



Union Française de l'Électricité

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UFE's answer to the European Commission's consultation on the priority list for the development of network codes and guidelines

UFE welcomes the opportunity to comment on the potential development of new network codes and guidelines.

From a general standpoint, UFE considers that the first priority for all stakeholders is the implementation of the existing network codes and guidelines. As they would affect both the smooth running of businesses and several ongoing implementation processes, new network codes should only be considered if a clear need is identified.

Regarding cybersecurity, UFE is in favour of the European Commission's proposal. UFE indeed acknowledges that among the major challenges faced by the energy sector, digitalisation and the related growing need for cybersecurity calls for a sector-specific guidance in the framework of a new network code. Such an initiative would however require both a clarification of the respective tasks of the energy regulators and cybersecurity agencies and a proper consistency with the Regulation 2019/941 on risk-preparedness and the existing network code on emergency and restoration (NCER). Besides, UFE believes that the scope of a common cybersecurity guidance should encompass the wide variety of risks faced by the different electrical ecosystems and thereby be based on a systemic approach including generation, transmission, distribution, wholesale market and retail activities. Its elaboration thus requires the involvement of all related stakeholders. The main objective of such a guidance should be the resilience of the whole value chain in order to secure the service rendered up to end consumers: to that extent, securing only parts of the products-processes-services of the sector may not prove to be efficient, especially when it comes to cyber threats from a security of supply perspective.

With regards to its content, UFE believes a cybersecurity network code should – while not leading to unnecessary administrative burdens – establish a complete framework encompassing specific topics such as risk-management ones (for instance, the potential partnerships to be built between operators of essential services) and ensuring a “continuum of trust” preserving existing national certifications. To that extent, such a code should not rely on a unique standard or certification scheme among the many



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existing ones – each one of them aiming at a specific purpose – but rather follow a methodological approach allowing market participants to choose – among a list of complementary standards deemed to meet predetermined minimum requirements – the most relevant schemes combination regarding their specific situation. This would imply that, for each ecosystem, related critical parts have been pre-identified and explicit minimum requirements on both security and assurance levels has been defined for each of them through a deterministic approach. It would also imply clear equivalences between the levels of cyber security assurance of the different standard families. This approach would ensure a faster European harmonisation and implementation than a probabilistic approach which might be more time-consuming, costly or even impossible to carry out over such a wide scope for the entire energy sector.

Regarding the potential need for new guidelines answering the demand-side flexibility issue identified by the Commission, UFE considers that the very concept of “demand-side flexibility” requires clarification. It indeed covers two separate issues which should be clearly differentiated:

- On the one hand, the issue of ‘flexibility’ for congestion management purposes, i.e. how network operators (both TSOs and DSOs) procure flexibility products from market players in order to solve congestions and best operate their networks.

From that perspective, ‘flexibility’ is not restricted to demand-side response but encompasses all sources of flexibility (demand-side response, generation, storage, etc.). Having assessed the potential for an optimal use of flexibilities, networks operators should be able to procure all those solutions from market-based resources – provided they meet the technical requirements – on non-discriminatory terms, in order to ensure that they all compete on a level-playing field.

Numerous developments regarding flexibility procurement are under way in many countries, especially at distribution level: although a harmonised European framework designed from the experience gained from these projects might indeed be beneficial in the longer run (including to tackle the issue of TSO-DSO coordination), UFE considers premature at this stage to develop a network code on flexibility procurement and congestion management. In particular, UFE would first recommend performing an in-depth assessment of existing experiences at

national level, in order to identify the topics which have a cross-border dimension and could therefore require a certain level of coordination or harmonisation¹.

- On the other hand, the issue of 'demand-side flexibility' refers to specific solutions such as demand-side response. As every other solution – such as storage or generation plants –, demand-side response should have access to all markets and not just be restricted to congestion management mechanisms. To that extent, article 17 of the Electricity Directive provides – in UFE's view – a sufficient framework to ensure the participation of demand-side response to all markets, provided it is implemented correctly at national level. On this second topic, the priority is therefore rather to ensure a proper implementation of the Directive rather than creating a new network code (especially a technology-specific one).

Overall, UFE considers that such a network code is therefore not needed before 2022.

¹ In any case, these topics should also be seen in relation with the CACM guideline, which is supposed to already cover the cross-border aspects of congestion management.