move ahead fast. More tools will be needed to ensure that speed, and stakeholders and the EC need to help in improving regional governance to allow TSOs to act and move faster. What is missing currently is a target model on regions to be developed and implemented in regions first - this is a prerequisite for the European market.

Advice

- The Advisory Council will capture the discussion on the above-mentioned topics in a written advice input and will come up with recommendations to be discussed in the next AC meeting.

5. Clean Energy Package – exchange of views

Bente Hagem presents ENTSO-E's key views on the Clean Energy Package. ENTSO-E welcomes the improved provisions for RES integration, for empowering consumers by integrating wholesale and retail markets, for establishing a decision process on bidding zones, on adequacy methodology, on empowering DSOs and clarifying the roles between TSOs and DSOs. Some improvements are needed on ensuring better TSO-DSO cooperation and linking wholesale and retail markets effectively, on market design, and on the provisions on Regional operational centers (ROCs).

The Chair presents stakeholders' views on the ROCs, and AC members discuss the current challenges to regional cooperation at regulatory and political level, and potential implications of the EC proposals on the future developments of regional operational coordination and regional cooperation across Europe.

Paul Giesbertz presents market participants' views on the Clean Energy Package's provisions for storage and ancillary services' provision, the various views on the roles and responsibilities of TSOs and DSOs in this domain and the possibility to organize tenders for services that may be needed. TSOs and DSOs seem to share a largely common view that storage provision should be market-based and outside DSO/TSO domain and that the need for exceptions may arise in cases where the market does not deliver. Some fundamental common principles should be first agreed upon to enable the market to deliver those services efficiently in the future. ENTSO-E reminds that some elements, which provide non-frequency ancillary services, are embedded in the equipment from the start and they are an integral part of a system (such as HVDC for example, which is embedded into a machine and cannot be physically separated).

AC members discuss the topic of tariff structures and whether harmonized tariff structures across Europe can facilitate the energy transition and RES integration and decarbonisation. AC members are invited to provide advice to ENTSO-E on this topic, and to develop jointly with ENTSO-E some key principles on tariff structure harmonisation as this issue might benefit from further joint work already at an early stage. AC members support the idea and note the role of the prosumer has to be further investigated as well to avoid missed opportunities and tackle issues with investments behind the meter in some countries.

Advice

- The AC addressed ROCs, storage and tariffs as priority topics of discussion of the AC. AC members put forward their priorities in common.

- Actions of the AC to include:
 - Tariffs: tariff structures is an important issue and the topic should be discussed at the next AC meeting. The AC will prepare written advice/opinion on this topic for the ENTSO-E Board.
 - The AC will prepare a written paper on the topic of ownership of assets and storage.
 - On ROCs, the AC held a useful discussion, and legislation is already out. ENTSO-E can work further on explaining better its views to stakeholders. If further bilateral discussions bring new views on the ROCs and if further need arises, the topic can be discussed again in the AC but no written input will be provided at this stage.

6. TSO-DSO project issues and how to involve other stakeholders

Laurent Schmitt introduces the current framework of TSO-DSO enhanced cooperation under the joint EU TSO-DSO platform. ENTSO-E strongly supports the development of an integrated approach to flexibility through enhanced TSO-DSO cooperation in all dimensions of markets, planning, operations, and data, and is working closely on common system issues with the DSOs to ensure that wholesale and retail markets are successfully integrated in the ongoing energy transition.

Christian Buchel introduces the DSOs' cooperation in Europe and explains the current challenges that the energy transition and the ongoing digital revolution bring to DSOs. He notes that the power system transformation brings common challenges to system operators, such as increased complexity, security of supply, cyber-security, IT, etc. but also provides new opportunities like digitalization, new technologies, and flexibility solutions among others. The joint EU TSO-DSO platform has already delivered common work on topics such as reactive power management, network planning, and data management, among others. DSOs welcome the continued dialogue and dedicated work stream with TSOs and ENTSO-E in the TSO-DSO platform, and will continue working closely with TSOs on key topics for the future (ex. active system management, network planning, storage, data management among others), and on the implementation of network codes.

AC members discuss the importance of TSO-DSO cooperation to help realize the potential of local flexibility markets, and the need for more clarity and a level-playing field for decentralized assets to compete in the market, and to ensure that a flexibility product is properly defined and valued. TSOs as regulated entities can provide a platform that others can use to develop flexibility products. The retail market is lagging behind compared to wholesale markets, and a key prerequisite to unlock the flexibility potential at all levels is to ensure proper data handling and the involvement of stakeholders. Finally, there is a significant potential of demand-side response in Europe at all levels, but current challenges related to different business models and regulatory regimes in Europe need to be addressed first.

Advice

- The Advisory Council concludes that on TSO-DSO cooperation there is a wide range of issues of interest and a more structured discussion is needed in the future. The AC council agendas should have a discussion item on specific TSO-DSO points and propose concrete topics on this. All AC members should be included in discussing these issues.

7. Network Code value creation and online training: input from stakeholders

Susanne Nies briefly outlines two new projects that ENTSO-E is developing to support further the Network Codes' implementation process across Europe. ENTSO-E plans to launch a study on the value creation of Network Codes, in cooperation with FTI-CL Energy, and an online training course in cooperation with FSR in 2017. The objective of the FTI study is to shed light on the value creation by Network Codes and illustrate what the three families of NCs bring to European citizens.

Leonardo Meeus presents the main objectives and the methodology and timelines of the Network Codes online training, which is jointly developed with ENTSO-E experts and in collaboration with the EC and ACER. Stakeholders can further provide feedback and input to ENTSO-E. A pilot will be launched in the fall of 2017. AC members agree that a common culture and understanding on the codes' implementation is important across Europe.

Regarding the FTI study process and timeline, Susanne Nies explains that ENTSO-E is discussing the scope of the study and gathering indicators which can be used to demonstrate the value-add of Network Codes. Study results will be presented as well in a Network-Code dedicated conference and will be shared with the AC. The next AC meeting can include a discussion with AC members on the study and ENTSO-E will share relevant study materials with AC members in due time.

As a last point, Stew Horne explains shortly some good practices from GB grid codes in light of the European Network Codes' implementation challenges, and some key learnings from GB national codes' implementation.

Advice

On the idea of the Network Codes' training with FSR, the AC concludes that:

- ENTSO-E should circulate feedback to the AC and receive further feedback from AC members. The ideas seem to be perceived as very valuable, and there is a growing amount of people involved in the applications of network codes, so such a training will have a good impact.
- DSOs invite AC members to exchange ideas/visit a DSO constituency and understand better the network code-related DSO needs.

On NC value creation, the AC recommends that:

- ENTSO-E shares indicators and comments with AC members after the scope is discussed with the EC. The next AC meeting should include a discussion with AC members on the FTI study and the value creation of NCs. ENTSO-E will share relevant material with AC members.
- The Advisory Council welcomes the opportunity to provide input to the study, and will follow up on the study development process and provide inputs.

8. Next meeting dates

Advice

- ENTSO-E should propose a meeting date in the period end of May – first 2 weeks of June and circulate a doodle poll.

9. Feedback on meetings & AOB

ENTSO-E will launch a survey next year to gather further input on the organization and working of the AC.