

DECISION AB n° 04/2015

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

of 26 March 2015

**on the estimate of revenue and expenditure of the Agency for the Cooperation of
Energy Regulators for the financial year 2016**

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, and, in particular, Articles 1(1) and 23(1) thereof,

Having regard to the preliminary draft budget of the Agency for the Cooperation of
Energy Regulators for the financial year 2016 drawn up by the Director of the Agency
for the Cooperation of Energy Regulators,

Having regard to the Multi-Annual Staff Policy Plan 2016-2018 of the Agency for the
Cooperation of Energy Regulators,

Having regard to the reasoned Opinion of the Board of Regulators of the Agency for
the Cooperation of Energy Regulators of 25 March 2015 on the preliminary draft
budget of the Agency for the Cooperation of Energy Regulators for the financial year
2016,

Whereas:

- (1) The European Commission, on 15 July 2014, launched the creation of a new
European Energy Union as one of the main priorities of its political agenda. A
new European Energy Union entails the creation of a single internal energy
market and the enhancement of security of supply.
- (2) The Agency for the Cooperation of Energy Regulators (hereinafter referred to as
“the Agency”) performs tasks and responsibilities that are at the heart of the
creation of the European Energy Union with the integration of the electricity and
gas markets. In spite of that, the human and financial resources currently
assigned to the Agency are not sufficient to perform its objectives so as to fully

¹ OJ L 211 14.8.2009, p. 1.

support the political agenda of the Commission. In comparison to year 2015 additional Euro 8.8 million are required to cover the cost of additional forty-four (44) positions and the REMIT system related expenditure.

- (3) 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”),² entrusts the Agency with the tasks of ensuring a timely creation of an integrated European energy market through projects of common interest involving electricity and gas transmission lines, electricity storage projects, underground gas storage projects, LNG terminals, and smart grid projects.
- (4) A new Union list of projects of common interest will be published in the course of the year 2015. The implementation of the 2013 Union list of projects of common interest has determined an increase of activities for the Agency. In particular, the referral of investment requests to the Agency pursuant to Article 12(6) of the TEN-E Regulation, with the consequent need to issue decisions on cross-border cost allocation, has shown the need to provide additional human and financial resources to support the electricity and gas departments, whereas implementing measures on the setting of fees for such decisions within the meaning of Articles 22 of Regulation (EC) No 713/2009 and 20 of the TEN-E Regulation are missing. There are nine (9) additional positions requested for the performance of these tasks amounting to Euro 0.896 million.
- (5) Against this background, in order to monitor the implementation of PCIs, while at the same time continuing to contribute to the PCI selection process for the second and subsequent lists demands, it is advisable to ensure that the Agency is assigned with the full staffing requirements, in the number of nine (9) additional staff members.
- (6) Regulation (EU) No 1227/2011 of the European Parliament and of the Council of 25 October 2011 on wholesale energy market integrity and transparency³ (hereinafter referred to as “REMIT”) entrusts the Agency with the responsibility to ensure that national regulatory authorities (NRAs) carry out their monitoring and enforcement tasks in a coordinated and consistent way, not only by establishing and maintaining a centralised transaction monitoring system but also, by conducting initial assessments or analysis with the aim of requesting NRAs to commence an investigation of suspected abusive market practices and to take appropriate action to remedy any abuse found.

² OJ L 115, 25.4.2013, p. 39.

³ OJ L 326, 8.12.2011, p. 1.

- (7) In this context, the Commission Implementing Regulation (EU) No 1348/2014 of 17 December 2014⁴ defines the dates in 2015 and 2016 by which the new sector-specific monitoring framework for wholesale energy markets will have to become fully operational and the Agency will have to start monitoring the EU wholesale energy market using the framework and the purposely-developed IT system.
- (8) The current estimate of expenditure and revenue is based on the condition that funds will be available to the Agency already during 2015 to substantially complete the IT platforms and data exchange protocols for the function of REMIT. However, the forecasts of the expected large volume of data to be received by the Agency from the markets participants, the monitoring of the wholesale energy markets and the subsequent follow up of suspected market abuses, show the need for additional human and financial resources to support the REMIT operations in the course of the financial year 2016. In terms of financial resources these are translated into Euro 3.1 million for staff costs and Euro 4.3 million for the IT platform.
- (9) In light of foreseen expansion in the Agency's volume of tasks additional five (5) positions will be required to horizontally support these activities. The cost of these additional human resources amounts to Euro 0.5 million.
- (10) The Agency budget for the financial year 2016 covers the new staffing for the implementation of the above mentioned tasks in the form of additional nine (9) staff members to support the implementation of the tasks attributed to the Agency by the TEN-E Regulation, thirty (30) staff members to support the implementation of the tasks attributed to the Agency by the REMIT Regulation. The achievement of the objectives foreseen for the financial year 2016 requires a further increase in human resources devoted to function of horizontal support. It is therefore estimated that additional five (5) staff members are essential to ensure a balanced development of the operational activities, avoiding shortages in the daily functioning of the Agency.

HAS ADOPTED THIS DECISION:

Article 1

The estimate of revenue and expenditure of the Agency for the financial year 2016, as detailed in Annex I, amounts to Euro 20 078 441.

⁴ OJ L363, 18.12.2014, p. 1.

Article 2

This Decision shall enter into force on the day following that of its adoption and shall be transmitted to the Commission.

Done at Bucharest, 26 March 2015.

For the Administrative Board:

SIGNED

Razvan Eugen Nicolescu
Chairman of the Administrative Board

Annex I: Agency Draft Budget 2016

Title Chapter	Heading	EU contribution €s	Assigned revenue 2014 surplus €s	Total budget 2016 €s
TITLE 1	EXPENDITURE RELATING TO STAFF AND RESOURCES			
CHAPTER 11	STAFF IN ACTIVE EMPLOYMENT	11,078,003	546,521	11,624,523
CHAPTER 12	MISSIONS AND DUTY TRAVEL	153,335	7,565	160,900
CHAPTER 13	SOCIOMEDICAL INFRASTRUCTURE	70,170	3,462	73,632
CHAPTER 14	SOCIAL SERVICES	41,216	2,033	43,250
	TOTAL TITLE 1	11,342,724	559,581	11,902,305
TITLE 2	AGENCY'S BUILDING AND ASSOCIATED COSTS			
CHAPTER 20	AGENCY'S PREMISES COSTS	952,247	46,978	999,225
CHAPTER 21	DATA PROCESSING	326,350	16,100	342,450
CHAPTER 22	MOVABLE PROPERTY AND ASSOCIATED COSTS	316,868	15,632	332,500
CHAPTER 23	CURRENT ADMINISTRATIVE EXPENDITURE	1,210,016	59,695	1,269,711
CHAPTER 24	COMPUTER INFRASTRUCTURE TELECOMMUNICATION AND POSTAGE	202,986	10,014	213,000
	TOTAL TITLE 2	3,008,467	148,419	3,156,886
TITLE 3				
CHAPTER 30	REPRESENTATION EXPENSES	24,950	0	24,950
CHAPTER 31	OPERATIONAL MISSIONS	340,000	0	340,000
CHAPTER 32	STAKEHOLDER INVOLVEMENT, PUBLIC RELATIONS AND WEI	280,500	0	280,500
CHAPTER 33	TRANSLATIONS	65,800	0	65,800
CHAPTER 34	PROFESSIONAL INDEMNITY	8,000	0	8,000
CHAPTER 35	REMIT OPERATIONS	4,200,000	0	4,300,000
	TOTAL TITLE 3	4,919,250	0	5,019,250
	TOTAL BUDGET 2016	19,270,441	708,000	20,078,441

Annex II: ACER Detailed Draft Budget for the Financial Year 2016

Title Chapter Article Item	Heading	EU subsidy	Assigned revenue 2014 surplus	Total budget for the Financial year 2016	Remarks
9	REVENUE				
90	ANNUAL INCOME				
901	Subsidy from the EU general budget			19,270,441	This represents the annual operating subsidy from the European Union budget.
902	Others			709,000	Other revenue including assigned revenue of year N-2.
903	Bank interest			p.m.	This represents the interest received on the balance of the bank accounts.
				20,078,441	
	CHAPTER 9 0 — TOTAL			20,078,441	
	TITLE 9 — TOTAL			20,078,441	
	GRAND TOTAL			20,078,441	
	EXPENDITURE				
	EXPENDITURE RELATING TO STAFF AND RESOURCES				
1	STAFF IN ACTIVE EMPLOYMENT				
110	Temporary staff holding a post provided in the establishment plan				
1100	Basic salaries and correction	5,092,798	251,247	5,344,045	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	1,154,909	56,976	1,211,885	Staff Regulations of officials of the European Communities, and in particular Articles 62, 67 and 68 thereof and section I of Annex VII thereof.
1102	Expatriation and foreign residence allowances	1,004,629	49,562	1,054,191	This appropriation is intended to cover the household, dependent child and education allowances for temporary staff
111	Other agents	7,252,335	357,766	7,610,121	Staff Regulations of officials of the European Communities, and in particular Articles 62 and 69 thereof and Article 4 of Annex VII thereof.
1110	Contract agents	1,510,987	74,543	1,585,530	This appropriation is intended to cover the expatriation and foreign-residence allowances for temporary staff.
1111	Seconded National Experts	184,163	9,085	193,248	Conditions of employment of other servants of the European Communities, and in particular Article 4 and Title IV thereof.
112	Further training, retraining and information for staff	1,895,150	83,628	1,776,778	This item is intended to cover the remuneration and the employer's share of social security contributions for contract agent staff.
1120	Training and information for staff	171,537	8,463	180,000	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
113	Insurance against sickness, accidents and unemployment	171,537	8,463	180,000	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.
1130	Insurance against sickness	211,689	10,443	222,132	Staff Regulations of officials of the European Communities, and in particular Article 72 thereof.
1131	Insurance against accidents and occupational disease	55,568	2,741	58,310	Rules on sickness insurance for officials of the European Communities, and in particular Article 23 thereof.
1132	Unemployment insurance for temporary staff	71,601	3,592	75,193	This appropriation is intended to cover the employer's contribution and the official's contribution of the basic salary.
	Article 1 1 3 — Total	339,657	16,777	356,434	Staff Regulations of officials of the European Communities, and in particular Article 73 thereof.
	GRAND TOTAL			356,434	This appropriation is intended to cover the employer's contribution to insurance against accidents and occupational disease (0,875 % of the basic salary).
					Council Regulation (ECSC, EEC, Euratom) No 2799/65 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.

Title Chapter Article Item	Heading	EU subsidy	Assigned revenue 2014 surplus	Total budget for the Financial year 2016	Remarks
114	Miscellaneous allowances and grants				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.
1140	Birth and death grants	1,906	94	2,000	
1141	Annual travel expenses from the place of work to origin	139,997	6,907	146,904	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	190,597	9,403	200,000	This appropriation is intended to cover the additional schooling fees incurred by staff members for their children's education.
115	Overtime	332,500	16,404	348,904	
1150	Overtime				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.
116	Expenses on entering and leaving the service and on transfer	0	0	0	
1160	Expenditure related to Recruitment	66,709	3,291	70,000	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	179,161	8,899	188,000	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	457,362	22,563	479,926	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	374,734	18,487	393,221	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).
117	Supplementary services	1,077,966	53,180	1,131,146	
1170	Supplementary clerical and interim services	162,008	7,992	170,000	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	47,649	2,351	50,000	This appropriation is intended to cover the administrative assistance received from PMO in processing the salaries of temporary agents and contract agents, maintenance of the electronic personal files database and budget publication in the EU Official Journal.
12	MISSIONS AND DUTY TRAVEL	209,657	10,343	220,000	
120	Mission expenses, travel expenses and incidental expenditure	11,078,003	546,521	11,624,523	
1200	Mission expenses Administrative staff	33,831	1,669	35,500	This appropriation is intended to cover expenditure related to mission of the Administrative department.
1201	Mission expenses - Director	27,649	2,351	50,000	This appropriation is intended to cover expenditure related to the missions of the Director.
1202	Mission expenses Director office staff	71,865	3,565	75,400	This appropriation is intended to cover expenditure related to missions of the Director office staff.
	Article 1 2 0 — Total	153,395	7,565	160,900	
	CHAPTER 1 2 — TOTAL	153,395	7,565	160,900	

Title Chapter Article Item	Heading	EU subsidy	Assigned revenue 2014 surplus	Total budget for the Financial year 2016	Remarks
13	SOCIOMEDICAL INFRASTRUCTURE				
130	Medical services				
1300	Medical services and equipment	70,170	3,462	73,632	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	70,170	3,462	73,632	
	CHAPTER 1 3 — TOTAL	70,170	3,462	73,632	
14	SOCIAL SERVICES				
140	Social services				
1400	Special assistance grants				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	26,445	1,305	27,750	This appropriation is intended to cover expenditure by the Agency on the social welfare activities of its staff, including schooling p.m.
	Article 1 4 0 — Total	26,445	1,305	27,750	
141	Staff Committee				This appropriation is intended to cover the costs such as missions or other administration costs of the Staff Committee representing the staff of ACER.
1410	Staff Committee	14,771	729	15,500	
	Article 1 4 1 — Total	14,771	729	15,500	
	CHAPTER 1 4 — TOTAL	41,217	2,033	43,250	
	TITLE 1 — TOTAL	11,342,725	559,581	11,902,305	
2	AGENCY'S BUILDING AND ASSOCIATED COSTS				
20	AGENCY'S PREMISES COSTS				
200	Rental costs				
2000	Rent	574,007	28,318	602,325	This appropriation is intended to cover the rental costs of ACER premises.
2001	Removal costs	4,765	235	5,000	This appropriation is intended to cover the costs related to the removal of furniture and equipment to new premises.
	Article 2 0 0 — Total	578,772	28,553	607,325	
201	Utilities and Services				
2010	Utilities	133,418	6,582	140,000	This appropriation is intended to cover the utility costs like: water, gas, electricity, waste collection.
2011	Cleaning and maintenance	121,124	5,976	127,100	This appropriation is intended to cover the costs of cleaning and maintenance of the premises.
	Article 2 0 1 — Total	254,542	12,558	267,100	
202	Insurance				
2020	Insurance	5,718	282	6,000	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	5,718	282	6,000	
203	Security of buildings and persons				
2030	Security and surveillance of buildings	42,854	2,116	45,000	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	9,339	461	9,800	This appropriation is intended to cover for the costs of health and safety issues at the work place.
	Article 2 0 3 — Total	52,224	2,576	54,800	
204	Other expenditure on buildings				
2040	Other expenditure on buildings	38,119	1,881	40,000	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	22,872	1,128	24,000	This appropriation is intended to cover the repair and maintenance costs of audio/video equipment.
	Article 2 0 4 — Total	60,991	3,009	64,000	
	CHAPTER 2 0 — TOTAL	952,247	46,978	999,225	
21	DATA PROCESSING				
210	Equipment, data processing equipment and operating costs				
2100	Consumables	9,530	470	10,000	This appropriation is intended to cover the cost of consumables.
2101	Software	53,367	2,633	56,000	This appropriation is intended to cover the purchase/licensing of software.
2102	Subscriptions IT	181,496	8,954	190,450	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	81,957	4,043	86,000	This appropriation is intended to cover the expenditure related to the establishment and maintenance of a disaster recovery site.
	Article 2 1 0 — Total	326,350	16,100	342,450	
	CHAPTER 2 1 — TOTAL	326,350	16,100	342,450	

Title Chapter Article Item	Heading	EU subsidy	Assigned revenue 2014 surplus	Total budget for the Financial year 2016	Remarks
22	MOVABLE PROPERTY AND ASSOCIATED COSTS				
	Purchase, hire, maintenance and repair of furniture	85,769	4,231	90,000	This appropriation is intended to cover the purchase of furniture.
2210		85,769	4,231	90,000	
	Article 2 2 1 — Total				
222	Transportation	114,358	5,642	120,000	This appropriation is intended to cover the costs of parking, cabs and hire of vehicles.
2220		114,358	5,642	120,000	
	Article 2 2 2 — Total				
223	Documentation and library expenditure				
	Library Acquisitions	116,741	5,759	122,500	This appropriation is intended to cover the purchase of hard copies or electronic material, e.g. books, reference works or CD's
2230		116,741	5,759	122,500	
	Article 2 2 3 — Total				
	CHAPTER 2 2 — TOTAL	316,868	15,632	332,500	
23	CURRENT ADMINISTRATIVE EXPENDITURE				
230	Stationery and office supplies				
2300		37,166	1,834	39,000	This appropriation is intended to cover the purchase of paper and office supplies.
231		37,166	1,834	39,000	
	Article 2 3 0 — Total				
231	Financial charges				
2310		915	45	960	This appropriation is intended to cover bank charges in relation to the bank accounts held by the agency.
2320		915	45	960	
	Article 2 3 1 — Total				
232	Legal expenses				
2320		38,119	1,881	40,000	This appropriation is intended to cover legal costs and the services of lawyers or other experts.
2321		190,597	9,403	200,000	This appropriation is intended to cover the expert consultation costs of the Market Monitoring Department.
2322		190,597	9,403	200,000	This appropriation is intended to cover the expert consultation costs of the Gas department.
2323		476,493	23,507	500,000	This appropriation is intended to cover the expert consultation costs of the Electricity department.
2324		15,248	752	16,000	This appropriation is intended to cover the expert consultation costs of the Administration department.
2325		8,577	423	9,000	This appropriation is intended to cover the expenses with the external audit of the Agency's accounts.
2326		919,631	45,369	965,000	
	Article 2 3 2 — Total				
233	Other operating expenditure				
2330		34,307	1,693	36,000	This appropriation is intended to cover the costs for the members of the Administrative Board participating to meetings during the year.
2331		167,012	8,239	175,251	This appropriation is intended to cover the costs for the members of the Regulatory Board participating to meetings during the year.
2332		42,884	2,116	45,000	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		6,194	306	6,500	This appropriation is intended to cover the costs of external participants to meetings organised by ACER.
2334		1,906	94	2,000	This appropriation is intended to cover the costs of the liaison office in Brussels and of the coordination of EU agencies.
	Article 2 3 3 — Total	252,304	12,447	264,751	
	CHAPTER 2 3 — TOTAL	1,210,016	59,695	1,269,711	
24	COMPUTER INFRASTRUCTURE				
240	TELECOMMUNICATION AND POSTAGE				
2400		9,530	470	10,000	This appropriation is intended to cover expenditure on postal and delivery charges, including parcels.
241		9,530	470	10,000	
	Article 2 4 0 — Total				
241	Telecommunications				
2410		64,803	3,197	68,000	This appropriation is intended to cover all telecom related running costs, including fixed lines, mobile telephones and Internet access.
2420		64,803	3,197	68,000	
	Article 2 4 1 — Total				
242	Equipment and Computer infrastructure				
2420		128,653	6,347	135,000	This appropriation is intended to cover the purchase of hardware and other equipment for new post holders.
	Article 2 4 2 — Total	128,653	6,347	135,000	
	CHAPTER 2 4 — TOTAL	202,986	10,014	213,000	
	TITLE 2 — TOTAL	3,008,487	148,419	3,156,886	

Title Chapter Article Item	Heading	EU subsidy	Assigned revenue 2014 surplus	Total budget for the Financial year 2016	Remarks
3	OPERATIONAL EXPENDITURE				
	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	5,850	0	5,850	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	4,500	0	4,500	This appropriation is intended to cover costs relating to representation on behalf of ACER.
	Article 3 0 0 - Total	24,950	0	24,950	
	CHAPTER 3 0 - TOTAL	24,950	0	24,950	
31	OPERATIONAL MISSIONS				
310	Missions				
3100	Operational Missions - Gas Department	90,000	0	90,000	This appropriation is intended to cover costs of missions related to operational issues of the Gas department.
3101	Operational Missions - Electricity Department	105,000	0	105,000	This appropriation is intended to cover costs of missions related to operational issues of the Electricity department.
3102	Operational Missions - Market Monitoring Department	145,000	0	145,000	This appropriation is intended to cover costs of missions related to operational issues of the Market Monitoring department.
	Article 3 1 1 - Total	340,000	0	340,000	
	CHAPTER 3 1 - TOTAL	340,000	0	340,000	
32	STAKEHOLDER INVOLVEMENT, PUBLIC RELATIONS & RELATIONS AND WEBSITE				
320	Stakeholder involvement, workshops, conferences				
3200	Public hearings, workshops, conferences	133,400	0	133,400	This appropriation is intended to cover the cost of public relations activities including workshops organised by ACER.
3201	Website setup and maintenance	75,000	0	75,000	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 and reports	72,100	0	72,100	This appropriation is intended to cover the cost of promotional material informing the public on ACER's activities and reports production.
	Article 3 2 0 - Total	280,500	0	280,500	
	CHAPTER 3 2 - TOTAL	280,500	0	280,500	
33	TRANSLATIONS				
330	Translation of documents				
3300	Translation at CDI	65,800	0	65,800	This appropriation is intended to cover the translation of materials or other operational needs of ACER.
	Article 3 3 0 - Total	65,800	0	65,800	
	CHAPTER 3 3 - TOTAL	65,800	0	65,800	
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	2,000,000	0	2,000,000	This appropriation is intended to cover the expenditure related to the REMIT hosting services.
3501	ARIS development, licences, subscriptions and fees	800,000	0	800,000	This appropriation is intended to cover the expenditure related to the development of REMIT applications.
3502	SMARTS development, licences and consultancy	600,000	0	600,000	This appropriation is intended to cover the expenditure related to REMIT monitoring software.
3503	IT and expert consultancy	800,000	0	800,000	This appropriation is intended to cover the expenditure related to consultancy services for REMIT.
3504	REMIT hardware	0	0	100,000	This appropriation is intended to cover the costs related to IT hardware purchase for REMIT.
	Article 3 5 0 - Total	4,200,000	0	4,300,000	
	CHAPTER 3 5 - TOTAL	4,200,000	0	4,300,000	
	TITLE 3 - TOTAL	4,919,250	0	5,019,250	
	GRAND TOTAL	19,270,441	708,000	20,078,441	

Annex III:
BOARD OF REGULATORS OPINION no 01/2015

ON THE PRELIMINARY DRAFT BUDGET FOR 2016 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 amended by Decision 03/2012 and Decision 01/2014 and, in particular, Article 6 thereof;

HAVING REGARD to the Director's preliminary draft budget for the 2016 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 2016 financial year to be made by the Administrative Board;

HAVING REGARD to the draft Multi-annual Staff Policy Plan 2016-2018 prepared by the Director accompanying the preliminary budget.

WHEREAS

- (1) 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".
- (2) In its Communication of 25 February 2015⁵, the European Commission proposed an Energy Union strategy which has five mutually-reinforcing and closely interrelated dimensions designed to bring greater energy security, sustainability and competitiveness, including, *inter alia*, energy security based on solidarity and trust, and a fully integrated European energy market. The Agency's tasks and responsibilities are at the heart of the European Energy Union strategy and serve in a coherent and consistent way four broader objectives strongly linked to the Communication: the Post-2014 internal energy market completion; the wholesale energy market integrity and transparency; the infrastructure challenge and other challenges including the facilitation of the development of flexible response and a more consistent approach to system adequacy and design of interventions. Nevertheless, the human and financial resources currently assigned to the Agency are not sufficient to fulfil its mission.

⁵ Energy Union Package: Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank. A Framework Strategy for a Resilient Energy Union with a Forward-Looking Climate Change Policy. COM(2015) 80 final, 25.2.15.

- (3) The European Council of 19, 20 March noted that the European Union is committed to building an Energy Union with a forward-looking climate policy on the basis of the Commission's framework strategy whose five dimensions are equally important and mutually reinforcing. It placed particular emphasis *inter alia* on accelerating infrastructure interconnections to secure energy security and on a well-functioning internal energy market.
- (4) We must ensure that the Agency is assigned the full staffing requirement.
- (5) In addition to the tasks entrusted by the Agency's founding Regulation regarding the Internal Energy Market, the TEN-E Regulation⁶ entrusts the Agency with important additional tasks related to a well-interconnected Internal Energy Market by assigning it a role in the process for the selection and monitoring of the implementation of projects of common interest (PCIs), including formulating recommendations where appropriate, and in the regulatory treatment of PCIs. The Agency is also entrusted with tasks related to enabling investments with cross-border impact, including taking decisions on investment requests for cross-border cost allocation decisions when National Regulatory Authorities (NRAs) are unable to reach an agreement; these are essential for the realisation of PCIs and for a well-interconnected Internal Energy Market which lies at the core of the Energy Union strategy and the European Council conclusions in order to secure uninterrupted supply of energy. These tasks will indeed need the provision of additional human resources.
- (6) Regulation (EU) No 1227/2011 of the European Parliament and of the Council of 25 October 2011 on wholesale energy market integrity and transparency⁷ (hereinafter referred to as "REMIT") entrusts the Agency with the responsibility of monitoring trading in wholesale energy products in the EU and to ensure that NRAs carry out their monitoring, investigation and enforcement tasks in a coordinated and consistent way.
- (7) Integrity and transparency of wholesale energy markets is a pre-requisite for the achievement of fundamental parts of the Energy Union strategy, the completion of a well-functioning and efficient Internal Energy Market and security of energy supply. Furthermore, the Energy Union strategy has placed strong emphasis on greater transparency in the composition of energy costs and prices, by requiring regular and detailed monitoring and reporting, including on impacts of energy costs and prices on competitiveness.
- (8) In this context, the Commission Implementing Regulation (EU) No 1348/2014 of 17 December 2014⁸ has defined the dates by which the new sector-specific monitoring framework for wholesale energy markets will have to become fully operational and the Agency will have to start

⁶ 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.

⁷ REGULATION (EU) No 1227/2011 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 25 October 2011 on wholesale energy market integrity and transparency.

⁸ COMMISSION IMPLEMENTING REGULATION (EU) No 1348/2014 of 17 December 2014 on data reporting implementing Article 8(2) and Article 8(6) of Regulation (EU) No 1227/2011 of the European Parliament and of the Council on wholesale energy market integrity and transparency

monitoring the EU wholesale energy markets using data reported by market participants and the purposely-developed IT system.

- (9) Wholesale energy trading data reporting and market monitoring by the Agency under REMIT will start on 7 October 2015. However, the Agency has not yet been assigned all the necessary human resources - estimated at 30 additional full-time staff members - to operate the new monitoring framework. Adequate staffing cannot be achieved through redeployment of ACER staff or through support from NRAs. REMIT itself acknowledges that, as energy markets in Europe become increasingly interlinked, their effective monitoring requires a pan-European approach.
- (10) Close cooperation and coordination between the Agency and NRAs is essential to ensure proper monitoring and transparency of energy markets and effective enforcement of the prohibitions under REMIT. Cooperation and coordination between the Agency and NRAs can deliver the expected synergies and benefits only if the Agency can perform the monitoring activities assigned to it in a highly effective manner. Therefore, the Agency will need to secure the appropriate human resources and IT tools to fulfil its tasks under REMIT.
- (11) A lack of resources will lead to severe limitations in the capability of the Agency to fulfil its statutory mandate effectively: to monitor wholesale energy markets across the EU to detect and prevent market manipulation, attempted market manipulation and insider trading.
- (12) There is also a real risk that the whole EU framework to ensure the integrity and transparency of energy markets could suffer severe reputational criticism and that EU energy consumers will not be able to reap the full benefits of the single Internal Energy Market.
- (13) The Agency preliminary budget for the financial year 2016 includes the additional staffing required for the implementation of the above mentioned tasks and, more specifically nine (9) additional staff members to support the implementation of the tasks attributed to the Agency by the TEN-E Regulation, thirty (30) additional staff members to support the implementation of the tasks attributed to the Agency by REMIT and five (5) additional staff members to provide horizontal support for the daily functioning of the Agency with significantly more staff in the operational departments.
- (14) The NRAs participate in and provide significant expertise to the work of the Agency in the Working Groups which comprise NRAs' representatives and Agency's staff, as well as in the newly established Coordination Group. NRAs also provide, through the Council of European Energy Regulators (CEER), 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) which is particularly valued by the BoR. The provisions in both REMIT and the TEN-E Regulation, 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 and by the European Union strategy. Therefore, in addition to the support from NRAs, the Agency will need to secure the appropriate human resources to fulfil its tasks

- 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 2016, 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 2016.

More specifically, the Board agrees that the preliminary draft budget for the 2016 Financial Year, of **20.078.441€ (euro)** is in line with the requirements of the Agency for that year.

The increase of the budget for the 2016 Financial Year with respect to the 2015 Budget is fully justified notably in respect of the overall tasks of the Agency on the basis of the draft 2016 Work Programme outline which reflects the effective execution of tasks of the Agency related to the Internal electricity and gas markets under its founding Regulation, to the TEN-E Regulation and to REMIT.

In particular the increase of the budget for the 2016 Financial Year with respect to the 2015 Budget is fully justified also given that the Agency has so far been authorised to recruit only **15 staff members** for the implementation of REMIT. The Agency has already highlighted on several occasions the inadequacy of such resources and submitted requests for additional staff with the Agency's draft budgets for 2014 and, again, for 2015, both adopted by the Agency's Administrative Board with a supportive reasoned Opinion of the Board of Regulators. However, so far no additional staff have been authorised. With regard to 2015, whilst the draft budget adopted by the Administrative Board (with a supportive Opinion of the BoR) amounted to €16,558,587, the EU budget as adopted by the Budgetary Authority allocated only €11,266,000 to the Agency. As a result, the Agency 2015 Work Programme has been revised and important activities originally foreseen in it have been deprioritised (cancelled or postponed to 2016). Further postponement of the activities related to the implementation of REMIT will no longer be possible, given that wholesale energy trading data reporting and market monitoring by the Agency will start on 7 October 2015.

Hence 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 NRAs have been working and will continue to work together to ensure the most effective monitoring and enforcement of the obligation and prohibitions introduced by REMIT, exploiting all possible synergies in their cooperation and coordination. However, it should be noted that NRAs, which themselves face additional responsibilities under REMIT, are also subject to resource limitations. NRAs cannot commit to bear the responsibilities of the Agency for monitoring the European market given their responsibilities for their national markets.

Although different approaches regarding market monitoring can indeed be envisaged which will require different staffing levels, those will inevitably result in the Agency fulfilling to a different extent the requirements under REMIT, which would be suboptimal and exposed to the risks referred to above.

More specifically, the BoR has carefully reviewed and endorses the Director's estimate (in the preliminary draft budget for 2016) that **30 additional staff** will be required to monitor effectively wholesale energy markets through a two-stage process, with an initial automatic screening performed by surveillance software identifying anomalous events and a second more "sophisticated" analysis of trading in all 28 Member States to identify those anomalous events for which market abuse can be suspected. The BoR agrees that this task requires a wide range of expertise.

The BoR also acknowledges that a regional market monitoring approach by the Agency under REMIT would be needed in order to reflect the variety of market structures across Europe and regional market specificities, so that market monitoring is performed effectively and efficiently.

Against this context, the BoR agrees with the estimation of the preliminary 2016 draft budget and the draft MSPP that to cover the full range of required expertise for the effective implementation of REMIT there is a need of:

- 2 additional policy officers;
- 18 additional monitoring officers;
- one additional legal officer;
- 3 additional IT officers;
- 5 assistants; and
- 1 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 also 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 nine (9) additional FTE positions for both the Electricity and Gas Departments. 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 regarding technical, economic, and financial aspects of large-scale projects; and ability to review and execute cost related decisions.

The BoR recognises that these challenges and the increase of staff in both areas also result in the need for an increase of the resources available for the central and support functions by five (5) staff members.

The BoR, therefore, endorses the draft MSPP 2016-2018 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, 25 March 2015,
For the Board of Regulators

Lord Mogg, Chair of the Board of Regulators