

3rd ENTSO-E Advisory Council meeting

Date: 8 June 2017

Time: 10h00 – 15h00

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

MINUTES

Advisory Council Members

1.	ALBA RIOS Juan Jose	EURELECTRIC
2.	THIES Frauke (replacing BLANC Jean-Yves)	SEDC
3.	BUHEL Christian	DSOs
4.	CLAES Peter	IFIEC
5.	PARRES Alfredo	RES Associations
6.	GIESBERTZ Paul	EFET
7.	RANSCOMBE Heidi (replacing HORNE Stew)	BEUC Citizens Advice

ENTSO-E President

1.	ANDREASEN Peder (excused)	Energinet.dk
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ENTSO-E Board

1.	HAGEM Bente, Chair of ENTSO-E Board (excused)	Statnett
2.	VOORHORST Ben, Vice-Chair of ENTSO-E Board	TenneT NL
3.	GOLDING Matt, Member of ENTSO-E Board	National Grid

Observer Member

1.	SUPPONEN Matti	EC
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ENTSO-E

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

Observer Member - excused

1.	BUZEK Jerzy	European Parliament
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Member - excused

1.	TRIO Wendel	NGOs
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1. Welcome and introduction, approval of agenda and minutes

The Advisory Council (AC) Chair, Juan Jose Alba Rios, welcomes all members and introduces Ben Voorhorst, Vice-Chair of ENTSO-E Board, and future President of ENTSO-E as of end-June 2017.

Decisions:

- The agenda of the meeting is approved.
- The minutes of the 2nd AC meeting are approved.

2. Advisory Council ToRs review preparation & updates in membership

AC members discuss the possibilities and procedures for revising the Council ToRs and membership as provided by the decisions of the 1st AC meeting on 15 September 2016. Members note that it may be useful to have more representatives around the table but that a balance should be found between an optimal size of the group and fair and balanced representation of all relevant parties, and where every member contributes. AC members agree that a Europex representative and an ACER representative (as an observer) can be invited as members to the Council. Representatives of other industries and sectors such as IT, manufacturers' among others might also provide insightful and cross-cutting contributions. ENTSO-E will consider all feedback gathered and evaluate internally the options, then make proposals for updates of the membership of the AC if deemed appropriate.

On ToRs updates, AC members agree that: the formulation „legally non-binding advice“ can be reconsidered; there is no need to say „publicly available information“; ENTSO-E is free to use or not the advice but should at the least consider it; the phrase „markets and competition“ can be added; composition of the AC can be amended as discussed; decision-making will depend on the revised composition of the group; on exchanges and interaction with ENTSO-E Board between meetings, a regular call with the Chair of the group can be arranged; ENTSO-E can provide reminders to the group to facilitate group coordination and timely delivery of supporting materials.

Laurent Schmitt introduces the idea of establishing a Business Coalition at ENTSO-E under the umbrella of the AC as a network for innovative business players and start-ups with the objective to inform the debate on the future of the energy system, align on a vision for a successful European energy transition, allow for sharing best practices, explore joint solutions for common challenges for the future integrated system of the 2030s. AC members welcome the initiative as a beneficial and future-oriented forum to provide input potentially to both NC process and larger energy system developments, depending on its work focus. It is noted that the AC and the Business Coalition should not be formally linked in order to preserve the independence of the AC and its objectives. Some members suggest ENTSO-E can also organize workshops and seminars on key topics as part of the Coalition's work, explore possibilities with the EC for funding for the network, as well as support further testing on the ground.

Decisions:

- Regarding the membership in the Advisory Council, and considering that already many parties are on the table, indirect ways of involvement are needed (representation through others). The integration of EUROPEX, ACER as an observer is welcome. ENTSO-E is asked to provide a proposal of possible new members to the next meeting.
- The AC agrees to formally amend the ToRs to remove the requirement for the membership to allow for both company and secretariat representatives of associations to be able to participate.
- ENTSO-E will propose amendments to the ToRs taking into account the details provided, the feedback and the input from the 1st AC meeting, and discuss at Board/Assembly level.
- The AC should remain independent. The Advisory Council members are providing feedback to the Business Coalition, and will be invited to its meetings. ENTSO-E commits to send an invitation for the

first informal Coalition meeting, then keep AC members up to date on the work of the Business Coalition.

3. Exchange on ENTSO-E Agenda

Susanne Nies provides a brief overview on the results of the ENTSO-E annual member and stakeholder satisfaction surveys for 2016. Both member and stakeholder satisfaction have increased in 2016, and the perception has improved on ENTSO-E's transparency, NC implementation and mandates' delivery. The key challenge ahead for ENTSO-E is to keep the right balance and to improve further in areas such as IT development and data quality, to ensure faster NC implementation support on pan-EU, regional and national level, and stronger TSO coordination and cooperation.

AC members welcome the customer-centric approach of ENTSO-E's 2017 strategic agenda, and its focus on wholesale-retail market integration, co-creation and a new IT strategy. Members note that ENTSO-E should explore ways of accelerating cooperation with the DSOs on NC implementation and early development of future NCs without waiting for the EU DSO entity to be established (such as in the flexibility area). In the area of existing codes, there is further scope for discussion on the possibilities for increasing the depth of the CGM to consider further the DSO grid where needed. Laurent Schmitt reminds that the FSR training on the NCs developed jointly with ENTSO-E, ACER and the EC, will further support wide-scope NC implementation and bring the Network Codes closer to citizens.

AC members discuss the ENTSO-E transformation plan and its draft IT strategy for 2017-2020 under development, which aims to provide a suitable governance framework for the context of increasingly interlinked IT needs of TSOs and other actors for NC implementation. The IT strategy will cover legally-mandated IT products, standardization, data architecture, data exchange, and cybersecurity, among others. It is noted that cybersecurity is becoming a greater challenge for the energy system in the context of increasingly interconnected markets, decentralized generation, and active customers. ENTSO-E has set up a subgroup working on cybersecurity matters and best practices and would welcome further advice on how to engage with and raise better awareness across all market actors and active consumers. Joint work between system operators will be important in order to manage successfully the risks and the increasing communication needs resulting from the digital transformation.

Laurent Schmitt presents briefly the state of play of the NC value creation study developed by FTI: phase 1 has looked at theoretical studies and practical examples of wholesale market integration (DA and ID), balancing, the RSCs, and savings at European level. A 2nd phase will look into modelling more closely the actual savings and monitoring implementation, with KPIs currently being defined. AC members note that the transformation of the energy system increases the number of active users and consumers affected. Members agree that accessible and understandable network codes are needed to facilitate customers' participation in the future and to enable them to react to market developments and needs. AC members suggest that the value creation study could further benefit from a CBA analysis on what the impact on consumers would be through tariffs, and from a comparison with the EC's own impact assessment and modeling on the benefits of the IEM for CEP.

Decisions and advice:

- BEUC asks for a filtering by ENTSO-E the elements relevant to customers in the network codes. Regarding the early development of future codes, BEUC asks for initial exchanges with customers to enable input on aspects relevant to customers and to avoid putting customers at the end of the codes' design process.
- ENTSO-E is requested to ask for a free FSR course for the AC members to be able to give feedback to the course.
- On two topics ENTSO-E should seek further guidance: 1) the possibilities for early development of future grid codes with the DSOs; 2) cybersecurity strategy in a broader setting.

- ENTSO-E is asked to provide a more extensive update on its new IT strategy after September.
- On the ENTSO-E Annual Work Program, the Advisory Council decides to prioritize input (as input was not possible anymore in the previous year, due to the advanced agenda).

4. Clean Energy Package

Paul Giesbertz presents a written opinion of AC members on the two particular deliverables of ENTSO-E - NCs and policy papers, and AC members discuss the recommendations. Members note that the decentralized system and the close link with the end-customer are key to acknowledge when talking about future governance and the development of Network Codes. Ben Voorhorst notes that the high complexity in the future will make it increasingly more difficult to find win-win solutions for everyone and to get political acceptance for the proposed solutions: setting the right decision-making and governance framework, also in the Clean Energy Package, will be all the more important. Laurent Schmitt explains that within the current NC implementation framework and the tight deadlines for each deliverable, there can be tradeoffs between a more pragmatic approach to keep the timelines and the harmonization levels achieved within those timelines.

Paul Giesbertz presents a written advice of the AC on the roles and responsibilities of TSOs and DSOs when it comes to storage ownership and the ownership of assets that may provide ancillary services. The recommendations ([available here](#)) distinguish between two types of assets – market and grid assets – and provide rules for their ownership and operation. AC members note that basic principles that should govern the distribution of roles to find the best solution from a society point of view: storage is not counted as a grid asset and should be freely provided by any market party; TSOs should not participate in this market; they should aim to minimize system costs and to use optimally services without interfering with the market.

Decisions and advice

- [Institutional paper](#): the Chair concludes that the advice in the paper is taken provisionally, and will be linked to the minutes. The AC decides to finalize the paper within a few weeks. BEUC can provide any additional input on the paper to the Chair.
- [Storage paper](#): the AC adopts the paper as discussed and links to the minutes. BEUC can provide any additional input on the paper to the Chair.
- [Tariffs' proposal](#): the Chair postpones the topic for next meeting.

5. TSO-DSO cooperation

AC members discuss the need for close TSO-DSO cooperation on the design of flexibility products and DSR to enable flexibility to switch easily between markets and to participate effectively in all markets (though the development of a single interface/market platform, standardized and liquid products etc.).

Christian Buchel reminds that a significant energy revolution is starting now and it will be managed by the end consumer. Therefore, it is key for TSOs to keep agility and to be able to adapt quickly in this context.

IFIEC notes that from the industry's point of view, the main challenge now is removing existing barriers to access and ensuring that everyone can participate in the single market across Europe, and better integrating decentralized production.

Some AC members consider e-mobility does not have currently a significant impact on TSOs' work and that for now it should not be in the focus of TSO-DSO cooperation.

Decisions and advice

- The topics of flexibility and DSR are central for the TSO-DSO cooperation: the focus should be put on the development of streamlined flexibility products to enable flexibility to effectively participate in all markets.
- The AC advises TSOs to keep agility in the context of the customer-driven energy revolution and to be able to adapt in the future.
- The AC is invited to provide ENTSO-E with further advice on what additional topics need to be considered by ENTSO-E, also for potential TSO-DSO cooperation, in order to meet the challenges of the anticipated future market developments from stakeholders' point of view (ex. solutions on how to align physical flows and market flows in ID, how to solve congestions in ID and real-time).

6. Next meetings & AOB

Decisions

- The decisions are approved. The minutes will be circulated to all members for comments and approval.
- The AC will close within the next month the agenda for next meeting, the two advice papers, the decisions and minutes.
- ENTSO-E should propose a meeting date in the period end of September/beginning of October (Sept 29 as one option tbc) and a meeting date for December and circulate a doodle poll.