

By email to: [ener-nc-priorities@ec.europa.eu](mailto:ener-nc-priorities@ec.europa.eu)

18 December 2017

The European Commission  
Directorate-General for Energy  
Directorate B – Internal Energy Market  
B.2 – Internal Market II: Wholesales markets; electricity & gas

Dear Sir/Madam,

**Response to your consultation: Establishment of the priority list for the development of network codes for 2018 and beyond**

This is ELEXON Limited's response to the above European Commission consultation.

**What is ELEXON's interest in the network codes?**

ELEXON is the independent (non-TSO) third party market operator/facilitator for Great Britain (GB). We operate the electricity balancing energy and electricity imbalance settlement arrangements in GB and expect to be assigned these roles by our energy ministry going forward, pursuant to Article 13 of the European Electricity Balancing Guideline, so that we continue to fulfil these roles avoiding unnecessary costs of change to the consumer.

The views expressed in this response are those of ELEXON Limited alone, and do not seek to represent those of any market participant that participates in the GB electricity imbalance settlement arrangements. And, as we operate solely in the electricity sector, our comments are restricted to the electricity network codes and guidelines in particular.

**Our comments on the 2018 priority list for electricity networks rules**

We strongly agree with the Commission's proposal that focus should remain on the correct implementation of the existing electricity network codes and guidelines and not to include new items in the priority list for 2018.

For example, the Electricity Balancing Guideline (EBGL), which entered into force today (18 December 2017) has significant impacts on our operations and foresees a period of years to full implementation of all of its provisions. For ELEXON, we currently anticipate that our own activities relating to implementing various its requirements will last until the end of 2021. In the period between now and then, we expect that our own and industry resource will be focussed on ensuring this existing legislation is correctly and fully implemented.

**Our comments on annual priorities beyond 2018**

We agree that no new legislation should be brought into force in 2018 and, indeed, we would suggest for a longer period too while we are focussed on implementing the existing legislation. But, we do suggest that some focus be given to the process for amending existing network codes and guidelines.

We have found that our own national code requirements sometimes need to change quickly and efficiently to resolve issues which are only revealed by real-life operation, and most recently to support innovation. And we think that the same could apply at European Union level.

In the short-term, operational issues may be discovered following implementation of a particular aspect of existing network code or guideline. And it may be that that issue would be best addressed by a change to the network code or guideline. For example, perhaps with the EB GL mentioned above, where the proposals have not yet been tested in real-time balancing situations. And the pilot balancing projects were not implemented in time for any lessons learnt from them to feed into the legislative proposals that have been adopted.

And, in the longer term, without such a change process, the European internal energy market model could be frozen into a rigid structure that cannot easily change to support the rapidly changing needs of the electricity market and society. This could put the Energy Union and its customers at a competitive disadvantage with respect to electricity markets elsewhere that are able to adjust more quickly to changing circumstances.

We recognise that there is a change process set out in Article 7 of the Electricity Regulation ((EC) No. 714/2009 and Article 56 of the recast (Clean Energy Package) Electricity Regulation, but it is currently not defined in detail and may not be sufficiently rapid in some cases. We think that developing a change process in more detail could be one of the priorities going forward.

Any change process which is adopted should balance the need for agreed changes to be implemented in a timely manner with the impacts and practicalities of implementing such a change in a period when we are already implementing the requirements of the existing network codes and guidelines. This balance would be best revealed by including, in the change process, a mandatory public consultation with stakeholders on all proposed changes: to assess, not only whether the proposal is the best way of addressing a policy goal or an operational issue, but also the best timing to fit with all the other ongoing changes.

Yours sincerely



Steve Wilkin

European Coordination Manager