Terms of Reference for the System Operation European Stakeholder Committee

December 2023

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1. Introduction

Since 2011, considerable effort has been devoted to the development of the network codes (NCs) and guidelines (GLs) for electricity (hereinafter “network codes” refer only to operations, grid connections and market network codes)\(^1\) by the European Commission (EC), the Agency for the Cooperation of Energy Regulators (ACER), the European Network of Transmission System Operators for Electricity (ENTSO-E), the entity of distribution system operators in the Union (EU DSO entity, hereinafter “DSO Entity”), as well as associations representing distribution system operators (DSOs), the European association of energy exchanges (Europex) and other stakeholders such as consumer organisations, generators, suppliers and many others from across the European electricity sector.

The drafting and approval of NC/ GLs was however just the start. The NCs/GLs have been designed to help realise Europe’s triple energy policy objective of developing a reliable, sustainable, and competitive electricity sector. The NCs/GLs are the starting points of the Energy Union. For this to happen, they need to be implemented and complied with across Europe.

This represented and still represents an important challenge for the sector with each NC requiring a series of steps to be taken, before being considered fully implemented. This process includes, amongst other things, cross- national and national decisions, the conclusion of regional agreements, the creation of European-level common detailed methodologies and their actual (coordinated) application. All market participants, transmission system operators (TSOs), DSOs, system users, market operators (MOs, entities responsible for such tasks as imbalance settlement), nominated electricity market operators (NEMOs), power exchanges (PXs), Regional Security Coordinators (RSCs), scheduling agents, defence service providers, restoration service providers, balance responsible parties, balancing service providers, significant grid users and third parties as provided in the system operation NCs/GLs, national regulatory authorities (NRAs) and ACER will be involved in the extensive required development and implementation work.

Effective stakeholder engagement is essential to the overall success in fulfilling the objectives. In practice, this involves efficient and intensive sharing of views and information by all interested parties throughout the process as a whole. Stakeholders will need to be kept abreast of developments and express their views and feedback in the relevant forum. The parties responsible for implementation play an important role in this respect.

2. Scope and objectives

In 2016, ACER and ENTSO-E started to co-organise three European Stakeholder Committees (ESCs), one per family of network codes (Market, Operations, and Grid Connection network codes). Starting from 2024 and in order to ensure close co-operation with the DSO Entity in performing its task according to article 55 of the Regulation (EU) No 2019/943, the DSO Entity will participate, with ACER and ENTSO-E in the co-organisation of ESC meetings.

The ESCs aim to complement, and not to replace, the legal obligations of stakeholder consultation and information included in the NCs/GLs during the implementation period. More specifically, the activities of the ESCs are without prejudice to Articles 31, 56, 59 and 60 of Regulation (EU) No 2019/943 and Article 14 of Regulation (EU) No 2019/942.

These Terms of Reference contain the general rules for the three ESCs and specific rules for the purposes of the System Operation ESC (SO ESC). These Terms of Reference do not prejudice the determination of specific provisions in the Terms of Reference adopted by the other ESCs (Grid Connection ESC and Market ESC).

ACER may review these Terms of Reference from time to time, involving SO ESC members, and make any

\(^1\) For clarity, the term “network codes” is mainly used in this document to define any set of common rules for electricity markets, be it “network codes” or “binding guidelines”, as provided in Regulation (EU) 2019/943. The term “network codes and guidelines” is used on very specific occasions when it actually contributes to a better understanding of the applicable regulations, be it “network codes” or “binding guidelines”, as provided in Regulation (EC) N°714/2009 and Regulation (EU) 2019/943.
changes it considers necessary to ensure operational effectiveness.

A. Objectives

The main objectives of the ESC are:

1. To contribute to a more informed decision-making process for the methodologies and rules to be developed for the implementation of the NCs/GLs – at local, regional, and pan-European level as an overarching structure for all network codes;

2. To contribute to monitoring progress in the NCs/GLs implementation process – as well as the operation and functioning of the processes and arrangements established according to the NCs/GLs – at local, regional and pan-European level as an overarching structure of all network codes;

3. To serve as a platform to share general views on the NCs/GLs implementation, with a particular focus to enable stakeholders to express their views and receive feedback, including discussion on proposals for amendments to the NCs/GLs.

Therefore, the ESC will provide all interested stakeholder representative organisations on a European level with:

- the opportunity to discuss and consult on the different implementation projects with ACER, the EC and all the responsible parties for the NCs/GLs implementation;
- an efficient way to receive early information on the development of implementation projects; and;
- an efficient way to input towards and provide comments to the relevant parties involved in all implementation projects, while receiving clear feedback from these parties.

The ESC will provide ACER and NRAs with:

- support to perform their monitoring tasks on the implementation status of each NCs/GLs within each country and identifying any gap, inconsistencies, overlaps or inefficiencies from a European perspective;
- a platform to discuss the scope and progress of both the implementation and the monitoring of the implementation of network codes;
- an effective and responsive mechanism to monitor the operation and functioning of the processes and arrangements established according to the NCs/GLs.

The ESC will provide ENTSO-E, the DSO Entity and other parties responsible for the NCs/GLs implementation with:

- a platform to report on implementation projects, in particular the lessons learned and problems encountered as well as to report on early drafts for the terms and conditions or methodologies, or other projects to be developed;
- a platform to receive feedback from stakeholders, therefore contributing to a more informed decision-making process and enhancing the quality of the projects delivered;
- specific to ENTSO-E, support to fulfil its obligations according to Article 30(5) of Regulation (EU) 2019/943 in order to provide ACER with the information that ACER requires to fulfil its tasks pursuant to Article 32(1) to monitor and analyse the implementation of the network codes and the guidelines and their effect on the harmonisation of applicable rules;
- specific to EU DSO Entity, support to fulfil its obligations according to Article 55 (2) of Regulation (EU) 2019/943 by co-operating and co-ordinating with ENTSO-E.

B. Scope and consistency

The scope of the ESC is a priori limited to the implementation of the NCs/GLs it covers – monitoring
progressing the NCs/GLs implementation process and in the operation and functioning of the processes and arrangements established according to the NCs/GLs.

The SO ESC focuses on issues related to the implementation and evolution of Regulation (EU) 2017/1485 (‘System Operation Guidelines’), Regulation (EU) 2017/2196 (‘Emergency and Restoration Network Code’), and the Network Code Cybersecurity until and unless a dedicated stakeholders forum is established when this regulation enters into force. Other issues relevant for the regulatory framework governing system operation may be discussed on an ad hoc basis when deemed relevant by the Chairperson.

The ESC Chairperson (supported by ENTSO-E and the DSO Entity) is responsible for ensuring the consistency of the discussions across the three ESCs; therefore, the Chairperson of the ESC or, upon the Chairperson’s request another party, will provide participants with consistency updates (as appropriate) on the main relevant issues discussed by other ESCs. Also, see section 5 below on the organisation of back-to-back meetings.

The ESC shall not replace the obligation for general public consultations required by Articles 31, 56, 59 and 60 of Regulation (EU) 2019/943 and the network codes. The ESC shall also preserve the TSOs’ and DSOs’ joint responsibility for the development of the implementation projects and ACER/NRAs’ responsibility for monitoring and regulatory supervision of those projects.

ACER, ENTSO-E, the DSO Entity or other responsible parties may organise workshops on specific issues when needed and/or have bilateral contacts/meetings with individual stakeholders. The ESC should be informed about the timing and conclusions of these communications/meetings where appropriate.

The ESC will also serve as a platform for sharing local best practices and will help to monitor any failure or lack of stakeholder engagement at local level and identify appropriate measures.

C. Expert Groups

The Chairperson, acting upon a recommendation of the ESC, may propose the creation of time-limited or longer-term ad-hoc Expert Groups (EGs), which will focus on specific issues and projects or groups of projects. These will report to the ESC, which may provide input to their discussions and request specific actions, reports or explanations.

The Terms of Reference for the System Operation Expert Groups (SO EGs ToR), specified separately, define all necessary working arrangements for the EGs under the SO ESC. The SO EGs ToR represents an annex to the Terms of Reference for the SO ESC.

When necessary, an Expert Group can be established as joint effort by different ESCs. The coordination leading towards the establishing of such Joint Expert Group shall be carried out by the respective Chairpersons. The Joint Expert Group will report to the respective ESCs.

D. Operational and market NCs/GLs implementation plans

Following the adoption of any operation or market network code, ACER will ask ENTSO-E, the DSO Entity and other responsible parties to provide implementation plans. These will present a basic overview of pan-European, regional, and national projects’ timelines and the deliverables necessary to implement these codes.

Each ESC will assist ACER, ENTSO-E, the DSO Entity and other responsible parties in monitoring the implementation of NCs/GLs as per the applicable rules.

Details of the timeline and procedures for establishing the market and operational NCs/GLs’ implementation plans will be presented by ACER when necessary.

3. Representation principles

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2 Pan-European and regional implementation plans are not applicable to grid connection network codes, because grid connection network codes are only subject to further implementation procedures at national level.
The rules for membership and management of the ESC provide the necessary structure to facilitate the ESC objectives.

These rules must ensure proper representation of all interested parties directly or indirectly affected by the NCs/GLs implementation. The membership of the ESC should be balanced and on equal footing, representing all parts of the value chain and ensuring geographical diversity to the extent possible. Membership rules must however be designed in a way that enhances efficient discussions. To guarantee the application of these principles, the following rules shall apply to all ESCs, and by default to all EGs:

- ACER chairs all Committees, and nominates the Chairperson of each EG after consulting the ESC;
- The Chairperson’s purpose is to facilitate and lead the discussions, allow the expression and active participation of all parties, and ensure that ACER, ENTSO-E, DSO Entity and other responsible parties comply with their engagements, in particular in terms of follow-up;
- Members shall aim to participate in person. The ESC’s members commit to only substitute their representatives under exceptional circumstances;
- Members are nominated through a formal call for interest open to any interested association representing pan-European views or interests. Each association will be asked to designate a limited number of representatives. Any follow-up nominations can be submitted to the Chairperson;
- The number of representatives per association will be limited with the aim to keep the total number of members of the ESC below 25;
- Should the association repeatedly fail in being represented in the ESC meetings according to its seats, the Chairperson shall revise the number of allocated seats or withdraw its membership to the ESC completely;
- The European Commission will be invited to observe all meetings of the ESC;
- External speakers may be invited by the Chairperson when relevant to the meetings of the ESC;
- ENTSO-E and the DSO Entity cooperate to provide administrative services by organising the meetings in close cooperation with the Chairperson and maintain the IT platform used for communication;
- On a case-by-case basis, non-ESC members will be able to participate in meetings, to access all documents, to address comments and, if technically possible, to follow live streaming of the meetings through an IT platform, only if they are affiliated to an organisation represented in the SO ESC and pre-authorised by the Chairperson.

4. Roles, responsibilities and working arrangements

All ESC members commit to:

- ensure high quality and consistency of the ESC through regular and active participation;
- liaise with their members and stakeholders to update on implementation and amendments of network codes, and represent their views and concerns;
- share issues and concerns early on, in particular if they may be detrimental to the internal market, while respecting the processes for the implementation of the network codes as set up by the Member States, regulatory authorities and other designated entities;
- provide any deliverable as per the draft agenda ideally 2 weeks or at least 5 working days before any meeting;
- define and agree on the priority list of topics for EGs;
- review when appropriate the Terms of Reference for the EGs;
- agree on the annex of the EGs and any subsequent amendments.
• provide solutions to facilitate the work within the EGs when risks and issues arise;
• agree on the next steps and use of the material produced in each EG;
• ensure to present all opinions around a topic – whether there is a consensus or not (diverging opinions) in public material; and
• dissolve the EG either when the objectives are fulfilled or not.

ACER commits to:
• chair all meetings in a neutral way;
• ensure coordination of the three ESC discussions;
• work in close collaboration with ENTSO-E, the DSO Entity and other responsible parties to prepare all necessary meeting documents (agenda, deliverables as per the action plan), and present them ideally 2 weeks or at least 5 working days before any meeting;
• periodically review and assess the ESCs structure and its functioning.

ACER, ENTSO-E, the DSO Entity and other parties responsible for implementation of the network codes and guidelines commit to act in close collaboration in an open and transparent manner to:
• provide relevant information to facilitate the participants’ understanding, and prepare regular reports on implementation projects taking into account the requests for reporting from ESC members and chairs;
• initiate and provide information on aspects where participants input is expected:
  o in particular inform ESC members on a regular basis on the state of implementation of network codes’ related projects. This reporting shall be sufficiently detailed, and also be provided in advance to give the ESC the opportunity to contribute to a consistent implementation;
• inform in advance the ESC of, inter alia, any new or updated methodology before its implementation, or any studies or consultations with regard to the NCs’ implementation;
• take into consideration all issues and actions expressed by stakeholders in the ESC meeting minutes.

ENTSO-E and the DSO Entity (as applicable) commit to:
• prepare, in close collaboration with ACER, and publish a list of all existing national and regional structures responsible for stakeholder engagement during network codes implementation;
• support ACER in the organisation of the ESC by providing secretariat services, including:
  o preparation of all meeting documents (such as agenda, deliverables, attendance lists, minutes);
  o setting up and maintaining an IT platform to ensure transparency, in close collaboration with ACER;
  o organisation of the meetings, in close collaboration with ACER;
  o conclusions with main action points: issues and actions logs.
• make sure, in close collaboration with ACER, that all the accessible information on the implementation of any national-specific methodologies and provisions at national or regional level is made available to all stakeholders in Europe through an IT platform.

5. Organisation of meetings

The ESC meets indicatively four times a year, but the Chairperson may increase or decrease this number according to the ESC's needs. The meetings will preferably be held in Ljubljana. Additionally, the Chairperson will aim to hold back-to-back SO ESC and GC ESC meetings, to the extent possible. The
The objective of back-to-back meetings is to facilitate logistics for those member representatives who actively participate in both committees and to facilitate presentation and discussion of topics in joint ESC GC and SO meetings.

The Chairperson drafts meeting agendas, while duly taking into consideration the input provided by the parties responsible for the implementation projects. Agendas are reviewed at the beginning of each meeting. Stakeholders may request, within a reasonable time period, the Chairperson to include a specific topic on the draft agenda.

Minutes of each meeting, accurately reflecting the discussions held, will be produced. Minutes shall be circulated to participants within, ideally, 10 working days following the meeting. Participants shall be provided with a reasonable time period in which to comment on the minutes. In the event that no comments are received, the minutes shall be deemed to be approved. In the event comments are received, the Chairperson may incorporate them when justified, into a final version of the minutes.

Minutes will include an action log, and a log of any issues raised by stakeholders that may require further investigation. At each meeting, the Chairperson shall seek clear answers and reports on each item included in the issues and action logs from responsible parties.

6. IT Platform for transparency

ENTSO-E will put in place a dedicated IT platform for each ESC, in close collaboration with ACER. All relevant documents, deliverables, minutes, lists of participants and agendas will be published on this platform. The IT platform will also allow stakeholders, members or non-members of the ESC, to express comments on the main deliverables and will allow members to register for meetings. If technically feasible, live streaming of each meeting will be available to the members of the ESC and any invited experts.