

LEGAL ALERT ENERGY AND EUROPEAN LAW

NETWORK CODE - REQUIREMENTS FOR GRID CONNECTION OF GENERATORS

May 3, 2016

On April 27, 2017, Commission Regulation (EU) 2016/631, of 14 April 2016 (“**Regulation**”) was published in the Official Journal of the European Union. The Regulation establishes a Network Code which defines the requirements for grid connection of power-generating facilities with the aim to ensure effective competition in the internal electricity market, to ensure system security and the integration of renewable electricity sources, and to facilitate Union-wide trade in electricity.

Network codes are sets of technical rules that address cross-border issues in order to provide and manage effective and transparent access to the transmission networks across Member States’ borders. Network codes are drafted by the European Network of Transmission System Operators for Electricity (ENTSO-E) together with the Agency for the Cooperation of Energy Regulators (ACER) and are adopted by the European Commission.

The Network Code on Requirements for Generators is applicable to new power-generating facilities, which are considered significant under the code, but, with some exceptions, it should not apply to existing power-generating modules, i.e. (i) modules that are already connected to network on the date of its entry into force and (ii) generating modules already at an advance stage of planning but not yet completed unless the relevant regulatory authority or Member State decides otherwise based on evolution of system requirements and a full cost-benefit analysis, or where there has been substantial modernisation of those generating facilities.

The significance of power-generating modules is based on their size and their effect on the overall system. The Network Code makes a distinction between different types of

generators by establishing different levels of requirements in view of the different voltage level at which generators are connected and their maximum generating capacity.

Power-generating facility owners covered by the Network Code shall be obliged to demonstrate to the respective system operator that they have complied with the requirements set out in the code through an operational notification procedure for connection of each power-generating module, which also depends on the type of module.

The Network Code also sets out that each power-generating facility owner shall evidence to the respective system operator throughout the lifetime of the facility the compliance of the requirements imposed by the code. On its turn, and during the same time period, the relevant system operator shall assess the compliance of the power-generating modules with the Regulation requirements, the result of such assessment to be subsequently communicated to the power-generator facility owner.

This new Network Code will enter into force on May 17, 2016 and, with limited exceptions, the requirements set out therein will only apply on April 27, 2019.



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