

**ANNUAL ACTIVITY REPORT 2013 OF THE AGENCY FOR THE
COOPERATION OF ENERGY REGULATORS**

LJUBLJANA, MAY 2014

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FOREWORD BY THE DIRECTOR

2013 was an important year for the European energy sector, and its process of physical and market integration, and a very intense one for the Agency. During the year substantial progress was achieved in preparing for wholesale energy market monitoring under REMIT¹ and in developing the rules supporting the internal energy market. The process for the early voluntary implementation of some of these rules also advanced, but not as much as possible or expected. Finally the new TEN-E Regulation² was adopted in the first part of the year and very rapidly implemented.

The Agency played a prominent role in all these areas, as illustrated in this Annual Report, and I would like to express my personal gratitude to its staff for its enduring commitment and dedication, to the colleagues from NRAs who contribute to the Agency's Working Groups, to the Administrative Board and the Board of Regulators for their constant support and encouragement and to all stakeholders who continued to provide us with their valuable input and feedback.

In the rule-making process, the Agency in 2013 delivered the last Framework Guidelines - on Harmonised Gas Transmission Tariff Structures – of the eight identified by the European Commission as covering the priority areas for the completion of the internal energy market. At the same time, a number of Network Codes were developed by the ENTSOs and, by the end of the year, the Agency had recommended eight of them (six in electricity and two in gas, of which one already in 2012) to the European Commission for adoption. Two gas Network Codes (on Capacity Allocation Mechanisms and on Balancing) as well as the Commission's (Comitology) Guidelines on Congestion Management Procedures entered into force in the course of 2013. These Network Codes and Guidelines, once adopted and implemented, provide a suitable basis for the completion of the internal electricity and gas markets.

¹ Regulation No 1227/2011 of the European Parliament and of the Council of 25 October 2011 on wholesale energy market integrity and transparency (OJ L 326, 8.12.2011, p. 1).

² Regulation (EU) No 347/2013 of the European Parliament and of the Council of 17 April 2013 on guidelines for trans-European energy infrastructure and repealing Decision No 1364/2006/EC and amending Regulations (EC) No 713/2009, (EC) No 714/2009 and (EC) No 715/2009 (OJ L 115, 25.4.2013, p. 39).

Some progress towards market integration was also achieved on the ground, both in the electricity and in the gas sectors. The most concrete step forward during the year was the launch, in April, of the Prisma platform for the allocation of cross-border gas interconnection capacity; by the end of the year it covered ... borders (of which nine for bundled products). It is only a first step, but an important one, towards the coordinated allocation of cross-border capacity to improve the efficiency with which gas interconnectors are used, to promote competition and security of supply. The Agency has been encouraging similar advances in other parts of the EU, as well as pilot schemes for the early implementation of the gas Balancing Network Code. Unfortunately, the same dynamics were not observed in the electricity sector. Despite a longer history of regional integration and the fact that the Florence Forum endorsed roadmaps for four market integration areas back in December 2011, the process for the completion of the internal electricity markets in the day-ahead and intra-day timeframes, already delayed in 2012, failed again to deliver tangible results. In the day-ahead timeframe the complexity of the project meant that decisive progress was only delivered in the early part of 2014, but more is expected later in the year. Instead, in the intra-day timeframe, notwithstanding the Agency's continuous effort, the process has been unnecessarily delayed by the conflicting commercial interests of some of the parties involved and the lack of an adequate governance structure able to overcome these situations. This is most unfortunate, since, with an increasing penetration of renewable-based generation, the intra-day market coupling is becoming ever more important for promoting the efficient use of the generation and interconnection capacities.

Market integration, especially in the face of a larger share of renewable-based generation, and greater security of supply also require further network development, including for linking to the EU system those areas which currently suffer from energy isolation. The new TEN-E Regulation should contribute to streamline the network development process. Activities to implement it, involving *inter alia* the Agency and NRAs, started well before its adoption, in fact already in late 2012 (as reported in last year's Annual Report). This early preparation allowed a compressed, *ad-hoc* process to be used for defining the first EU list of Projects of Common Interest, which was agreed by Member States in July and finally adopted by the European Commission in October, less than five month after the entry into force of the Regulation.

Finally, integrity and transparency are essential characteristics of well-functioning electricity and gas markets. Therefore, the Agency has taken the view that the proper implementation of REMIT is an integral part of completing the internal energy market by 2014. This implementation requires the development of dedicated market surveillance systems and, later

on, a team of expert market analysts. Unfortunately, the 2013 EU budget did not envisage an allocation to the Agency of the funds required for the development of the REMIT-related IT systems. It was only thanks to a transfer later in the year from the European Commission's Directorate-General for Energy, to which my deepest gratitude for their continuous support goes, that the Agency was able to continue its preparation, albeit on a slightly delayed timeline.

The 2014 target date for the completion of the internal energy market, as set by the EU Council in 2011 and recently reaffirmed, is only months away. 2013 has witnessed progress towards this goal, but much more is needed, including, as an essential precondition, a concerted and convinced commitment and effort by all parties involved. I sincerely hope that next year's Annual Report will be able to record success in meeting this challenge. The Agency, for its part, will continue to do its utmost best.

Alberto Pototschnig

INTRODUCTION

Mission

The European Agency for the Cooperation of Energy Regulators (ACER) was established by Regulation (EC) No 713/2009 "to assist the National Regulatory Authorities in exercising, at Union level, the regulatory tasks that they perform in the Member States and, where necessary, to coordinate their action".

In this respect the Agency:

- Complements and coordinates the work of National Regulatory Authorities (NRAs);
- Participates in the establishment of the internal electricity and gas market and network rules, and in the planning for the development of the European networks;
- Takes, under certain conditions, binding individual decisions on terms and conditions for access to and operational security of cross border infrastructure and on exemption requests;
- Gives advice on electricity- and natural gas-related issues to other European institutions, upon their demand or on its own initiative;
- Monitors the internal markets in electricity and natural gas and reports on its findings.

Since its establishment, the mission of the Agency has been substantially widened by:

- Regulation (EU) No 1227/2011 on wholesale energy market integrity and transparency (REMIT), which entered into force on 28 December 2011. The Agency was assigned new responsibilities for monitoring trading activities in wholesale energy markets, to detect and prevent market abusive behaviour. This involves the collection of trade and fundamental data reported by energy market participants and other stakeholders, the identification and assessment of anomalous market instances, the notification to NRAs, for investigation, of those instances where, on the basis of such assessment,

there are grounds to suspect that market abuse has occurred. The Agency is also called to report on its findings, recommending where appropriate improvements in the trading rules.

- Regulation (EU) No 347/2013 on guidelines for trans-European energy infrastructure (the "TEN-E Regulation") which entered into force on 15 May 2013. It introduced a new and enhanced regulatory framework for the development of EU energy infrastructure, concentrating on the identification of Projects of Common Interest (PCIs).

Most of the effort of the Agency since its formal opining in March 2011 has focused on developing the Framework Guidelines in the eight priority areas identified by the European Commission (Commission), pursuant to Articles 6(1) of Regulation (EC) No 714/2009 and Regulation (EC) No 715/2009, and in providing its opinions and recommendations on the related Network Codes³. Since the end of 2011 the Agency has devoted increasing effort in the implementation of REMIT and in 2012 it started to contribute to the implementation of the TEN-E Regulation ahead of its entry into force.

Organisation

There was no change in the Agency's bodies in 2013, except for the Croatian NRA Hrvatska energetska regulatorna agencija (HERA) joining the Board of Regulators, following the accession of Croatia to the EU on 1 July 2013. There were no changes in the composition of the Agency Administrative Board or the Board of Appeal.

³ The Framework Guidelines set the principles and criteria for the Network Codes which are developed by the ENTSOs and define the common rules for market and network operation in the EU Internal Energy Market.

Key events organised or participated by the Agency in 2013

The Agency (co)organised the following important events in 2013:

- The second Annual Conference on "Energy Markets: 2014 and Beyond" took place on 17 May 2013 in Ljubljana. Commissioner Oettinger was the keynote speaker. Around 200 participants attended;
- Presentation of the 2014 Work Programme Outline on 6 June in Ljubljana;
- Presentation of the ACER-CEER (Council of European Energy Regulators) Market Monitoring Report on 28 November in Brussels (see section 1.3.1. on Monitoring).

The 2014 Work Programme Outline and the ACER-CEER Market Monitoring Report were also presented to the ITRE Committee of the European Parliament on 29 May and 28 November, respectively.

Moreover, during 2013, the Agency participated in the following meetings:

- The European Electricity Regulatory (Florence) Forum meetings on 15-16 May in Ljubljana and on 12-13 November in Milan;
- The European Gas Regulatory (Madrid) Forum meetings on 17-18 April and 15-16 October in Madrid.
- The Citizens' Energy (London) Forum meeting on 16-17 December in London.
- The EU-US Roundtable meeting on 8-9 April in the Hague.
- The G20 meeting of the Energy Regulators Roundtable on 3-4 June in Kazan, Russia.

The bi-annual meeting with ElCom, the National Electricity Regulatory Authority of Switzerland took place on 26 March in Ljubljana.

PART 1. ACHIEVEMENTS OF THE YEAR

Part 1 represents the independent section, approved by the Board of Regulators, concerning the regulatory activities of the Agency during 2013, in line with Article 13 (12) of the Regulation (EC) No 713/2009.

Statement by the Chair of the Board of regulators, Lord John Mogg

As the target date for completion of the Internal Energy Market fast approaches, we are able to see substantial progress toward it becoming a reality. As in 2012, the Agency's primary focus in 2013 has been to prepare the essential groundwork for this to be achieved: further implementation of Network Codes; the delivery of Framework Guidelines; and the preparation for wholesale market monitoring under REMIT. We have also made determined efforts to improve our processes and interactions with stakeholders, and sought to adopt an increasingly strategic approach to the future.

Completion of the Union's Internal Energy Market has been the key priority and challenge facing the Agency. Our major achievements for 2013 have been to put in place the rules and to facilitate the cooperation required for it to be achieved. Whilst there is still further work to be done, the Agency places particular emphasis on the early implementation of the network codes through the regional initiatives. The Agency is also reviewing the challenges that lie beyond 2014, to ensure the frameworks and rules adopted today will remain relevant in future, particularly given the changing energy framework they will face. Key achievements:

- Framework Guidelines and Network Codes: The Agency delivered the last (Harmonised Gas Transmission Tariff Structures) of eight Framework Guidelines prioritised by the Commission; it also recommended eight of the Network Codes developed by the ENTSOs for adoption, six in electricity and two in gas; furthermore, two gas Network Codes (Capacity Allocation Mechanisms and Balancing) and the Commissions' Guidelines on Congestion Management Procedures became effective during 2013; the 2nd annual conference on 'Energy Markets: 2014 and Beyond' was also held.

- Market Monitoring Report: The second joint ACER-CEER Market Monitoring Report was published, to report on and assess the performance of various aspects of the energy market over 2012, including retail market functioning and prices, access to networks, and compliance with consumer rights. The report identified the continuing development of the internal energy market and improvements in line with the Union's energy objectives, but also signalled some persistent barriers to further integration and competition and made recommendations accordingly.
- REMIT: The Agency continued and intensified the crucial preparatory work for wholesale market monitoring under REMIT, focusing on policy and IT implementation. This included recommendations to the Commission; publication of the first annual report on activities under REMIT; and facilitating involvement and communication with stakeholders through events and roundtables, and issuing papers and guidance. The major milestones for the IT implementation of REMIT were achieved despite the necessary resources being unavailable. The Agency also coordinated evaluation of a number of breaches reported by NRAs, and concluded Memoranda of Understanding to improve cooperation with NRAs, ESMA and market surveillances from eight organised market places across the Union.

This progress was achieved through the hard work and determination of ACER, its Director and its staff, alongside significant contributions from NRAs. The Commission welcomed and acknowledged this in its first evaluation of ACER, released in January 2014.

Collaboration and cooperation of NRAs within and separately with the Agency has remained fundamental to the 2013 achievements, including to the Board of Regulators (BoR), the four Agency Working Groups and in the Regional Coordination Groups. Acting upon feedback from stakeholders, steps were also taken through a BoR 'Roadmap' to build further on this cooperation by clarifying the role of NRAs in ACER, increasing transparency and improving processes, such as through the introduction of quarterly public debriefs, as well as a move toward more strategic thinking. The Agency also continued to ensure it communicated and involved NRAs and stakeholders in its processes, such as through online public consultations, for instance on Framework Guidelines, workshops, and ad-hoc expert groups.

Future ambitions - The challenge to meet the full gamut of an integrated energy market remains formidable. Implementation of the work programme for 2014 presents a basis for building the necessary frameworks for its successful and timely

completion.

Strategic look to 'beyond 2014' The Agency issued a pre-consultation in November 2013 on developing a strategic vision for challenges of the Single Energy Market beyond 2014: 'A Bridge to 2025'. It aims to examine how gas and electricity markets are working for the benefit of consumers and whether the arrangements in place are appropriate to meet future challenges. Of particular importance are flexibility of response and future generation; the interactions between electricity and gas markets; the challenges in the retail market; and the level of regulation and governance that will be needed. The pre-consultation attracted significant interest and subsequent comments and responses from stakeholders (35 responses) launching a stimulating debate to allow regulators to draw up a detailed programme for the future. The formal public consultation was launched on 29 April and final proposals are anticipated for September 2014.

Thanks must be given to the extraordinary amount of work of many staff of NRAs and the Agency, and considerable efforts from stakeholders that have been demanded by our work in this busy year. My particular thanks go to the Agency staff and its Director; the NRAs and their expert representatives; and the many other contributors who have enabled us to meet the significant challenges of the sector. I should also mention the considerable cooperation and close engagement of the European Commission, in particular DG Energy.

Lord Mogg

1.1 ELECTRICITY

1.1.1 FRAMEWORK GUIDELINES AND NETWORK CODES

FRAMEWORK GUIDELINES

Framework Guidelines on harmonisation of national tariff structures and regulatory framework for investments

Although the development of Framework Guidelines on harmonisation of national tariff structures was initially foreseen in the 2013 Work Programme, it was later postponed and included in the 2014 Annual Work Programme by the "Final review of the Agency's Work Programme for 2013", adopted by the Administrative Board on 4 December 2013⁴. The "Scoping for Framework Guidelines on Rules on Harmonised Electricity Transmission Tariff Structure" will be prepared according to the revised "Commission's annual priority list" and the revised timeline indicated in the Three-Year Plan⁵.

NETWORK CODES

The Agency participated actively in the electricity network code development process, by providing its reasoned opinion on the network codes submitted by ENTSO-E, pursuant to Article 6(7) of Regulation (EC) No 714/2009, and, when it is satisfied that the network code is in line with the relevant framework guidelines, recommends its adoption to the Commission pursuant to Article 6(9) of Regulation

⁴ The Final Review of Work Programme 2013 also postponed to 2014 the deliverable "Facilitate the sharing of good practices and make recommendations on incentives and risk assessment methodology" and cancelled the "Opinion on the consistent application of the criteria and the CBA methodology for submitted projects and evaluation of their European added value [electricity transmission and storage projects, gas projects, electricity smart grid projects]", which was no longer present in the final text of the adopted Regulation (EC) No 347/2013.

⁵ Progress in the development of Framework Guidelines and Network Codes is constantly monitored and regularly discussed in Planning Group meetings, which take place typically every 2-3 months and bring together representatives from the Commission, ENTSO-E, ENTSOG and the Agency. The Planning Group maintains and constantly updates a Three-Year Plan, where the activities of the four participating bodies in the Framework Guidelines and Network Codes area are assigned the appropriate timeline.

(EC) No 714/2009. However, if a network code on which the Agency has issued a reasoned opinion indicating the need for amendments is re-submitted by ENTSO-E, but it is deemed not in line with the relevant framework guidelines, the Agency issues a “qualified” recommendation for adoption of the network code, subject to modifications of its text.

Beyond its formal role, the Agency follows closely the entire development process, including the discussions between ENTSO-E and stakeholders. Before the network codes are formally and officially submitted to the Agency for its opinion, the Agency also provides early feedback on the drafts, which enables ENTSO-E to become familiar with the Agency’s main concerns and to modify the network code accordingly before its submission to the Agency. Occasionally, and in order to support efficient drafting of a network code, the Agency engages into formal communication with ENTSO-E to outline the areas requiring particular attention and action. Once a network code is submitted by ENTSO-E, the Agency may invite stakeholders to present their views on the network code either at the occasion of workshops organised by the Agency or on a bilateral basis.

There are several network codes under development for the electricity sector. In 2013, the Agency was involved in the drafting process of eight network codes. The Agency delivered reasoned opinions on five of them and recommendations on six of them (of which four were “qualified”).

Network Code on Demand Connection

On 21 December 2012, ENTSO-E submitted to the Agency the Network Code on Demand Connection (NC DC), accompanied by supporting documents.

On 23 January 2013, the Agency organised a public workshop to hear and gather stakeholders’ views on (i) the changes made by ENTSO-E to the NC DC following the public consultation and the justification provided, (ii) how and where the NC DC met or deviated from the framework guidelines.

On 25 March 2013, the Agency adopted its reasoned opinion and a recommendation on the NC DC. The Agency acknowledged that the NC DC was in line with the Framework Guidelines on Electricity Grid Connections, and the objectives stated therein, and thus recommended its adoption by the Commission. The Agency flagged a number of areas in which the NC DC could be improved. Since these improvements were mostly related to drafting and did not affect the compliance with the Framework Guidelines on Electricity Grid Connections, the Agency advocated that they could be addressed by the Commission when adopting

the NC DC.

Published documents

- Reasoned Opinion of the Agency of 25 March 2013 on the Network Code on Demand Connection

http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2006-2013.pdf

- Recommendation of the Agency of 25 March 2013 on the Network Code on Demand Connection_

http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Recommendations/ACER%20Recommendation%2002-2013.pdf

Network Code for Requirements for Grid Connection Applicable to all Generators

In 2013 ENTSO-E resubmitted to the Agency the revised Network Code for Requirements for Grid Connection Applicable to all Generators (NC RfG) and its supporting documents, following the Agency's reasoned opinion of 13 October 2012.

On 25 March 2013, the Agency adopted its "qualified" recommendation to the Commission for the adoption of the NC RfG. The Agency recommended amendments to the significance test for emerging technologies. The Agency also raised concerns on the drafting of the provisions in the NC RfG related to the national scrutiny in case a Transmission System Operator was granted public authority or decision competence according to national law.

Published documents

- Recommendation of the Agency of 25 March 2013 on the Network Code on Requirements for Generators_

http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Recommendations/ACER%20Recommendation%2004-2013.pdf

Network Code on Capacity Allocation and Congestion Management

The Network Code on Capacity Allocation and Congestion Management (NC CACM) covers the optimal and coordinated use of transmission network capacity, day-ahead capacity allocation and intraday capacity allocation. The drafting of the NC CACM started in October 2011 and it was submitted to the Agency on 27 September 2012. The Agency adopted its reasoned opinion on 19 December 2012, calling for improvements in eleven areas: entry into force, capacity calculation, redispatching and countertrading arrangements, regulatory approval procedures, assessment of bidding zones, intraday regional auctions, definition of common timetable for day-ahead market, compensation in case of force majeure and emergency situations, cost recovery, objectives of the Network Code, and consultation and transparency. In general, the Agency aimed to ensure that the NC CACM promotes higher efficiency in the way in which the existing network infrastructure support the functioning of electricity markets, by focusing on maximising the amount of cross border capacities and optimising the use of these capacities to enhance cross-border competition. In formulating its reasoned opinion, the Agency took into account the concerns of stakeholders voiced during dedicated meetings organised during the preparation of the opinion.

Following the Agency's reasoned opinion, ENTSO-E decided, in the interest of progressing as quickly as possible, not to resubmit the network code.

Therefore, the Agency adopted its "qualified" Recommendation on 14 March 2013, proposing amendment in the same eleven areas already covered in its reasoned opinion.

Published documents

- Recommendation of the Agency of 14 March 2013 on the Network Code on Capacity Allocation and Congestion Management
http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Recommendations/ACER%20Recommendation%2001-2013.pdf

Network Code on Forward Capacity Allocation

The Network Code on Forward Capacity Allocation (NC FCA) covers the long-term capacity calculation process, the establishment of a single allocation platform, the allocation of long-term transmission rights and the nomination rules for physical transmission rights. The drafting of the NC FCA started in October 2012 and it was submitted to the Agency, together with a supporting document, on 1 October 2013. The Agency adopted its reasoned opinion on this Network Code on 18 December 2013.

In its opinion on this Network Code, the Agency acknowledged the significant efforts devoted by ENTSO-E in defining the requirements and responsibilities of Transmission System Operators and other entities performing the functions related to coordinated long-term capacity calculation, allocation and nomination in general. However, the Network Code submitted by ENTSO-E was in some aspects not in line with the Framework Guidelines and the objectives stated therein, in particular regarding the firmness regime, and lacked ambition, in particular regarding the implementation horizon. In the reasoned opinion, the Agency requested several amendments to the NC FCA to ensure full alignment with the Framework Guidelines as well as consistency with other network codes in electricity.

During the preparation of the reasoned opinion, the Agency invited the stakeholders to present their views on the NC FCA. Most of the concerns addressed by the stakeholders have been taken into account in the reasoned opinion.

Published documents

- Reasoned Opinion of the Agency of 18 December 2013 on the Network Code on Forward Capacity Allocation_
http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%202013.pdf

Network Code on Operational Security

On 28 February 2013, ENTSO-E submitted to the Agency the Network Code on Operational Security (NC OS), accompanied by supporting documents.

On 9 April 2013, the Agency organised a public workshop to hear and gather stakeholders' views on (i) the changes made by ENTSO-E to the NC OS following the public consultation and the justification provided, (ii) how and where the NC OS meets or deviates from the framework guidelines.

On 28 May 2013, the Agency adopted its reasoned opinion on the NC OS. The reasoned opinion acknowledged that the NC OS would help facilitate achieving the targets of the European Union on renewable energy sources, as well as market integration, while ensuring security of supply, non-discrimination, effective competition and the efficient functioning of the market. However, it also recognised that the NC OS did not comply with the Framework Guidelines on Electricity System Operation in a few specific areas.

On 24 September 2013, ENTSO-E resubmitted to the Agency the NC OS and its supporting document, revised following the Agency's reasoned opinion.

On 11 November 2013, the Agency adopted its recommendation to the Commission for the adoption of the NC OS, subject to few amendments.

Published documents

- Reasoned Opinion of the Agency of 28 May 2013 on the Network Code on Operational Security_

http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2010-2013.pdf

- Recommendation of the Agency of 11 November on the Network Code on Operational Security_

http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Recommendations/ACER%20Recommendation%2009-2013.pdf

Network Code on Operational Planning and Scheduling

On 29 March 2013, ENTSO-E submitted to the Agency the Network Code on Operational Planning and Scheduling (NC OPS), accompanied by supporting documents.

On 26 April 2013, the Agency organised a public workshop to hear and gather stakeholders' views on (i) the changes made by ENTSO-E to the NC OPS following the public consultation and the justification provided, (ii) how and where the NC OPS meets or deviates from the framework guidelines.

On 19 June 2013, the Agency adopted its reasoned opinion on the NC OPS. The reasoned opinion acknowledged that the NC OPS would help facilitate achieving the targets of the European Union on renewable energy sources as well as market integration, while ensuring security of supply, non-discrimination, effective competition and the efficient functioning of the market. However it also recognised that the NC OPS did not comply with the Framework Guidelines on Electricity System Operation in a few specific areas.

On 24 September 2013, ENTSO-E resubmitted to the Agency the NC OPS and its supporting documents, revised following the Agency's reasoned opinion.

On 11 November 2013, the Agency adopted its recommendation to the Commission for the adoption of the NC OPS, subject to few amendments.

Published documents

- Reasoned Opinion of the Agency of 19 June 2013 on the Network Code on Operational Planning and Scheduling_

http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%202012-2013.pdf

- Recommendation of the Agency of 11 November on the Network Code on Operational Planning and Scheduling_

http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Recommendations/ACER%20Recommendation%202010-2013.pdf

Network Code on Load-Frequency Control and Reserves

On 28 June 2013, ENTSO-E submitted to the Agency the Network Code on Load-Frequency Control and Reserves (NC LFCR), accompanied by supporting documents.

From 1 July to 8 August 2013, the Agency invited stakeholders to express in writing their views on the submitted NC LFCR.

On 26 September 2013, the Agency adopted its reasoned opinion and also a recommendation on the NC LFCR. The Agency acknowledged that the NC LFCR was in line with the Framework Guidelines on Electricity System Operation, and the objectives stated therein, and thus recommended its adoption by the Commission. The Agency still flagged a few areas which, if they did not affect the compliance of the NC LFCR with the Framework Guidelines, would benefit from improvements by the Commission when adopting the NC LFCR.

Published documents

- Reasoned Opinion of the Agency of 26 September 2013 on the Network Code on Load-Frequency Control and Reserves_
http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%202013.pdf
- Recommendation of the Agency of 26 September on the Network Code on Load-Frequency Control and Reserves_
http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Recommendations/ACER%20Recommendation%202013.pdf

Network Code on Electricity Balancing

The reasoned opinion on Network Code on Electricity Balancing (NC EB) was among the deliverables within the Agency's Work Programme for 2013. The Agency published the Framework Guidelines on Electricity Balancing in September 2012, which also corresponds to the time of publication of the Work Programme for 2013. In this Work Programme the Agency expected the Commission to invite ENTSO-E to start drafting the NC E in October 2012, which would have implied the delivery of the reasoned opinion on this network code by the end of 2013. However, the Commission decided to postpone the invitation and the drafting of the NC EB only

started in January 2013. For this reason the reasoned opinion on the NC EB was not adopted by the Agency by the end of 2013 (but in March 2014).

1.1.2 NETWORK DEVELOPMENT PLANNING

Preparation of other activities related to network development plans

In the second semester of 2013, the Agency started the preparation of:

- Opinion on the electricity national ten-year network development plans, to assess their consistency with the Community-wide network development plan, pursuant to Article 8(11) of Regulation (EC) No 714/2009.
- Report on monitoring the implementation of the electricity Community-wide network development plans and progress as regards the implementation of projects to create new interconnector capacity, pursuant to Articles 6(7) and 6(8) of Regulation (EC) No 713/2009.

In particular, the Agency started the set-up of a monitoring database through online submissions received from NRAs in January 2014. NRA responses will contribute to the preparation of the aforementioned Opinion and the Report.

Letter to ENTSO-E on Scenario Outlook & Adequacy Forecast 2013

On 18 July 2013, following publication by ENTSO-E of the Scenario Outlook and Adequacy Forecast 2013-2030 (SOAF 2013) on 3 April 2013, the Agency wrote to ENTSO-E providing its views on generation adequacy assessments and scenarios for the Ten-Year Network Development Plan (TYNDP).

As regards the Generation Adequacy Assessment, the Agency asked ENTSO-E to ensure that the generation adequacy outlook in the TYNDP 2014 fully complies with the relevant provision of Regulation (EC) No 714/2009, namely that it is performed for a 15 years horizon. This is because the adequacy analysis carried out

by ENTSO-E was only for the period up to 2020. In this respect, the Agency also noted that a longer-term horizon (exceeding ten years) was consistently used by the Union for Co-ordination of Transmission of Electricity (UCTE) in order to improve the content of the former system adequacy forecast reports.

Concerning the Scenarios for the EU TYNDP, the Agency remarked that not all the scenarios to be used for the TYNDP 2014 are presented in the SOAF 2013. Further, the Agency noted that important items are missing in the SOAF, including a comprehensive description of the methodology followed for the development of the scenarios, as well as global parameters of the scenarios and their values in each scenario.

Finally, the Agency proposed a sequence of steps which the process of the TYNDP scenario development should follow.

Published document

Letter of the Agency of 18 July to ENTSO-E on the generation adequacy assessments and scenarios for the Ten-Year Network Development Plan (TYNDP)_

http://www.acer.europa.eu/Official_documents/Lists/Other%20documents/Attachments/1/Letter%20Konstantin%20Staschus_ENTSOE_SOAF_130718.pdf

1.1.3 ITC COMPENSATION

Report on the Inter-Transmission System Operator Compensation mechanism in 2012

The Agency Report to the Commission on the implementation of the Inter-TSO Compensation (ITC) mechanism in 2012 was published on 9 October 2013. The Agency noted that the implementation of the ITC mechanism in 2012 continued to be generally in line with the requirements set out in Regulation (EU) No 838/2010.

Published document

- Report of the Agency of 9 October on the implementation of the ITC mechanism in 2012_

http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Publications/ITC%20Monitoring%20Report%202012.pdf

Recommendation on a new Inter-Transmission System Operator Compensation

On 25 March 2013, the Agency adopted its Recommendation on a new regulatory framework for the Inter-Transmission System Operator Compensation (ITC).

According to this Recommendation, the proposed new regulatory framework, to be implemented by the end of 2015, should possess the following main features:

- The current ITC infrastructure compensation should be limited to the existing infrastructures. The corresponding ITC infrastructure fund should be phased-out;
- Where appropriate, NRAs, under the Agency's coordination, should engage in ex-ante Cross-Border Cost Allocation agreements for new investments of EU relevance;
- Where relevant, an ex-post compensation mechanism should be implemented to compensate for the costs of loop flows and of losses induced by cross-border flows.

Published document

- Recommendation of the Agency of 25 March on a new regulatory framework for the Inter-Transmission System Operator Compensation (ITC)
http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Recommendations/ACER%20Recommendation%2005-2013.pdf

1.2 GAS

1.2.1 FRAMEWORK GUIDELINES AND NETWORK CODES

FRAMEWORK GUIDELINES

The Agency, at the request of the Commission, continued the work on the Framework Guidelines on Rules regarding Harmonised Transmission Tariff Structures with an extended scope. Additionally, the Agency followed up the work of CEER and published a Guidance paper to ENTSOG on the development of amendment proposals to the Network Code on Capacity Allocation Mechanisms on the matter of incremental and new capacity.

Rules regarding Harmonised Transmission Tariff Structures

The Commission invited the Agency on 29 June 2012 to develop, within a time frame of six months, Framework Guidelines on Rules regarding Harmonised Transmission Tariffs Structures. Following the first extension of the deadline, agreed with the Commission in December 2012, the process of framework guidelines development was supposed to end on 31 March 2013. On 15 March 2013, the Commission requested the Agency to work on an extended scope, covering cost allocation methodologies in detail, and set 30 November 2013 as the new deadline. The Agency delivered the Framework Guidelines on 29 November 2013. Based on this Framework Guidelines, the Commission launched the Network Code drafting process on 19 December 2013.

Overall the Agency organised three consultations (two in 2012 and one in 2013) and six workshops (4 workshops took place in 2013, including the Open House in February and the Q&A session in August 2013) with stakeholders.

The Framework Guidelines were not delivered according to the timeline foreseen in the 2013 Work Programme, and were subject to two extensions, both of them agreed with the Commission. The 11 months delay was due to the request of the Commission to include a more detailed approach on cost allocation methodologies.

Published documents

- Main page on gas tariffs on the Agency's website, with links to all the consultations held

http://www.acer.europa.eu/Gas/Framework%20guidelines_and_network%20codes/Pages/Harmonised-transmission-tariff-structures.aspx

- Framework Guidelines on Rules regarding Harmonised Transmission Tariff Structures and relating Agency decision of 29 November 2013

http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Framework_Guidelines/Framework%20Guidelines/Framework%20Guidelines%20on%20Harmonised%20Gas%20Transmission%20Tariff%20Structures.pdf

http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Framework_Guidelines/Framework%20Guidelines/ACER%20Decision%2001-2013%20on%20Framework%20Guidelines%20Gas%20Tariffs.pdf

- Commission letters of 15 March (extension of scope), 10 June 2013 (confirmation of the new deadline with extended scope) and 19 December 2013 (launch of the network code process)

http://www.acer.europa.eu/Gas/Framework%20guidelines_and_network%20codes/Documents/FG_TAR_concerns_DG%20ENER%202015032013.pdf

http://www.acer.europa.eu/Gas/Framework%20guidelines_and_network%20codes/Documents/FG_TAR_2nd_Extension%20of%20deadline_signed%20pdf1.pdf

http://www.acer.europa.eu/Gas/Framework%20guidelines_and_network%20codes/Documents/Invitation%20ENTSOG%20draft%20NC%20TAR.pdf

NETWORK CODES

The Agency participate actively in the gas network code development process, by providing its reasoned opinion on the network codes submitted by ENTSOG, pursuant to Article 6(7) of Regulation (EC) No 715/2009, and, when it is satisfied that a network code is in line with the relevant framework guidelines, recommends its adoption to the Commission pursuant to Article 6(9) of Regulation (EC) No 715/2009. However, if a network code on which the Agency has issued a reasoned opinion indicating the need for amendments is re-submitted by ENTSOG,

but it is deemed not in line with the relevant framework guidelines, the Agency issues a “qualified” recommendation for adoption of the network code, subject to modifications of its text.

Beyond its formal role, the Agency follows closely the entire development process, including the discussions between ENTSOG and stakeholders. Before the network codes are formally and officially submitted to the Agency for its opinion, the Agency also provides early feedback on the drafts, which enables ENTSOG to become familiar with the Agency’s main concerns and to modify the network code accordingly before its submission to the Agency. Occasionally, and in order to support efficient drafting of a network code, the Agency engages into formal communication with ENTSOG to outline the areas requiring particular attention and action. Once a network code is submitted by ENTSOG, the Agency may invite stakeholders to present their views on the network code either at the occasion of workshops organised by the Agency or on a bilateral basis.

Based on the Agency’s Work Programme for 2013, the Agency adopted two reasoned opinions and two recommendations for the Network Codes on Gas Balancing and on Interoperability and Data Exchange Rules respectively.

Network Code on Gas Balancing of Transmission Systems

Based on the Agency’s Framework Guidelines on Gas Balancing, ENTSOG finished the network code development process in 2012. ENTSOG officially submitted the Network Code on Gas Balancing (NC GB) to the Agency and the Commission on 26 October 2012. In the following three months, the Agency reviewed the NC GB and provided its reasoned opinion on 25 January 2013. The main points of incompliance were in relation to renomination measures and neutrality principles.

ENTSOG resubmitted the NC GB on 21 February 2013. The Agency accepted the revisions proposed by ENTSOG and recommended the adoption of the NC GB to the Commission on 25 March 2013.

Published documents

- Reasoned Opinion of 25 January 2013 on the Network Code on Gas Balancing

http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2001-2013.pdf

- Recommendation of the Agency of 25 March 2013 on the Network Code on Gas Balancing

http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Recommendations/ACER%20Recommendation%2003-2013.pdf

Network Code on Interoperability and Data Exchange Rules

Interoperability and Data Exchange Rules aim at improving operational, technical, communications and business interoperability of the energy markets.

ENTSOG finalised its Network Code on Interoperability and Data Exchange Rules (NC IODE) and submitted it to the Agency on 10 September 2013.

The Agency found the NC IODE well aligned to the Framework Guidelines, except for a few provisions, such as the ones on the default rules and dispute settlement for Interconnection Agreements, and on the scope of data exchange provisions. Furthermore, the Agency disagreed with the cost recovery principles. The Agency's reasoned opinion was issued on 21 November 2013 and proposed changes in this respect. ENTSOG resubmitted the NC IODE on 18 December 2013. Following that, the Agency recommended the adoption of the NC IODE to the Commission on 15 January 2014.

Published documents

- Reasoned Opinion of 21 November 2013 on the Network Code on Interoperability and Data Exchange Rules

http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2021-2013.pdf

- Recommendation of the Agency of 15 January 2014 on the Network Code on Interoperability and Data Exchange

http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Recommendations/ACER%20Recommendation%2001-2014.pdf

Network Code on Capacity Allocation Mechanisms

The Agency published on 2 December 2013 its Guidance to ENTSOG on the development of amendment proposals to the Network Code on Capacity Allocation Mechanisms (NC CAM) on the matter of incremental and new capacity, taking into account the interactions between tariffs (under the relevant framework guideline process) and incremental capacity.

The guidance contains principles on when and how incremental and new capacity shall be offered and allocated to network users, as well as incorporate requirements for information provision and co-ordination between TSOs and NRAs.

Based on this guidance, ENTSOG is expected to propose amendments to the NC CAM by the end of 2014, which will be subsequently assessed, consulted with stakeholders and evaluated by the Agency based on Article 7(2) of Regulation (EC) No. 715/2009. These amendments shall become Union law once adopted by the Commission.

This work was not foreseen in the 2013 Work Programme, but was undertaken by the Agency at the request of the Commission. The work had to follow the same timelines as the work on Harmonised Transmission Tariff Structures.

Published documents

- Guidance to ENTSOG on the development of amendment proposals to the Network Code on Capacity Allocation Mechanisms on the matter of incremental and new capacity
http://www.acer.europa.eu/Gas/Framework%20guidelines_and_network%20codes/Documents/ACER%20Guidance%20on%20NC%20CAM%20Amendments%20%28final%29.pdf

1.2.2 NETWORK DEVELOPMENT PLANNING

Opinion on ENTSOG's TYNDP for 2013-2022

On 13 September 2013, the Agency published its opinion on ENTSOG's TYNDP for 2013-2022. The Agency came to the view that the TYNDP 2013-2022 meets the objectives of Regulation (EC) No 713/2009 and Regulation (EC) No 715/2009 in terms of contributing to non-discrimination, effective competition, and the efficient and secure functioning of the internal natural gas market, by helping identify investment gaps based on certain physical gas system modelling. At the same time, the Agency invited ENTSOG to expand the scope of the TYNDP assessments and the tools used for this purpose, in order to allow a better understanding of non-physical barriers and investment gaps at EU-wide and regional level. The Agency acknowledged the need for accurate, complete and up-to-date information as a requisite for the preparation of the TYNDP and the assurance of its relevance and trustworthiness. The Agency appreciated the introduction by ENTSOG of an on-line project data collection system, in the context of a well-organised, inclusive stakeholder consultation process and noted that the upgrading of the existing Transparency Platform by ENTSOG could further contribute to the reliability of the TYNDP process. In order to ensure that the scope of the TYNDP meets its role as a policy instrument, the Agency noted that, in the preparation of the TYNDP, physical system-related data (for example, capacity) should be complemented by data regarding various aspects of the commercial use of the system (for example actual - flow-based - capacity utilisation rates). At the same time, the Agency noted that ENTSOG's Supply Adequacy Outlook does not identify a lack of supply on an aggregated European level considering the gas demand curve used by ENTSOG. Consequently, the Agency invited ENTSOG to provide clarifications regarding the expected net benefits of constructing new and expanding existing infrastructure, given the gas supply and demand balance provided in the Supply Adequacy Outlook. The Agency appreciated ENTSOG's awareness of challenges facing the then-proposed projects of common interest (PCI) and of ENTSOG's obligation to develop an energy system-wide cost-benefit analysis (CBA) methodology.

1.3 CROSS- SECTOR ISSUES

1.3.1 MONITORING

MONITORING THE INTERNAL MARKET

Article 11 of Regulation (EC) No 713/2009 tasks the Agency with the monitoring of the internal market for electricity and natural gas, and, in particular, of retail prices of electricity and natural gas, access to networks (including the access of electricity produced from renewable energy sources), and compliance with consumer rights as laid down in the Third Package. This activity has to be carried out in close cooperation with the Commission, NRAs and other relevant organisations, and without prejudice to the competences of competition authorities.

The objective of the Agency's market monitoring activities is to assess how energy markets work and how they can perform more efficiently, thus making energy more affordable in the interest of European energy consumers. The Agency presents its results, on an annual basis, in its Market Monitoring Report.

In 2013, the Agency - in cooperation with the CEER - focussed its monitoring on the areas specified in the legislation; the presence of potential barriers to completing the IEM was also investigated.

For this purpose the Agency used a number of monitoring indicators and relied on a variety of data sources. For retail markets and consumer issues, the Agency benefitted from sources such as Eurostat, previous studies of the Commission, online retail price comparison tools, CEER's National Indicators database, and individual NRA contributions as needed. For wholesale market integration, monitoring data were collected through Energy Markets Observation System (EMOS), Platts, the Electricity and \gas Regional Initiatives, Eurostat, IEA/OECD, ENTSO-E and ENTSOG, and the CEER database on National Indicators.

On 28 November 2013, the second joint ACER/CEER IEM Market Monitoring Report, covering developments in 2012, was presented in Brussels and made available on the Agency's website. The report showed a continuing internal market development and improvements in line with the Union's energy objectives. In particular, in electricity wholesale markets market coupling showed to have facilitated price convergence and intraday markets have made it easier for

renewables to become a successful market player. However, the growing phenomenon of 'unscheduled flows' in parts of Europe constituted a barrier to the further integration of the internal market, arguably giving rise to wholesale price divergence and reduced market efficiency. In gas, although price correlation between European hubs remained high, price differentials in parts of Europe were also significant, leading to substantial welfare losses. With a few exceptions in North West Europe, the liquidity of gas hubs was still unsatisfactory, whilst congestion remained a significant feature at a number of interconnection points and in some cases contractual congestion is not reflected in physical congestion.

Barriers to entry persisted in many national retail markets, thus hampering retail competition and consumer choice. Moreover, despite the economic downturn, consumer prices for electricity and gas increased in the majority of Member States. These prices differed remarkably across national markets, with no sign of convergence. Finally, regulated prices remained a prominent feature of European retail energy markets, with little progress towards their removal recorded in 2012. Imperfect integration and retail market fragmentation throughout the EU led to significant social welfare losses for European energy consumers, in the order of several billion euros in 2012 (gross of the cost of any required investment in new transmission or transportation infrastructure). The Report's findings therefore highlighted the need for a renewed effort towards the removal of barriers to market efficiency.

Published document

•2nd Annual Market Monitoring Report on the Internal Energy Market monitoring

http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Publication/ACER%20Market%20Monitoring%20Report%202013.pdf

Opinion on Capacity Markets upon request from the European Parliament and a report pursuant to Article 11 of Regulation (EC) No 713/2009 on capacity remuneration mechanisms and the internal market for electricity

The Third Energy Package has set rules for the integration of national markets into a single, internal market for electricity and gas. This should ensure, *inter alia*, an efficient use of existing generation capacity, demand-side resources and cross-border transmission infrastructure.

At the same time there is a growing concern in several EU Member States that electricity markets, with increasing shares of (intermittent) renewable electricity generation, will not be able to deliver sufficient capacity to meet electricity demand at all times in the future. The political sensitivity to blackouts, as well as practical and theoretical uncertainties as to if and when investors will build new generation capacity, has compelled a number of Member States to intervene by introducing Capacity Markets or capacity remuneration mechanisms (CRMs) in order to ensure that a sufficient amount of capacity will be available.

A CRM aims at providing market participants with a more effective stimulus than what is delivered by "energy-only" markets: it provides investors with a more certain and stable stream of revenues, e.g. in the form of capacity remuneration. However, to the extent that these revenues are also higher than what would be the case in an energy-only market, CRMs may impose additional costs to energy consumers.

Many national electricity wholesale markets are highly interconnected and adjacent electricity systems in regional(ised) electricity markets interact physically and economically. Therefore, CRMs may potentially distort cross-border trading or even act as a barrier to trade if they are designed without taking into account their cross-border impact or are implemented at national level without any coordination with neighbouring jurisdictions.

In view of these developments the Agency, upon request from the European Parliament's Industry, research and energy (ITRE) Committee, provided its opinion on Capacity Markets on 15 February 2013. Moreover the Agency looked at the impact of different CRMs on the functioning of the internal market for electricity and issued its findings in a report, pursuant to Article 11 of Regulation (EC) No 713/2009, on

30 July 2013.

In its opinion and report the Agency included to following key recommendations:

- harmonisation of generation adequacy criteria and security of supply levels should be undertaken where possible;
- a common (at least regional) and coordinated approach for a thorough security of supply assessment should be implemented;
- in the case of national CRMs, greater efficiency could be achieved and the distortion of the IEM minimised by assuring participation of adequacy and system flexibility resources – to the extent possible – provided by generators and load in other jurisdictions;
- where CRMs are introduced at a national level, they should be compatible with the internal energy market and their design should aim at the most effective and efficient solutions and prevent distortions to the functioning of the internal energy market.

Published document

- Opinion of the Agency of 15 February on Capacity Markets

http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%202005-2013.pdf

- Report of the Agency of 30 July on the Capacity Remuneration Mechanisms and the Internal market for electricity

http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Publication/CRMs%20and%20the%20IEM%20Report%2020130730.pdf

Reports on ENTSO-E's and ENTSOG's activities pursuant to Article 9(1) of Regulation (EC) No 714/2009 and Article 9(1) of Regulation (EC) No 715/2009

By letter of 10 September 2013 the Agency provided to the Commission its summary report, covering the period from 3 March 2011 until 31 December 2012, on the monitoring of the execution of the tasks assigned to ENTSO-E and ENTSOG in

Article 8(1), (2) and (3) of Regulation (EC) No 714/2009 and Regulation (EC) No 715/2009, as required by Article 9(1) of the same Regulations.

The report listed the relevant activities of ENTSO-E and ENTSOG and the Agency's opinions and recommendations which had already been issued after an earlier individual assessment of each activity or were still pending.

Published documents

- Report of the Agency of 10 September on the monitoring of ENTSO-E's and ENTSOG's tasks under Article 8(1), (2) and (3) of Regulation (EC) No 714/2009 and Regulation (EC) No 715/2009 during the period from 3 March 2011 until 31 December 2012

- Reporting on ENTSO-E tasks:

http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Publication/Reporting%20on%20ENTSO-E%20tasks.pdf

- Reporting on ENTSOG tasks:

http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Publication/Reporting%20on%20ENTSOG%20tasks.pdf

- Letter to Philip Lowe:

http://www.acer.europa.eu/Official_documents/Publications/Documents/Letter%20Philip%20Lowe_Reporting%20on%20ENTSOs%20tasks.pdf

1.3.2 REGIONAL INITIATIVES

Since its creation in March 2011, the Agency has enhanced its role of coordinating and promoting a new vision for the Regional Initiatives (RIs), based on the four following principles:

- **a more project-oriented approach** to help focus the limited resources of stakeholders on a few specific and common projects, deemed to be most instrumental for the completion of the IEM;
- **a more pan-European dimension** to ensure the involvement of all Member States and the allocation of resources to achieve the common overarching objective of completing the IEM by 2014;
- **enhanced stakeholder involvement and engagement** to maintain the strong momentum and confidence throughout the implementation phase, and
- **a more adequate governance structure** to improve the decision-making process.

The third edition of ACER Regional Initiatives Status Review Report, covering the year 2013, was published in February 2014. The Report covers both the electricity and gas sectors, shows the main achievements in regional work during 2013 and includes recommendations for future work.

In addition, in order to improve the visibility of the work undertaken and to maintain the commitment of all parties, the Agency has put significant effort in timely reporting progress, difficulties and challenges in the implementation process, through:

- the publication of detailed Quarterly Reports prepared in close cooperation with NRAs for both gas and electricity;
- dedicated presentations at the Florence and Madrid European Regulatory Fora, and
- specific meetings with stakeholders in electricity (through the Agency Electricity Stakeholders Advisory Group (AESAG)) and in gas (on the early implementation of the CAM Network Code through the EU Stakeholders group).

During 2013, this project-oriented approach helped the Agency and all concerned stakeholders to reach milestones defined in the Cross-Regional Roadmaps for electricity and for gas.

All reports were delivered on time with respect to the planning in the Work Programme. A two month delay of the yearly Status Review Report was due to a delay of contributions from regulators working on the electricity chapter of the report.

Published documents

- Regional Initiatives Status Review Report 2013

http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Publications/ACER%20Regional%20Initiatives%20Status%20Review%20Report%202013.pdf

- ERI Quarterly Reports

http://www.acer.europa.eu/Electricity/Regional_%20Initiatives/Pages/Reports.aspx

- CAM Roadmap (updated version October 2013)

http://www.acer.europa.eu/Gas/Regional_%20Initiatives/CAM_roadmap/Documents/ACER-ENTSOG_CAM_Roadmap_Update_Oct-13.pdf

- GRI Quarterly Reports

http://www.acer.europa.eu/Gas/Regional_%20Initiatives/Pages/Reports.aspx

The Electricity regional initiatives

The Target Model developed through the Electricity Regional Initiative (ERI) has gained further credibility and strength through its transposition into the Framework Guidelines on Capacity Allocation and Congestion Management for electricity, adopted by the Agency in July 2011.

In line with the new vision for RIs promoted by the Agency when taking this process over, the Target Model for electricity has later been transposed into four Cross-Regional Roadmaps applicable all across Europe, each of them devoted to one particular aspect of the common vision. Through the Agency's Quarterly Reports and the Regional Initiatives Annual Status Review Report, the Agency monitors the progress achieved in these Cross-Regional Roadmaps.

Through the ERI and ACER Electricity Stakeholder Advisory Group framework, the Agency ensures further coordination. The adoption of the Framework Guidelines

on Electricity Balancing in September 2012 triggered in 2013 the selection of pilot projects for implementing the defined vision.

The Gas regional initiatives

During 2013, the Agency continued to promote the early implementation of the NC CAM through the Capacity Allocation Mechanisms (CAM) Roadmap, developed in cooperation with ENTSOG and published on 1 March 2013. This Roadmap is meant to take stock of progress in all on-going pilot projects for the early implementation of the NC CAM, before it becomes binding on 1 November 2015, detecting issues in implementing the NC CAM provisions at an early stage and sharing the solutions identified by the different projects.

The CAM Roadmap was jointly presented by the Agency and ENTSOG at the 23rd meeting of the European Regulatory Forum (Madrid Forum) in April 2013 and was updated in October 2013 for the 24th meeting of the Madrid Forum. The CAM Roadmap was welcomed by stakeholders as a tool to foster transparency. The Agency and ENTSOG met stakeholders twice in the course of 2013. An EU Stakeholders group was specifically set up as part of this process.

In addition, the Agency continued supporting other projects and activities carried out at regional level in the three gas regions. The Agency also kept track of developments in the Gas Regional Initiative (GRI) on a quarterly basis, through the online GRI Quarterly Reports published on its website.

1.3.3 TEN-E REGULATION

OPINIONS ON GAS AND ELECTRICITY LISTS OF PROJECTS OF COMMON INTEREST

On 18 July 2013, the Agency adopted two opinions on the draft regional lists of proposed gas and electricity projects of common interest 2013. The lists were submitted to the Agency with views of Member States concerning proposed projects of common interest (PCIs) and minutes of the meeting of the decision making body containing opinions, which Member States may present to the Regional Groups. The assessments and evaluations presented by NRAs to the Groups, following a "checklist template" prepared by the Agency, contributed to the opinions.

The Agency acknowledged the merits of the establishment of an anticipatory approach (including *ad-hoc* Working Groups) to the selection process in terms of reference and roadmaps. This approach allowed the draft regional lists of proposed PCIs to be available soon after the adoption of Regulation (EU) No 347/2013. In its opinions, the Agency remarked that the experience of the *ad-hoc* Working Groups processes (which, for instance, included common timelines) should be taken into proper consideration when defining the rules of procedures of the Regional Groups and the deadlines for application and provision of data by project promoters for future selection rounds. In that respect, the Agency considered that the Regional Groups should aim at jointly defining common rules of procedure and common timelines (at sectorial level). The Agency called on the Commission to play a key role in ensuring common approaches and cross-regional consistency between the Regional Groups.

In its opinions, the Agency also noted:

- The key role of the TYNDP and of a proper database to ensure an efficient PCI selection process;
- The importance of a consistent “clustering” approach for complementary projects and a specific treatment (“grouping”) for competing projects across Europe;
- The timely development of a sound CBA methodology with monetisation of costs and benefits (to the maximum possible extent) and consistency of externalities’ valuation and discounting;
- The need for a proper definition of ‘sufficiently mature’ projects.

Overall, the Agency noted that the process and results (the draft regional lists) of the first PCI selection round were as good as they could have been under the specific circumstances. The Agency stated its view that, on the basis of the overall positive assessment and evaluation made by NRAs with regard to projects having applied for the PCI status, the draft regional lists of gas and electricity transmission PCIs merited adoption as the 2013 Union list of PCIs.

Published documents

- Agency's opinion on the draft regional lists of proposed electricity projects of common interest 2013

http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%202016-2013.pdf

- Agency's opinion on the draft regional lists of proposed gas projects of common interest 2013

http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%202015-2013.pdf

PREPARATION OF THE OPINIONS ON GAS AND ELECTRICITY COST-BENEFIT ANALYSIS METHODOLOGIES

Throughout 2013, the Agency carried out preparatory activities for its opinions on cost-benefit analysis methodologies, which were submitted by ENTSO-E and ENTSOG on 15 November 2013.

In the electricity sector, the Agency published, on 30 January 2013, its "Agency position on the ENTSO-E 'Guideline to Cost Benefit Analysis of Grid Development Projects'". The main messages focussed on:

- Quality and consistency of data input;
- Concrete proposals for future necessary updates of CBA;
- Consistent clustering approach throughout Europe, with details on the importance of each investment item;
- Clear, transparent, quantified and monetised criteria;
- Guidance for a common discounting method;
- Communication of CBA results as citizens' guarantee to get value for money;
- Equal treatment of transmission system operators' and third parties' projects;
- Provision of quantitative inputs for cross-border cost allocation decisions.

Published document

- Agency's position on the ENTSO-E guideline to Cost Benefit Analysis of Grid Development Projects

http://www.acer.europa.eu/Official_documents/Position_Papers/Position%20papers/ACER%20Position%20ENTSO-E%20CBA.pdf

RECOMMENDATION ON GAS AND ELECTRICITY CROSS-BORDER COST ALLOCATION REQUESTS

On 25 September 2013 the Agency adopted a Recommendation regarding the Cross-border Cost Allocation Requests Submitted in the Framework of the First Union List of Electricity and Gas Projects of Common Interest.

The Recommendation aimed to contribute towards a consistent approach among NRAs, the submission of complete requests for cross border cost allocation (CBCA), the streamlining of the NRAs' decision-making process and the minimisation of delays.

The Recommendation identified the information to be submitted by project promoters about the project status and the project-specific CBA. It also provided a template for data submission.

The recommendation also provides guidance on treatment of CBCA requests by NRAs, including on the evaluation of project maturity, the compensation to be expected by the project promoter(s) and the contribution by other parties and the extent of such contributions.

Published document

- Agency's recommendation on Cross-border Cost Allocation Requests Submitted in the Framework of the First Union List of Electricity and Gas Projects of Common Interest

http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Recommendations/ACER%20Recommendation%202007-2013.pdf

1.3.4 ADVICE TO THE COMMISSION ON THE CERTIFICATION OF TRANSMISSION SYSTEM OPERATORS

In 2013, the Agency did not receive any request for opinion on the certification of transmission system operators pursuant to Article 3(1) of Regulation (EC) No 715/2009. There were also no requests submitted to the Agency for views on certification in relation to third countries pursuant to Article 11(6) of Directive 2009/73/EC.

1.3.5 OTHER WORK RELATED TO THE ACTIVITIES OF ENTSO-E AND ENTSOG

WORK RELATED TO THE ACTIVITIES OF ENTSO-E

Opinion on ENTSO-E Draft Annual Work Programme 2012 through 2013

On 28 January 2013 the Agency adopted its Opinion on ENTSO-E's Draft Annual Work Programme 2012 through 2013.

In general, the Agency considered ENTSO-E's Work Programme to be formally in line with the requirements of Article 8(5) of Regulation (EC) No 714/2009, as well as with the objectives of Article 6(3)(b) of Regulation (EC) No 713/2009 and Article 9(2) of Regulation (EC) No 714/2009. It acknowledged the Work Programme's focus on high priority issues, like the network codes and the TYNDP, but stressed also the need of providing appropriate information on all the deliverables defined in Article 8(5) of Regulation (EC) No 714/2009, as well as of including more recent developments.

In addition, the Agency made comments and proposals on specific activities of ENTSO-E.

Published document

- Reasoned Opinion of the Agency of 28 January on the ENTSO-E's Draft Annual Work Programme 2012 through 2013
http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2002-2013.pdf

Opinion on the suitability of long-run average incremental costs

On 25 March 2013, the Agency adopted its Opinion on the Suitability of Long-Run Average Incremental Costs (LRAIC) for the Assessment of Inter-Transmission System Operator Compensation (ITC) for Infrastructure.

Among other considerations, the Agency noted that the LRAIC approach is not an established cost assessment methodology in the electricity sector practice. It is rarely applied in EU Member States for calculation of electricity transmission network tariffs.

The Agency concluded that the Long-Run Average Incremental Cost methodology is only of limited suitability in the context of the current ITC mechanism and that a new regulatory framework should be developed for ITC.

Published document

- Reasoned Opinion of the Agency of 25 March on the Suitability of Long-Run Average Incremental Costs for the Assessment of Inter- Transmission System Operator Compensation (ITC) for Infrastructure
http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2007-2013.pdf

Opinion on ENTSO-E Winter Outlook Report 2012/13 and Summer Review 2012

On 25 March 2013 the Agency adopted its Opinion on ENTSO-E's Winter Outlook Report 2012/13 and Summer Review 2012.

The Agency positively acknowledged some improvements in the Winter Outlook Report, including the regional adequacy analysis of simultaneous importing countries or the downward adequacy analysis, but also highlighted a few points to be improved both in the Winter Outlook and Summer Review reports.

Published document

- Opinion of the Agency of 25 March on ENTSO-E's Winter Outlook Report 2012/13 and Summer Review 2012
http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2008-2013.pdf

Opinion on ENTSO-E Research and Development Plan

On 28 May 2013, the Agency adopted its Opinion on ENTSO-E's Research and Development Roadmap 2013-2022 and Implementation Plan 2014-2016 of the Roadmap 2013-2022 ('R&D Plan').

The Agency positively noted that the overall R&D plan of ENTSO-E integrates all aspects of the spectrum of the R&D process cycle and covers a wide range of technical fields.

Further, the Agency provided specific remarks, in particular regarding the involvement of research parties and of stakeholders in the R&D Plan, the methodology for the development of the R&D Plan, the R&D resources, the budget and financing strategies for the R&D Plan, the Monitoring and Evaluation (M&E) of R&D fulfilment, the Key Performance Indicators (KPIs) of the R&D Plan, the dissemination of R&D results and the Functional Objectives of the R&D Roadmap 2013-2022 and R&D Implementation Plan 2014-2016.

Published document

- Opinion of the Agency of 28 May on ENTSO-E's Research and Development Roadmap 2013-2022 and Implementation Plan 2014-2016 of the Roadmap 2013-2022
http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2011-2013.pdf

Opinion on ENTSO-E Annual Report 2012

On 1 August 2013 the Agency adopted its Opinion No 17/2013 on ENTSO-E's Annual Report 2012 'Europe's Low-carbon Challenge and the Electricity Network'.

The Agency found that the ENTSO-E Annual Report 2012 took on an increasingly important theme of EU energy policy and illustrated very well how EU climate change and carbon reduction objectives concern transmission systems in a multitude of aspects and how relevant the various activities of TSOs are for those objectives. It acknowledged that the Annual Report stroke a good balance between presenting essential information and offering a detailed account of activities and that it included future developments and forward looking considerations.

On the other hand the Agency also listed aspects which, in its view, could have been reflected more appropriately or should be taken into account in future reports.

Published document

- Opinion of the Agency of 1 August on the ENTSO-E's Annual Report 2012 'Europe's Low-carbon Challenge and the Electricity Network'
http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2017-2013.pdf

Opinion on ENTSO-E Summer Outlook Report 2013 and Winter Review 2012/2013

On 29 November 2013, the Agency adopted its Opinion on ENTSO-E's Summer Outlook 2013 and Winter Review 2012/2013.

The Agency positively noted several improvements on ENTSO-E's Outlook and Review report, as well as the timely publication of the Summer Outlook Report 2013 on 30 May 2013 and the draft plan by ENTSO-E to publish short-term adequacy reports as proposed by the draft Network Code on Operational Planning and Scheduling, i.e. by 21 May 2014 for the SOR 2014.

Further, the Agency made proposals for improvements of the Winter Outlook and Summer Review reports on several issues, which had already been mentioned in the Agency's Opinion on ENTSO-E's Winter Outlook Report 2012/13 and Summer Review 2012.

Published document

- Opinion of the Agency of 29 November on the ENTSO-E's Summer Outlook 2013 and Winter Review 2012/2013,
http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%202012-2013.pdf

Opinion on draft ENTSO-E Work Programme Autumn 2013 through December 2014

On 18 December 2013 the Agency adopted its Opinion on the Draft ENTSO-E Work Programme Autumn 2013 through December 2014.

The Agency considered the ENTSO-E Work Programme for 2014 to be in principle in line with the requirements of Regulation (EC) No 713/2009 and Regulation (EC) No 714/2009. Overall, it regarded the ENTSO-E Work Programme to strike a fair balance between a concise account and detailed information.

In some areas however the Agency believed that additional clarification would be useful to better illustrate the scope of activities. As a consequence, it made a

number of recommendations related to the presentation and content of ENTSO-E's planned activities.

Published document

- Opinion of the Agency of 18 December on the Draft ENTSO-E Work Programme Autumn 2013 through December 2014,
http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%202013-2014.pdf

Opinion on ENTSO-E Manual of Procedures for the ENTSO-E Central Information Transparency Platform

On 19 December 2013 the Agency adopted its Opinion on ENTSO-E's draft Manual of Procedures for the ENTSO-E Central Information Transparency Platform, pursuant to Article 5 of Regulation (EU) No 543/2013.

The Agency acknowledged that the draft Manual of Procedures contributed to the objectives of Regulation (EU) No 543/2013 and that in principle it addressed appropriately the criteria of Article 5 of this Regulation.

The Agency identified several aspects still needing to be taken into account by ENTSO-E when finalising the Manual of Procedures. In particular, it pointed out that the Central Information Transparency Platform will publish information, which is also relevant for REMIT, and that in this context inside information as outlined in the 3rd edition of the ACER Guidance on the application of REMIT should be considered.

Since some information was to be added to the draft Manual of Procedures following the completion of the web form design, the Agency stressed its expectation of being updated on this completion and reserved itself the right to reassess the Manual of Procedures.

Published document

- Opinion of the Agency of 19 December on the ENTSO-E's draft Manual of Procedures for the ENTSO-E Central Information Transparency Platform
http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%202013.pdf

Preparation of the opinion on transmission charges paid by producers

In June 2013, the Agency launched the monitoring of the transmission charges paid by producers in each Member State, through a questionnaire submitted to NRAs.

This is a regular monitoring activity carried out by the Agency pursuant to Annex Part B, point (4), of Commission Regulation (EU) No 838/2010. However, in 2013 it was extended in view of the forthcoming activities of the Agency. In fact, at the same time, the Agency started preparing its Opinion on the appropriate range or ranges of transmission charges paid by producers for the period after 1 January 2015, pursuant to Annex Part B, point (5), of Commission Regulation (EU) No 838/2010.

With the consent of the Commission, the adoption of this Opinion was postponed to April 2014.

WORK RELATED TO THE ACTIVITIES OF ENTSOG

Throughout 2013, the Agency also continued its work related to the activities of ENTSOG. More specifically, several key Opinions were adopted by the Agency:

Opinion on ENTSOG's Annual Winter Supply Outlook for the season of 2012/2013

On 15 February 2013, the Agency adopted its Opinion on ENTSOG's annual winter supply outlook for the season 2012/2013. The Agency appreciated ENTSOG's

consideration of additional High Daily Demand (two-week period and disruption case) defined by Member States through the Gas Coordination Group. The Agency found it appropriate that, for the assessment of the disruption case conditions, the modelling of a Russia/Ukraine disruption during the two-week High Daily Demand period (with 5% annual probability) was also provided, along with the adoption of an enlarged geographical scope of the analysis, which now covers the EU-27 MSs and key neighbouring countries. The Agency invited ENTSOG to incorporate supply-side analyses directly in its outlook, to strive for a better balance between system status and capability analyses, on the one hand, and patterns of supply, on the other, and to start providing intra-seasonal comparisons and supply trend analyses.

Published document

- Opinion of the Agency of 12 February 2013 on ENTSOG's annual winter supply outlook for the season of 2012/2013

http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%202012-2013.pdf

Opinion on ENTSOG's 2011 Annual Report

On 15 February 2013, the Agency adopted its opinion on ENTSOG's 2011 Annual Report. In the opinion, the Agency recommended that ENTSOG considers an earlier publishing date of its annual reports, preferably during the first half of the year subsequent to the reporting period. The Agency appreciated ENTSOG's commitment and incessant attention to improving transparency, involving stakeholders and taking their views into account, expanding ENTSOG's resource base and striving to assure complete coverage of all work areas and deliverables expected from ENTSOG in the framework of the Third Energy Package. Nevertheless, the Agency noted that the report does not contain reference to work under all tasks deriving from Article 8(3) of Regulation (EC) No 715/2009, and encouraged ENTSOG to provide in future reports a complete review of all required work areas, independently of the character of the work done (actual, planned, or assessed).

Published document

- Opinion of the Agency of 12 February 2013 on ENTSOG's 2011 Annual Report

http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2004-2013.pdf

Opinion on ENTSOG's Summer Supply Outlook for 2013

On 27 June 2013 the Agency adopted its opinion on ENTSOG's summer supply outlook for 2013. The Agency appreciated the publication of the outlook ahead of the season and earlier than in the case of previous outlooks, a practice which allows for a timely action by stakeholders in cases where the outlook identifies possible negative impacts of specific events on the gas infrastructure operations or the gas supply, as well as ENTSOG's taking into account the Agency's earlier recommendations regarding the need to pay greater attention to the short-term supply and transmission trends based on historic gas flow data and comparative analysis of past outlooks. The Agency welcomed ENTSOG's Summer Review 2012, a document developed on a voluntary basis and released as part of the Outlook, which provides evidence on the last four summers' gas demand seasons, including the evolution of gas demand for different uses of gas.

Published document

- Opinion of the Agency of 27 June 2013 on ENTSOG's Summer Supply Outlook for 2013

http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2013-2013.pdf

Opinion on ENTSOG's 2012 Annual Report

Also on 27 June 2013 the Agency adopted its opinion on ENTSOG's 2012 Annual Report. The Agency noted that 2012 was the first year during which ENTSOG started working at full power and delivering the products it was committed to. The Agency noted that the report addresses the cooperation with ENTSO-E and reports on it in terms of creation of gas demand scenarios, assessment of the interactions between renewable energy sources and gas-based power generation, and any inter-system coordination and cooperation activities that may be in place. The Agency commended the cooperative effort with ENTSO-E in view of aligning the two Networks' targets for energy security, carbon emissions and renewable energy sources in the context of tasks in the areas of markets, system development and system operation, and recommended the continuation of the networks' cooperation. The Agency appreciated the inclusion in the Report of information regarding work on tasks deriving from Regulation (EU) No 347/2013 of 17 April 2013, particularly work related to the development of a methodology for a harmonised CBA at Union-wide level for all Projects of Common Interest (PCI), and ENTSOG's performance of these tasks in coordination with ENTSO-E and with work for the development of the ten-year network development plan (TYNDP).

Published document

- Opinion of the Agency of 27 June 2013 on ENTSOG's 2012 Annual Report

http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%202014-2013.pdf

Opinion on the harmonised format for the publication of technical information necessary for natural gas network users by TSOs and by ENTSOG

On 11 October 2013, the Agency adopted its opinion on the harmonised format for the publication of technical information necessary for natural gas network users by TSOs and by ENTSOG. The Agency noted that the availability of data in ENTSOG's Transparency Platform as of 1 October 2013 is a joint effort and a shared responsibility between ENTSOG, who has to establish the platform and have it operational by that deadline, and the transmission system operators, who are

responsible for the provision of data in the form and with the content established by the guidelines in Annex I, Chapter 3, of Regulation (EC) No 715/2009. NRAs have to ensure that the respective transmission system operators comply with those guidelines. In terms of requirements for the users to have access to the Transparency Platform, the Agency noted that according to the information provided by ENTSOG no registration will be necessary for manual access to data and no additional programmes or licenses will need to be purchased by the user. The Agency welcomed the initiative for a standardised publication of data since it makes network users' access to the relevant data easier and helps NRAs identify the missing data and determine the cause of any lack of information. The Agency encouraged all transmission system operators to adopt this form of standard publication of data on their individual websites, in addition to making it available on ENTSOG's Transparency Platform, and to ensure that the information can be downloaded or exported to a format that allows for quantitative analyses.

Published document

- Opinion of the Agency of 9 October 2013 on harmonised format for the publication of technical information necessary for natural gas network users by TSOs and by ENTSOG
http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%202020-2013.pdf

Opinion on ENTSOG's 2014 Annual Work Programme

On 2 December 2013 the Agency adopted its opinion on ENTSOG's 2014 Annual Work Programme. The Agency recognised the potential of the Work Programme 2014 to contribute to the achievement of a sufficient level of cross-border interconnections open to third-party access, as well as ENTSOG more closely working with ENTSO-E. Coordination between the gas and electricity sides is becoming of key importance as far as infrastructure is concerned. The Agency welcomed ENTSOG's initiatives regarding network code implementation and coordination with non-EU countries, in particular work on Common Network Operation Tools, on implementation of Data Exchange rules, and on the project to develop recommendations related to the coordination of technical cooperation between EU and third country TSOs. The Agency noted ENTSOG's plans for the monitoring of the implementation of network codes and the Guidelines adopted by the Commission in line with Article 8(6) of Regulation (EC) No 715/2009. The Agency

emphasised the importance of assessing the effects of the implementation of network codes and guidelines on the harmonisation of applicable rules and the facilitation of market integration. The Agency noted its expectation that ENTSOG will report its findings to the Agency and will include the results of the analysis in its next annual report.

Published document

- Opinion of the Agency of 29 November 2013 on ENTSOG's 2014 Annual Work Programme

http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%202013-2013.pdf

Opinion on cost-benefit analysis methodology under Regulation (EU) No 347/2013 and the winter supply outlook for the season of 2013-2014

On 15 November 2013 ENTSOG submitted to the Agency its draft cost-benefit analysis methodology under Regulation (EU) No 347/2013. The winter supply outlook for the season of 2013-2014 was submitted on 28 November 2013. Therefore, towards the end of the year the Agency initiated work on its opinions related to these documents, which were scheduled for publication in early 2014, in line with the legal deadlines for their preparation and adoption.

1.3.6 ACTIVITIES WHICH ARE SUBJECT TO SPECIFIC CONDITIONS

ADVICE TO THE COMMISSION ON THE CERTIFICATION OF TRANSMISSION SYSTEM OPERATORS

In 2013, the Agency did not receive any request for an opinion on the certification of transmission system operators pursuant to Article 3(1) of Regulation (EC) No 715/2009. There were also no requests submitted to the Agency's for views on certification in relation to third countries pursuant to Article 11(6) of Directive 2009/73/EC.

DECISIONS ON TERMS AND CONDITIONS AND OPERATIONAL SECURITY OF CROSS-BORDER INTERCONNECTORS

In 2013, the Agency did not receive any request for decisions on terms and conditions and operational security of cross-border interconnectors, pursuant to Article 8 of Regulation (EC) 713/2009.

DECISIONS ON SPECIFIC CASES RELATED TO TERMS AND CONDITIONS FOR ACCESS TO CROSS-BORDER INTERCONNECTIONS AND EXEMPTIONS

In 2013, the Agency did not receive any request for decisions on specific cases related to terms and conditions for access to cross-border interconnections and exemptions, pursuant to Article 9(1) of Regulation (EC) 713/2009.

OPINIONS AND RECOMMENDATIONS IN THE AREAS OF ITS COMPETENCE, TO MEMBER STATES, NRAS, THE EUROPEAN PARLIAMENT, THE COUNCIL AND THE EUROPEAN COMMISSION

Following the request from the ITRE Committee of the European Parliament received on 14 November 2012, the Agency delivered its Opinion on Capacity markets (electricity) on 15 February 2013, pursuant to Article 5 of Regulation (EC) 713/2009 (see Section 1.3.1).

OPINIONS AND RECOMMENDATIONS ON ITS OWN INITIATIVE

On 25 March 2013 the Agency adopted a Recommendation on a new regulatory framework for ITC (see Section 1.1.3). Moreover, on 25 September 2013 the Agency issued a Recommendation for CBCA requests (see section 1.3.3). Finally, on 30 July 2013, the Agency issued a report on the capacity remuneration mechanisms and the internal market for electricity (see section 1.3.1).

1.4 WHOLESALE ENERGY MARKET MONITORING (REMIT)

In 2013, the Agency continued its preparatory work for implementing Regulation (EU) No 1227/2011 on REMIT. The Regulation entered into force on 28 December 2011 and significantly expanded the mission of the Agency, by assigning new responsibilities in the area of wholesale energy market monitoring. Such activities are very different from the monitoring of the internal market which the Agency has been performing pursuant to Article 11 of Regulation (EC) 713/2009 and they will require the Agency to acquire new IT infrastructure and software to collect data from market participants at EU level, new monitoring tools and specialised expertise.

The activities of the Agency with respect to REMIT will be performed in two stages:

1.)The implementation stage, in which the Agency puts in place the IT tools and procedures - including on data exchange with NRAs and other authorities, at national and EU level - for effectively monitoring wholesale energy markets. This stage started with the entry into force of REMIT on 28 December 2011 and needs to be completed by the time of adoption of the Commission's implementing acts, referred to in Article 8(2) and (6) of REMIT.

2.)The operational stage, in which the Agency will be responsible for actively monitoring trading in wholesale energy markets. This stage will start with the entry into force of the reporting obligation introduced by Article 8 of REMIT, i.e. six months following the adoption of the implementing acts.

The comitology procedure of the Commission's implementing acts pursuant to Article 8(2) and (6) of REMIT started towards the end 2013. It is currently expected that they will be adopted at the end of the first half of 2014 and therefore the reporting obligation will apply from the end of 2014.

Thus, the Agency's work on REMIT in 2013 focused on the policy and IT implementation. At the same time, a number of cases of potential breaches of REMIT were notified to the Agency, which coordinated their evaluation by NRAs. The next Annual Report on REMIT, expected to be published in June 2014 will provide further details of the activities of the Agency in this area during 2013.

The Agency's policy implementation of REMIT

The preparatory work for REMIT implementation in 2013 included:

- contributions to the Commission in the context of the adoption of the REMIT Implementing Acts, including the formulation of a second set of recommendations to the Commission, issued on 26 March 2013, as to the record of transactions, including orders to trade, on balancing and capacity markets, which it considers are necessary to effectively and efficiently monitor wholesale energy markets;
- an update of the Agency's 2nd edition of guidance on the application of REMIT, issued on 24 April 2013, and the issuing of a 3rd edition of guidance on the application of REMIT on 29 October 2013;
- the definition of the wholesale energy market monitoring strategy for the effective implementation of REMIT (detection of instances of market abuse) published on 7 November 2013 in the context of the Agency's first annual report on the Agency's activities under REMIT; and
- the publication of the Agency's first annual report on the Agency activities under REMIT issued on 7 November 2013.

Published documents

- Recommendations to the EC on the Records of Transactions (balancing and capacity markets)
<http://www.acer.europa.eu/remit/Documents/Recommendations%20on%20REMIT%20Records%20of%20transactions%20balancing%20and%20transportation.pdf>
- Guidance on the REMIT application - Update of 2nd Edition
[http://www.acer.europa.eu/remit/Documents/Updated%202nd%20Edition%20of%20ACER%20Guidance%20\(REMIT\)_22042013.pdf](http://www.acer.europa.eu/remit/Documents/Updated%202nd%20Edition%20of%20ACER%20Guidance%20(REMIT)_22042013.pdf)
- Guidance on the application of REMIT definitions – 3rd Edition – and update of Q&A paper
http://www.acer.europa.eu/remit/Documents/REMIT%20ACER%20Guidance%203rd%20Edition_FINAL.pdf
- Annual report on REMIT activities
http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Publication/REMIT%20Annual%20Report%202013.pdf

The definition of mechanisms for sharing the information among the Agency, NRAs, ESMA and other authorities and of transparent rules for the dissemination of information strongly depend on the Commission's Implementing Acts which will not be adopted before the end of the first half of 2014. Therefore the definition of the information sharing mechanism was only started towards the end of 2013 and work will continue in 2014.

The Agency published an updated Q&A paper on REMIT in 2013 and answered numerous questions addressed by market participants through the Agency's REMIT mailbox. The Agency furthermore communicated with the public on all REMIT matters and organised several workshops.

The stakeholders involvement and the intensive dialogue with market experts was also promoted, including through the continuation of the three expert groups established in 2012, the establishment of roundtable meetings on data collection under REMIT and the launch of a pilot project on REMIT implementation with interested parties.

The Agency's IT implementation of REMIT

REMIT also requires the Agency to develop a dedicated IT infrastructure to handle the new tasks assigned to it, including the data collection from a large number of reporting parties, the validation and the sharing of information on transactions carried out wholesale energy markets, as well as a preliminary analysis of such transactions to detect potential instances of market abuse. Therefore the Agency's IT implementation of REMIT, which already started in 2012, gained full momentum in 2013 and will continue in 2014. In particular, the Agency's work in 2013 included *inter alia*:

- the maintenance of a web application platform for the notification of delayed disclosure of inside information and for the reporting of suspicious transaction to enable market participants and persons professionally arranging transactions to fulfil their respective obligations under REMIT vis-à-vis both the Agency and NRAs;
- the maintenance of a REMIT forum for the Agency and NRAs to exchange information on REMIT-related questions from stakeholders and to ensure a coordinated approach in replying to such questions;
- the development of IT solutions for the registration of market participants which was almost completed by the end-2013 and went into production in early 2014; and

- the development of IT solutions for data collection, market surveillance, and data sharing, which started with the Agency's pilot project on REMIT implementation in mid-2013.

The Agency's IT implementation of REMIT was performed with IT consultants selected on the basis of three IT procurement procedures in 2012.

During October and November 2012, the Agency signed multiple framework contracts (ACER/OP/ADMIN/12/2012) in cascade for Web application development services for the implementation of the Agency's REMIT Information System (ARIS). These were awarded to the following contractors: Lutech S.p.A. (1st contractor), Capgemini Italia S.p.A. (2nd contractor) and Intrasoft International S.A. (3rd contractor).

In December 2012, the Agency signed a framework contract (ACER/OP/ADMIN/21/2012) with OMX Technologies to deliver its SMARTS Integrity market surveillance system to the Agency for the monitoring of European wholesale energy markets under REMIT. The SMARTS Integrity surveillance system will provide the Agency with a surveillance platform to automatically screen trade and fundamental data for detecting insider trading, market manipulation and attempted market manipulation across European wholesale energy markets. The solution will allow analysis of power and gas trading across the EU and provide the Agency with a consolidated view on a pan-European basis.

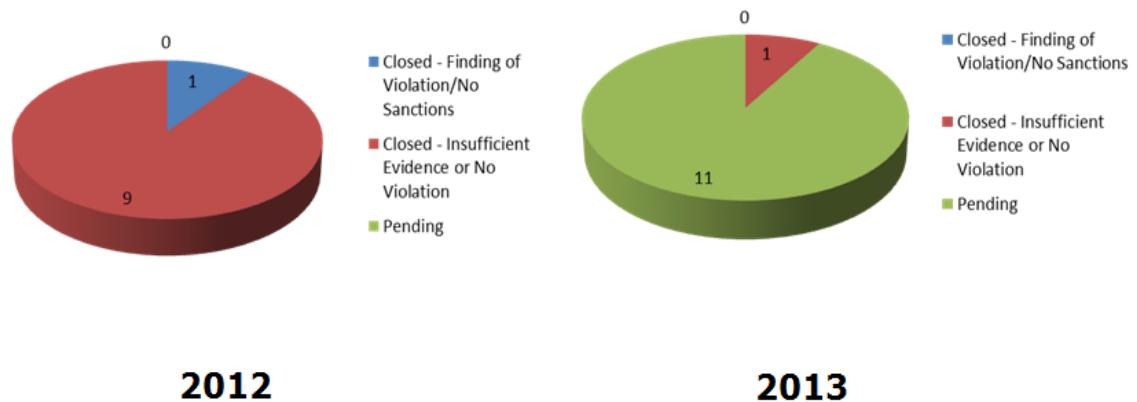
Since a tender on IT Consultancy could not be awarded in 2012 and since a framework contract (ACER/OP/ADMIN/14/2012) with CSI Piemonte on hosting services was subsequently terminated early, as it did not cover all the services that the Agency had determined as essential for hosting the infrastructure required for the implementation of REMIT, two tendering procedures for IT Consultancy and for Hosting Services were re-launched in 2013. In December 2013, the Agency signed a framework contract (ACER/OP/MMD/12/2013) with Telekom Slovenia on IT hosting services; the tendering of IT Consultancy services (ACER/OP/MMD/09/2013) was only terminated in early 2014.

Overall, major milestones for the IT implementation of REMIT were achieved in 2013 despite the fact that the Agency received most of the required financial resources very late in the year (November 2013).

The Agency's coordination of cases

Ever since the entry into force of REMIT and its prohibitions of market abuse and obligations for market participants to disclose inside information, the Agency has been involved in the coordination of cases of potential breaches of REMIT provisions. Due to the fact that data collection under REMIT did not take place in 2012 and 2013, the Agency relied, for its monitoring activities, on notifications of suspected breaches of REMIT provisions from NRAs and from persons professionally arranging transactions, and on public sources.

The following overview illustrates the Agency's case activities by 31 December 2013:



Overall, however, the coordination of cases in 2013 often suffered from delays in the implementation of REMIT investigation and enforcement powers for NRAs at national level.

The Agency concluded in 2013 several Memoranda of Understanding for the efficient and effective coordination of cases under REMIT: with NRAs, with ESMA and with market surveillances from organised market places.

The Agency aimed at a close cooperation with ESMA already prior to the entry into force of REMIT and at the formalisation of this cooperation. REMIT requires a

close cooperation between the Agency, ESMA and national financial market authorities due to the numerous interactions between REMIT and EU financial market legislation. The purpose of the Agency's MoU with ESMA is to set out the procedures that the Agency and ESMA intend to follow in their cooperation, and is not intended to create any additional obligations or to replace or amend existing legislation. The MoU was finalised in 2013 and signed by the Agency and ESMA on 18 July 2013.

There are several references in REMIT to the cooperation between the Agency and NRAs. In order ensure a smooth cooperation between the Agency and NRAs under REMIT, the Agency started in 2012 to work on establishing a multilateral Memorandum of Understanding (MoU). The purpose of the MoU is to define the scope and practical terms of the cooperation under Articles 7 and 16 of REMIT between the Agency and NRAs, with the aim of promoting an effective, efficient and coordinated monitoring of wholesale energy markets as referred to in REMIT. The MoU sets out the procedures that the Agency and the NRAs intend to follow, and is not intended to create any additional obligations or to replace or amend existing legislation. The MoU was finalised in 2013 and signed by the Agency and 28 NRAs on 17 July 2013.

Whilst the MoU with NRAs is a multilateral one, the MoUs with organised market places are bilateral. The purpose of the MoUs with organised market places is to set out the content and procedures for the cooperation between the Agency and organised market places on issues related to market monitoring under REMIT. By December 2013, the Agency had signed MoUs with eight organised market places across the Union.

1.5 COOPERATION AND COMMUNICATION WITH NRAS

The Agency supports the cooperation of the NRAs at EU level and coordinates, where necessary, their action. It aims to ensure that regulatory action at both European and national levels delivers a well-functioning IEM to the ultimate benefit of all European citizens. To this end there is a joint responsibility and mutual commitment between the Agency and the NRAs to promote a competitive, secure and environmentally sustainable internal market in electricity and gas within the EU.

During 2013 NRAs have cooperated within and with the Agency in a number of ways as follows:

in the Board of Regulators (BoR) which brings together senior representatives from NRAs, and the EC in a non-voting capacity; the Director also participates in the BoR meetings. In 2013 the BoR met 10 times. Following an assessment of the stakeholders' perception of the Agency's performance in 2012, the BoR introduced a "Roadmap" to monitor progress on a number of actions under three axes: (1) the role of NRAs in ACER; (2) relations with stakeholders and institutions; and (3) strategic thinking. The Director and BoR have, as a result, introduced public debriefs on a quarterly basis. In 2013 two debriefs took place in July and November. The BoR agendas have been streamlined to allow more time on key issues. Other actions have been undertaken such as online libraries of documents of common interest to raise awareness of the members on broader European initiatives and to allow the exchange of best practices. A revision of the BoR Rules of Procedure has been initiated at the end of 2013 and was effected in February 2014.

in the Agency's Working Groups (AWGs), which bring together NRAs' experts and Agency's staff and the Commission as an observer. During the last year the four AWGs continued to operate: the Electricity WG (AEWG), the Gas WG (AGWG), the Market Integrity and Transparency WG (AMIT WG), and the Implementation, Monitoring and Procedures WG (AIMPWG). Each AWG met approximately on a monthly basis. Their main role is to provide input to the Director for the preparation of the Agency's acts, to support the Agency in other tasks, and to provide information to the BoR on issues relevant to the Director's proposals and facilitate BoR deliberations.

in the Regional Coordination Groups for the Electricity Regional Initiative (ERI) and the Gas Regional Initiative (GRI). These are composed of NRAs representatives and the Agency staff, as well as the Commission. They aim at coordinating regional cooperation and, in particular, monitoring progress in the cross-regional roadmaps on the early implementation of network codes. These include the four cross regional roadmaps for electricity (implementation of the Target Models for CACM) and the roadmap for the early implementation of the Capacity Allocation Mechanisms in gas. These groups usually meet on a monthly basis and report regularly to the Director and to the BoR.

Through other platforms such as:

- the virtual regional groups (corresponding to 4 Electricity and 4 Gas European Infrastructure Platform (EIP) corridors). They maintain close links in undertaking preparatory work under the TEN-E Regulation including the selection of the first Union-wide list of PCIs;
- Under REMIT, in addition to the work undertaken through the AMIT WG and the Market surveillance TF, the first Multilateral Memorandum of Understanding between the Agency and NRAs concerning the cooperation and coordination of market monitoring under REMIT has been adopted in July 2013 (see section 1.4).

Lastly, the Agency also cooperated with Associations of regulatory authorities outside the EU context (see chapter Key events organised or participated by the Agency in 2013).

1.6 CONSULTATION AND INVOLVEMENT OF STAKEHOLDERS

As in previous years, in 2013 the Agency has consistently involved the NRAs and stakeholders in its work and was communicating with the general public directly or through the media.

Public Consultations

When preparing the Framework Guidelines, the Agency is required to consult ENTSO-E and ENTSOG, as well as other relevant stakeholders during a period of no less than two months, in an open and transparent manner. From 18 July - 19 September 2013 the Agency publicly consulted on the Draft Framework Guidelines on rules regarding harmonised transmission tariff structures for gas. In 2013 the Agency also launched a public consultation, together with ENTSO-E, on the influence of existing bidding zones on electricity markets based process, defined in the draft Capacity Allocation and Congestion Management (CACM) network code.

Additionally, the Agency carried out public consultations in the framework of REMIT, the RIs and a pre-consultation on developing a strategic vision for future challenges of the single European Energy market.

In 2013 the Agency's website continued to provide the main platform for communicating with stakeholders. Public consultations were carried out online. When

a public consultation was launched, the stakeholders received an email alert via the ACER infoflashes.

All supporting documents and questionnaires were published online together with the invitation to participate in the consultation. The Agency also created dedicated email addresses to facilitate stakeholders' participation in the consultation. Responses to consultations were also published on the Agency's website.

The following table present the public consultations run by the Agency during 2013.

Public consultations run by the Agency in 2013:

TITLE	START	END
Public consultation on technical requirements for data reporting under REMIT	22 March 2013	13 May 2013
Public Consultation on Draft Framework Guidelines on rules regarding harmonised transmission tariff structures for gas	18 July 2013	17 September 2013
Public consultation on the influence of existing bidding zones on electricity markets	31 July 2013	30 September 2013
Pre-consultation on "Energy Regulation: A bridge to 2025" set of papers	6 November 2013	17 December 2013
Public consultation on the publication of extracts from the European register of market participants under REMIT	7 November 2013	13 December 2013

Workshops

The Agency also promoted the involvement of stakeholders in its activities through workshops. Workshops were organised typically in conjunction with public consultations or as important initial steps in the development of framework guidelines or of the opinion on network codes. In the case of the development of framework guidelines, they are also organised during the scoping phase and they represent an occasion for the Agency to present its views on the main policy options under consideration, as well as for the Agency to collect, at an early stage, opinions from stakeholders on essential topics.

The Agency organised most of its workshops in its headquarters in Ljubljana. Whenever possible, workshops were web streamed so that more participants were able to participate.

Workshops organised by the Agency in 2013:

Workshop	No of registrations	Web streaming	Date
Consultation workshop on Framework Guidelines on Harmonized Transmission tariff structures	138	NO	23 January 2013
Workshop on the Network Code on Demand Connection	19	NO	23 January 2013
Workshop on the Network Code on Operational Security	20	NO	9 April 2013
Workshop on technical requirements for data reporting under REMIT	27	NO	25 April 2013
Workshop on the Network Code on Operational Planning and Scheduling	16	YES	26 April 2013
CEER-ACER Gas Incremental Capacity Workshop	70	NO	3 June 2013
Workshop on REMIT implementation	142	NO	11 July 2013
Workshop on FG on Tariff, Cost Allocation, and Incremental Capacity	15	YES	3 September 2013
Workshop on the general principles for cross-border cost allocation	41	YES	3 October 2013

Workshop on the Gas Target Model: review and update	114	NO	8 October 2013
Workshop on Network Code on Forward Capacity Allocation	15	YES	28 October 2013
Workshop "Building on the past: A bridge for the future"	99	NO	6 November 2013
Workshop on REMIT implementation	107	NO	7 November 2013

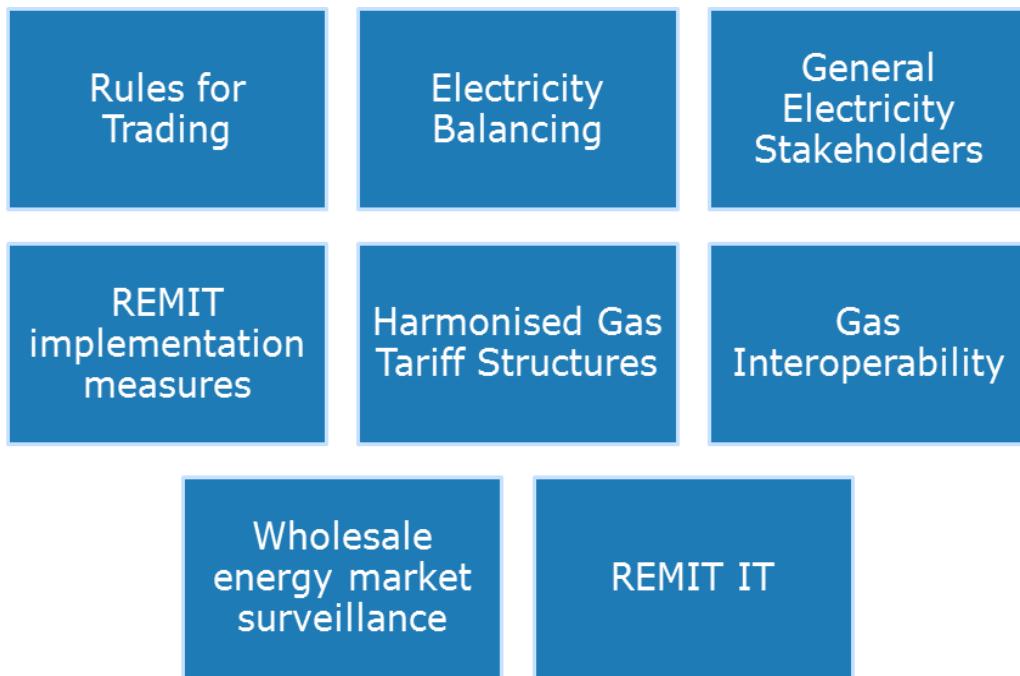
Expert Groups

In 2013 the Agency continued to benefit greatly from the expertise of stakeholders by setting up *ad-hoc* expert groups, which were consulted on specific technical issues. Their members are experts from a variety of stakeholder groups, such as energy companies, energy consumers or academia.

The mandate, composition and activities of the expert groups have been published on the Agency's website. Each expert group has been established following a call for applications, which was published on the Agency's website and announced via the Agency's newsletter.

The Agency selected the experts on the basis of the applications received and with the aim of having a wide range of competences and expertise. During 2013 the Agency maintained regular meetings with stakeholders in the following domains:

REMIT specific formats: the Pilot project and the roundtables



In order to prepare the data collection for assessing and monitoring wholesale energy markets according to the REMIT regulation, in 2013 the Agency initiated the REMIT implementation pilot project. Its main purpose was to gather valuable input from parties that will be involved in data collection under REMIT. The three meetings held within the pilot project in 2013 gathered more than 20 participants each.

Additionally, the Agency organised three types of roundtables with stakeholders on REMIT implementation in Ljubljana:

- (Group 1 – Trade reporting systems, trade matching systems or other persons professionally arranging transactions, trade repositories, transmission system operators and service providers)- 23 September 2013 – 10 participants;
- (Group 2 – Energy Exchanges) – 23 September 2013 - 10 participants;
- (Group 3 – Association of market participants) – 24 September 2013- 11 participants.

Website

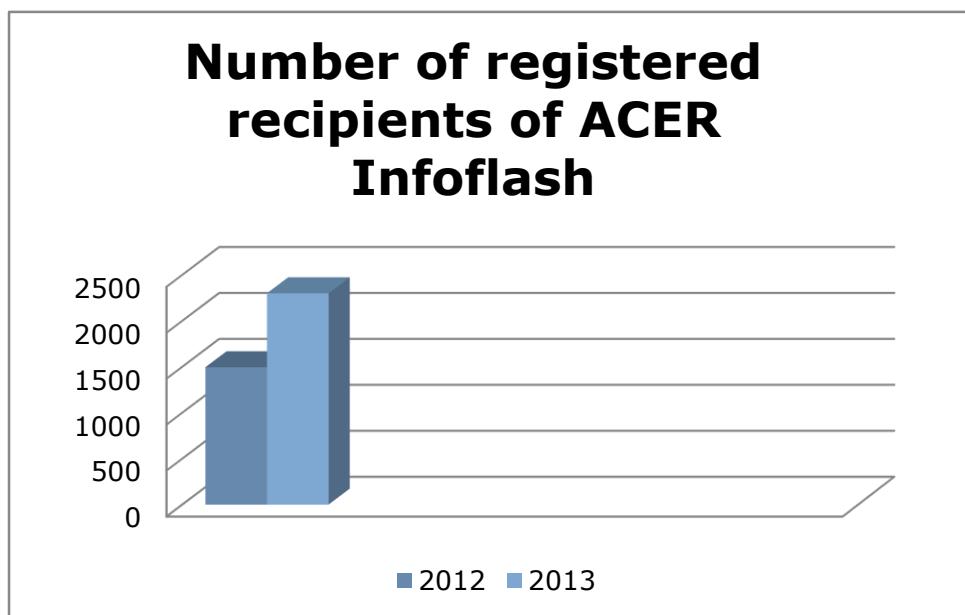
In 2013 the Agency continued improving its webpage by making it more user friendly, easier to access by the EU citizens and the general public. As a first step,

followed by important build-ups in 2014, a series of new features have been added to create a more user friendly experience.

- A search engine for pages and documents;
- A new calendar where stakeholders can visualise all workshops;
- A slider with upcoming events, providing users with a quick overview of upcoming events in the Agency;
- A reduced scrolling through a reorganisation of some elements;
- A news slider, allowing news items to rotate in one single place;
- New workspaces for workshops and meetings;
- Frequent revision of links and contents across the site;
- Agency's mission and summary description of tasks in all EU official languages accessible from the homepage;
- New space for press releases and citizens' summaries to reach a wider audience.

Infoflashes, press releases, citizens' summaries and the media

The Agency informs stakeholders and interested parties on all its official documents published on the website, as well as on the reports, workshops and conferences through its Infoflashes. In 2013 over 2300 people were registered to receive ACER infoflash. This represents a 35% increase from the previous year. A total of 57 infoflashes containing 85 news items were produced in 2013.



Furthermore, not only stakeholders, but also specialised journalists from across Europe get the latest updates on the Agency publications and events. As a public institution, the Agency is committed to transparency and openness. The media are an important channel to explain the Agency's work, both to the European citizens in general and to energy stakeholders in particular. News, articles and interviews on the Agency were published on European-wide media, as well as by news agencies and in publications specialised in energy markets.

In 2013, the Agency provided input to many different newswires and energy intelligence providers such as Argus Media, Bloomberg, Montel, Platts, ICIS, Thompson Reuters, Energyintel and Interfax Energy. It also provided contributions to outlets specialised in energy issues that have published interviews and articles on our work: magazines Energetika from Slovenia; Energeia from the Netherlands, and to Energy Risk from the UK. News was also channeled to several media specialised in the European affairs such as ViEUws; EuroVision and European Voice.

When the Agency was dealing with key topics, events or deliverables (annual conferences, presentation of ACER-CEER Market monitoring report), which were of interest to a wider audience, press briefings were organised and press releases launched.

Among general media, the Agency raised an increased interest in 2013 and was contacted by the main international as well as Slovenian media, given the location of the Agency.

ACER Annual Conference 2013 "Energy Markets: 2014 and Beyond"

"Energy Markets: 2014 and Beyond" was the main theme of the 2nd Annual Conference, held on 17 May 2013 in Ljubljana (Slovenia) (see also section Key events organised or participated by the Agency in 2013). The EU Commissioner for Energy, Günther Oettinger delivered the keynote speech. The Conference focused on what still needs to be achieved to meet the 2014 energy market integration goal set by the EU Council in 2011, for the benefit of European energy consumers and citizens, and the challenges awaiting the energy sector farther ahead.

Market Monitoring Report public presentation in Brussels

The second market monitoring report (see section 1.3.1 on Monitoring) was presented on 28 November 2013 in Brussels by the Agency and the CEER. Representatives from key energy players were present at its presentation.

Agency's major publications

Besides the official documents and specific reports, the Agency issued other annual reports:

•**Annual Activity Report:** The Agency reported on its activities and achievements of the previous year.

•**Annual Report on the results of monitoring the internal electricity and natural gas markets:** The Agency provided an assessment of the progress on the implementation of the Third Energy Legislative Package ('the 3rd Package') and on the completion of the internal energy market. This report was issued together with the CEER (see section 1.3.1 on Monitoring).

•**Annual Report on its activities under REMIT:** The Agency reported on its activities under the Regulation on wholesale energy market integrity and transparency (see section 1.4. on REMIT).

•**Status Review Report for the Electricity and Gas Regional Initiatives** (see chapter 1.3.2 on Regional initiatives): the Agency reported (also quarterly per sector) on the progress of the RIs in an effort to promote the early implementation of some of the most critical rules for the integration of the electricity and gas markets.

PART 2. MANAGEMENT

2.1 Administrative Board

The Administrative Board (AB) is the governing body of the Agency. It is charged with the appointment of its main bodies, including the Director. The AB also adopts the Agency work programme for the coming year and its multi-annual programme. It plays a central role in establishing the budget, including the drafting of the financial rules applicable to the Agency. Apart from its budgetary powers, the AB ensures that the Agency carries out its mission and performs the tasks assigned to it in accordance with the Agency Regulation. The AB met four times in 2013 (20 March, 13 June, 26 September and 12 December) and adopted the following decisions:

<i>Number, Title and Date of Adoption of AB Decisions</i>	
1. AB Decision on the policy on protecting the dignity of the person and preventing psychological harassment and sexual harassment	10/1/2013
2. AB Decision regarding the Agency administrative inquiries and disciplinary procedures	10/1/2013
3. AB Decision on the appointment of a new BoR alternate*	28/1/2013
4. AB Decision on the appointment of a new BoR member*	13/3/2013
5. AB Decision on the appointment of a new BoR member*	20/3/2013
6. AB decision on reimbursements of the BoR members	20/3/2013
7. AB Decision on the estimate and expenditure for 2014	20/3/2013
8. AB Decision on the MSPP 2014-2016	28/3/2013
9. AB Decision on the appointment of a new BoR member*	11/4/2013

10. AB Decision on the appointment of a new BoR member*	14/5/2013
11. AB Decision on the appointment of a new BoR alternate*	14/5/2013
12. AB Decision on the appointment of a new BoR member*	11/6/2013
13. AB Decision on the appointment of a new BoR alternate*	12/7/2013
14. AB decision on the amendment of the RoP of the AB	18/7/2013
15. AB Decision on the appointment of a new BoR member and alternate*	01/8/2013
16. AB Decision on the appointment of a new BoR alternate *	04/9/2013
17. AB Decision on the appointment of a new BoR alternate*	13/9/2013
18. AB Decision on the appointment of a new BoR member*	23/9/2013
19. AB Decision amending decision AB No 08/2010 of 28 November 2010 on Procedures and practical measures for applying Regulation No 1049/2001 on access to documents of the Agency	26/9/2013
20. AB Decision on the adoption of the appropriations transfers and amending the 2013 budget	31/10/2013
21. AB Decision on ACER budget 2014	12/12/2013
22. AB Decision on ACER Financial regulation	12/12/2013
23. AB Decision on permission to the Director to engage in academic cooperation with FSR in 2014	12/12/2013

*Appointment by the Chairman, acting pursuant to the delegatory powers granted by the Administrative Board via Decision AB 05bis/2010 of 21 September 2010.

2.2 External evaluations

Article 34(1) of Regulation (EC) No 713/2009 requires the Commission to carry out evaluations of the Agency's activities, within three years of the first Director taking up his duties and at least every four years afterwards. Evaluations cover the results achieved by the Agency and its working methods, in relation with its objective, mandate and tasks and its annual work programmes. The evaluation is based on extensive consultation. The Commission submits the evaluation to the Agency's BoR. The BoR issues recommendations regarding changes to this Regulation, the Agency and its working methods to the Commission, which may forward those recommendations, together with its own opinion as well as any appropriate proposal, to the European Parliament and the Council.

The European Commission issued its first evaluation of the Agency's activities on 22 January 2014, after a public consultation from 18/06/2013 to 18/09/2013 which attracted 16 responses. Given that the Agency formally assumed its role and responsibilities on 3 March 2011, the Commission's assessment mainly focused on the period from March 2011 to November 2013. The Recommendations of the BoR were adopted and released on 19 February 2014.

A key element of the Commission's Evaluation Report and of the BoR Recommendations is the recognition that since its establishment, the Agency has become a credible and respected institution and its tasks have been carried out efficiently, effectively and in a timely manner. Going forward, the Commission encouraged the Agency to strengthen further its regulatory control over the ENTSOs, and to play an active role as an arbiter when NRAs disagree or adopt incompatible approaches on cross-border issues, which impede a smooth functioning of the internal energy market. The Commission welcomed the positive contribution made by NRAs to the activities of the Agency, whilst encouraged the engagement of all NRAs in the valuable work undertaken by the Agency's Working Groups. Also, the Commission considered that staff of the Agency could play a more prominent role in these Working Groups. As regards communication and transparency, the Commission noted the positive results achieved by the public consultations, while, at the same time recommending improvements in the Agency's website to make it more informative and user-friendly. The BoR Recommendations highlighted that the Agency has been essential for further strengthening cooperation and coordination across national borders, including through its working arrangements, for introducing effective regulatory oversight at EU level and for supporting the emergence of a pan-EU perspective and the continuation of a cooperative European culture between

NRAs, in order to develop the internal energy market.

Ahead of the Commission's first evaluation, the Director himself commissioned an assessment of stakeholders' perception of the Agency's performance (in December 2012); as a result, action has been taken in 2013 in a number of areas, including the issuing of citizens' summaries on the Agency's acts and other related work, to ensure ACER's efficient operation, transparency and accountability.

2.3 Budgetary and financial management

2.3.1 Budget implementation by fund source

Subsidy from the general budget of the European Union

The approved EU subsidy for the Agency for the financial year 2013 amounted to €11,930,220, including a budget amendment amounting to €2,989,000 received in October 2013. There was no agreement reached for any contribution towards the Agency from the EFTA states.

ACER Budget 2013		€
Title I		5,094,799
Title II		3,399,009
Title III		3,436,412
Total		11,930,220

Nomenclature

The nomenclature of appropriations is as follows:

- C1: Appropriations voted in the current budget
- C4: Internal assigned revenue (current year)
- C8: Commitments carried forward corresponding appropriations
- IC1: Universal income voted in the budget
- IC4: Internal assigned revenue

The following table and chart present the budget implementation by fund source C1 (2013 budget):

Budget implementation current year – Fund source C1		31 December 2013 €
TITLE 1		
Budget		5,094,799.00
Committed		4,863,133.85
Paid		4,762,240.75
Carry forward		100,893.10
Carry over		0.00
Total expenditure		4,863,133.85
Appropriations not utilized		231,665.15
Executed		95.45%
TITLE 2		
Budget		3,399,009.00
Committed		3,367,162.42
Paid		1,495,346.94
Carry forward		1,871,815.48
Carry over		0.00
Total expenditure		3,367,162.42
Appropriations not utilized		31,846.58
Executed		99.06%
TITLE 3		
Budget		3,436,412.00
Committed		3,404,879.15
Paid		303,784.98
Carry forward		3,101,094.17
Carry over		0.00
Total expenditure		3,404,879.15
Appropriations not utilized		31,532.85
Executed		99.08%
TOTAL		
Budget		11,930,220.00
Committed		11,635,175.42
Paid		6,561,372.67
Carry forward		5,073,802.75
Carry over		0.00
Total expenditure		11,635,175.42
Appropriations not utilized		295,044.58
Executed		97.53%

Implementation of 2013 budget - fund source

C1

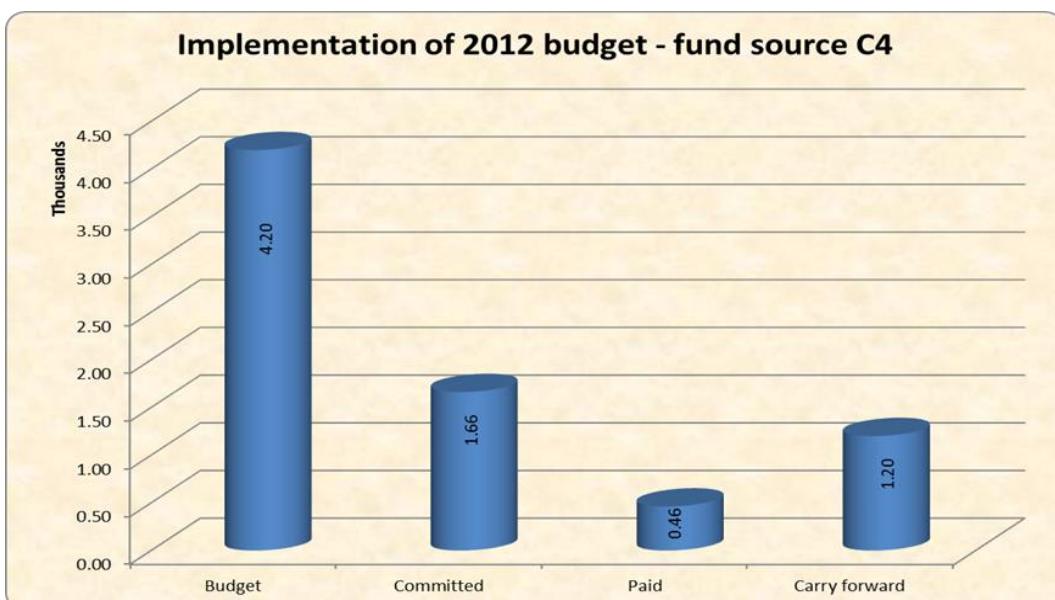


Other revenue recorded by the Agency as assigned revenue stemming from the fund source IC4 and amounting to €4,198.52 resulted from recovered overpaid amounts during the financial year 2013. From this assigned revenue, €1,661.61 was used towards the expenditure to which it had been assigned.

The following table and chart present the implementation of these appropriations for the period between 1 January and 31 December 2013:

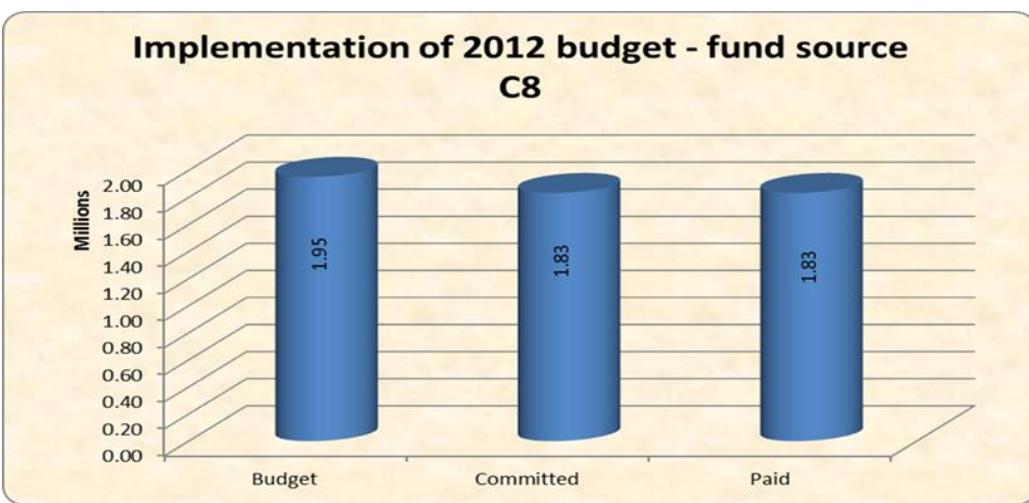
BUDGET IMPLEMENTATION CURRENT YEAR – FUND SOURCE C4		31 December 2013
		€
TITLE 1		
Budget		2,700.00
Committed		1,200.00
Paid		0.00
Carry forward		1,200.00
Total expenditure		1,200.00
Appropriations not utilized		1,500.00
Executed		44.44%
TITLE 3		
Budget		1,498.52
Committed		461.61
Paid		461.61
Total expenditure		461.61
Appropriations not utilized		1,036.91
Executed		30.80%

TOTAL	
Budget	4,198.52
Committed	1,661.61
Paid	461.61
Carry forward	1,200.00
Total expenditure	1,661.61
Appropriations not utilized	2,536.91
Executed	39.58%



In addition to the current year appropriations an amount of €1,951,409.40 was carried forward from the financial year 2012 to honour the payment appropriations from the commitments estimated by the Agency at that point in time. An amount of €1,832,595.01 was consumed by the end of the financial year 2013 with the difference of €118,814.39 to be returned to the Commission during the financial year 2014.

The following table presents the implementation of these appropriations for the period between 1 January and 31 December 2013:



BUDGET IMPLEMENTATION OF CARRIED FORWARDS FUNDS - FUND SOURCE C8		31 December 2013
TITLE 1		
Budget		219,014.05
Committed		129,252.59
Paid		129,252.59
Total expenditure		129,252.59
Cancelled carry-forwards		89,761.46
Executed		59.02%
TITLE 2		
Budget		1,651,902.63
Committed		1,630,250.40
Paid		1,630,250.40
Total expenditure		1,630,250.40
Cancelled carry-forwards		21,652.23
Executed		98.69%
TITLE 3		
Budget		80,492.72
Committed		73,092.02
Paid		73,092.02
Total expenditure		73,092.02
Cancelled carry-forwards		7,400.70
Executed		90.81%
TOTAL		
Budget		1,951,409.40
Committed		1,832,595.01
Paid		1,832,595.01
Total expenditure		1,832,595.01
Cancelled carry-forwards		118,814.39
Executed		93.91%

2.3.2 Budgetary outturn account

The Budgetary Outturn Account presents on a cash basis the actual amounts cashed as income and the amount of cash consumed to honour the payment of commitments, as well the amounts of unutilised and cancelled appropriations.

	31 December 2013 €	31 December 2012 €
INCOME		
Commission subsidy	11,930,220.00	7,241,850.00
Other income - assigned revenue	4,198.52	4,039.98
TOTAL INCOME	11,934,418.52	7,245,889.98
EXPENSES		
Expenditure related to employees of the Agency - Title I		
Payments	4,762,240.75	4,150,059.22
Carry-forwards	102,093.10	219,014.05
Agency's building and associated expenses - Title II		
Payments	1,495,346.94	447,374.60
Carry-forwards	1,871,815.48	1,651,902.63
Operational expenditure - Title III		
Payments	304,246.59	244,352.51
Carry-forwards	3,101,094.17	80,492.72
TOTAL EXPENSES	11,636,837.03	6,793,195.73
Total appropriations not utilised	297,581.49	448,654.27
BUDGETARY OUTTURN BEFORE SPECIAL ITEMS	297,581.49	452,694.25
Cancelled carry-overs	118,814.39	240,693.78
Exchange rate differences	(472.10)	(781.92)
BUDGETARY OUTTURN	415,923.78	692,606.11
Interest generated by the end of the financial year to be returned to the Commission	3,060.03	6,829.63
Total to be returned to the Commission	418,983.81	699,435.74

2.3.3 Budgetary management

Budgetary principles

The budget of the Agency has been established in compliance with the principles of unity, budgetary accuracy, annuality, equilibrium, unit of account, universality, specification, sound financial management and transparency, as set out in the

Agency's Financial Regulation.

Budget and accounting management systems

In order to record and keep track of the budgetary transactions, the Agency uses ABAC, the same financial system used by the Commission, with the SAP system integrated as back-end for the accounting part. The Business Objects web platform is used as the reporting tool. The workflow access in ABAC allows for an instant audit trail and provides the authorising officer with an overview on the compliance with the segregation of duties as required under the 'four-eyes' principle. The inventories are managed by the Agency in accordance with its Financial Regulation and the system used to record inventory items is ABAC Assets2.

REVENUE

For the financial year ending on 31 December 2013 the Agency's budget was funded by a subsidy from the general EU budget amounting to €11,930,220 (see 2.3.1). On top of the annual subsidy an amount of €4,198.052 was recognised under the fund source IC4 as assigned revenue stemming from recovered overpaid amounts.

Non-budgetary revenue in the form of bank interest received on the daily account balance amounting to €3,060.03 and recorded in the accounts of the Agency will be returned to the Commission according to Article 51 of the Agency's Financial Regulation. The positive result of the budgetary outturn amounting to €415,923.78, containing the unused 2013 appropriation of €297,581.49, the cancelled appropriations carried forward from 2012 amounting to €118,814.39 and an exchange rate loss of €472.10, will be returned to the Commission.

EXPENDITURE

Current year appropriations – C1

Title	Heading	Original Budget	Budget amendment	Final Budget	Commitments	Commitment execution	Payments	Payment execution
TITLE 1	EXPENDITURE RELATING TO EMPLOYEES OF THE AGENCY	5,886,199.00	0.00	5,094,799.00	4,863,133.85	95.45%	4,782,240.75	93.47%
TITLE 2	AGENCY'S BUILDING AND ASSOCIATED COSTS	2,652,609.00	0.00	3,389,009.00	3,367,162.42	99.08%	1,495,346.94	43.99%
TITLE 3	OPERATIONAL EXPENDITURE	402,412.00	2,989,000.00	3,438,412.00	3,404,879.15	99.08%	303,784.98	8.84%
	TOTAL BUDGET 2011	8,941,220.00	2,989,000.00	11,930,220.00	11,635,175.42	97.53%	6,561,372.67	55.00%

Title 1

The budget allocated under Title 1 was implemented to a level of 95.45% during the financial year 2013 (see also 2.3.1). The budgetary reserve set aside for salaries indexation was cancelled as the proposed indexation has not been approved.

Title 2

The Agency managed to finalise most of the tender procedures launched during the financial year 2013 and this resulted in a high implementation of the allocated budget under Title 2.

A few large, complex and lengthy (in terms of processing time) tender procedures led to a low implementation of the payment appropriations resulting in the need to carry forward these funds into the following financial year.

Title 3

The budget amendment requested during 2013 necessary to ensure continuity in the implementation of REMIT, received towards the end of October 2013. The Agency managed to place all the planned orders before the end of the year, which resulted in a high implementation of the commitment appropriation. However, the late approval of the budget amendment resulted in the need to carry forward these funds into the following year to honour the legal obligations and the implementation of the payment appropriations for this title remained low.

During the financial year 2013 the Agency did not pay any interest to its suppliers as all payments were done within the time limit of 30 days.

Current year assigned revenue – C4

Title	Heading	Assigned revenue	Commitments	Commitment execution	Payments	Payment execution
TITLE 1	EXPENDITURE RELATING TO EMPLOYEES OF THE AGENCY	2,700.00	1,200.00	44.44%	-	0.00%
TITLE 3	OPERATIONAL EXPENDITURE	1,498.52	461.61	30.80%	461.61	30.80%
	TOTAL	4,198.52	1,661.61	39.58%	461.61	10.99%

From the overpaid amounts recovered in 2013, amounting to €4,198.52 and recorded as assigned revenue for the financial year, an amount of €1,661.61 was used before the year end to cover expenditure for which it was assigned to.

Carry forward appropriation – fund source C8

Title	Heading	Budget carried forward from 2012	Commitments	Commitment execution	Payments	Payment execution
TITLE 1	EXPENDITURE RELATING TO EMPLOYEES OF THE AGENCY	219,014.00	129,252.59	59.02%	129,252.59	59.02%
TITLE 2	AGENCY'S BUILDING AND ASSOCIATED COSTS	1,651,903.00	1,630,250.40	98.69%	1,630,250.40	98.69%
TITLE 3	OPERATIONAL EXPENDITURE	80,492.00	73,092.02	90.81%	73,092.02	90.81%
	TOTAL	1,951,409.00	1,832,595.01	93.91%	1,832,595.01	93.91%

Title 1

Appropriations carried forward under Title 1 related mainly to recruitment costs for the vacant positions published during 2012, staff training costs, schooling fees and missions expenditure. The majority of cancelled appropriation related to the decision to stop the payment of schooling top-up fees. The cancelled amounts will be returned to the European Commission during 2014.

Title 2

Most of the appropriations carried forward under this title were consumed in order to honour obligations the Agency had towards its suppliers. The unused portion was cancelled and is to be returned to the Commission.

Title 3

Appropriations carried forward under this Title to cover outstanding operational expenditure from the financial year 2013 resulted in a minor saving given the margin recorded on mission orders which was no longer needed as most claims were generally matching the orders. A minor saving was also recorded under the production of reports leading to an overall implementation of the carried forward budget under this Title of 90.81%.

Budget transfers

During the financial year 2013 a number of budgetary transfers took place in order to reallocate resources from areas where budgetary savings were identified towards areas of scarce resources to ensure the achievement of the year's objectives. There were 12 sets of budgetary transfers made within and between titles, including one budget transfer above the 10% limit which was approved by the Administrative Board, with a total value of €1,743,986.90, affecting a total of 76 budget lines.

2.4 Assessment by management

In 2013 the Agency continued to further strengthen its existing tools, policies and procedures implemented to manage, control and monitor the achievement of strategic objectives and key milestones, and the efficient use of human and financial resources.

The control environment in place is working as intended and provides reasonable assurance that risks are considered and adequately controlled considering significant progress in the development of the Agency's functioning, and in particular:

- the functioning of the planning, monitoring and reporting processes;
- the Agency's risk assessment process, and
- the efficiency of the control procedures.

The introduced specific ex-ante controls have provided reasonable assurance on the legality and regularity of activities. They encompass the entire system of ex-ante controls and checks performed on both the operational and financial activities. The financial management has been strengthened by a number of measures, including by introducing clear guidelines on major processes and clear definitions of roles and responsibilities in the financial workflow.

Strict management supervision has been performed through regular review of the level of the implementation of the Annual Work Programme (AWP) activities, including assessment of involved risks and the definition of preventive measures, where relevant. Senior management was meeting on a monthly basis to discuss statutory deadlines and requirements, internal processes and operational milestones. The outcomes of these meetings were recorded and followed-up. Other coordination meetings, including departmental meetings, were held regularly during the year.

Specific planning and monitoring tools have been developed to inform and support effective management decision-making processes.

The ex-ante controls were complemented by the performance of specific ex-post checks and controls on a regular basis. Regular ex-post controls are performed with regards to financial transactions. The results from 2013 ex-post controls show that there have been no important or critical weaknesses in the Agency's management of financial transactions and significant improvement in the performance has been achieved compared to 2012.

Based on the results achieved in 2013 and the assurance received by the performed external and internal audits, taking into account also major developments in the Agency's tasks and responsibilities affecting its operational structure and the required resources, it can be concluded that the current control system provides reasonable assurance to the Authorising Officer and to the Authorising Officers by Delegation in their areas of responsibility.

2.5 Budget implementation tasks entrusted to other services and entities

No budget implementation tasks have been entrusted to other services and entities.

2.6 Assessment of audit results during the reporting year and follow up of recommendations and action plans for audits

2.6.1 Internal Audit Service (IAS)

In June 2013 the IAS carried out an audit on the topic "Planning, Budgeting and Monitoring" as foreseen in the IAS Strategic Audit Plan⁶ for the Agency for 2013-2015. The scope of the audit covered:

1. The annual planning process supporting the establishment of the 2013 AWP, including the improvements made in the 2014 planning cycle.
2. The process for the establishment of the budget for 2013 and 2014.
3. Monitoring of the Agency's activities, AWP implementation, and budget execution in 2012 and 2013.

⁶ IAS Strategic Audit Plan 2013-2015 for ACER, 2 May 2012.

Audit Opinion

The 2013 IAS audit resulted in seven observations and eleven recommendations (three rated as *Very Important* and eight rated as *Important*). Based on the results of the audit, the IAS has concluded in its Annual Report⁷ that the internal control system put in place by the Agency provides reasonable assurance regarding the achievement of the objectives established for planning, budgeting and monitoring, except for the three recommendations issued, rated as *Very Important*, to be audited within one year following the final report. Observations were formulated in the following areas:

- A. Multiannual planning
- B. AWP
- C. Procurement Planning and Monitoring
- D. Information and communication technology (ICT) planning
- E. Planning assumptions and allocation of resources
- F. Budgeting
- G. Monitoring

The Agency acknowledged the observations and respective recommendations and devised an action plan for their implementation. It has been endorsed by the IAS with a view to adequately address the risks and mitigate them. The action plan has been implemented as planned, without delays.

Follow-up of earlier recommendations

In 2013 the IAS also followed up on the implementation of its 2012 recommendations through a desk review of the information provided by the Agency on the status of important or desirable recommendations. By 31 December 2013 all recommendations have been closed.

2.6.2 European Court of Auditors (Court)

In March 2013 the Court carried out an audit on the 2012 annual accounts. The audit

⁷ Annual Internal Audit Report for 2013 under Article 72 (4) of the Framework Financial Regulation for the Agency for the Cooperation of Energy Regulators (ACER), 4 March 2014

mission comprised analytical audit procedures, direct testing of transactions and an assessment of key controls of the Agency's supervisory and control systems.

As a result of the audit, the Court considered that the Agency's annual accounts present fairly, in all material respects, its financial position as at 31 December 2012 and the results of its operations and its cash flows for the year then ended, in accordance with the provisions of its Financial Regulation and the accounting rules adopted by the Commission's accounting officer.

Opinion on the legality and regularity of the transactions

In Court's opinion, the transactions underlying the annual accounts for the year ended 31 December 2012 are legal and regular in all material respects.

The Court report contained five specific comments on the Agency top-up allowance for kindergarten and school fees, carry-over and commitment appropriations; budget transfers; cash deposits and recruitment procedures, which the Agency has acknowledged and addressed.

All recommendations, as agreed in the Agency action plan, have been implemented as planned. The documentation to finalise and close these has been sent to the Court.

The audit on the 2013 annual accounts took place in March 2014. Recommendations will be transmitted to the Agency later in 2014.

Follow-up of earlier recommendations

All recommendations, received with regards 2011 annual accounts, have been implemented by the Agency. One recommendation has been closed; other two have been implemented and reported to the Court.

2.7 Follow up of observations from the discharge authority

No additional comments or recommendations to those issued by the Court have been

made by the discharge authority with regards to 2011 annual accounts. The three recommendations issued by the Court have been implemented.

The Court made five comments with regards to 2012 annual accounts, all of which have been followed-up and implemented.

Three additional comments have been made by the discharge authority with regards to 2012 audit concerning the policy on prevention and management of conflict of interest; the publication of CVs and declarations of interests of the members of the Agency's bodies, senior management and the experts participating in the Agency's expert groups on the Agency's website; and a request to the Agency to communicate the results and impact its work has on European citizens in an accessible way, mainly through its website. The Agency is working to complete the implementation of these additional recommendations.

PART 3. ASSESSMENT OF THE EFFECTIVENESS OF THE INTERNAL CONTROL SYSTEMS

3.1 Risk Management

The Agency's reporting structures ensured that management was aware and followed closely the achievement of the 2013 objectives. The reporting system included regular management meetings, development and updating of reporting tools and overviews of achievement of results, and regular reporting on operational and key administrative activities. The absorption of the Agency's budget was monitored through weekly reports providing an overview on both commitments and payments.

Within this framework, the Agency's management considered the existing risk in several ways, including regular discussions at management meetings and through the development and monitoring of the Risk Register, action plans and concrete actions to mitigate identified risks.

The AWP outlined the activities and deliverables that contributed to the set objectives. A comprehensive set of processes was used to monitor and report on the AWP and human and financial resources. Both management and staff in key

functions were involved in the planning, risk assessment, monitoring and reporting to ensure the alignment of activities and a common understanding of the Agency's objectives.

A new monitoring approach was introduced in the course of 2013 for the AWP, based on a user friendly "traffic lights system", indicating whether activities were on track and implicitly assessing the risks involved. The system was based on the identified performance indicators for major activities, allowing the monitoring of progress and the updating of the objectives in case of significant changes and the identification of new risks during implementation. The system was subsequently further upgraded so as to include more explicitly the measures to be taken in case of delays. The traffic lights system was reviewed and discussed on a quarterly basis at the management meeting.

Following recommendations of the Internal Audit Service, towards the end of the year a revision of the system of performance indicators began, with the aim of making a distinction between performance indicators at activity/deliverable level and a selected number of KPIs intended to give management a clearer indication of whether the Agency's overall objectives were being met.

The Agency's annual risk assessment exercise for 2013 covered its operational, legal and administrative areas of activity. The aim of the 2013 Risk Register was to identify possible critical risks, assess their likelihood and impact on the achievement of the Agency's objectives, and determine the Agency's response to eliminate or mitigate the potential negative effects.

As a result of the exercise, management identified five main risks considered to be both likely and with a potential significant impact over the Agency activities. These risks related to:

1. The implementation of REMIT

In 2013 the Agency continued its activities for the full implementation of REMIT, in particular with respect to the market participants' registration process and the development of the data collection and monitoring systems. The Agency estimated that in 2013 these activities would require an investment in IT infrastructure in the order of € 3 million. However, the adopted budget envisaged financial resources for the Agency in the order of € 100,000. Additional financial resources were negotiated among the institutions, however the uncertainty over the timing of the transfer (in

the end completed in November) added, as expected, to the Agency's risks related to the meeting of the set objectives. Mitigating measures were put in place to ensure the rapid absorption of the additional funds as soon as they were made available.

2. The TEN-E Regulation

The Agency was called to perform activities assigned to it by the new TEN-E Regulation. The additional activities envisaged for the Agency, mainly in the area of the selection of PCIs, put an additional burden on the Agency's human resources.

3. Monitoring of the internal markets in electricity and natural gas

The main risks stemmed from the unavailability of data (for network access monitoring) and the potentially low reliability of NRAs' data on retail markets from different sources, as well as the consistency of data sources.

4. Framework Guidelines, Opinions on Network Codes, Recommendations, Decisions

The process for the preparation of Framework Guidelines and Reasoned Opinions on Network Codes was characterised by a level of risk, given the limited resources of the Agency, the process heavily involved experts from NRAs contributing to the AWGs on an entirely voluntary basis, and the level of their engagement could be reduced as a result of tighter resource constraints at national level.

5. Selection of final premises

Following the unsuccessful tender for the selection of the Agency's permanent premises in Ljubljana, in 2012, risks remained in relation to the delay in the selection of the final premises, considering the limited offer of bidders offering buildings meeting the necessary requirements. The procurement process was successfully completed in the course of 2013.

The above risks were successfully managed in the course of the year. The risk related to the implementation of REMIT proved to be, as expected, the major threat to the implementation of the Agency's objectives.

3.2 Compliance and effectiveness of Internal Control Standards

The Agency's internal control system has been established by Administrative Board Decision AB n° 08/2011 on the Adoption of Internal Control Standards (ICSs) and, following a review and assessment of the controls in place, revised by Administrative Board Decision AB n° 10/2012. It is structured around 6 major 'building blocks':

1. Mission and Values
2. Human Resources
3. Planning and Risk Management Process
4. Operations and Control Activities
5. Information and Financial Reporting
6. Evaluation and Audit

The system integrates all 16 ICSs, adopted by the Agency, which establish the overall internal control environment and provide assurance to the management on the sound financial and operational management towards achievement of objectives. Whereas compliance with the requirements of the ICSs in place has been achieved, the Agency's Internal Control Framework is constantly monitored to ensure controls in place work effectively. The control standards further set the desired framework for the quality of outputs and drive performance towards continuous improvement.

Along with the completion of the requirements of the ICSs, in 2013 the Agency focused on further strengthening the control environment by introducing improved controls in key areas through the setting up of internal instructions and relevant procedures. The specific actions, identified in an annual action plan, fall under prioritised control standards and feed into the Agency's ICSs Framework. The Agency's recommendations from internal and external audits and assessments also feed into this annual action plan, which is implemented under the responsibility of the Head of Administration/Internal Control Coordinator.

The annual action plan has been updated throughout the year. The results of the implementation of the prioritised standards are summarised as follows:

ICS 2: Ethical and Organisational Values

1) Training on Ethics and Integrity

The Agency has taken appropriate measures to foster its mission and values throughout the organisation. A welcome pack, including a code of good administrative behaviour, is distributed to all newly recruited staff. The Agency's Manual provides guidance on all administrative and organisational issues, including on ethical matters.

In 2013 the Agency has taken further measures to translate these rules into concrete terms through relevant training on Ethics and Integrity, offered to all staff. The training has also been included in the Agency's Learning and Development Framework.

2) Policies

Two new policies have been adopted by the Agency's Administrative Board: the Policy on protecting the dignity of the person and preventing psychological harassment and sexual harassment and the Policy on the administrative inquiries and disciplinary procedures. Both policies are considered not only as a step towards ensuring compliance with the requirements of the ICS, but also as promoting professional awareness and sensitivity towards such issues at the workplace. Both policies have been introduced at the Agency by delivering information training sessions for all staff.

ICS 4: Staff Evaluation and Development

1) Learning and Development Framework

Since its establishment, the Agency has been highly devoted to continuous staff learning and development activities. The aim is to further enhance the capability, knowledge and attitude of each individual so that every staff member could contribute to the achievement of objectives at Agency and department level. In order to streamline and further foster learning and development, the Agency has adopted a comprehensive Learning and Development Framework. It provides direction for professional and personal development of all staff members and contributes significantly to an efficient HR management of the Agency.

2) Guide for Applicants

In order to further streamline and ensure transparency of the selection process, in 2013 the Agency developed and published on its website a Guide for applicants. The guide answers the most frequently asked questions with regards to the application procedures for vacancies, announced by the Agency, and other HR-related issues. It provides general and practical information to potential applicants in preparing and submitting an application for open positions and guides them through the complete recruitment process, from eligibility criteria to the final selection.

ICS 5: Objectives and Performance Indicators

ICS 9: Management Supervision

1) Guidelines for preparing the Annual Work Programme

In 2013 the Agency developed and adopted internal Guidelines for preparing its AWP with the purpose to ensuring a consistent approach and providing guidance to staff involved in the process. The guidelines summarise the internal procedure for drafting the AWP, from the planning stage through its implementation, amendments, where necessary, and the KPIs implementation monitoring and revision. With the establishment of clear guidelines the Agency strives to further improve the definition of its activities and reinforce its performance measurement system, mainly the performance indicators, targets and deliverables.

2) Traffic Light System and revision of KPIs

In order to improve performance monitoring and to establish a system that signals potential delays or obstacles towards the achievement of objectives, functioning as an early warning system, in 2013 the Agency introduced a user friendly "Traffic Light System" (see also 3.1. and Annex I). This system supports monitoring on a quarterly basis, allowing for early indication of potential delays in activities, with particular attention to the follow-up actions in cases of delays or underperformance. In 2013 the Agency also improved the traffic lights system by clearly defining actions to be undertaken to address identified shortcomings or delays in the achievement of the objectives.

ICS 7: Operational Structure

1) ICT Strategy

In view of the implementation of the Internal Control Standards, and in order to ensure an alignment between the objectives of the Agency and the functioning, activities and plans of the IT section, in 2013 the Agency formally adopted an overall ICT Strategy, which has subsequently been endorsed by the Administrative Board.

Its long-term objective is to ensure that all the necessary ICT infrastructure and services required by staff to perform their duties are in place and that all new information systems are approved on the basis of a vision document. The ICT Strategy has been prepared taking into account the rules that apply to EU Agencies.

ICS 8: Processes and Procedures

ICS 13 Accounting and Financial Reporting

1) Guidelines for Budgeting

In order to enhance the description of the budgetary process and of the budgeting methodology, ensuring consistent approach to the implementation of procedures and clarity of financial decision-making, the Agency has developed and published detailed internal Guidelines for budgeting. The Guidelines strike a better balance between transparency, on the one side, and the principles of sound financial management (economy, effectiveness and efficiency), on the other side. They provide a comprehensive description of the budgeting process in the Agency from the planning stage to implementation and monitoring of budget execution. The Guidelines present a clear allocation of the responsibilities, internal deadlines, expected outputs, and methodological support to the actors involved, as well as support for budget line managers for the introduced zero line-item budgeting.

Conclusion

In 2013 the Agency continued to implement a comprehensive system of internal controls, performance and result-oriented management embedding risk management and ensuring a proportional approach to compliance and effectiveness of internal procedures and systems. The annual review of the internal control system and the risk assessment exercise of the Agency generate assurance on the correct functioning of the systems in place, verify results, identify potential concerns and

support corrective action planning.

No significant or material weaknesses of the Agency internal control system became evident in 2013. The results of the internal control system status review provide reasonable assurance for a positive assessment of compliance with all ICSs. The key developments which took place are the following:

- the improved controls through the performance monitoring, and in particular the revision of KPIs and the introduction of the "Traffic Light System";
- the improved processes and procedures via staff evaluation and development;
- the introduction of the ICT Strategy;
- the annual risk management process; and
- the results of the financial, procurement and human resources management processes.

The ICSs are working as planned and are thus providing reasonable assurance for the control of the risks related to the Agency performance indicators.

PART 4. MANAGEMENT ASSURANCE

4.1 Building Blocks of assurance

The building blocks of assurance, as described in part 2 and Part 3 above, underpin the reasonable assurance given by the Authorising Officer in his declaration of Assurance of the annual activity report. In summary:

Building block 1: Assessment by Management

Based on the control procedures performed by staff of the Agency, a positive conclusion on the legality and regularity of transactions could be drawn. This conclusion takes into consideration the need for the Agency to maintain a high level of efficiency of its internal control environment, to constantly assess and strengthen the existing controls (considering the cost-effectiveness and the estimated added value against the additional costs for the Agency) in order to maintain full compliance with the requirements of the 16 ICSs, and to ensure the achievement of objectives in its AWP.

Register of exceptions

The Agency has a procedure in place since 2011 for registering exceptions. Its overall objective is to establish appropriate arrangements to ensure that any exceptional circumstance of significant instances of overriding controls or deviations from the established regulatory framework are well explained, registered and reported in accordance with the principle of transparency. An exception must be documented, justified and approved at the appropriate level before any action is taken.

In 2013, no deviations and/or exceptions from the established procedures were registered, which further adds to the assurance provided.

Building block 2: Audit results during the reporting year

Since its establishment, the Agency has not received any critical recommendation from the internal and external auditors. 2013 was no exception and no critical recommendations were issued. Furthermore, all recommendations from previous years have been implemented as planned and reported in a timely manner. Some of them have been already approved by the respective authority.

External evaluation

The general conclusions and recommendations, drawn from the evaluation of the Commission in 2013, add further to the assurance provided by the Authorising Officer. The Commission Report⁸ provides a generally positive assessment and perception of the Agency as a credible and respected institution playing a prominent role in the EU regulatory arena, and provides valuable feedback on the areas to be improved.

Building Block 3: Follow-up of reservations from previous years

The declaration of assurance of the Authorising Officer in the Annual Activity Report 2012 did not contain any reservations.

⁸ Commission Evaluation of 22.01.2014 of the activities of the Agency for the Cooperation of Energy Regulations (ACER) under article 34 of Regulation (EC) 713/2009, C(2014) 242 final

Building Block 4: Assurance received from other AOs in cases of crossed sub-delegations

Not applicable.

4.2 Reservations

No reservations are to be made in the current Annual Activity Report.

4.3 Overall conclusions on assurance

Not applicable.

PART 5. DECLARATION OF ASSURANCE

I, the undersigned, Director of the Agency for the Cooperation of Energy Regulators,

In my capacity as authorising officer,

Declare that the information contained in this report gives a true and fair view.

State that I have reasonable assurance that the resources assigned to the activities described in this report have been used for their intended purpose and in accordance with the principles of sound financial management, and that the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.

This reasonable assurance is based on my own judgement and on the information at my disposal, such as the results of the self-assessment, ex-post controls, the observations of the Internal Audit Service and the lessons learnt from the reports of the Court of Auditors for years prior to the year of this declaration.

Confirm that I am not aware of anything not reported here which could harm the interests of the Agency.

Ljubljana, 10 June 2014

..... (signature)

Alberto Pototschnig

PART 6. ANNEXES

Annex I. Statistics on financial management

ECONOMIC OUTTURN ACCOUNT

<i>for the year ending 31 December 2013</i>	1 January - 31 December 2013 €	1 January - 31 December 2012 €
REVENUE		
European Commission subsidy	11,514,296.22	6,549,243.89
Other operating revenue	222,373.08	71.09
TOTAL OPERATING REVENUE	11,736,669.30	6,549,314.98
ADMINISTRATIVE AND OPERATIONAL EXPENSES		
Staff expenses	4,474,523.55	3,767,277.39
Fixed asset related expenses	193,198.48	163,348.70
Other administrative expenses	1,524,328.50	963,066.20
Operational expenses	574,308.30	447,366.67
TOTAL ADMINISTRATIVE AND OPERATIONAL EXPENSES	6,766,358.83	5,341,058.96
SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES	4,970,310.47	1,208,256.02
FINANCIAL OPERATIONS		
Financial operations expenses	52.29	300.00
SURPLUS / (DEFICIT) FROM FINANCIAL ACTIVITIES	(52.29)	(300.00)
ECONOMIC RESULT OF THE YEAR	4,970,258.18	1,207,956.02

BALANCE SHEET

ASSETS

<i>as of 31 December 2013</i>	1 January - 31 December 2013	1 January - 31 December 2012
	€	€
NON-CURRENT ASSETS		
Intangible fixed assets	1,324,759.39	20,402.97
Tangible fixed assets	440,087.51	401,064.16
Plant and equipment	1,218.27	1,710.22
Computer hardware	300,897.86	307,927.38
Furniture and vehicles	56,963.92	44,269.10
Other fixtures and fittings	81,007.46	47,157.46
TOTAL NON-CURRENT ASSETS	1,764,846.90	421,467.13
CURRENT ASSETS		
Short-term receivables	798,136.14	58,186.25
Current receivables	475,901.55	553.50
Sundry receivables	23,014.50	15,900.52
Prepaid expenses and accrued income	299,220.09	41,732.23
Cash and cash equivalents	5,468,548.31	4,215,005.25
TOTAL CURRENT ASSETS	6,266,684.45	4,273,191.50
TOTAL CURRENT AND NON-CURRENT ASSETS	8,031,531.35	4,694,658.63

EQUITY AND LIABILITIES

	1 January - 31 December 2013	1 January - 31 December 2012
	€	€
EQUITY		
Accumulated surplus/(deficit)	2,134,886.85	926,930.83
Economic result of the year	4,970,258.18	1,207,956.02
TOTAL EQUITY	7,105,145.03	2,134,886.85
CURRENT LIABILITIES		
Accounts payable	926,386.32	2,559,771.78
Current payables	0.00	8,948.77
Accrued expenses and deferred income	507,402.51	269,250.46
Accounts payable with consolidated entities	418,983.81	2,281,572.55
TOTAL CURRENT LIABILITIES	926,386.32	2,559,771.78
TOTAL EQUITY AND LIABILITIES	8,031,531.35	4,694,658.63

CASH FLOW STATEMENT

	1 January - 31 December 2013 €	1 January - 31 December 2012 €
Surplus/(deficit) from operating activities	4,970,310.47	1,208,256.02
Cash Flows from Operating Activities		
<u>Adjustments</u>		
Amortization (intangible fixed assets)	8,932.22	8,388.73
Depreciation (tangible fixed assets)	184,266.26	154,019.05
Depreciation (transferred fixed assets)	748.96	0.00
Amount written off (tangible fixed assets)	0.00	940.92
(Increase)/decrease in Short term Receivables	(739,949.89)	0.00
(Increase)/decrease in Other Liabilities	238,152.05	0.00
Increase/(decrease) in Current payables	(8,948.77)	0.00
Increase/(decrease) in Liabilities related to consolidated entities	(1,862,588.74)	0.00
Net Cash Flow from Operating Activities	2,790,922.56	1,371,604.72
Cash Flows from Investing Activities		
Purchase of tangible and intangible fixed assets	(1,537,327.21)	(97,312.81)
Net Cash Flow from Investing Activities	(1,537,327.21)	(97,312.81)
Financing Activities		
Financial operations revenues/expenses	(52.29)	(300.00)
Net Cash Flow from Financing Activities	(52.29)	(300.00)
Net increase/(decrease) in cash and cash equivalents	1,253,543.06	1,273,991.91
Cash and cash equivalents at the beginning of the period	4,215,005.25	4,215,005.25
Cash and cash equivalents at the end of the period	5,468,548.31	2,387,634.18

STATEMENT OF CHANGES IN NET ASSETS

Net Assets	Opening balance	Economic result of the year	Total Net Assets
	€	€	€
Balance as of 1 January 2013	2,134,886.85	0.00	2,134,886.85
Economic result of the year	0.00	4,970,258.18	4,970,258.18
Balance as of 31 December 2013	2,134,886.85	4,970,258.18	7,105,145.03

Annex II. Establishment plan

Category and grade	Establishment plan in EU Budget 2013		Modifications in 2013 in application of flexibility rule ⁹		Establishment plan in voted EU Budget 2014	
	Permanent posts	Temporary posts	Permanent posts	Temporary posts	Permanent posts	Temporary posts
AD 16	0	0	0	0	0	0
AD 15	0	0	0	0	0	0
AD 14	0	1	0	0	0	1
AD 13	0	0	0	0	0	0
AD 12	0	0	0	0	0	0
AD 11	0	4	0	0	0	4
AD 10	0	0	0	0	0	0
AD 9	0	2	0	0	0	2
AD 8	0	6	0	7	0	7
AD 7	0	6	0	5	0	5
AD 6	0	3	0	0	0	6
AD 5	0	12	0	0	0	14
Total AD	0	34	0	0	0	39
AST 11	0	0	0	0	0	0
AST 10	0	0	0	0	0	0
AST 9	0	0	0	0	0	0
AST 8	0	0	0	0	0	0
AST 7	0	0	0	0	0	0
AST 6	0	0	0	0	0	0

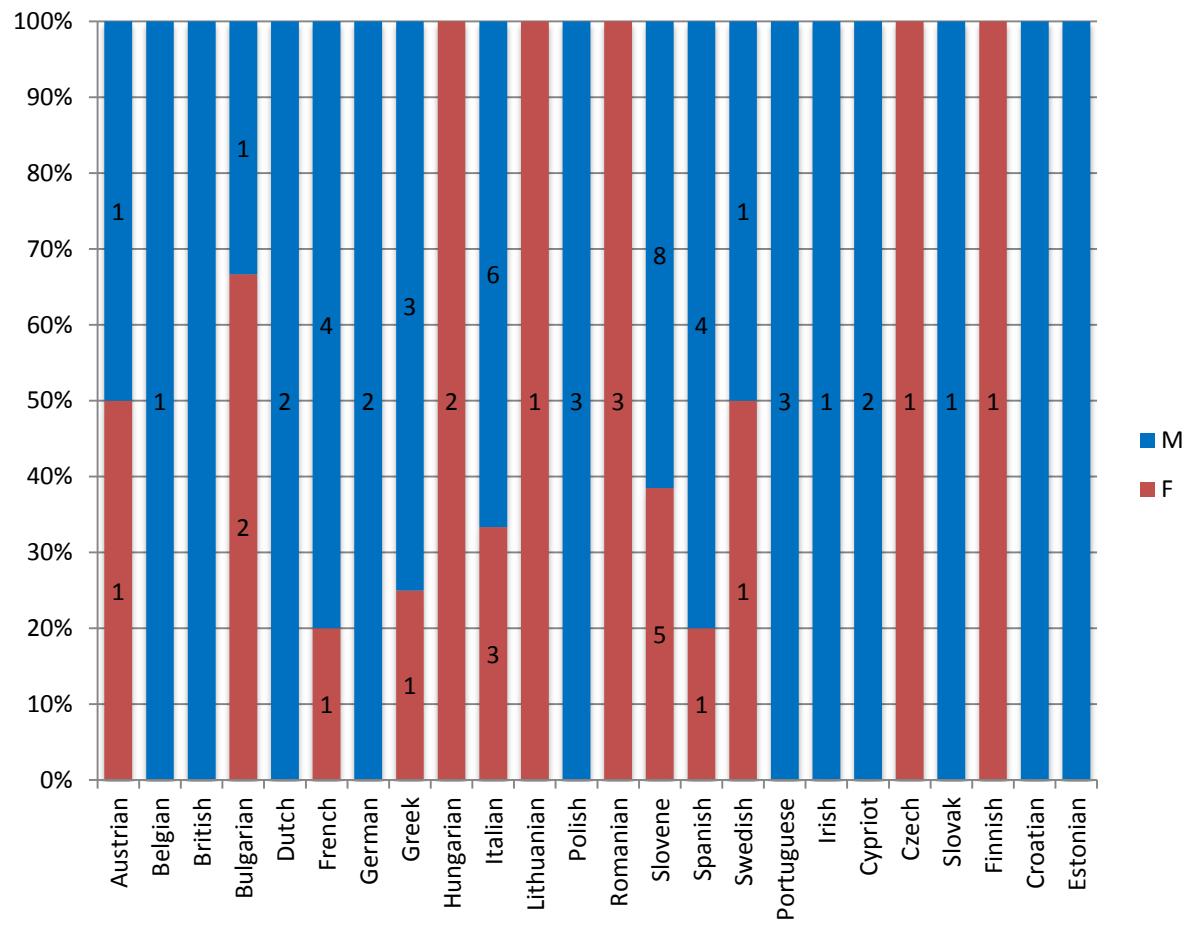
⁹ In line with Article 32 (1) of the framework Financial Regulation, the management board may modify, under certain conditions, the establishment plan by in principle up to 10% of posts authorised, unless the financial rules of the body concerned allows for a different % rate.

AST 5	0	1	0	0	0	0	1
AST 4	0	0	0	0	0	0	1
AST 3	0	14	0	0	0	0	13
AST 2	0	0	0	0	0	0	0
AST 1	0	0	0	0	0	0	0
Total AST	0	15	0	0	0	0	15
TOTAL	0	49	0	0	0	0	54

Geographical balance

On 31 December 2013 the Agency employed 54 staff members and had 15 SNEs of different geographical origin. Staff and SNEs come from 24 different EU countries (in order of number of employees representing the country): Slovenia, Italy, France, Spain, Greece, Bulgaria, Poland, Portugal, Romania, Austria, Cyprus, Germany,

Employees by nationality and gender

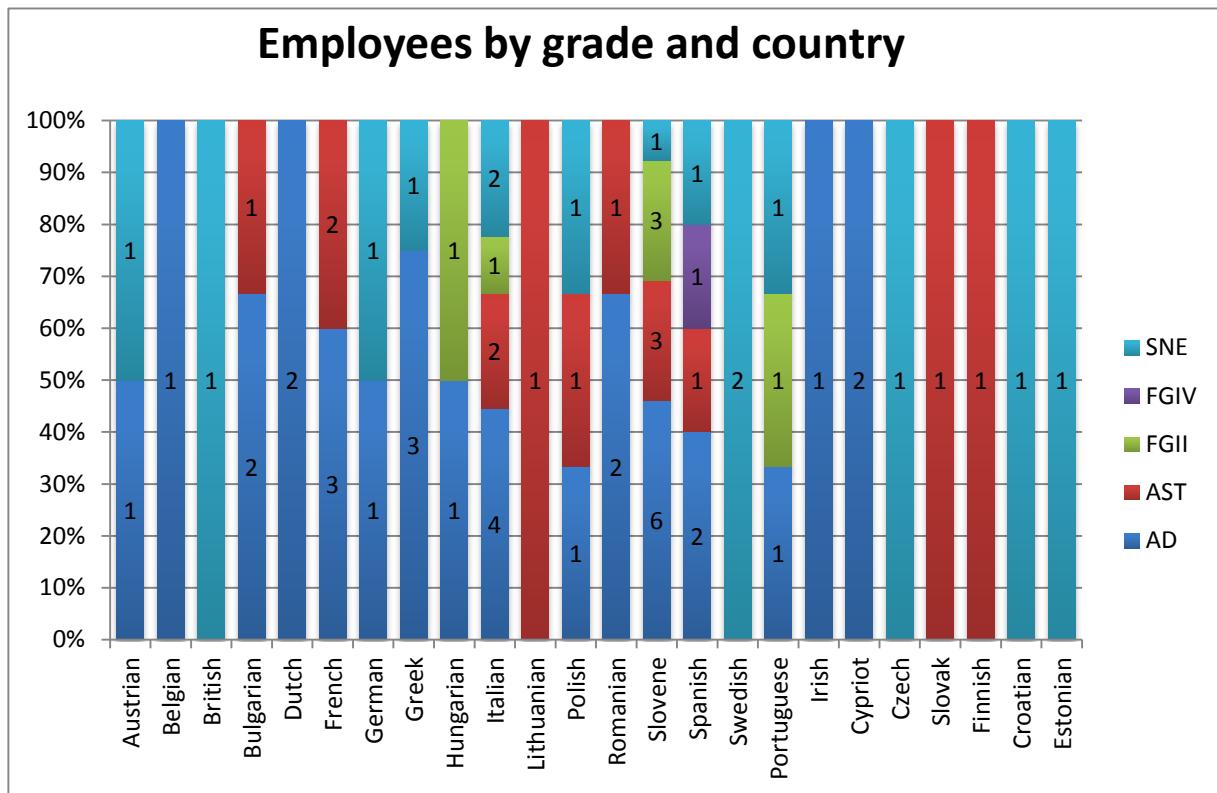


Hungary, The Netherlands, Sweden, Belgium, Croatia, Czech Republic, Estonia, Ireland, Finland, Lithuania, Slovakia and the United Kingdom.

The table and graph below represent an overview of the Agency's staff by country of origin and grade as of 31 December 2013, including those to whom offer letters have been sent and offers accepted and SNEs whose secondment was agreed with the seconding institution.

	AD	AST	FGII	FGIV	SNE	Grand Total
Austrian	1				1	2
Belgian	1					1
British					1	1
Bulgarian	2	1				3
Dutch	2					2
French	3	2				5
German	1				1	2
Greek	3				1	4
Hungarian	1		1			2
Italian	4	2	1		2	9
Lithuanian		1				1
Polish	1	1			1	3
Romanian	2	1				3
Slovene	6	3	3		1	13
Spanish	2	1		1	1	5
Swedish					2	2
Portuguese	1		1		1	3
Irish	1					1
Cypriot	2					2
Czech					1	1
Slovak		1				1
Finnish		1				1
Croatian					1	1
Estonian					1	1
Grand Total	33	14	6	1	15	69

Employees by grade and country as of 31 December 2013

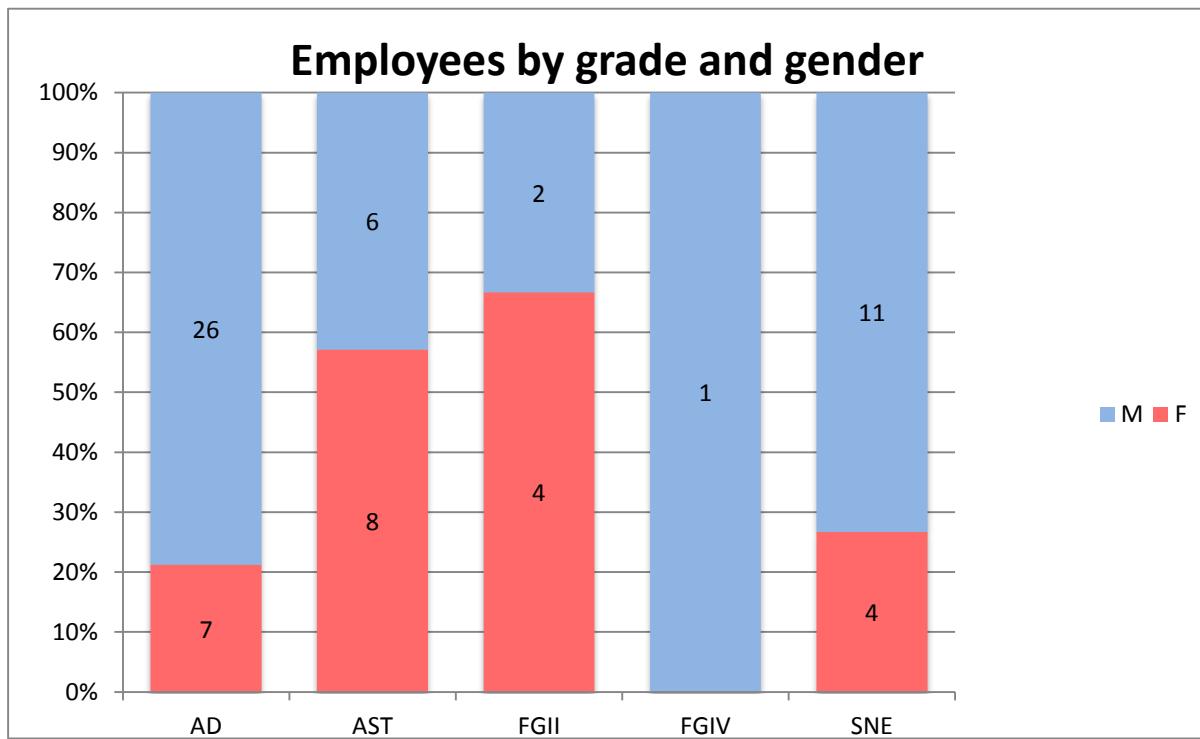


Gender balance

In accordance with Article 1d of the Staff Regulations and Articles 12(1) and 82(1) of the CEOS, the Agency applies an equal opportunities policy for its staff, adopting measures and taking actions to promote equal opportunities for men and women.

The graph below presents an overview of the Agency's staff by grade and gender as of 31 December 2013, including those to whom offer letters have been sent and offers accepted and SNEs whose secondment was agreed with the sending institution.

Employees by grade and gender as of 31 December 2013



Annex III Reporting on performance indicators

Performance indicators of the Agency in 2013

THE LEGEND

On track, no problems envisaged	A problem occurred or/and a delay is actual or envisaged	A problem or a delay occurred due to outside factors (for example: not received on time from x)	There is a slight delay or an issue that would still need to be completed, but the KPI is envisaged to be fulfilled, maybe with a slight delay	The KPI is fulfilled, the task completed	The KPI is fulfilled, the task completed with a small delay/issue

COMMUNICATIONS

DELIVERABLES/ACTIVITIES	PERFORMANCE INDICATORS	State of Play December 2013	Traffic lights December 2013
Print publications: Annual Report 2012	Positive feedback via the Annual reader survey	No survey was set-up. Software identified and to be put in place in 2014.	N.A.
Print publications: 2012 Regional Initiatives Status Review Report	Level of uptake in media, by stakeholders communication products	Infoflash and piece of news was published on the website 3 questions were received by specialised journalists 100 printed copies were sent to stakeholders	
Print publications: 2011 Market Monitoring Report	Number of hits on the ACER website	1.056 hits	
Events: Annual conference	Number of participants	150	

Events: Market Monitoring Presentation	Media coverage	<p>Press conference held</p> <p>Many Slovenian and international media The Conference had an excellent coverage both by specialised media on EU Energy matters from Brussels, London, Oslo and Stockholm (ICIS, PLATTS, MONTEL) as well as the main Slovenian written media, national radio and television. All of them attended the Press Conference. Furthermore the newswires by the Slovenian News Agency STA were later replicated by other European media.</p>	
	Positive feedback from the participants' satisfaction survey	Very satisfactory feedback, although no survey was set up.	
	Over 100 participants	Target achieved	

<p>Events:</p> <p>Workshop on the presentation of the draft Work Programme 2014</p> <p>Internal communication strategy update</p> <p>Staff satisfaction with internal communication</p> <p>Improvement of ACER intranet to make it a tool to support internal communication</p>	Media coverage	Excellent media coverage. Press conference at the EP and also energy journalists covering the presentation. High interest raised by the report. Many questions from journalists, experts, consultants, Governments and institutions.	
	Positive feedback from the Participants satisfaction survey	Good comments received, although no survey was set-up	
	May 2013 Number of participants	Date changed to 6 June Limited participation	
	By May 2013 Strategy update adopted by the management	Postponed to 2014	
	Strategy implemented by 80% by the end of 2013	Strategy being implemented. To be formally adopted in 2014	
	Positive feedback from staff via staff satisfaction survey	Following the survey, lunch conferences and staff newsletter were successfully introduced	
	Question included in the annual staff survey on the level of information shared by line managers	Included in the staff engagement survey that took place in the autumn	

Internal newsletter	<p>On a monthly basis</p> <p>A question on satisfaction with the internal newsletter in the survey</p>	Every issue of the internal newsletter contained a feedback question	
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ADMINISTRATION

DELIVERABLES/ACTIONS	PERFORMANCE INDICATORS	State of Play December 2013	Traffic lights December 2013
Premises	New premises occupied by the end of 2013.	All departments occupied the new premises at the beginning of December 2013.	
	A procurement procedure for additional furniture and appliances launched no later than within a month of the signing of the contract for the permanent premises.	ACER has joined the framework contract of the Commission /OIB.	
	More than 60% of the Agency staff satisfied with the fitting-out of the permanent ACER premises.	Completed with 95 % staff satisfaction rate.	
Human Resources	Achievement of minimum 90% of the recruitment targets on time.	Recruitment targets achieved on time for more than 90% for each staff category – TA and CA, and SNEs.	
	100% of the planned IRs adopted by the Agency, subject to the appropriate and on-time response of the DG HR regarding the interservice consultation.	The new SR have been adopted. The adoption of new IRs will be implemented in 2014 in line with the new procedure.	

Budget Implementation and Audit	ACER Learning and Development Framework in place by mid-2013.	The LDF has been adopted in 2013 and is regularly updated.	
	Increased number of training days provided to staff compared to 2012 by 10%, depending on the availability and allocation of budget for trainings.	Accomplished.	
	100% of ACER staff subject to performance appraisal undergo the 2013 exercise. Number of appeals less than 10%.	100% of staff have undergone performance appraisal. One appeal received (comprising less than 10% of the total).	
	95% execution of 2013 commitment appropriations.	97.53% execution of 2013 commitment appropriations was reached.	
	Minimum 70% execution of 2013 payment appropriations.	55% execution of 2013 payment appropriations was reached (due to the late receipt of 2.9 million EUR to ACER budget and approval of the amended budget on 31 October 2013).	
	Positive opinion of the IAS.	The Annual Internal Audit Report for 2013 has been received. No critical recommendations were made or open at the end of 2013.	
ICT Development	Successful transition of the ICT infrastructure to the new ACER permanent premises by the end of 2013, or in line with the removal plan.	The removal has been completed successfully.	

	<p>IT Project management framework applied by the first quarter of 2013.</p>	<p>The Framework has been presented to the ICT Steering Committee and implemented with MM Department.</p> <p>PM2 training has been organised and delivered at ACER premises.</p>	
	<p>Enhancements in ICT Security and ICT Disaster Recovery Plan performed to be completed by mid-2013.</p>	Completed.	

THE REGULATORY PRACTICE

DELIVERABLES/ACHIEVEMENTS	PERFORMANCE INDICATORS	State of Play December 2013	Traffic lights December 2013
Regulatory Cooperation	<p>Positive feedback from a survey measuring NRA satisfaction with the Agency's work in these areas</p>	<p>The Agency commissioned an external evaluator</p> <p>Overall perception by stakeholders: 7 to 7.5 out of 10</p>	

ELECTRICITY

DELIVERABLES/ACTIONS	PERFORMANCE INDICATORS	State of Play December 2013	Traffic lights December 2013
Reasoned opinion on the Network Code on long-term (forward) capacity allocation	The timely delivery of the Reasoned Opinion on the Network Code (by Q4 2013)	The reasoned Opinion was submitted to the Agency on 1 October 2013. The reasoned opinion was sent to the Commission and ENTSO-E in December	
Reasoned Opinion on the network code on DSO and industrial load grid connection rules in electricity	The timely delivery of the Reasoned Opinion on the Network Code (beginning of Q2 2013)	The reasoned Opinion and Recommendation was sent to the Commission in March	
Reasoned Opinions on the Network Codes on operational security, operational planning and scheduling and load-frequency control and reserves	The timely delivery of the Reasoned Opinion on each network code (Q1 2013 for operational security; Q2 2013 for operational planning and scheduling; Q3 2013 for load-frequency control and reserves)	The reasoned Opinions on the NCs on OS and OPS were sent to the Commission and ENTSO-E in May and June, respectively. The amended NCs on OS and OPS were submitted to the Agency on 24 September 2013. The Recommendations were sent to the Commission in November. The NC on LFCR was submitted to the Agency on 28 June 2013. The Reasoned Opinion and Recommendation were sent to the Commission in September.	
Reasoned Opinion on the Network Code on electricity balancing	The timely delivery of the Reasoned Opinion on the network code on electricity balancing (by Q1 2014)	In 2013, the Agency worked towards this objective. The deadline for the reasoned Opinion is 1 April 2014.	

<p>ITC compensation</p> <p>Two strands:</p> <p>1) Annual monitoring report on the implementation and management of the ITC fund in 2012</p>	<p>The timely delivery of the monitoring report on the implementation and management of the ITC fund in 2012 (August 2013)</p>	<p>The 2nd monitoring report on the implementation and management of the ITC fund was submitted to the Commission on 9 October.</p>	
<p>2) Proposal to the European Commission on the annual Cross-Border infrastructure compensation sum, and an opinion as to suitability of using long run average incremental costs for the assessment</p>	<p>The timely delivery of the proposal to the Commission on the annual cross-border infrastructure sum (March 2013)</p>	<p>The Agency did not submit any proposal on the annual cross-border infrastructure sum, but instead submitted in March a Recommendation to the Commission for a new regulatory framework related to ITC and an Opinion on the suitability of the LRAIC approach on 25 March 2013.</p>	
<p>Opinion on the appropriate range or ranges of transmission charges paid by producers for the period after 1 January 2015</p>	<p>Timely delivery of the opinion (December 2013)</p>	<p>The opinion has been prepared and discussed at the December BoR. At the request of the Commission, the delivery of the opinion has been postponed to April 2014.</p>	
<p>TYNDP and Regional investment plans:</p> <p>1) Opinion on the electricity national ten-year network development plans to assess their consistency with the Community-wide network development plan</p>	<p>Delivery (by the end of the year) of the opinion on consistency (depending on the actual availability of the national ten-year network development plans)</p>	<p>The work is on-going. For 2013, it is appropriate that this opinion focuses on consistency of projects (not of methodologies, which are still in progress). A questionnaire and plan to prepare this opinion have been approved at TF/WG level in October 2013.</p> <p>A delay is expected.</p>	

<p>2) Report on monitoring the implementation of the electricity Community-wide network development plans and the progresses as regards the implementation of projects to create new interconnector capacity</p>	<p>Delivery of the report on monitoring implementation of network developments (by the end of year 2013)</p>	<p>The work is on-going. A questionnaire and plan to prepare this report have been approved at TF/WG level in October 2013. A delay is expected.</p>	
<p>3) Opinion on ENTSO-E's draft Scenario Outlook & Adequacy Forecast 2013 as component part of the electricity Community-wide network development plan 2014</p>	<p>Delivery of the opinion on Scenario Outlook and Adequacy Forecast (Upon receipt of the Scenario Outlook and Adequacy Forecast 2013)</p>	<p>Whilst the SOAF 2013 has not been officially submitted to the Agency, a letter was sent to ENTSO-E and published on the website.</p>	
<p>4) Monitoring the regional cooperation of transmission system operators with regard to electricity regional investment plans as component part of the electricity Community-wide network development plan 2014</p>	<p>Continuous monitoring activity, which feeds into Agency's opinions</p>	<p>This monitoring will be included in the Agency's opinion of the 2014 TYNDP. No delay is expected.</p>	

GAS

DELIVERABLES/ACTION	PERFORMANCE INDICATORS	State of Play December 2013	Traffic lights December 2013
Reasoned Opinion on the Network Code on harmonised transmission tariff structures	The timely delivery of the Reasoned Opinion on the Network Code (Q4 2013 or Q1 2014)	At the request of the Commission the Agency extended the scope of the FG to include cost allocation methodologies. The BoR on 16 April 2013 informally endorsed the draft FG without the cost allocation chapter. The endorsed draft FG together with the draft Evaluation of Responses were published. The extension of the deadline (30 November 2013) to submit a FG for gas was confirmed by a letter of the Commission of 10 June 2013. The FG was adopted on 29 November 2013.	
Reasoned Opinion on Network Code on interoperability and data exchange rules	The timely adoption of the Reasoned Opinion on the Network Code (Q3 2013)	ENTSOG submitted its NC IOP & DE to ACER on 10 September 2013. The Reasoned Opinion was delivered to ENTSOG on 22 November. (Q4/2013) No deadline set by the Commission was missed.	
Reasoned Opinion on the Network Code on Balancing Rules	The timely delivery of the Reasoned Opinion on the Network Code (Q1 2013)	The Reasoned Opinion was issued on 25 January 2013. On 25 March 2013, ACER adopted its Recommendation No 03/2013 to EC on the NC BAL. After the Committee meetings of 11 July and 1-2 October 2013 the code was positively voted and later adopted by the Commission.	

Incremental Capacity amendment framework on Network Code on CAM and FG Tariffs	<p>The timely delivery of the amendment framework paper (Q4 2013)</p>	<p>CEER Blueprint published and handed over to ACER (8.8.2013) at the request of Commission and served as basis for the amendment framework issued by ACER in the form of a Non-binding "Guidance paper" to ENTSOG. The Guidance paper was issued and sent to ENTSOG on 30 November 2013.</p> <p>Tariff related incremental issues were not treated in this paper, but were handled in Chapter 3.5 of the FG Tariffs.</p>	
Implementation monitoring pilot: CMP	<p>Launch, design, data collection and delivery of a pilot implementation monitoring report.</p>	<p>CMP Guidelines (annex to GR715) published in the OJ 24 August 2012. EC/ACER launched NRA survey on CMP implementation status on 3 July13.</p> <p>ACER guidance on implementation was published on 9 August 2013.</p> <p>Application of CMP Guidelines since 1 October 2013.</p> <p>'Pilot' implementation monitoring (process & questionnaire) prepared by Q4/13.</p> <p>Data collection and agreement to the process proved to require more effort from the Agency, than initially planned.</p>	
TYNDP 1) Opinion or reasoned opinion with recommendations on the gas Community-wide ten-year network development plan	<p>Timely delivery of the relevant documents</p>	<p>TYNDP received on 10 July, The Opinion was adopted on 10 September.</p>	

<p>2) Reviews and recommendations on national ten-year network development plans with regard to their (in)consistency with the Community-wide network development plan</p>	<p>Agency's opinion on the Community-wide TYNDP provided September 10; consistency review conditional upon the availability of the national ten-year network development plans</p>	<p>Consistency of NTYNDP and TYNDP according to Article 8(11) of Regulation (EU) No 715/2009, recommendations in cases where inconsistencies are identified. Deadline for NTYNDP submissions was 31 March, de-facto submissions continued through July 2013.</p> <p>The release of reviews and recommendations is scheduled in the 2014 WP for 2014.</p>	
<p>3) Report on monitoring the implementation of the Community-wide network development plan and on the progress with the implementation of investment projects to create new interconnector capacity</p>	<p>Continuous monitoring activity, feeding into the Agency's opinions or provided separately if necessary</p>	<p>Deliverable due in 2014 under the 2014 WP.</p>	
<p>4) Monitoring the regional cooperation of transmission system operators with regard to regional investment plans</p>		<p>GRIPs Opinion was published in March 2013.</p>	

CROSS-SECTOR ISSUES

DELIVERABLES/ACTIONS	PERFORMANCE INDICATORS	State of Play December 2013	Traffic lights December 2013
MONITORING Annual Market Monitoring Report Report assessing the on-going national developments in the so-called capacity markets in electricity wholesale markets and their potential impact on the market integration process	Timely completion of the annual market monitoring report (November /December 2013- completion date, January 2014 - published version)	Final version published in November	
ACER Regional Initiatives Annual Status Review Report	Timely completion of the report (December 2013)	<p>The final text was published on 4 February 2014.</p> <p>The slight delay was due to late input from some NRA and slightly longer time dedicated to proof-reading.</p>	
On-line quarterly reports on the activities of the Electricity Regional Initiative On-line quarterly reports on the activities of the Gas Regional Initiative	<p>Progress against roadmaps will be reviewed via the RI Status Review Reports</p> <p>Timely completion of the online quarterly monitoring reports (January, April, July and November 2013)</p>	Both QRs for Q4 2013 were published in February 2014. The slight delay was due to the need to capture all developments relevant for the reports.	
MONITORING ENTSOs Report to the European Commission on the execution of the tasks of ENTSO-E and ENTSOG referred to in Art. 8(1), (2) and (3) of Regulation (EC) 714/2009 and Regulation (EC) 715/2009	Timely delivery of the report (by June 2013)	The letter to the Commission was sent in September 2013.	

<p>1) Opinions on ENTSO-E's and ENTSOG's annual work programmes</p>	<p>Timely delivery of the opinion on ENTSO-E's and ENTSOG's work programmes (Upon receipt of the 2014 Work Programmes from ENTSOs, the Agency will deliver its opinion within 2 months from the day of receipt (this work will be performed by the Agency staff in close cooperation with the Agency Working Groups))</p>	<p>Opinion on the ENTSO-E WP was adopted on 18 December 2013.</p>	
		<p>Opinion on the previous ENTSOG WP was adopted on 12 December 2012. No delay is expected. Opinion on ENTSOG AWP 2014 expected in November.</p>	
<p>2) Opinions on ENTSOs' annual reports.</p>	<p>Opinions provided upon receipt of ENTSOs relevant documents</p>	<p>Opinion on ENTSO-E Annual Report was adopted on 1 Aug 2013.</p>	
		<p>Opinion on the 2012 ENTSOG Annual Report was adopted on 28 June 2013.</p>	
<p>3) Opinions on ENTSOs' common network operation tools (CNOT) including a common incidents classification scale, and research plans.</p>	<p>Opinions provided upon receipt of ENTSOs relevant documents</p>	<p>ENTSOG did not submit the CNOT in 2013, due to other priorities and limited resources ENTSO-E indicated that they will update the document in the light of the final SO NC and will submitted a revised version to ACER in the course of 2014.</p>	<p>N.A.</p> 
		<p>Opinion on ENTSO-E research and development roadmap was adopted on 28 May 2013.</p>	
<p>4) Opinions on ENTSOs' annual summer and winter outlooks.</p>	<p>Delivery of the other documents listed on the left (Other opinions provided upon receipt of</p>	<p>Opinion on ENTSO-E winter outlook was adopted on 25 March 2013.</p>	

<p>5) Opinions on ENTSOs' recommendations relating to the coordination of technical cooperation between Community and third-country transmission system operators (RCTCBCTC)</p> <p>Opinion on the consistent application of the criteria and the CBA across regions [electricity transmission and storage projects, gas projects, electricity smart grid projects]</p> <p>Opinion on the methodology for a harmonised energy system-wide cost-benefit analysis at Union-wide level for</p>	<p>ENTSOs" relevant documents)</p>	<p>Opinion on ENTSO-E summer outlook was adopted on 29 November 2013.</p>	
		<p>Last Opinion on ENTSOG Winter supply outlook (WSO) was adopted on 12 February 2013.</p> <p>Opinion on ENTSOG Summer Supply Outlook (SSO) 2013 was adopted on 28 June 2013.</p>	
	<p>Delivery of the other documents listed on the left (Other opinions provided upon receipt of ENTSOs" relevant documents)</p>	<p>No submission by ENTSO-E. The Recommendations were not included in ENTSO-E Work Programme.</p>	N.A.
		<p>ENTSOG did not deliver RCTCBCTC in 2013, due to other priorities and limited resources.</p> <p>Planned in 2014.</p>	N.A.
	<p>Timely delivery of the deliverable (t.b.c. after the final EIP provisions)</p> <p>The deadline depends upon the submission of the lists of projects</p> <p>It is set within three months from the date of receipt, provisionally in July-August</p>	<p>ACER Opinions on the draft regional lists of proposed PCIs (for electricity and gas) were adopted on 18 July 2013.</p>	
	<p>Timely delivery of the opinion (3 months of the day of receipt of the methodology submitted by the ENTSOs)</p>	<p>ENTSO-E submitted its CBA methodology in November 2013. The opinion was adopted in 2014.</p>	

PCIs in the categories set out in points 1(a) to (d) and 2 [electricity transmission and storage projects, gas projects]		ENTSOG submitted its CBA methodology in November 2013. Opinion adopted in 2014. No delay was expected in 2013.	
On demand, decision on terms and conditions and operational security of cross-border interconnectors, when requested jointly by the concerned NRAs or when the concerned NRAs fail to take a decision within a predefined period (6 months, with possible extension)	Timely delivery of decision (up to 6 months from date of referral to the Agency)	Not relevant in 2013	N.A.
Opinion upon request of the Commission on decisions of national regulatory authorities on TSO certification	Timely delivery of the opinion to the Commission (2 months from the receipt of the Com request)	Not relevant in 2013	N.A.
Decisions on specific cases related to terms and conditions for access to cross-border interconnections and exemptions	Timely delivery of the decision (6 months from referral, unless additional information is required)	Not relevant in 2013	N.A.
Opinions and recommendations in the areas of its competence, to Member States, National Regulatory Authorities, the European Parliament, the Council and the European Commission	Delivery of opinion or recommendation (within 6 months of the request, except for issues requiring data collection/ surveys/ consultations)	Opinion on capacity markets (electricity) was adopted on 15 February 2013.	
Opinions and Recommendations of its own initiative, whenever this is appropriate, for	Delivery of Opinion or Recommendation (when necessary)	Recommendation on a new regulatory framework for ITC was adopted on 25 March 2013.	

<p>ensuring the proper functioning of the European Internal Energy Market</p>		<p>Recommendation for CBCA requests was adopted in September 2013.</p>	
<p>Decisions on the investment request, including cross-border cost allocation and the way the cost of the investments are reflected in the tariffs, upon request of the involved NRAs or if they fail to reach an agreement</p>	<p>Timely delivery (when necessary)</p>	<p>Decisions were not requested during 2013. Work is on-going for the preparation of a guidance on cross-border cost allocation decisions (electricity and gas). No delay is expected.</p>	<p>N.A.</p>

REMIT

DELIVERABLES/ACTIONS	PERFORMANCE INDICATORS	State of Play December 2013	Traffic lights December 2013
Contributions in the context of the adoption of the REMIT Implementing Act	<p>Timely adoption of ACER Recommendations (IA to be adopted by the end of 2013, Agency recommendations to be issued in Q3 2012, during 2013 further recommendations could be adopted where necessary and further support to the Commission might be required during the Comitology process)</p>	<p>1st set of recommendation provided to Commission on 23/10/2012, 2nd set of recommendation provided to Commission on 26/03/2013; ongoing bilateral discussions to support the Commission in drafting of implementing acts; Ongoing preparation of Registration User Manual, Transaction Reporting User Manual, Guidelines for the registration of RRM and RISs and technical specification document for the registration of RRM / RIS</p>	
Update of the ACER guidance on the application of REMIT definitions and cooperation with NRAs, including at regional level	<p>The timely adoption of ACER Guidance (3rd edition) (to be published in 2013 - indicatively Q2 2013)</p>	<p>Publication of 3rd edition on 29 October 2013</p>	

Development of IT solutions for the registration of market participants	Full deployment and running of the IT-system for registration earlier than the deadline envisaged by the Regulation, in order to allow more time to NRAs and market participants for completing the first phase of the registration (registration shall start no later than 3 months from the adoption of the IA)	Acceptance testing end 2013 Production depending on hosting services Commission's implementing acts were delayed beyond end 2013 and therefore modification of the initial time lines for the go-live of CEREMP; Go-live foreseen with the adoption of the Commission's implementing acts	
Development of IT solutions for the market surveillance, data collection, and data sharing between ACER and NRAs of wholesale energy markets	IT solution for market surveillance The timely awarding and execution of the procurement contract for market surveillance software and customization (preparation of a procurement contract for market surveillance software and customization in 2012 for awarded in Q1 2013 at the latest)	IT solution for market surveillance Specific contract concluded in 12/2012; Design study for surveillance software finalised end of 6/2013 and ongoing customisation of software ever since; Go-live envisaged in parallel with the Commission's implementing acts which were postponed by the Commission to 2014.	
	IT solution for data collection and sharing 1) The timely execution of the order for detailed analysis and	IT solution for data collection and sharing Delays in relaunching of IT consultancy tender and of late budget transfer limits possibility for consultancy in 2013	

	<p>2) software development of the data collection platform (Market monitoring under REMIT shall start 6 months after the implementing acts are adopted (in 2014))</p>	<p>Agile approach for software development: Kick-off of pilot project for data collection (and later data sharing) on 11 July 2013; Pilot project phase until 25 November 2013 (1st development cycle) 2nd development cycle from 12/2013 until 4/2014 3rd development cycle from 4/2014 until 7/2014 Delays because of late budget transfer and delayed Commission's Implementing Acts (currently expected for 2014)</p>	
	<p>REMIT contracts implemented during 2013</p>	<p>Framework contract (FWC) and specific contracts for market monitoring and registration software implemented, specific contracts for notification platform and pilot project for data collection and data sharing in preparation; FWC for hosting of infrastructure concluded in end 2013; FWC for IT consultancy pending</p>	

<p>Definition of the wholesale energy market monitoring strategy for the effective implementation of REMIT (detection of instances of market abuse), including cooperation with ESMA</p>	<p>Timely adoption of the Decision on format for coordination of NRAs' investigation activities on cross-border market abuse instances (market monitoring under REMIT) shall start 6 months after the IA are adopted (effectively by 2014), Agency Decision on the format for coordinating NRA's investigation activities on instances of cross-border market abuse: executed in Q4 2013</p>	<p>MoU with NRAs signed in July 2013; Ongoing cooperation with ESMA on the basis of an MoU signed in July 2013; Annual report presents ACER's market monitoring strategy; Market monitoring handbook will be developed in 2014</p>	
<p>Definition of mechanisms for sharing the information among the Agency, NRAs, ESMA and other authorities and of transparent rules for the dissemination of information.</p>	<p>Timely adoption of an ACER Decision or MoU with NRAs on mechanisms for information sharing with NRAs, competent financial authorities of the Member States, national competition authorities, ESMA and other relevant authorities; Timely issuing of public consultation (PC on the transparent rules for the dissemination of information)</p>	<p>Discussions with NRAs on a MoU on data sharing started in 2013, signing of an MoU with NRAs on data sharing in preparation for first half of 2014; PC on transparent rules for the dissemination of information on the European register of market participants issued on 7 November 2013.</p>	
		<p>MoU with NRAs signed in July 2013 Ongoing discussion in AMIT WG Orientation debate in the December BoR meeting Likely adoption in Q1/2014</p>	

<p>The annual report on ACER activities under REMIT</p>	<p>Timely submission of the first annual Report on REMIT implementation and of public consultations (it is likely that market monitoring under REMIT will not start until 2014 due to the lead times associated with the adoption of the IA; expected submission of the first Annual Report on REMIT: Q3/Q4 2013)</p>	<p>Publication on 5 November 2013.</p>	
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