



## **GEODE COMMENTS ON EUROPEAN COMMISSION PUBLIC CONSULTATION ON THE ESTABLISHMENT OF THE ANNUAL PRIORITY LISTS FOR THE DEVELOPMENT OF NETWORK CODES AND GUIDELINES FOR 2016 AND BEYOND**

**GEODE** - the Voice of local energy distributors across Europe - welcomes the opportunity to provide comments on the European Commission Public Consultation on the establishment of the annual priority list for the development of network codes and guidelines for 2016 and beyond.

**GEODE** supports the priorities proposed by the European Commission for 2016 in the Consultation document and we agree that the final adoption and implementation of electricity and gas Network Codes already started is very important to achieve a fully integrated European internal energy market, together with the implementation of the third energy package. This should be first priority before developing new codes or guidelines.

**GEODE** particularly emphasizes the importance of working further on NCs on harmonised transmission tariff structures in electricity – which exclusively address transmission - and gas. As for gas we further support the Commission proposal to amend the NC Interoperability and Data exchange to include the forthcoming EU standard on H-gas quality.

**GEODE** wants to take this opportunity to highlight that we - together with the other DSO associations - have been strengthening our cooperation with ENTSO-G and more so with ENTSO-E in the drafting process of Network Codes. Even though cooperation is now ongoing there is still room for improvement.

While NCs were primarily supposed to define and regulate the roles and functioning of TSOs, they are, to a large extent, setting rules for what other market actors should do, in particular DSOs. Since ENTSO-E and ENTSO-G are given great options to influence the functioning of the EU energy markets by drafting the NCs, it is therefore very important that they act in the interest of all market actors and do not prioritize interests of transmission system operators. Network Codes can significantly affect the operation of Distribution System Operators, causing in some cases important costs when implementing certain provisions.



**GEODE** would like to point out the importance of the implementation process of Network Codes that will start after the summer break with the first Stakeholder Committee on electricity markets codes that has been set. This is a process of key importance and it has to be assured that all market actors can take part and are represented.

**GEODE** still calls for the need of carrying out the corresponding Cost Benefit Analysis regarding the fulfilment of new requirements a Network Code might introduce. These CBAs should be submitted to public consultation, justifying thereby needs when modifying existing operational rules. No CBAs have been made for those requirements of NCs that are currently in comitology procedure even though the economic effects can be substantial as DSO associations have expressed at several occasions.

**GEODE** would also like to underline that requirements between different NCs need to be consistent. Therefore the coordination among the drafting teams of the respective codes needs to be assured in order to avoid them to interfere with each other. Network Codes should also be consistent with EU energy policy in general, avoiding creating overlaps.

**GEODE** would prefer major involvement of stakeholders in the pre-comitology and comitology stages for the adoption of NCs by making updated versions of the codes available to stakeholders and by explaining the amendments introduced. This will provide transparency to the process. In particular, we would appreciate if the Commission could share the new guidelines on system operation NCs with all stakeholders in advance of the Comitology process.

We welcome Commission's new websites on electricity and gas network codes and guidelines and it might be useful useful tool to link them to the comitology register.

At last, **GEODE** would like to underline once more that Network Codes should be limited to set minimum common standards in order to prevent situations that could have a negative impact exclusively on cross-border trade, and on the European system operation and security of supply, respecting the subsidiarity principle. The Network Codes should not go too much into detailed technical provisions nor go beyond cross-border issues. The principle "one-size-fits-all" is not suitable; technical conditions and operation vary a lot among distribution grids and its users in Europe.

Brussels, 22 July 2015