

DECISION AB 04/2014

OF THE ADMINISTRATIVE BOARD

OF THE AGENCY FOR THE COOPERATION OF ENERGY REGULATORS

of 19 MARCH 2014

ON THE ESTIMATE OF REVENUE AND EXPENDITURE OF THE AGENCY
FOR THE FINANCIAL YEAR 2015

THE ADMINISTRATIVE BOARD OF THE AGENCY FOR THE COOPERATION
OF ENERGY REGULATORS,

Having regard to Regulation (EC) No 713/2009 of the European Parliament and of the Council of 13 July 2009 establishing an Agency for the Cooperation of Energy Regulators¹ (hereinafter referred to as the “Agency”), and, in particular, Article 23(1) thereof,

Having regard to the preliminary Agency draft budget for the financial year 2015 drawn up by the Director of the Agency pursuant to Regulation (EC) No 713/2009, and, in particular, Article 23(1) thereof,

Having regard to the reasoned Opinion of the Board of Regulators of 18 March 2014 on the preliminary Agency draft budget for the financial year 2015, attached to this decision,

Whereas:

- (1) The European Council, on 4 February 2011, confirmed that “*safe, secure, sustainable and affordable energy contributing to European competitiveness remains a priority for Europe*” and that “*the EU needs a fully-functioning, interconnected and integrated internal energy market*”. In this context, the Council set targets for the completion of the internal energy market by 2014 and the removal of energy islands by 2015.
- (2) Since its establishment, the Agency has been assigned with additional tasks and responsibilities, notably by Commission Regulation (EU) No 838/2010 of 23 September 2010 on laying down guidelines relating to the inter-transmission system operator compensation mechanism and a common regulatory approach to transmission charging² and Regulation (EU) No 1227/2011 of the European

¹ OJ L 211 14.8.2009, p.1.

² OJ L 250, 24.9.2010, p.5.

- Parliament and of the Council of 25 October 2011 on wholesale energy market integrity and transparency³ (hereinafter referred to as “REMIT”).
- (3) REMIT provides for the monitoring of wholesale energy markets by the Agency in close collaboration with National Regulatory Authorities.
 - (4) In this context, the establishment of the European register of market participants and the acquisition and processing, for monitoring purposes, of the records of transactions to be provided by market participants, or by other persons or authorities acting in their behalf, require the development by the Agency of dedicated IT platforms and data exchange protocols.
 - (5) The monitoring system under REMIT should become operational six months after the adoption by the Commission of the Implementing Acts on the records of transactions. Such adoption is expected early in 2014 at the latest.
 - (6) The current estimate of expenditure and revenue is based on the condition that funds will be available to the Agency already during 2014 to substantially complete the development of its dedicated IT platforms and data exchange protocols. On this basis, the Agency budget for the financial year 2015 includes provisions for the maintenance of the REMIT-related IT system and the provision of the additional staff required for operating the monitoring of wholesale energy markets in 2015.
 - (7) Regulation (EU) No 347/2013 of the European Parliament and of the Council on guidelines for trans-European energy infrastructure and repealing Decision No 1364/2006/EC and amending Regulation (EC) No 713/2009, (EC) No 714/2009 and (EC) No 715/2009 (hereinafter referred to as “TEN-E”),⁴ attributes additional tasks to the Agency in the selection of projects of common interest and in the monitoring of the development of such projects.
 - (8) The Agency budget for the financial year 2015 covers the new staffing for the implementation of the new tasks assigned under TEN-E.
 - (9) The provisions in both REMIT and TEN-E are instrumental for the achievement of the targets set by the European Council in February 2011.
 - (10) The Agency already benefits from the support of the National Regulatory Authorities in terms of personnel in the form of experts provided for the working groups established by the Agency and seconded national experts, as well as in terms of logistics, through the provision, free of charge, of an office in Brussels.

³ OJ L 326, 8.12.2011, p.1.

⁴ OJ L 115, 25.4.2013, p. 39.

- (11) On the basis of the above, the Director of the Agency has drawn up a preliminary draft budget for the financial year 2015.
- (12) On the basis of the preliminary draft budget, and taking into account the reasoned Opinion of the Board of Regulators, the Administrative Board shall make an estimate of revenue and expenditure of the Agency for the following financial year, pursuant to Article 23(1) of Regulation (EC) No 713/2009.

HAS ADOPTED THIS DECISION:

Article 1

The estimate of revenue and expenditure of the Agency for the financial year 2015, as detailed in Annex I, amounts to Euro 16 558 587.

Article 2

This decision shall enter into force on the day following that of its adoption and is transmitted to the Commission in the fulfilment of the obligations established in Article 23(1) of Regulation (EC) No 713/2009.

Done at Ljubljana, 19 March 2014.

For the Administrative Board:

For the Administrative Board

The Chairman

Piotr WOŹNIAK

SIGNED

Annex I: Agency Draft Budget 2015

Title Chapter	Heading	EU contribution	Assigned revenue 2013 surplus	Total budget 2015
		€s	€s	€s
TITLE 1	EXPENDITURE RELATING TO STAFF AND RESOURCES			
CHAPTER 11	STAFF IN ACTIVE EMPLOYMENT	10,535,786	326,715	10,862,501
CHAPTER 12	MISSIONS AND DUTY TRAVEL	159,586	4,949	164,535
CHAPTER 13	SOCIOMEDICAL INFRASTRUCTURE	29,098	902	30,000
CHAPTER 14	SOCIAL SERVICES	38,020	1,179	39,200
	TOTAL TITLE 1	10,762,490	333,745	11,096,236
TITLE 2	AGENCY'S BUILDING AND ASSOCIATED COSTS			
CHAPTER 20	AGENCY'S PREMISES COSTS	875,452	27,148	902,600
CHAPTER 21	DATA PROCESSING	333,168	10,332	343,500
CHAPTER 22	MOVABLE PROPERTY AND ASSOCIATED COSTS	289,813	8,987	298,800
CHAPTER 23	CURRENT ADMINISTRATIVE EXPENDITURE	996,936	30,915	1,027,851
CHAPTER 24	COMPUTER INFRASTRUCTURE TELECOMMUNICATION AND POSTAGE	154,703	4,797	159,500
	TOTAL TITLE 2	2,650,072	82,179	2,732,251
TITLE 3				
CHAPTER 30	REPRESENTATION EXPENSES	25,600	0	25,600
CHAPTER 31	OPERATIONAL MISSIONS	370,000	0	370,000
CHAPTER 32	STAKEHOLDER INVOLVEMENT, PUBLIC RELATIONS AND WEE	256,000	0	256,000
CHAPTER 33	TRANSLATIONS	70,500	0	70,500
CHAPTER 34	PROFESSIONAL INDEMNITY	8,000	0	8,000
CHAPTER 35	REMIT OPERATIONS	2,000,000	0	2,000,000
	TOTAL TITLE 3	2,730,100	0	2,730,100
	TOTAL BUDGET 2015	16,142,663	415,924	16,558,587

Annex II: ACER Detailed Draft Budget for the Financial Year 2015

Title Chapter Article Item	Heading	EU subsidy	Assigned revenue 2013 surplus	Total budget for the Financial year 2015	Remarks
9	REVENUE				
90	ANNUAL INCOME				
901	Subsidy from the EU general budget			16,142,663	This represents the annual operating subsidy from the European Union budget.
902	Others			415,924	Other revenue including assigned revenue of year N-2.
	CHAPTER 9 0 — TOTAL			16,558,587	
	TITLE 9 — TOTAL			16,558,587	
	GRAND TOTAL			16,558,587	
	EXPENDITURE				
1	EXPENDITURE RELATING TO STAFF AND RESOURCES				
11	STAFF IN ACTIVE EMPLOYMENT				
110	Temporary staff holding a post provided in the establishment plan				
1100	Basic salaries and correction	7,443,940	230,837	7,674,776	Staff Regulations of officials and Conditions of employment of other servants of the European Communities, and in particular Articles 62 and 66 thereof. This appropriation is intended to cover basic salaries and corrections for temporary staff.
1101	Family allowances	547,954	16,992	564,946	Staff Regulations of officials of the European Communities, and in particular Articles 62, 67 and 68 thereof and section I of Annex VII thereto. This appropriation is intended to cover the household, dependent child and education allowances for temporary staff
1102	Expatriation and foreign residence allowances	529,799	16,429	546,228	Staff Regulations of officials of the European Communities, and in particular Articles 62 and 69 thereof and Article 4 of Annex VII thereto. This appropriation is intended to cover the expatriation and foreign-residence allowances for temporary staff.
	Article 1 1 0 — Total	8,521,693	264,258	8,785,950	
111	Other agents				
1110	Contract agents	477,680	14,813	492,493	Conditions of employment of other servants of the European Communities, and in particular Article 4 and Title IV thereof. This item is intended to cover the remuneration and the employer's share of social security contributions for contract agent staff.
1111	Seconded National Experts	558,675	17,325	576,000	Various Seconded National Experts are placed at ACER to fulfil the need for assistance to the agency's work programme. This appropriation includes their daily and monthly allowances
	Article 1 1 1 — Total	1,036,355	32,137	1,068,493	
112	Further training, retraining and information for staff				
1120	Training and information for staff	208,533	6,467	215,000	Staff Regulations of officials of the European Communities, and in particular the third paragraph of Article 24 a) thereof. This also includes costs related to missions for training events and trainer expenses.
	Article 1 1 2 — Total	208,533	6,467	215,000	
113	Insurance against sickness, accidents and unemployment				
1130	Insurance against sickness	120,534	3,738	124,271	Staff Regulations of officials of the European Communities, and in particular Article 72 thereof. Rules on sickness insurance for officials of the European Communities, and in particular Article 23 thereof. This appropriation is intended to cover the employer's contribution and the official's contribution of the basic salary.
1131	Insurance against accidents and occupational disease	31,640	981	32,621	Staff Regulations of officials of the European Communities, and in particular Article 73 thereof. This appropriation is intended to cover the employer's contribution to insurance against accidents and occupational disease (0,875 % of the basic salary).
1132	Unemployment insurance for temporary staff	40,769	1,264	42,033	Council Regulation (ECSC, EEC, Euratom) No 2799/85 of 27 September 1985 amending the Staff Regulations of officials of the European Communities and the Conditions of employment of other servants of the European Communities. This appropriation is intended to insure temporary staff against unemployment.
	Article 1 1 3 — Total	192,943	5,983	198,926	

Title Chapter Article Item	Heading	EU subsidy	Assigned revenue 2013 surplus	Total budget for the Financial year 2015	Remarks
114	Miscellaneous allowances and grants				
1140	Birth and death grants	1,923	60	1,983	Staff Regulations of officials of the European Communities, and in particular Articles 70, 74 and 75 thereof. This appropriation is intended to cover: — the childbirth grant, — Death allowances payable in the event of the death of an official.
1141	Annual travel expenses from the place of work to origin	79,198	2,456	81,654	Staff Regulations of officials of the European Communities, and in particular Article 8 of Annex VII thereto. This appropriation is intended to cover the payment to staff members in each calendar year of a sum equivalent to the cost of travel from the place of employment to the place of origin for themselves and, if they are entitled to the household allowance, for the spouse and dependants.
1142	Schooling fees	193,985	6,015	200,000	This appropriation is intended to cover the additional schooling fees incurred by staff members for their children's education.
	Article 1 1 4 — Total	275,106	8,531	283,637	
115	Overtime				
1150	Overtime			p.m.	Staff Regulations of officials of the European Communities, and in particular Article 56 thereof and Annex VI thereto. This appropriation is intended to cover flat-rate payments or hourly-rate payments for overtime worked by temporary agents in categories AST 1 - AST4 whom it has not been possible to compensate by flexi-hours.
	Article 1 1 5 — Total	0	0	0	
116	Expenses on entering and leaving the service and on transfer				
1160	Expenditure related to Recruitment	87,293	2,707	90,000	Staff Regulations of officials of the European Communities, and in particular Articles 27 to 31 and 33 thereof. This appropriation is intended to cover the expenditure involved in recruitment procedures.
1161	Travel expenses taking up duty	3,880	120	4,000	Staff Regulations of officials of the European Communities, and in particular Articles 2 and 71 thereof and Article 7 of Annex VII thereto. This appropriation is intended to cover the travel expenses of staff (including members of their families) entering or leaving the service.
1162	Installation, resettlement and transfer allowances	12,734	395	13,129	Staff Regulations of officials of the European Communities, and in particular Articles 20 and 71 thereof and Article 9 of Annex VII thereto. This appropriation is intended to cover the removal costs of staff obliged to change residence after taking up their appointment or when transferred to a new place of work or when they definitively cease their duties and settle elsewhere.
1163	Temporary daily subsistence allowances	8,115	252	8,366	Staff Regulations of officials of the European Communities, and in particular Articles 20 and 71 thereof and Article 10 of Annex VII thereto. This appropriation is intended to cover the daily subsistence allowances due to staff able to prove that they were obliged to change their place of residence after taking up their duties (including transfer).
	Article 1 1 6 — Total	112,022	3,474	115,496	
117	Supplementary services				
1170	Supplementary clerical and interim services	140,639	4,361	145,000	This appropriation is intended to cover the services provided by interim agents employed to cover staffing needs where the establishment plan does not cover requirements as well as traineeship expenditure.
1171	Administrative Assistance	48,496	1,504	50,000	This appropriation is intended to cover the administrative assistance received from PMO in processing the salaries of temporary agents and contract agents and budget publication in the EU Official Journal.
	Article 1 1 7 — Total	189,135	5,865	195,000	
	CHAPTER 1 1 — TOTAL	10,535,786	326,715	10,862,501	
12	MISSIONS AND DUTY TRAVEL				
120	Mission expenses, travel expenses and incidental expenditure				
1200	Mission expenses Administrative staff	58,195	1,805	60,000	This appropriation is intended to cover expenditure related to mission of the Administrative department.
1201	Mission expenses - Director	48,496	1,504	50,000	This appropriation is intended to cover expenditure related to the missions of the Director.
1202	Mission expenses Director office staff	52,895	1,640	54,535	This appropriation is intended to cover expenditure related to missions of the Director office staff.
	Article 1 2 0 — Total	159,586	4,949	164,535	
	CHAPTER 1 2 — TOTAL	159,586	4,949	164,535	

Title Chapter Article Item	Heading	EU subsidy	Assigned revenue 2013 surplus	Total budget for the Financial year 2015	Remarks
13	SOCIOMEDICAL INFRASTRUCTURE				
130	Medical service				
1300	Medical services and equipment	29,098	902	30,000	Staff Regulations of officials of the European Communities, and in particular Article 59 thereof and Article 8 of Annex II plus purchase of medical supplies and equipment.
	Article 1 3 0 — Total	29,098	902	30,000	
	CHAPTER 1 3 — TOTAL	29,098	902	30,000	
14	SOCIAL SERVICES				
140	Social services				
1400	Special assistance grants			p.m	This item is intended to cover assistance in the form of cash which may be granted to an official, former official or survivors of a deceased official who find themselves in difficult circumstances.
1401	Social welfare of staff	26,382	818	27,200	This appropriation is intended to cover expenditure by the Agency on the social welfare activities of its staff, including schooling informative events.
	Article 1 4 0 — Total	26,382	818	27,200	
141	Staff Committee				
1410	Staff Committee	11,639	361	12,000	This appropriation is intended to cover the costs such as missions or other administration costs of the Staff Committee representing the staff of ACER.
	Article 1 4 1 — Total	11,639	361	12,000	
	CHAPTER 1 4 — TOTAL	38,021	1,179	39,200	
	TITLE 1 — TOTAL	10,762,491	333,745	11,096,236	
2	AGENCY'S BUILDING AND ASSOCIATED COSTS				
20	AGENCY'S PREMISES COSTS				
200	Rental costs				
2000	Rent	561,585	17,415	579,000	This appropriation is intended to cover the rental costs of ACER premises.
2001	Removal costs	5,820	180	6,000	This appropriation is intended to cover the costs related to the removal of furniture and equipment to new premises.
	Article 2 0 0 — Total	567,405	17,595	585,000	
201	Utilities and Services				
2010	Utilities	146,458	4,542	151,000	This appropriation is intended to cover the utility costs like: water, gas, electricity, waste collection.
2011	Cleaning and maintenance	69,834	2,166	72,000	This appropriation is intended to cover the costs of cleaning and maintenance of the premises.
	Article 2 0 1 — Total	216,293	6,707	223,000	
202	Insurance				
2020	Insurance	4,850	150	5,000	This appropriation is intended to cover the insurance policy premiums including insurance of the building occupied by ACER and its assets.
	Article 2 0 2 — Total	4,850	150	5,000	
203	Security of buildings and persons				
2030	Security and surveillance of buildings	40,737	1,263	42,000	This appropriation is intended to cover expenditure on buildings connected with security and safety in particular loss, theft, unauthorized use or access, and other internal or external threats.
2031	Health and safety at work	9,311	289	9,600	This appropriation is intended to cover for the costs of health and safety issues at the work place.
	Article 2 0 3 — Total	50,048	1,552	51,600	
204	Other expenditure on buildings				
2040	Other expenditure on buildings	19,398	602	20,000	This item is intended to cover expenditures on buildings, renovations and refurbishment including the upgrade and maintenance of existing facilities.
2041	Audio & Video equipment-maintenance	17,459	541	18,000	This appropriation is intended to cover the repair and maintenance costs of audio/video equipment.
	Article 2 0 4 — Total	36,857	1,143	38,000	
	CHAPTER 2 0 — TOTAL	875,452	27,148	902,600	
21	DATA PROCESSING				
	Equipment, data processing equipment and operating costs				
210	Equipment, data processing equipment and operating costs				
2100	Consumables	13,094	406	13,500	This appropriation is intended to cover the cost of consumables.
2101	Software	58,195	1,805	60,000	This appropriation is intended to cover the purchase/licensing of software.
2102	Subscriptions IT	184,285	5,715	190,000	This appropriation is intended to cover the subscription costs to various support services and shared applications such as ABAC, Business Objects, ABAC Assets etc.
2103	Disaster recovery site	77,594	2,406	80,000	This appropriation is intended to cover the expenditure related to the establishment and maintenance of a disaster recovery site.
	Article 2 1 0 — Total	333,168	10,332	343,500	
	CHAPTER 2 1 — TOTAL	333,168	10,332	343,500	

Title Chapter Article Item	Heading	EU subsidy	Assigned revenue 2013 surplus	Total budget for the Financial year 2015	Remarks
22	MOVABLE PROPERTY AND ASSOCIATED COSTS				
221	Purchase, hire, maintenance and repair of furniture				
2210	Purchase of furniture	87,293	2,707	90,000	This appropriation is intended to cover the purchase of furniture.
	Article 2 2 1 — Total	87,293	2,707	90,000	
222	Transportation				
2220	Transportation costs	90,979	2,821	93,800	This appropriation is intended to cover the costs of parking, cabs and hire of vehicles.
	Article 2 2 2 — Total	90,979	2,821	93,800	
223	Documentation and library expenditure				
2230	Library Acquisitions	111,541	3,459	115,000	This appropriation is intended to cover the purchase of hard copies or electronic material, e.g. books, reference works or CD's etc. to support and strengthen the knowledge of the agency.
	Article 2 2 3 — Total	111,541	3,459	115,000	
	CHAPTER 2 2 — TOTAL	289,813	8,987	298,800	
23	CURRENT ADMINISTRATIVE EXPENDITURE				
230	Stationery and office supplies				
2300	Stationery and office supplies	40,737	1,263	42,000	This appropriation is intended to cover the purchase of paper and office supplies.
	Article 2 3 0 — Total	40,737	1,263	42,000	
231	Financial charges				
2310	Bank charges	970	30	1,000	This appropriation is intended to cover bank charges in relation to the bank accounts hold by the agency.
	Article 2 3 1 — Total	970	30	1,000	
232	Legal expenses				
2320	Legal expenses	19,398	602	20,000	This appropriation is intended to cover legal costs and the services of lawyers or other experts.
2321	Expert consultations	685,056	21,244	706,300	This appropriation is intended to cover the expert consultation costs of ACER.
	Article 2 3 2 — Total	704,455	21,845	726,300	
233	Other operating expenditure				
2330	Administrative Board meetings	34,917	1,083	36,000	This appropriation is intended to cover the costs for the members of the Administrative Board participating to meetings during the year.
2331	Regulators Board meetings	169,980	5,271	175,251	This appropriation is intended to cover the costs for the members of the Regulatory Board participating to meetings during the year.
2332	Board of Appeal meetings	14,549	451	15,000	This appropriation is intended to cover the costs for the members of the Appeal Board participating to ACER meetings during the year and the costs of the secretarial support.
2333	External Participants to meetings	10,475	325	10,800	This appropriation is intended to cover the costs of external participants to meetings organised by ACER.
2334	EU Agencies Network	20,853	647	21,500	This appropriation is intended to cover the costs of the liaison office in Brussels of the coordination of EU agencies and the IAAN meeting.
	Article 2 3 3 — Total	250,774	7,777	258,551	
	CHAPTER 2 3 — TOTAL	996,936	30,915	1,027,851	
24	COMPUTER INFRASTRUCTURE TELECOMMUNICATION AND POSTAGE				
240	Postal charges				
2400	Postal charges	9,699	301	10,000	This appropriation is intended to cover expenditure on postal and delivery charges, including parcels.
	Article 2 4 0 — Total	9,699	301	10,000	
241	Telecommunications				
2410	Telecommunications subscriptions and charges	65,470	2,030	67,500	This appropriation is intended to cover all telecom related running costs, including fixed lines, mobile telephones and Internet access.
	Article 2 4 1 — Total	65,470	2,030	67,500	
242	Equipment and Computer infrastructure				
2420	Hardware and other equipment	79,534	2,466	82,000	This appropriation is intended to cover the purchase of hardware and other equipment for new post holders.
	Article 2 4 2 — Total	79,534	2,466	82,000	
	CHAPTER 2 4 — TOTAL	154,703	4,797	159,500	
	TITLE 2 — TOTAL	2,650,072	82,179	2,732,251	

Title Chapter Article Item	Heading	EU subsidy	Assigned revenue 2013 surplus	Total budget for the Financial year 2015	Remarks
3	OPERATIONAL EXPENDITURE				
30	REPRESENTATION EXPENSES				
300	Entertainment and Representation expenses				
3000	Representation expenses - Director office	5,000	0	5,000	This appropriation is intended to cover costs relating to representation on behalf of ACER.
3001	Representation expenses - Administration	3,600	0	3,600	This appropriation is intended to cover costs relating to representation on behalf of ACER.
3002	Representation expenses - Electricity	6,000	0	6,000	This appropriation is intended to cover costs relating to representation on behalf of ACER.
3003	Representation expenses - Market Monitoring	6,000	0	6,000	This appropriation is intended to cover costs relating to representation on behalf of ACER.
3004	Representation expenses - Gas	5,000	0	5,000	This appropriation is intended to cover costs relating to representation on behalf of ACER.
	Article 3 0 0 — Total	25,600	0	25,600	
	CHAPTER 3 0 — TOTAL	25,600	0	25,600	
31	OPERATIONAL MISSIONS				
310	Missions				
3100	Operational Missions - Gas Department	110,000	0	110,000	This appropriation is intended to cover costs of missions related to operational issues of the Gas department.
3101	Operational Missions - Electricity Department	135,000	0	135,000	This appropriation is intended to cover costs of missions related to operational issues of the Electricity department.
3102	Operational Missions - Market Monitoring Department	125,000	0	125,000	This appropriation is intended to cover costs of missions related to operational issues of the Market Monitoring department.
	Article 3 1 1 — Total	370,000	0	370,000	
	CHAPTER 3 1 — TOTAL	370,000	0	370,000	
32	STAKEHOLDER INVOLVEMENT, PUBLIC RELATIONS AND WEBSITE				
320	Stakeholder Involvement, Public Relations & Website				
3200	Public hearings, workshops, conferences	135,900	0	135,900	This appropriation is intended to cover the cost of public relations activities including workshops organised by ACER.
3201	Website set-up and maintenance	59,500	0	59,500	This appropriation is intended to cover the costs of setting-up and maintenance of the website as primary communication tool with external party in the co-operation process.
3202	Publications, information material	33,500	0	33,500	This appropriation is intended to cover the cost of promotional material informing the public on ACER's activities.
3203	Reports production	27,100	0	27,100	This appropriation is intended to cover costs relating to the production and distribution of agency's reports.
	Article 3 2 0 — Total	256,000	0	256,000	
	CHAPTER 3 2 — TOTAL	256,000	0	256,000	
33	TRANSLATIONS				
330	Translation of documents				
3300	Translation at CDT	70,500	0	70,500	This appropriation is intended to cover the translation of materials or other operational needs of ACER.
	Article 3 3 0 — Total	70,500	0	70,500	
	CHAPTER 3 3 — TOTAL	70,500	0	70,500	
34	PROFESSIONAL INDEMNITY				
340	Liability Insurance				
3400	Insurance	8,000	0	8,000	This appropriation is intended to cover the liability insurance costs.
	Article 3 4 0 - Total	8,000	0	8,000	
	CHAPTER 3 4 - TOTAL	8,000	0	8,000	
35	REMIT OPERATIONS				
350	REMIT Operations				
3500	Hosting deployment and operations	200,000	0	200,000	This appropriation is intended to cover the expenditure related to the REMIT hosting services.
3501	ARIS development, licences, subscriptions and fees	750,000	0	750,000	This appropriation is intended to cover the expenditure related to the development of REMIT applications.
3502	SMARTS development, licences and consultancy	500,000	0	500,000	This appropriation is intended to cover the expenditure related to REMIT monitoring software.
3503	IT and expert consultancy	500,000	0	500,000	This appropriation is intended to cover the expenditure related to consultancy services for REMIT.
3504	REMIT hardware	50,000	0	50,000	This appropriation is intended to cover the costs related to IT hardware purchase for REMIT.
	Article 3 5 0 - Total	2,000,000	0	2,000,000	
	CHAPTER 3 5 - TOTAL	2,000,000	0	2,000,000	
	TITLE 3 — TOTAL	2,730,100	0	2,730,100	
	GRAND TOTAL	16,142,663	415,924	16,558,587	

BOARD OF REGULATORS OPINION no 1 /2014

ON THE PRELIMINARY DRAFT BUDGET OF THE AGENCY FOR 2015 FINANCIAL YEAR

HAVING REGARD to Regulation (EC) No 713/2009 of the European Parliament and of the Council of 13 July 2009, establishing a European Agency for the Cooperation of Energy Regulators (hereafter referred to as "Regulation (EC) No 713/2009" and the "Agency", respectively), and, in particular, Article 23(1) thereof;

HAVING REGARD to Decision 01/2010 of the Board of Regulators adopting its Rules of Procedure (hereafter referred to as the "Rules of Procedure") as modified by Decision 03/2012 and Decision 01/2014 and, in particular, Article 6 thereof;

HAVING REGARD to the Director's preliminary draft budget for 2015 financial year submitted for the Board of Regulators, pursuant to Article 23(1), and providing the basis for the estimate of revenue and expenditure of the Agency for the 2015 financial year to be prepared by the Administrative Board;

HAVING REGARD to the draft Multi-annual Staff Policy Plan 2015-2017 prepared by the Director accompanying the preliminary budget.

WHEREAS

- (1) The European Council, on 4 February 2011, confirmed that "safe, secure, sustainable and affordable energy contributing to European competitiveness remains a priority for Europe" and that "the EU needs a fully-functioning, interconnected and integrated internal energy market". In this context, the Council set targets for the completion of the internal energy market (IEM) by 2014 and the removal of energy islands by 2015.
- (2) The European Council of May 2013 reaffirmed the objectives of completing the internal energy market (IEM) by 2014 and of developing interconnections so as to put an end to any isolation of Member States from European gas and electricity networks by 2015. The European Council called for particular priority to be given *inter alia*, "to the effective and consistent implementation of the third "energy package", as well as speeding up the adoption and implementation of remaining network codes".
- (3) Many of the Agency's tasks under Regulation (EC) No 713/2009, notably with regard to the development of European network rules and their monitoring and implementation, must not only vigorously continue but also be intensified in 2015. During 2015 the Agency will be called to provide, *inter alia*, Reasoned Opinions and/or Recommendations on one Network Code in electricity and one Network Code in gas, as well as to provide advice and support, as appropriate, on Network Codes during the comitology process and to undertake monitoring of the implementation of those Network Codes adopted.
- (4) The Agency is also expected to continue to promote regional initiatives which play a prominent role in early implementation of the Network Codes through the cross regional roadmaps.
- (5) A well-functioning and transparent wholesale energy market is a precondition given consumers'

confidence that prices fairly reflect the interplay of demand and supply and are not distorted by abusive behaviour. REMIT acknowledges that efficient market monitoring at Union level is vital for detecting and deterring market abuse on wholesale energy markets and that the Agency is best placed to carry out such monitoring as it has both a Union-wide view of the electricity and gas markets as well the necessary expertise in the operation of electricity and gas markets and systems in the Union.

- (6) The monitoring system under REMIT (including the data collection) must become operational six months after the adoption - by June 2014 the latest - by the European Commission of the Implementing Acts on the records of transactions. To perform its monitoring activities, the Agency will have to collect trading and fundamental data from wholesale energy markets and undertake an initial assessment and analysis to identify cases where there is ground to believe that breaches of the prohibitions in REMIT have occurred. Such cases will then be notified to the National Regulatory Authorities (NRAs), which have a comprehensive understanding of developments on energy markets in their Member State, and which are responsible for the formal investigation and enforcement. Close cooperation and coordination between the Agency and the NRAs is, therefore, essential to ensure proper monitoring and transparency of energy markets and effective enforcement of the prohibitions under REMIT. Most NRAs currently have little or no experience of monitoring wholesale energy markets and of collecting wholesale data on a continuous basis, as required under REMIT. The cooperation and coordination between the Agency and NRAs can therefore deliver the expected synergies and benefits but only if the Agency can perform the monitoring activities assigned to it in as a highly effective manner as possible. Therefore, the Agency will need to secure the appropriate human resources and IT tools to fulfil its tasks under REMIT.
- (7) The Agency is also called upon to establish and manage the European register of market participants, to collect trade and fundamental data as well as to arrange access to these data by NRAs and other authorities, ensuring operational reliability and professional secrecy. This requires the development of dedicated IT platforms and data exchange protocols.
- (8) The deployment of the required dedicated IT platforms and the definition of the data exchange protocols will be substantially completed in 2014. On this basis, the Agency budget for the financial year 2015 includes provisions for the maintenance of the REMIT-related IT system and the provision of the additional staff required for operating the monitoring of wholesale energy markets.
- (9) The Agency budget for the financial year 2015 covers the new staffing for the implementation of the new tasks assigned under TEN-E. These new tasks include the involvement of the Agency in the process for development of the CBA methodology, the selection of projects of common interest and their implementation, all of which have significant resource implications.
- (10) The NRAs participate in and provide significant expertise to the work of the Agency in the Agency's Working Groups which comprise NRAs' representatives and Agency's staff. NRAs also provide, through the Council of European Energy Regulators, significant support to the Agency (including administrative support for and servicing of the Agency Working Groups and hosting the Agency's liaison office in Brussels). CEER particularly values the coordination of

their activities with those of ACER and the service to the members of the Board of Regulators by the Agency's liaison office in Brussels and, therefore, commits to continue its support for the coming year. The provisions in both REMIT and TEN-E as well as the Agency's core tasks under the third package are instrumental for the achievement of the targets set by the European Council in February 2011 and reaffirmed in May 2013. Therefore, in addition to the support from NRAs, the Agency will need to secure the appropriate human resources to fulfil its tasks and this important conclusion was also drawn in the ACER Board of Regulators Recommendations to the first evaluation of ACER by the European Commission.i

- Pursuant to Article 6 of the Rules of Procedure, the Board of Regulators HAS ADOPTED, on the basis of the above-mentioned considerations, the following REASONED OPINION on the preliminary draft budget of the Agency for the financial year 2015, prepared by the Director pursuant to Article 23(1) of the Agency Regulation:

The Board considers that the preliminary draft budget is well balanced and proportionate to the wide and important range of activities that the Agency will be called to perform in 2015.

More specifically, the Board agrees that the preliminary draft budget for the 2015 Financial Year, of **16 558 587 € (euro)** is in line with the requirements of the Agency for that year.

The increase of the budget for the 2015 Financial Year with respect to the 2014 Budget is fully justified notably in respect of the overall tasks of the Agency on the basis of the draft 2015 Work Programme outline, including effective execution of tasks of the Agency under the TEN-E Regulation and REMIT. In particular, in terms of human resources, out of the 49 additional staff members requested for 2014, the Agency was only allocated 5 additional full time equivalents (FTEs) for the implementation of the TEN-E Regulation and no additional resources for REMIT. Therefore, some activities envisaged in the 2014 Work Programme have been reprioritised and postponed to 2015. At the same time the adoption of the Implementing Acts on the records of transactions by the European Commission, which at the time when the 2014 Work Programme was first developed was expected for the end of 2013, is now planned for June 2014. This means that the reporting obligations for market participants and other stakeholders will not come into effect until 6 months after, in fact at the end of 2014. Therefore, the timing of some of the activities envisaged in the adopted 2014 Work Programme and related to the operation of market monitoring under REMIT have been reviewed to reflect the new timing and are now reflected in the 2015 Work Programme outline.

The Board considers it essential that the Agency is provided with the necessary human resources, of adequate expertise, to undertake its monitoring activities under REMIT in the most effective manner. The Agency and the National Regulatory Authorities will mutually explore possible synergies of their cooperation and coordination. However, it should be noted that National Regulatory Authorities, which will themselves face additional responsibilities under REMIT, are also subject to resource limitations. Furthermore, NRAs cannot commit to bear the responsibilities of the Agency for monitoring the European market given their responsibilities mainly for their national market.

More specifically, the Board of Regulators has carefully reviewed and endorses the Director's estimate

(in the preliminary draft budget for 2015) that **30 additional staff** will be required to monitor effectively wholesale energy markets. Of these additional staff members, 15 will be required to perform the additional REMIT tasks assigned to the Agency during the REMIT legislative process, while the other 15 will complement the existing staff in the performance of market monitoring given the sheer scale and complexity of this task.

With regard to the latter, the BoR recognises that the most resource intensive activity is expected to be the analysis of the data reported by market participants and other reporting parties and collected by the Agency. The BoR takes note of the draft MSPP that this will be undertaken during a two stage process of an initial automatic screening performed by surveillance software and a second more “sophisticated” analysis which will look into these anomalous events to identify those for which market abuse can be suspected. The BoR agrees that this task requires a wide range of expertise.

Different approaches regarding market monitoring can indeed be envisaged which will require different staffing levels but this will inevitably result in the Agency fulfilling to a different extent the requirement under REMIT. Under the assumption of an alternative approach to REMIT in which only the first stage – the automatic screening – is performed by the Agency, the additional staff for this activity would be reduced. The Agency would notify to NRAs all anomalous events emerging from the automatic screening of trade and fundamental data, without performing any further analysis to identify for which of these events there is ground to suspect that market abuse has occurred. In this situation, and taking into account the limited resources available for investigations at national level, it may well be that this approach may result in resources at national level being wasted on purposeless investigations. It is, therefore, evident that the need for an effective initial and more sophisticated assessment or analysis of trade and fundamental data reported by market participant is the greatest, in order to ensure the highest level of efficiency of the overall market monitoring process.

Against this context, the BoR agrees with the estimation of the preliminary 2015 draft budget and the draft MSPP 2015-2017 that to cover the full range of required expertise there is a need of:

- 12 additional monitoring officers (including the envisaged 10 market monitoring officers for regional areas to perform regional market monitoring which would otherwise fully have to be performed by NRAs and financed at national level);
- 2 assistants; and
- One additional managerial position given the restructuring of the Market Monitoring Department in two departments (Department of Market oversight and Department of Analysis and Surveillance).

The BoR considers it essential that the Agency is not only provided with the necessary human resources but resources which have adequate expertise to undertake both the REMIT responsibilities and the additional tasks assigned to it by the new TEN-E Regulation.

The BoR is strongly supportive of the need for substantial reinforcement of the Agency capability in the TSO Cooperation area with 6 additional FTE positions for both Electricity and Gas Departments. This will address the current shortage - as in 2014 only 5 posts were authorised for the TEN-E tasks - taking also into account that the Agency may also be able to avail itself of the support for the TEN-T EA Trans

European Transport Network Executive Agency as the European Commission has indicated. Indeed the BoR recognises that the minimum expertise at the Agency required for the performance of its functions and tasks as defined by the TEN-E Regulation require regulatory expertise at European and national level, particularly regarding gas and electricity network regulation; experience in pre-investment project analysis (feasibility studies, investment risk analysis, project assessment and reporting) regarding technical, economic, and financial aspects of large-scale projects; ability to review and execute cost analyses (such as cost-benefit analysis and cross-border cost allocation); as well as IT and technical support.

The BoR recognises that these challenges and the increase of staff in both REMIT and TEN-E areas also result in the need for an increase of the resources available for the central and support functions by 5 staff.

The Board, therefore, welcomes the increase in the amount in Title 1 in view of the need of the Agency to recruit the extra staff required performing the new tasks under REMIT and the TEN-E Regulation and the necessary horizontal support and welcomes the sum of 2.000.000€ allocated to REMIT operations in order to cover the costs of maintaining the REMIT-related IT tools.

The Board of Regulators, therefore, endorses the draft MSPP 2015-2017 which reflects the staffing requirements for the Agency to perform its tasks and responsibilities under the Third Package, as expanded by REMIT and the new TEN-E Regulation.

Ljubljana, 18 March 2014,
For the Board of Regulators

SIGNED

Lord Mogg, Chair of the Board of Regulators

¹ Recommendations of the Agency's Board of Regulators following the European Commission's evaluation of the activities of the Agency for the Cooperation of Energy Regulation (22.1.2014 C(2014) 242 final)