



Press Statement

The Network Codes for the Energy Union: Joining forces on implementation

“Fairer prices and more choice for European energy consumers”, this is the goal of the energy liberalisation and market integration. Network codes, jointly developed by the European Commission, the Agency for the Cooperation of Energy Regulators (ACER) and the European Network for Transmission System Operators for gas and electricity, (ENTSOG and ENTSO-E), with the key involvement of stakeholders, provide European answers on technical and market issues. By the end of 2017 they will all be adopted. It is time to look into achievements but also the implementation and monitoring challenges. A joint conference is organised in Brussels to celebrate this common achievement and to discuss the next steps.

(Brussels, 3 May 2017) In 2009, European market participants faced barriers to entry, cross-border congestions, limited interconnections, lack of competition and transparency to name a few. Regulatory heterogeneity translated into limited trading volumes and price spreads between countries. The Third Energy Package and the network codes aimed to tackle this situation. Where are we now?

The cooperation among Transmission System Operators (TSOs) is ensured through the ENTSOs. ACER’s establishment contributes to reinforcing cooperation by National Regulatory Authorities and to filling the regulatory gap resulting from market integration as national regulators have responsibilities over their national jurisdictions. Europeans benefit from more security of supply and better network planning. System operation and market rules have been harmonised and are more transparent. Greater stakeholders’ participation was crucial in developing robust proposals.

The various network codes for electricity and gas are in different stages of implementation but conference organisers already emphasise their added value:

For Klaus-Dieter Borchardt, European Commission: “The network codes lead to the opening of markets, to the unhindered flow of electricity and gas across Europe and to the improvement of the Internal Energy Markets. These integrated markets will bring benefits to the consumers such as more competition, fairer prices and diversified services.”

Alberto Pototschnig, ACER, comments that ‘as the network codes are now being implemented and enforced by National Regulatory Authorities, the benefits which we were expecting, in



terms of greater market integration, promoting increased competition and enhanced security of supply, and more efficient use of infrastructure are materialising. In the electricity sector, market coupling is already providing benefits in the order of 1 billion euros per year. In this and in other areas, more benefits are still to be delivered". In addition, Lord Mogg noted that "the challenge is to make sure that these benefits reach consumers. The most recent evidence from the Agency's market monitoring activity shows that this is finally happening".

Laurent Schmitt, ENTSO-E, "Network codes have proven to be powerful instruments in tackling market & renewables integration even if a lot of work still lays ahead. The energy transition is increasing the need for flexible services. The digitisation of the power system is raising questions regarding cybersecurity. EU codes on distributed flexibility and cybersecurity may be needed sooner than later. Co-creation, collaboration and transparency will be our focus there", insisted Laurent Schmitt, ENTSO-E Secretary-General.

Jan Ingwersen, ENTSG, concludes that: 'The balanced process was a key to the success of the initial development of the gas network codes. When it comes to the further development of the network codes in the sake of the European energy market, we should establish a process that will be clear, consistent and inclusive for all the stakeholders. To improve the functionality of the NCs, ENTSG is continuously developing tailor made facilitation and advice for European TSOs and continues dialogue with the market players.'

All parties underline the need for full and timely implementation of the codes to unlock all the benefits for European consumers.

To allow all interested parties to participate, even remotely, the European Network Codes Conference will be web streamed (<https://webcast.ec.europa.eu/network-codes-conference>). The Commission, ACER and the ENTSGs set up an online training with the Florence School of Regulation and will develop other initiatives to share network codes value with a broad audience. They will cooperate on implementation and amendments but also potentially new codes. The participation of stakeholders in all this is central.

About the Network Codes:

The Network Codes are sets of rules applying to the energy sector, aiming at harmonising and coordinating the different processes of the energy markets and systems. All Network Codes have entered or will enter into force one by one and be an integral part of the European Regulations, covering topics for gas (such as harmonised transmission tariff structures, balancing rules, capacity allocation mechanisms and interoperability rules) and for electricity (such as market integration, grid connection, and operational security).



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