

BACKGROUND DOCUMENTS

of the 124th ACER Board of Regulators Meeting

5 June 2024

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Conclusions of the 2024 European Gas Regulatory Forum and European Electricity Regulatory Forum	3.1	-
Revised guidance of the Specialised Committee on Energy on the administrative arrangements between ACER and the UK regulatory authority	3.1	-
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Network Code on requirements for grid connection of high voltage direct current systems and direct current-connected power park modules: ACER's draft amendment proposals	5.5	Link

Below are the documents that are not available for download from ACER's website:

**THIRTY-EIGHTH MEETING OF THE
EUROPEAN GAS REGULATORY FORUM
25-26 April 2024
CONCLUSIONS**

Improving market functioning in the Energy Community - Update by Energy Community Secretariat:

The Forum welcomes the progress among Energy Community Contracting Parties and emphasises the need to continue the work, given the importance of regional security of supply, future enlargement and the ongoing Russian war of aggression against Ukraine.

The Forum welcomes the specific focus in supporting Ukraine's energy sector via the Ukraine Energy Support Fund, which provides a platform for governments, international financial institutions, international organizations, and corporate donors to offer financial assistance or in kind donations. The Forum encourages all private and public partners to further support the Fund.

Hydrogen and Decarbonised Gas Package – Update on Hydrogen:

The Forum invites Member States to swiftly transpose the recast Gas Directive and invites all relevant authorities and market participants to implement the recast Gas Regulation to create legal certainty for market participants. The Forum underlines the crucial role of regulatory authorities in ensuring an orderly development of the hydrogen market, including during its ramp-up phase. The Forum discussed the development of sufficient hydrogen storage capacity and reiterates the importance of developing fit-for-purpose technical standards for hydrogen quality in dedicated hydrogen networks.

The Forum invites Member States to consider measures to remove barriers to cross-border trading of renewable and low-carbon gases and recognises the importance of the Union Database being set up pursuant to Article 31a of the Renewable Energy Directive to harmonise the renewable gas market and to facilitate cross-border transfers. When preparing the delegated act setting out the methodology for determining the emission savings of low carbon fuels, the Commission should follow the process in line with the Better Regulation rules allowing stakeholders to provide input to ensure that stakeholder positions are appropriately considered. The Forum considers this delegated act as essential to enable investment decisions in low carbon gas production.

REMIT 2.0 update:

The Forum highlights the importance of the REMIT revision for the internal energy market as an energy sector-specific framework. The Forum takes note of the key elements of the revised REMIT (REMIT 2.0) and underlines the necessity for its effective implementation.

The Forum emphasises the need for consultation and involvement of all relevant stakeholders and authorities in the development of REMIT-related Delegated and Implementing Acts.

Hydrogen and Decarbonised Gas Package – Next steps on Natural Gas:

The Forum endorses the fact that the rapid implementation of the Hydrogen and Decarbonised Gas Package will be beneficial for the roll-out of renewable and low-carbon gases and calls for a swift transposition and implementation. It is highlighted that transparency and predictability in network tariff setting need to remain a priority in the course of the implementation. The Forum further highlights that interlinkages between energy carriers need to be taken into account. The Commission is invited to present the report on the removal of cross-border tariffs in line with the Gas Regulation and the majority of participants marked their strong opposition to such a possible removal.

CAM and CMP Amendment process revision:

The Forum welcomes the preparatory work and further invites ACER to develop reasoned amendments proposals for the revision of the CAM Network Code. The Forum underlines the need to ensure a legally robust revision, able to ensure non-discriminatory access, effective competition and contribute to the efficient functioning of the market. The Forum also encourages stakeholders to constructively contribute to the upcoming public consultations and invites the Commission to report on the progress of the revision at the next Madrid Forum.

State of the Gas Market:

The Forum notes that the internal gas market has played an essential role in managing the gas crisis. The market has recovered to a large extent, although it has not returned to pre-crisis levels in terms of congestion and price levels. Volatility and market tightness are expected to remain present for some time. Emergency measures should not remain in place for longer than needed and measures contributing to security of supply should not be financed through cross-border fees, as this negatively impacts diversification and the functioning of the internal market. In general, uncoordinated approaches should be avoided.

LNG session:

The Forum highlights the relevance of LNG for the internal gas market and security of supply of the Union. The Forum takes note of the reports presented by ACER, CEER and GLE regarding LNG regulatory framework and the possible scenarios and challenges regarding the usage of LNG terminals in particular for the imports of renewable and low-carbon gases, including hydrogen and its derivatives.

The Forum calls for a proper implementation of the revised regulatory framework for LNG terminals envisaged in the Hydrogen and Decarbonised Gas Package, including the new transparency provisions.

Florence Forum 2024 – Conclusions

EMD: Session 1:

On Capacity Mechanisms, the Forum welcomes the Commission mandate following up the EMD reform and the update from the Commission and ACER to speed up the approval process for Capacity Mechanisms and simplify the ERAA methodology. The Forum acknowledges the recent approval of the ERAA 2023 and acknowledges that preserving a robust ERAA is key to anticipate electricity security of supply concerns across the EU and to highlight the benefits that an interconnected and integrated system brings by relying on neighbours at times of need. The Forum expects that the process to streamline the ERAA will lead to simplifications of the assessment where possible, without jeopardising its robustness, and being mindful of the legal framework. The Forum welcomes the new rules which make Capacity mechanisms as a more structural element of the Electricity market and highlights that these mechanisms have the potential to distort the competition of the markets. Therefore, a global reassessment of their necessity and design should occur periodically in light of the evolving regulatory framework and market circumstances.

On renewables, a strong focus should be put on fast implementation of the existing legislative framework, in topics such as permitting. Continued focus is needed on necessary investments, grid infrastructure and the deployment of flexibility assets to integrate renewables. Promotion of PPAs and smart design of support schemes, together with the use of locational signals and flexibility assets, have an important role to play in managing electricity costs. This entails addressing the implications of excessive negative prices, incentivising investments and limiting market distortions. Good auction design for renewable energy sources is key in the buildout of renewable energy and can be supportive of sustainable industrial growth in the EU if designed well.

Energy sharing has the potential to drive decentralised renewable production, consumer empowerment and flexibility provision and the Forum looks forward to the upcoming EC Guidance. DSOs, or the body responsible for metering in Member States, need to put in place the necessary IT and data management infrastructure to realise these opportunities. Suppliers will need to develop business models that facilitate consumers who actively participate and contribute to the energy transition.

The Forum welcomes the cooperation between NRAs in identifying best practices for the implementation of the new rules on supplier risk management.

EMD Session 2:

Any barriers hindering non-fossil flexibility resources participation in electricity markets should be lifted, through the implementation of the Electricity Directive and Regulation. The development of the proposal for the Network Code on Demand Response by EU DSO entity and ENTSO-E established a constructive environment with open and transparent discussions with the main affected stakeholders in the context of the drafting committee. The thorough review of the proposal submitted to ACER should ensure sufficient level of clarity for

implementation and of ambition at EU level to develop distributed energy resources, and build a consistent framework for market participants.

The newly adopted Electricity market design reform contains important elements for development of non-fossil flexibility solutions to support decarbonisation. The development of the single EU wide coordinated methodology by ENTSO-E and the EU DSO Entity that will be used for the national assessment is a key first step, where coordination with stakeholders will be important to cover all types of non-fossil flexibility solutions, including at local scale.

EMD Session 3:

The Forum welcomes the restart of the revision of the CACM Guideline. It is crucial to ensure that the framework for Market Coupling is adequate to ensure that the system remains fit for purpose and future-proof considering the upcoming market developments. The Forum recalls the importance of electricity markets for the future electrification of the economy and invites decision-makers to address the issues identified.

The Forum acknowledges the importance of improving the forward markets and looks forward to the Commission proposals.

REMIT:

The Forum highlights the importance of the REMIT revision for the internal energy market in the EU. The Forum takes note of the key elements of the revised REMIT and highlights the importance and a need for effective implementation. The Forum calls for close involvement of all relevant stakeholders and authorities in the development of REMIT-related Delegated and Implementing Acts.

Looking ahead:

The Forum takes note of the Commission's request to ACER and NRAs to make a recommendation on how to strengthen the regulatory framework to reduce implementation delays, looking into enforcement, incentives as well as governance.

The Forum acknowledges the system operation and integration challenges which are a consequence of moving to a decarbonised electricity system and expressed concern about the potential future costs, such as redispatch costs. The identified system inefficiencies add costs to the consumer bill, which could jeopardise public acceptance and the affordability of the clean energy transition. The Forum therefore stresses the urgency of this issue and invites the Commission and Member States to reflect on ways to address these challenges, remove inefficiencies, limit unnecessary system costs and hence ensure an efficient transition.

Energy Community:

The Forum acknowledges the great strides taken by the Energy Community countries to further integrate with the European electricity market and encourages them to continue with the necessary market reforms. The market coupling will take place upon the full

transposition and implementation of the Electricity integration package. This reciprocal commitment provides a unique opportunity for the Contracting Parties to integrate into the single day-ahead coupling (SDAC) and single intraday coupling (SIDC) well ahead of the expected accession of each Contracting Party to the EU. Given the current delays that Contracting Parties have already accumulated, a timely completion of market coupling seems to be at risk. The Forum encourages all parties to continue their work on agreeing transparent, non-discriminatory and harmonised rules for trade. In particular, the Forum welcomes the significant work by TSOs regarding the electricity trading arrangements between Ukraine, Moldova and the continental European Network.

DECISION No 1/2024
OF THE SPECIALISED COMMITTEE ON ENERGY
ESTABLISHED BY ARTICLE 8(1)(I) OF THE TRADE AND COOPERATION
AGREEMENT BETWEEN THE EUROPEAN UNION
AND THE EUROPEAN ATOMIC ENERGY COMMUNITY, OF THE ONE PART,
AND THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND,
OF THE OTHER PART

of 5 April 2024

on the guidance on frameworks for cooperation between, respectively,
ENTSO-E and the United Kingdom transmission system operators for electricity,
ENTSOG and the United Kingdom transmission system operators for gas,
and ACER and the regulatory authority in the United Kingdom designated
in accordance with Article 310 of the Trade and Cooperation Agreement
(GEMA and Utility Regulator)

THE SPECIALISED COMMITTEE ON ENERGY,

Having regard to the Trade and Cooperation Agreement between the European Union and the European Atomic Energy Community, of the one part, and the United Kingdom of Great Britain and Northern Ireland, of the other part (the ‘Trade and Cooperation Agreement’), and in particular Article 317(1) and Article 318(1) thereof,

Whereas:

- (1) Pursuant to Article 8(4), point (a), of the Trade and Cooperation Agreement, the Specialised Committee on Energy (the ‘Specialised Committee’) has the power to monitor and review the implementation and ensure the proper functioning of the Agreement in its area of competence. Pursuant to Article 8(4), point (c), of the Trade and Cooperation Agreement, it has the power to adopt decisions and recommendations in respect of all matters where the Trade and Cooperation Agreement so provides or for which the Partnership Council has delegated its powers to that Specialised Committee pursuant to Article 7(4), point (f), of the Trade and Cooperation Agreement.

- (2) Article 317(1) of the Trade and Cooperation Agreement provides that each Party is to ensure that transmission system operators for gas and electricity of the Union and of the United Kingdom develop working arrangements, including frameworks for cooperation, that are efficient and inclusive in order to support the planning and operational tasks associated with meeting the objectives of Title VIII (Energy) of the Trade and Cooperation Agreement. It lays down the scope and conditions of the working arrangements, in particular that they are not to involve, or confer a status comparable to, membership in ENTSO-E or ENTSOG for United Kingdom transmission system operators.
- (3) Pursuant to Article 317(1), third subparagraph, of the Trade and Cooperation Agreement, the Specialised Committee is to agree on guidance on the working arrangements and frameworks for cooperation for dissemination to transmission system operators as soon as practicable.
- (4) Article 318(1) of the Trade and Cooperation Agreement provides that each Party is to ensure that the Agency for the Cooperation of Energy Regulators (ACER) and the regulatory authority in the United Kingdom designated in accordance with Article 310 develop contacts and enter into administrative arrangements as soon as possible in order to facilitate meeting the objectives of the Trade and Cooperation Agreement and it lays down the scope and conditions of the administrative arrangements. Article 318(2) of the Trade and Cooperation Agreement provides in particular that such administrative arrangements are not to involve, or confer a status comparable to, participation in ACER by the regulatory authority in the United Kingdom designated in accordance with Article 310 of the Trade and Cooperation Agreement.
- (5) Pursuant to Article 318(1), second subparagraph, of the Trade and Cooperation Agreement, the Specialised Committee is to agree on guidance on the administrative arrangements for such cooperation for dissemination to regulatory authorities as soon as practicable.

- (6) The Specialised Committee should agree on guidance on the working arrangements referred in Article 317(1) of the Trade and Cooperation Agreement and on the administrative arrangements referred to in Article 318(1) of the Trade and Cooperation Agreement as soon as practicable, building as much as possible on the work already accomplished by the TSOs, regulatory authorities, ENTSO-E, ENTSG and ACER since 2021,

HAS ADOPTED THIS DECISION,

Article 1

The guidance of the Specialised Committee as set out in Annex I is hereby adopted as the guidance on working arrangements between ENTSO-E and the United Kingdom transmission system operators for electricity. The Specialised Committee requests the Parties to disseminate it to them without delay.

Article 2

The guidance of the Specialised Committee as set out in Annex II is hereby adopted as the guidance on working arrangements between ENTSG and the United Kingdom transmission system operators for gas. The Specialised Committee requests the Parties to disseminate it to them without delay.

Article 3

The guidance of the Specialised Committee as set out in Annex III is hereby adopted as the guidance on administrative arrangements between ACER and the regulatory authority in the United Kingdom designated in accordance with Article 310 of the Trade and Cooperation Agreement (GEMA and Utility Regulator). The Specialised Committee requests the Parties to disseminate it to them without delay.

Article 4

This Decision shall enter into force on the date of its adoption.

Done at Brussels and London, 5 April 2024

For the Specialised Committee

The co-Chairs

Y. GARCÍA MEZQUITA

P. KOVACS

M. SKRINAR

ANNEX I

Guidance on working arrangements between ENTSO-E and the United Kingdom transmission system operators for electricity

Considering Article 317 of the Trade and Cooperation Agreement which requires the Parties to ensure that transmission system operators develop working arrangements, including a framework for cooperation between ENTSO-E on the one hand and the UK transmission system operators (TSOs) for electricity on the other hand,

1. ENTSO-E and the UK TSOs for electricity are asked to develop and implement, as soon as possible, efficient and inclusive working arrangements to ensure their effective cooperation.
2. The working arrangements should cover the following areas of cooperation and closely related aspects thereof:
 - Electricity markets
 - Access to networks
 - Security of electricity supply
 - Infrastructure planning
 - Offshore energy
 - Efficient use of electricity interconnectors
 - Gas decarbonisation.

The working arrangements should be limited to technical and administrative matters, including exchange of information, while maintaining full decision-making autonomy of each side with respect to their policy-making functions respectively in the Union and in the United Kingdom.

3. UK TSOs for electricity should act jointly and need to establish their own forms of coordination to engage with ENTSO-E having due regard to the relevant competition rules.

4. The working arrangements shall not involve or confer to UK TSOs for electricity a status comparable to membership of ENTSO-E, or provide for the participation of the UK TSOs for electricity in the meetings of ENTSO-E.
5. The working arrangements should be developed as soon as possible and, prior to their conclusion, be submitted to the Specialised Committee for its consideration. Following its conclusion, the working arrangements should be communicated appropriately to the relevant market participants.

ANNEX II

Guidance on working arrangements between ENTSOG and the United Kingdom transmission system operators for gas

Considering Article 317 of the Trade and Cooperation Agreement which requires the Parties to ensure that its transmission system operators develop working arrangements, including a framework for cooperation between ENTSOG on the one hand and the UK transmission system operators (TSOs) for gas on the other hand,

1. ENTSOG and the UK TSOs for gas are asked to develop and implement, as soon as possible, efficient and inclusive working arrangements to ensure their effective cooperation.
2. The working arrangements should cover the following areas of cooperation and closely related aspects thereof:
 - Gas markets
 - Access to networks
 - Security of gas supply
 - Infrastructure planning
 - Offshore energy
 - Efficient use of gas interconnectors
 - Gas decarbonisation and gas quality, including aspects of methane emissions reduction in natural gas.

The working arrangements should be limited to technical and administrative matters, including exchange of information, while maintaining full decision-making autonomy of each side with respect to their policy-making functions respectively in the Union and in the United Kingdom.

3. UK TSOs for gas should act jointly and need to establish their own forms of coordination to engage with ENTSOG, having due regard to the relevant competition rules.

4. The working arrangements shall not involve or confer to UK TSOs for gas a status comparable to membership of ENTSOG, or provide for the participation of the UK TSOs for gas in the meetings of ENTSOG.
5. The working arrangements should be developed as soon as possible and, prior to their conclusion, be submitted to the Specialised Committee for its consideration. Following its conclusion, the working arrangements should be communicated appropriately to the relevant market participants.

ANNEX III

Guidance on administrative arrangements between ACER
and the regulatory authority in the United Kingdom designated
in accordance with Article 310 of the Trade and Cooperation Agreement
(GEMA and Utility Regulator)

Considering Article 318 of the Trade and Cooperation Agreement which requires the Parties to ensure that the Agency for the Cooperation of Energy Regulators (ACER) and the regulatory authority in the United Kingdom designated in accordance with Article 310 of the Trade and Cooperation Agreement develop contacts and enter into administrative arrangements in order to facilitate meeting the objectives of the Agreement,

1. ACER and the regulatory authority in the United Kingdom designated in accordance with Article 310 of the Trade and Cooperation Agreement (GEMA and Utility Regulator) are asked to develop and implement, as soon as possible, administrative arrangements to ensure their effective cooperation.
2. The administrative arrangements should cover the following areas of cooperation and closely related aspects thereof:
 - Electricity and gas markets
 - Access to networks
 - Detection and prevention of market abuse, including appropriate exchange of information
 - Security of electricity and gas supply
 - Infrastructure planning

- Offshore energy
- Efficient use of interconnections
- Cooperation between transmission system operators
- Gas decarbonisation and gas quality.

The administrative arrangements should be limited to technical and administrative matters, including exchange of information, while maintaining full decision-making autonomy of each side with respect to their policy-making functions respectively in the Union and in the United Kingdom.

3. The UK GEMA and the Utility Regulator should act jointly and will need to establish their own forms of coordination to engage with ACER as part of a unique delegation.
4. The administrative arrangements shall not involve or confer to the regulatory authority in the United Kingdom designated in accordance with Article 310 of the Trade and Cooperation Agreement a status comparable to participation in ACER, or provide for the participation in the meetings of ACER of the regulatory authority in the United Kingdom designated in accordance with Article 310 of the Trade and Cooperation Agreement.
5. The administrative arrangements should be developed as soon as possible and, prior to their conclusion, be submitted to the Specialised Committee for its consideration. Following its conclusion, the administrative arrangements should be communicated appropriately to the relevant market participants.
