



**GEODE COMMENTS ON EUROPEAN COMMISSION PUBLIC
CONSULTATION ON THE ESTABLISHMENT OF PRIORITY LIST FOR THE
DEVELOPMENT OF NETWORK CODES FOR 2012 AND BEYOND**

GEODE, the European association representing the interest of energy distribution companies welcomes the opportunity to provide comments on European Commission Public Consultation on the establishment of a priority list for the development of network codes for 2012 and beyond.

1.- GEODE supports the priorities proposed by the European Commission for 2012 in the Consultation document. We particularly emphasize the importance of continuing the work started this year as regards the developing of Network Codes both for Electricity and Gas

Regarding the new priority areas for 2012 **GEODE** agrees with the ones proposed by the Commission. The deadline of 2014 for an integrated internal energy market is primarily relevant for the market related codes. Defining common operational security requirements relevant for cross-border market functioning is essential for the development of the other technical codes and therefore should be given the immediate priority. Third-party access rules and rules on harmonised transmission tariff structures in electricity and data exchange and settlement rules and rules for trading in gas are also important.

2.- GEODE considers that the longer-term priorities for 2013 fit very well with the areas defined by the Commission as essential for market integration in 2014 in accordance with European Council target. These areas refer to the several Network Codes on Capacity Allocation Mechanisms. Grid connection, System operation and balancing to be developed by ENTSO-E and Network Codes on Capacity Allocation Mechanisms, interoperability and data exchange to be developed by ENTSO-G. The settlement of a gas target model and its review will be also an essential area of priority for 2013.



3.- GEODE supports, in principle, both approaches followed by ENTSO-E and ENTSO-G respectively regarding Network Code development. Both approaches should be viable, ENTSO-E proposing several network codes for a single framework guideline, while ENTSO-G is developing only one code per framework guideline. What it is important is too see if in both cases the several Network Codes together or the single Network Code address all the topics included in the Framework Guideline.

GEODE would like to underline that in principle, framework guidelines and network codes should set minimum common standards in order to prevent situations that could have a negative impact on cross-border trade and on the European system operation and security while respecting the subsidiarity principle. The network codes should not go deep into detailed provisions nor go beyond cross-border issues. Framework Guidelines and Network Codes should be accompanied by the relevant Impact Assessments submitted to public consultation.

As regards the procedure for the development of network codes (Annex 3), the codes will be drafted by ENTSO-E, it means by the TSOs. **GEODE** would like to take this opportunity to address the need of DSOs to be actively involved in the drafting process of the network codes, when there are provisions that affect distribution networks operation. This is the case with the following Network Codes to be drafted by ENTSO-E:

- NC on grid connection
 1. NC on DSO and industrial load connection
 2. NC on connection procedures
 3. NC on operational security
- Third Party access
 1. NC on third party access
 2. NC on data exchange and settlement
- Tariffs
 1. NC on tariffs
 2. Energy efficiency regarding networks
 3. NC Energy efficiency regarding networks



DSOs have a central role as both system operator and grid user and are directly affected by the Network Codes, but they can not take part directly in the drafting process. DSOs can not be only consulted as all other stakeholders, even when the code directly affects the operation of the distribution network. It is too late for DSOs to react and to contribute with their inputs to the Network Code, if we are only consulted at the same time and in the same way as all other stakeholders. It is not appropriate that only the TSOs should draft provisions on the operation of DSOs networks. DSOs are also responsible for the operation of the network and for assuring security of supply.

Therefore **GEODE** asks to integrate DSOs into the drafting process of Network Codes in those provisions that directly affect operation of distribution networks.

10th of April 2011