

Joint European Stakeholder Group



Tuesday 12 January 2021
Meeting 53

Agenda

	Title	Lead	Time
1.	Welcome & Introductions	Chair	10:00 - 10:05
2.	EU-UK Trade and Cooperation Agreement	BEIS	10:05 - 11:45
3.	Review of Actions log	Andrew Hemus (Tech Secretary)	11:45 - 11:50
4.	Future Meeting Dates & Agenda Items	Andrew Hemus (Tech Secretary)	11:45 - 11:50
5.	Stakeholder Representation	Chair	11:45 - 11:50
6.	Any Other Business	All	11:50 - 12:00

1. Welcome & Introductions

Garth Graham
Independent Chair

2. EU-UK Trade and Cooperation Agreement

BEIS

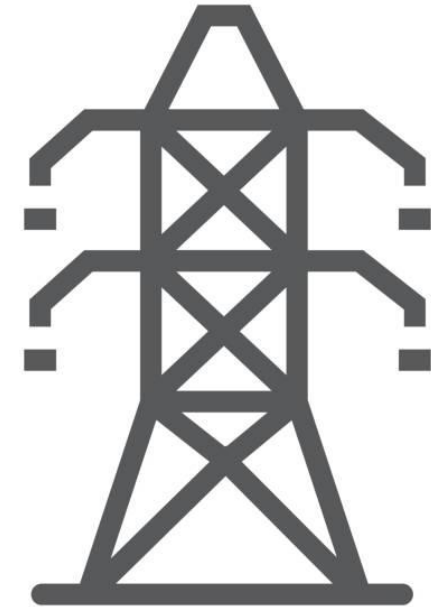
EU-UK Trade and Cooperation Agreement

Energy Chapter: Stakeholder Overview



Overview

1. Top Lines
2. Market Regulation
3. Trading Arrangements
4. Cooperation Arrangements
5. Gas



Top Lines

- **Trading:** Efficient trade over interconnectors, including new implicit arrangements that we expect will come into effect in April 2022. Gas trading will remain unchanged.
- **Markets:** Provisions to ensure markets in the UK and EU are suitably compatible for open and fair trade.
- **Cooperation:** Agreements to cooperate on renewable energy, technical cooperation between regulators & system operators, and carbon pricing.
- **Energy Goods:** First ever zero-tariff, zero-quota EU trade deal. No unnecessary barriers to trade of energy goods and raw materials.
- **Climate:** The fight against climate change an ‘essential element’ of the deal, elevating both Parties’ commitment.
- **Governance:** A new institutional architecture to the treaty, with no jurisdiction for the CJEU.
- **The Single Electricity Market:** This agreement does not change the fact that the NI Protocol will continue to apply to the SEM, providing the basis for its continued operation. The trading solution will apply to the interconnectors between GB and the SEM.

Market Regulation

Underlined provisions apply only to Electricity Markets.

The TCA maintains basic features of liberalised markets in the UK and EU whilst allowing substantial flexibility.

- **Competition:** Non-discriminatory regulatory framework, customers free to choose/switch suppliers.
- **Markets:**
 - **Wholesale:** free-price formation, no technical limits on pricing to restrict trade, efficient use of systems and integration of renewables.
 - **Balancing:** non-discrimination, transparency (definitions + procurement), reasonable terms for producers of renewables.
 - **Capacity:** Clearly defined, transparent, proportionate and non-discriminatory – no requirement for cross border participation.
- **Market Abuse:** Market manipulation & insider trading prohibited. Cooperation on preventing market abuse. Ofgem have provided information on the domestic REMIT arrangements that came into effect on 1 Jan.
- **Third-Party Access & Unbundling:** System of TPA to transmission/distribution networks. System of unbundling for TSOs.
- **Charges:** UK TSOs to be party to a multi-party agreement for participation in ITC mechanism for cross-border charges. Domestic network charges must be transparent & non-discriminatory and cost reflective where appropriate.

Many of these provisions are **without prejudice to the UK's right to regulate** to achieve legitimate public policy goals.

Electricity Trading Arrangements

The treaty provides for efficient electricity trade, including by requiring:

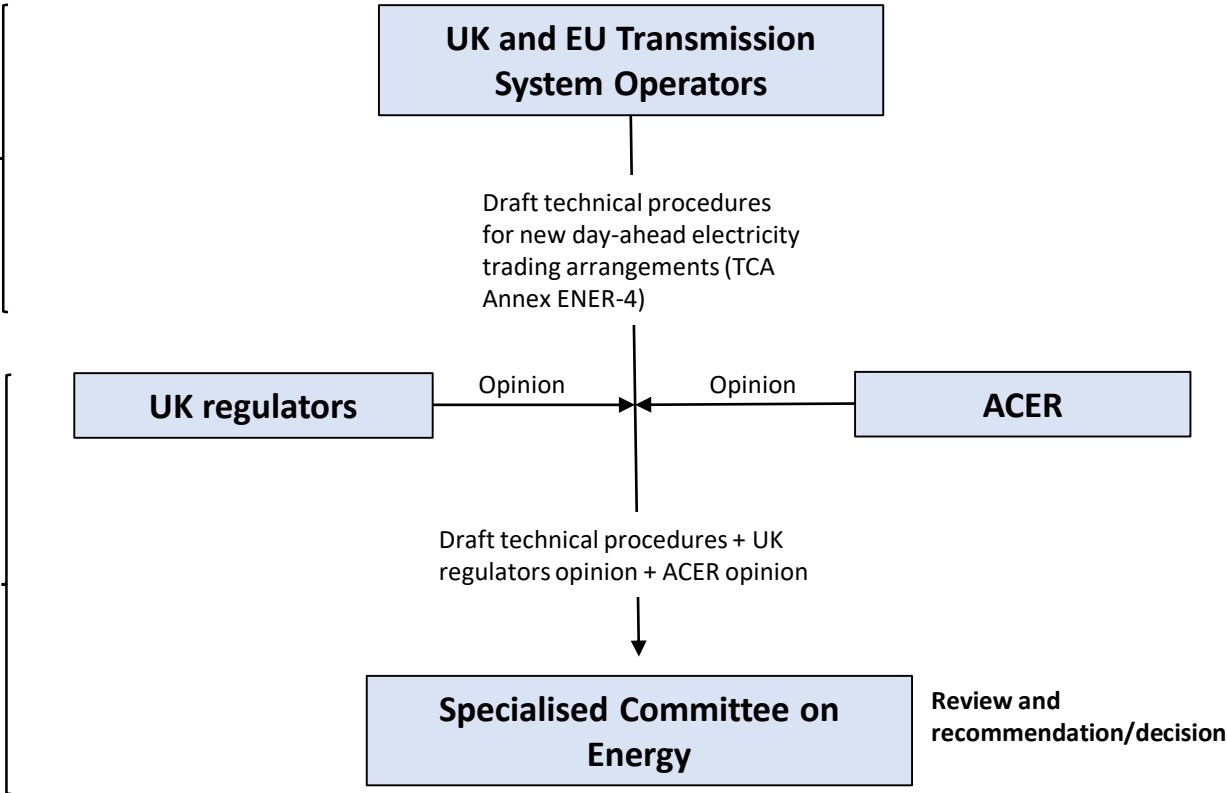
- Market based trade
- Maximisation of interconnector capacity,
- Parties to take necessary steps to avoid border charges.

The provisions on electricity trade cover all timeframes, including balancing, and there is a specific requirement for capacity allocation and congestion management arrangements to be efficient and robust.



The treaty also specifies an implicit form of trade as the target model for day-ahead...

- 1. within 3 months (by 1 April 2021) – cost benefit analysis and outline of proposals for technical procedures (UK and EU TSOs);
- 2. within 10 months (by 1 November 2021) – proposal for technical procedures (UK and EU TSOs);
- 3. within 15 months (by 1 April 2022) – entry into operation of technical procedures.



Cooperation Arrangements

- The UK and the EU will cooperate as sovereign equals on matters such as security of supply, network development, market abuse, and the development of offshore renewable energy – building on the North Seas Energy Cooperation.
- UK TSOs and regulators will no longer participate as members of EU bodies such as ACER and ENTSO-E or ENTSO-G. Cooperation will instead involve development of new arrangements necessary for the effective implementation of the EU-UK agreement.
- The UK and EU have agreed that ENTSO-E and ENTSO-G and UK TSOs for electricity and gas respectively should develop and implement efficient and inclusive cooperation arrangements.
 - This will involve inclusive joint working arrangements, reciprocal participation in select meetings and joint activities necessary for the effective implementation of the TCA.
- TSOs are being sent letters to provide clarity of the specific roles and responsibilities of UK TSOs in the development and implementation of new arrangements enabling efficient and effective cooperation.
- The cooperation will cover at least the following areas;
 - Electricity markets
 - Access to networks
 - Security of electricity supply
 - Infrastructure planning
 - Offshore energy
 - Efficient use of electricity interconnectors
 - Gas decarbonisation

Gas

- **Gas trading between the UK and the EU** will remain efficient and unchanged. Market participants will continue to have access to PRISMA for cross-border capacity auctions.
- Future cooperation between parties on security of gas supply, allowing countries to work together on emergency planning and risk preparations.
- Where relevant, to gas markets, please see market regulation slide (4) for details of the key market regulation agreements.



3. Review of Actions log

Andrew Hemus
JESG Technical Secretary

JESG Standing items

ID	Topic	Lead Party
S1	Continue to review the membership of the JESG and engage additional industry parties where appropriate.	JESG Chair
S2	Prepare a commentary / comparison document between the Network Code and the existing GB arrangements at appropriate stages in the Code development for each Network Code.	NGET / Ofgem / BEIS
S3	Share any intelligence about how other member states are approaching demonstrating compliance through information gained from other government departments, regulators or parent companies.	BEIS / Ofgem / Industry parties with European parent companies

JESG Open Actions

ID	Topic	Lead Party	Status	Update
117.	JESG to be updated on SQSS and Grid Code Modifications	NGESO	Open	
121	Provide an update on elements of the recast Electricity Regulation: Article 36 – Scope of TSO's Article 35 – Scope of engagement requirement	Bernie Dolan (NGESO)	Open	<p>Article 36 – Scope of TSO's</p> <p>ACER response on 6th April. No comments in regards to IU SOR and Channel CCR. There was a comment around 3rd party non EU TSOs and withdrawal agreement. Participation in the RCC will be dependent on the nature of Brexit deal. (Swiss grid were removed from the proposal due to not being EU) For info, the TSOs of the Central SOR are planning an appeal as ACER merged CORE and SWE into a single SOR.</p> <p>Article 35 – Scope of engagement requirement</p> <p>Proposal for the RCCss was submitted by TSOs to NRAs on 5th July 2020</p> <p>Dependent on EU Withdrawal Agreement.</p>

JESG Open Actions

ID	Topic	Lead Party	Status	Update
127	ENTSO(E) membership update in relation to TSO position regarding EU Exit.	Andrew Hemus (NGESO)	Open	During the transition phase, the United Kingdom remains bound by all existing European regulations including obligations contained in Network Codes and the Clean Energy Package. NGESO remains a member of ENTSO-E during the transition phase (ENTSO-E has always had members from outside the EU, and the European Economic Area e.g. Norway, Switzerland, Albania, North Macedonia etc.) therefore the level of future cooperation in ENTSO-E will depend on the UK's future relationship with the European Union and as the EU-UK negotiations on reaching an Agreement become clearer, we will be able to update further.
128.	Provide an update on when the two planned derogation requests under Article 6 of the recast Electricity Regulation (i.e. Article 6.4 & Article 6.9) are to be published.	Claire Huxley (NGESO)	Open	NGESO has submitted derogation requests directly to Ofgem. There is no obligation to publish the requests however NGESO will provide more details in future
131.	GB Interconnectors Capacity Calculation Methodology (NTC) Wider Policy Queries – 4) Better understanding on the potential impact on BSUoS and wider impacts on the wholesale market.	Bernie Dolan (NGESO)	Open	

JESG Open Actions

ID	Topic	Lead Party	Status	Update
132.	Update of the Grid Code changes for ramping as part of SOGL A118/119	Bernie Dolan (NGESO)	Open	

4. Future Meeting Dates & Agenda Items

Andrew Hemus
JESG Technical Secretary

Future JESG Meetings

- As always registration is required and will be opened through the JESG Weekly updates.
- Stakeholders are invited to put forward agenda items for the forthcoming JESG meetings:

Date	Proposed Agenda Items
Tuesday 9 February	
Tuesday 9 March	
Tuesday 13 April	

5. Stakeholder Representation

All

6. AOB