

## **MINUTES**

### **17<sup>th</sup> ACER Administrative Board meeting** **Tuesday, 10 June 2014, 17.00 – 21.00** **Ljubljana, ACER, Trg Republike 3**

#### **Present:**

Mr Piotr Woźniak, Vice-Chair, Member (acting as Chair of the meeting, given the absence of Mr Nicolescu)

Mr Guido Bortoni, Member

Mr Jochen Penker, Member

Mr Rene Tammist, Member

Ms Agnieszka Kazmierczak, Member, with proxy from Mr Ristori

Mr Romas Švedas, Alternate

Mr Alfonso González Finat, Alternate

Lord John Mogg, Chair of the Board of Regulators, Observer

Mr Alberto Pototschnig, Director of ACER, Observer

Ms Marie-Christine Jalabert, Adviser

#### **Main conclusions of the meeting**

1.)	The Board adopted the Annual Activity Report for 2013.
2.)	The Board took note of the advice of the Commission legal service on the nomination of ACER BoR members and alternates.
3.)	The Board adopted its opinion on the ACER 2013 annual accounts (ANNEX 1)
4.)	The Board took note of the Report on the discharge for 2012.
5.)	The Board decided that its next meeting will take place on 18 September in Rome.

## Opening

The Vice-Chair welcomed Ms Kazmierczak, the new member of the Administrative Board appointed by the Commission.

### 1. Approval of the Agenda

The following agenda of the 17<sup>th</sup> ACER Administrative Board meeting was approved:



#### 17<sup>th</sup> ACER Administrative Board meeting

Wednesday, 10 June 2014, 17.00 – 21.00

ACER, 6<sup>th</sup> floor meeting room, Trg republike 3, 1000 Ljubljana

#### DRAFT AGENDA V3

Agenda Topics	Accompanying documents	Rapporteur
<b>Opening</b> 1. Approval of the agenda 2. Minutes of the 16 <sup>th</sup> Administrative Board meeting	Doc 1 for approval Doc 2.1 for approval Doc 2.2 for information	AB Vice-Chair AB Vice-Chair
<b>Reporting on developments</b> 3. Report on ACER developments, including on the Annual Conference, and on the activities of the Board of Regulators	Oral update	ACER Director BoR Chair

Agenda Topics	Accompanying documents	Rapporteur
4. Budgetary developments 2015*	Doc 4 for information	Commission
5. Commission Evaluation under Article 16 (3) of the (EC) Regulation 713/2009	Oral Update	Commission
6. Discharge 2012	Doc 6.1 for information	Director
7. Implementing provision on the fees payable to the Agency for the Cooperation of Energy Regulators, pursuant to Article 22(2) of Regulation (EC) No 713/2009	Doc 7.1. for information	Director/ Commission
<b>General ACER work</b>		
8. Annual Activity Report for 2013	Doc 8.1 for adoption	ACER Director
9. Work Programme 2015 Outline	Doc 9.1 for information	ACER Director
10. Nomination of ACER Board of Regulators Member	Doc 10.1 for information	Commission
<b>Administrative work</b>		
11. AB opinion on the 2013 Annual Accounts of ACER	Doc 11.1 for approval	ACER Director
12. Declarations of Interest for 2014- results of the examination	Oral Update	AB Vice-Chair
13. IAS Audit on Development of Framework Guidelines and Opinion on Network Codes in ACER - Final Report	Doc 13.1 and 13.2 for information	ACER Director
14. 2014 AB Decisions, by delegation of the Administrative Board to the Chairman via Decision AB 05bis/2010 of 21 September	Doc 14.1 for information (decisions since last AB	AB Vice-Chair

Agenda Topics	Accompanying documents	Rapporteur
2010	meeting only)	
AOB  September AB meeting		Vice-Chair

\* Subject to the timely presentation of the Draft Budget by the Commission

## 2. Minutes of the 16<sup>th</sup> Administrative Board meeting

The Minutes of the 16<sup>th</sup> Administrative Board were approved without comments.

## 3. Report on ACER developments, including on the Annual Conference, and on the activities of the Board of Regulators

The Director provided an update on recent ACER activities, including in relation to the framework guidelines/network codes and other regulatory activities, TEN-E Regulation, REMIT, the Market Monitoring Report, staffing, the impact of the inter-institutional correction coefficient and the new traineeship programme. On staffing, ACER is requesting for 2015 41 additional positions to implement the TEN-E Regulation and REMIT effectively, and this has been reflected in the draft ACER budget for 2015. Currently ACER employs 71 staff members of 24 nationalities, including 14 SNEs, of whom two are cost-free (from UK and SI).

The Director raised the issue of the Inter-EU correction coefficient (CC), the adjustment applies to salaries of staff, meant to reflect the different cost of living in different Member States. Since the Agency was established, the CC for Slovenia has been reduced from 89.6% (in 2010) to 85.4% (in 2013). This represents a problem for ACER in Slovenia. The problem is common to many other agencies, especially but not only in "new" Member States. The CC does not reflect the true cost of living, especially for expatriates, neither in the past, nor now with the new Staff Regulations, which aggravate the situation by linking the coefficient to the salaries of the public officials of the hosting country. One of the major risks facing ACER is the loss of the most experienced staff members (uncertainty in salary levels – retroactive adjustments). ACER is currently working with 14 other agencies in preparing a proposal for addressing the problem.

The Director explained that there was also a call for applicants for next year's traineeship programme of ACER. This is a programme launched by the Agency in the summer 2013 in two semi-annual cycles. For the 2014-15 programme, the Agency is envisaging 4 trainee positions, 2 for each cycle, open to graduates, of 5-6 months in length each. Trainees are paid a nominal 500 euros per month so as not to limit the geographical area from which applications would be received.

On the network codes, ACER adopted, on 22 May, a Recommendation for the adoption of the Network Code on Forward Capacity Allocation for Electricity (FCA) and a reasoned Opinion on the Balancing network code on 21 March. He reported on other regulatory activities, including on the ACER Report on the Appropriate Range of Transmission Charges Paid by Electricity Producers, issued on 15 April.

He presented the outline and the planning process for this year's Market Monitoring Report. The public presentation is scheduled for October (a month earlier than previous year).

On REMIT, the expected date for the adoption of the implementing acts is now delayed to October/November, so data reporting and monitoring is expected to commence in April 2015. The first group of NRAs should be able to access the European register of market participants in mid-June. NRAs will be able to sign the Memorandum of Understandings (MoU) on CEREMP (Central Register of Market Participants) in the margins of the BoR meeting. Other MoUs have been entered into with market places and trading venues. The MoU with FERC would be signed in the near future.

The Director also provided an update on what would happen in different budgetary scenarios. Next year, REMIT activities will move into the operational stage, with the reporting obligation coming into force. At that point, the activities of the Agency will not only require funds for licences and maintenance of the systems, but also expert staff. Accordingly, ACER estimate of expenditure (in the draft budget 2015) was based on 30 additional staff in order to operate REMIT, which is comparable to the workforce at entities conducting similar activities in other markets such as FERC in the US and FCA in the UK (on the financial market). The level of disgorged unjust profits from market-manipulation cases investigated by FERC demonstrates effective market monitoring to be a good investment in terms of savings for consumers. It was decided that, for full comparison of available resources, the Director would present the sum of all NRA resources engaged in wholesale market monitoring in the EU, but also the regional teams on the US side.

If the EC's draft budget, scheduled to be adopted the day after the AB, did not include the 30 additional staff requested, the implications of this would need to be considered and should not be underestimated. For instance, as of April the Agency would start receiving data on trade with an expectation for hundreds of thousands of data points to be received every day. The system will first conduct an automatic screening based on a number of alerts. The number of anomalous events will depend on how the system will be calibrated. If there are not experts available to conduct analysis of the data, the system may be calibrated to pick up only the most obvious anomalies, with the risk that other suspicious events may be missed. Alternatively, the system can be calibrated to detect all anomalous events, which would then be passed to NRAs without prior analysis. Either situation is not optimal and could be uncomfortable for both the Agency and the Commission, as well as for the budgetary authorities. The Director admitted that DG ENER has been extremely supportive in trying to secure the resources for ACER and expressed his gratitude. He indicated that, given the very limited scope for deployment within the Agency due to specific expertise required for this task, he may need to restructure the Market Monitoring Department taking into account new resource realities. Lord Mogg, representative of the BoR, warned about the limited NRA resources available for wholesale market monitoring and that therefore it would be wrong to expect that NRAs can fill the Agency's resource gap.

On the TEN-E Infrastructure package the Director reported on the PCI list that was adopted by the Commission last year. ACER is soon to issue a Recommendation on PCI incentives. The first CBCA case has been notified to the Agency on 1 May. By 31 July ACER needs to adopt and issue its decision on the case. By necessity ACER has made a call to the NRAs to help with the required resources to deal with this case and the Director was happy and grateful that the Austrian and the Maltese NRAs were able to provide experts at very short notice. Such calls may become a model in the future.

The ACER Annual conference was held on 10th June and was a success despite the Commissioner having to cancel his participation at short notice. The event was well attended by over 200 participants and there were some interesting and lively panel discussions. The input from FERC was particularly pertinent.

One AB member enquired about the recent IAS report on the framework guidelines and network codes process, which stipulated that insufficient numbers of NRAs are involved in the work of the Working Groups.

Lord Mogg, BoR representative, commented that similar issues are observed in the working bodies of other EU institutions. He referred to some fruitful initiatives launched by the Director to engage NRAs from more Member States, but this action has so far resulted in little progress. In this respect the Director informed the AB that he held meetings with 3 NRAs with observed limited participation in BoR meetings or in the work of the Working Groups. Moreover, the Agency is also offering the possibility of participating via videoconferencing in Working Group meetings held in Ljubljana and Brussels. The problem is that many NRAs themselves do not have the videoconferencing equipment.

The Director commented that he was really impressed by the IAS report, which will be discussed at the Away day of the leaders of the Working Groups that was to be held from the 11-12th June in Bled. It will involve all colleagues who have a leading role in the Agency's Working Groups, Task Forces and Work Streams, with 40 people expected to attend. The idea is to improve the way the Working groups are working and to involve more NRAs.

Lord Mogg, the BoR representative, presented the consultation process on "Energy Regulation: A Bridge to 2025". The consultation on the Green Paper was launched on 29 April and will close on 16 June. At the last ad-hoc group on 5 June the next steps for the preparation of the conclusions paper were discussed. Final drafting would take place over the summer break for approval at the 17 September BoR.

Moreover, taking into consideration the Commission Communication on Security of Supply published on 28 May and recent efforts to address energy security concerns linked to the Ukraine crisis, he presented the efforts to reaching out to the Energy Community and working more closely with them to implement the energy acquis.

The Commission representative said that their position on the Bridge 2025 needs to be viewed also from the perspective of the resources to be used. Lord Mogg noted that both publicly and privately at DG and Director level the EC had expressed strong support for the Bridge initiative from the outset. Moreover, she underlined that the budgets of ACER and the Energy Community, to which the Commission is contributing, are to be managed separately. The Vice-Chair asked the Director to suggest to the ENTSOG, exceptionally this year, to issue an early Winter Supply Outlook 2014/2015.

## 4. Budgetary developments 2015

Following the scenario presented by the Director under point 3, the AB member appointed by the Commission informed the AB that the EU draft budget will be approved on the following day and it will not envisage any additional staff member for the Agency. The Commission stands on its line as presented in its July 2013 Communication on Programming of human and financial resources for decentralised agencies 2014-2020.

She explained that all the efforts to secure more resources did not unfortunately come to fruition. Therefore, according to the Commission's draft budget, in 2015 ACER should be allocated 54 posts and receive a budget of 10,25M€. The Director indicated that he intends to present a draft 2015 Work Programme in line with the estimate of expenditure adopted by the AB in March; if the Agency were not allocated additional resources the Work Programme would have to be amended accordingly. The AB member appointed by the Commission also explained ACER is still considered a new tasks agency, which means that the Commission does not expect to cut its staff numbers beyond the agreed 5 percent, which is positive. The Inter-institutional High Level Working Group II, composed of the Commission, European Parliament and the Council will in September 2014 look again into the issue of redistribution of EU Agencies' resources. There may be some possibility for ACER, but this would be relevant for the years beyond 2015.

She suggested that innovative approaches are to be examined in the meantime, including the support of the JRC, or through the free secondments from the NRAs.

One AB member underlined that currently there are only two cost-free SNEs seconded to ACER (from Ofgem and from Agencija za Energijo). Most Board members were of the view that JRC may not have the right expertise for such task.

Lord Mogg, BoR representative, appreciated the fact that DG ENER had tried to find additional resources. He underlined that ACER had been criticised on the fact that some NRAs are more involved in the work of ACER than others, therefore the proposal to use cost-free SNEs from NRAs would only exacerbate the pressure on NRAs' resources in their own offices. Many NRAs could not envisage any further transfer of staff and it was important that the problem stemmed from the lack of support from the EU Budget rather than any failure of support from NRAs. The Commission should put this proposal forward to the NRAs. The Agency has been using NRA resources to the full extent so that their limits have now been reached; the NRAs cannot be blamed for no success.



## **5. Commission Evaluation under Article 16 (3) of the (EC) Regulation 713/2009**

The AB member appointed by the Commission explained that Article 16 (3) of the (EC) Regulation 713/2009 is the legal basis for a possible extension of the Director's mandate. She informed the Board members of the timing of the evaluation process. She said that the final report will be delivered by the Price Waterhouse Coopers by early July. The Commission report will be adopted in November 2014.

Lord Mogg, representative of the BoR, commented that with this timeline the new Commission will be dealing with the report in November. It would be most interesting to read whether any new tasks are going to be proposed to the Agency given the already existing resource difficulties.

Action: The Board took note of the process of evaluation. It will hold its preliminary discussion on the report in its September meeting.

## **6. Discharge 2012**

The Director was pleased to report that he was granted the discharge in respect to the implementation of the ACER budget for the 2012 financial year. In its Resolution of 3 April 2014 the EP observed that the CVs and declarations of interests of the BoR's members, the Director, senior management and the experts participating in the Agency's expert groups, as well as the CVs of the Administrative Board and Board of Appeal's members are not publicly available and called on the Agency to remedy the situation as a matter of urgency. The AB had already the practice of submitting the Declarations of interest; now the CVs need to be added. ACER is developing new guidelines on Conflict of interest, which will be based on the Commission Guidelines. Other remarks were on financial management and some aspects of recruitment. The Director wrote a letter to the Commission reporting on the progress regarding the recommendations.

Lord Mogg, BoR representative, remarked that it is inappropriate for the BoR members to submit declarations of interest as they have an inherent legal obligation at national level stemming from EU legislation requiring NRAs to act independently and not take instructions from industry or from Governments.

Action: The Board took note of the Report on the discharge for 2012.

## **7. Implementing provision on the fees payable to the Agency for the Cooperation of Energy Regulators, pursuant to Article 22(2) of Regulation (EC) No 713/2009**

The Director informed the AB of his letter to the Commission on 5 May regarding the implementation of the provisions allowing the Agency to charge fees in respect to some activities. Article 22 (1) of Regulation (EC) No 713/2009, as amended by Article 20 of regulation (EU) 347/2013 (TEN-E Regulation) establishes that “fees shall be due to the Agency [...] for decisions on cross border cost allocation provided by the Agency”.

The level of the fees is to be set by the Commission. As the first cases of cross-border cost allocation have already been notified to the Agency and as the deadline for a number of the investment requests submitted by promoters of PCIs included in the first EU list is approaching, the Agency is seeking that the EC sets the level of these fees.

Unfortunately, no legal basis currently exists for fees to be charged in respect of the wholesale monitoring activities (REMIT). The activity based fees could be useful, but are too unpredictable to be helpful for establishing the internal expertise. Fees charged on longer-term basis would be a better option. This would however require the amendment of the founding regulation.

Lord Mogg agreed with the long-term approach of charging fees. This option is worth pursuing as the Commission evaluation may any way lead to a change of Regulation (EC) No 713/2009.

## **8. Annual Activity Report for 2013**

The Chair asked for comments. Lord Mogg observed that the independent section of the report had already been approved by the BoR in May. The AB member appointed by the Commission congratulated the good work of the Agency, the policy related KPIs were reported upon as it was suggested by the Commission for the previous Annual Activity Report of the Agency. Next year the new template for the Annual Activity Report will be used. This new template has been agreed by the Commission and the Network of the EU Agencies in the framework of the Common Approach.

Action: The Board adopted the Annual Activity Report for 2013.

## **9. Work programme 2015 Outline**

The Director explained that the Work programme 2015 outline is the result of the discussions that have taken place in the ACER Working Groups. The process of drafting started in February, the outline was presented at the public workshop on 4 June in Ljubljana, which was joined by 27 stakeholders. The public consultation started on 4 June and is open until 18 June. The Director will present the draft Work Programme by 30 June.

The outline had already been presented to the AB in March, however ACER has decided that the Scoping for Rules for Trading will not be addressed in the Work Programme 2015 and the Director has already written about this to DG ENER.

The AB member appointed by the Commission remarked that on the content the Commission would encourage ACER to focus on the implementation of the Network Codes. On this the ACER support is very important. The Director confirmed that ACER is taking it very seriously. In March ACER already presented its monitoring report on CMP.

Also, the Commission was of the view that quality of the impact assessments (IAs) of the Framework Guidelines needs to improve. The AB member appointed by the Commission gave an example of the IAs Boards the Commission has set up. The Director agreed that IAs on FGs should be an important part of the policy-making, nevertheless sometimes there is no mandate to request information enabling ACER to guarantee a high quality IAs. It is also a matter of resources, but the Agency is nevertheless focusing on this, as it is important when justifying its decisions.

## **10. Nomination of ACER Board of Regulators Member**

The Agency received a letter from the Commission concerning the issue of the lack of clarity in Regulation (EC) No 713/2009 as to who (the Government or the NRAs) has the responsibility for nominating the ACER Board of Regulators members ahead of his/her formal appointment by the Administrative Board. The letter contained the advice of the Legal Service of the Commission stating that the Member States are responsible for designating the regulatory body which fulfils the functions of NRA. The body designated by the Member State as the NRA then nominates its Member and Alternate to the BoR, and informs the Agency thereof with a view to proceed to the formal appointment by the Administrative Board.

Action: The Board took note of the advice of the Commission legal service on the nomination of ACER BoR members and alternates.

## **11. AB opinion on the 2013 Annual Accounts of ACER**

The Director presented the final accounts of the Agency for 2013. The AB Member appointed by the Commission informed the AB that the Commission has reviewed the accounts and they do not have any general comments. Some improvement could however be made in the cash balance and in better planning when requesting funds.

Action: The Board adopted its opinion on the ACER 2013 annual accounts (ANNEX 1).

## **12. Declarations of Interest for 2014 - results of the examination**

The Vice-Chair informed the Board members that all Declarations of interest of the Board members and alternates have been submitted and examined, in line with the annual exercise and with the ACER Guidelines on Preventing and Managing Potential or Actual Conflicts of Interest in ACER. The declarations will be published on the ACER website.

The Director recalled again the 3 April 2014 Resolution of the EP stating that the CVs of the Administrative Board are not publicly available and calling on the Agency to remedy the situation as a matter of urgency. On 2 May the Director has written to the AB members asking to submit the CVs. On the request of the Budgetary Authority and in line with the Common Approach the Agency is preparing a new policy on the conflict of interest, which will include new templates. Therefore the annexes in the Rules of Procedure of the Administrative Board will need to be amended as well.

The new AB member appointed by the Commission welcomed the submission of the declarations, whereby she examined the declarations of the Chair and the Vice-Chair, as envisaged in the rules. She underlined the importance of the exercise, demonstrating that ACER staff and its bodies are acting in the interest of the EU. She invited the Vice-Chair to resubmit an updated declaration. She also welcomed the Agency's intention to establish a fully-fledged policy at the end of the year. The templates should make a clearer distinction between declaring the interests by the concerned persons and the independent assessment whether the interests may lead to a conflict of interest. The CVs need to be published. Some common sense should nevertheless be used when establishing the policy. The Vice-Chair declared to consider comments by the new AB member appointed by the Commission and in case he finds his Declaration of Interest outdated he will resubmit it instantly for examination. He also invited the new AB member appointed by the Commission to submit her Declaration of Interest for examination and for the record, without further delay.

Action: The Board took note of the examination of the declarations of interest. CVs will be published alongside the declarations of interest of Board members and alternates.

### **13. IAS Audit on Development of Framework Guidelines and Opinion on Network Codes in ACER - Final Report**

The Director reported about the recent IAS audit on the process of establishing the Framework Guidelines and Network Codes. He was very pleased with the final report. The IAS interviewed NRAs' representatives and ACER staff and provided a useful report with recommendations, which will be used for the discussions at the AWG Leaders' Away Day. The IAS representative will also participate at the Away day and make a presentation of the report.

The Director has been asked to deliver a presentation at the IAS Annual conference.

### **14. 2014 AB Decisions, by delegation of the Administrative Board to the Chairman via Decision AB 05bis/2010 of 21 September 2010**

The Vice-Chair reported on the AB decision nominating the Irish NRA's member of the Board of Regulators that had been adopted by the Chair since the last AB meeting. The decision was adopted by delegation of the Administrative Board to the Chairman via Decision AB 05bis/2010 of 21 September 2010.

## **AOB**

On a proposal of one AB member, the Board decided that its 18 September meeting will be held in Rome to coincide with other activities linked to the Italian Presidency.

One AB member suggested that in the future planning of the AB meetings the dates of relevant EU Council meetings and informal meetings of the EU Energy Ministers should be taken into account to secure attendance of AB members involved in these meetings.

A short presentation of the new extranet for the use of the Administrative Board took place.

Razvan [redacted] Nicolescu  
Signed [redacted]  
Chairman [redacted] Administrative Board

**ANNEX 1**

**OPINION AB 1/2014**  
**OF THE ADMINISTRATIVE BOARD**  
**OF THE AGENCY FOR THE COOPERATION OF ENERGY REGULATORS**  
**of 10 June 2014**  
**ON THE APPROVAL OF THE FINAL ACCOUNTS FOR THE FINANCIAL**  
**YEAR 2013**

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 Regulators<sup>1</sup>, and, in particular, Articles 1(1) and 24(5),

HAVING REGARD to Decision AB No 22/2013 of the Administrative Board of the Agency for the Cooperation of Energy Regulators of 12 December 2013 on the adoption of the Financial Regulation of the Agency for the Cooperation of Energy Regulators, and, in particular, Article 99(3),

HAVING REGARD to the preliminary observations of the European Court of Auditors of 29 April 2014 on the annual accounts of the Agency for the Cooperation of Energy Regulators for the financial year 2013,

WHEREAS:

- (1) On 29 April 2014, the European Court of Auditors issued its preliminary observations on the annual accounts of the Agency for the Cooperation of Energy Regulators for the financial year 2013.
- (2) On 28 May 2014, the Director has submitted to the attention of the Administrative Board the final accounts for the financial year 2013.
- (3) The Administrative Board shall deliver an opinion on the final accounts of the Agency.

**HAS ADOPTED THIS OPINION:**

**Article 1**

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<sup>1</sup> OJ L211, 14.8.2009, p. 1.

The Administrative Board takes notes of the preliminary observations issued by the European Court of Auditors on the annual accounts for the financial year 2013, attached as per Annex 1 to this Opinion.

#### **Article 2**

A favourable opinion on the final accounts of the Agency for the financial year 2013 as attached in Annex 2 to this Opinion, is hereby adopted.

#### **Article 3**

The Administrative Board invites the Director to take immediate actions to remedy the shortcomings identified by the European Court of Auditors in its preliminary observations and to report in due course on the actions undertaken.

#### **Article 4**

This Opinion shall be communicated, together with the final accounts, to the accounting officer of the Commission, the European Court of Auditors, the European Parliament, and the Council by 1 July 2014.

Done at Ljubljana on 10 June 2014.

For the Administrative Board

Razvan Eugen Nicolescu

Chairman of the Administrative Board



**ANNEX 1**

**TO OPINION AB 01/2014**

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

ΕΒΡΟΠΕΪΣΚΑ ΣΜΕΤΗΑ ΠΑΛΑΤΑ  
TRIBUNAL DE CUENTAS EUROPEO  
EVROPSKÝ ÚČETNÍ DVŮR  
DEN EUROPÆISKE REVISIONSRET  
EUROPÄISCHER RECHNUNGSHOF  
EUROOPA KONTROLLIKODA  
ΕΥΡΩΠΑΪΚΟ ΕΛΕΓΚΤΙΚΟ ΣΥΝΕΔΡΙΟ  
EUROPEAN COURT OF AUDITORS  
COUR DES COMPTES EUROPÉENNE  
CÚIRT INIÚCHÓIRÍ NA HEORPA



EUROPSKI REVIZORSKI SUD  
CORTE DEI CONTI EUROPEA  
EIROPAS REVĪZIJAS PALĀTA  
EUROPOS AUDITO RŪMAI

EURÓPAI SZÁMVEVŐSZÉK  
IL-QORTI EWROPEA TAL-AWDITURI  
EUROPESE REKENKAMER  
EUROPEJSKI TRYBUNAŁ OBRACHUNKOWY  
TRIBUNAL DE CONTAS EUROPEU  
CURTEA DE CONTURI EUROPEANĂ  
EURÓPSKY DVOR AUDÍTOROV  
EVROPSKO RAČUNSKO SODIŠČE  
EUROOPAN TILINTARKASTUSTUOMIOISTUIN  
EUROPEISKA REVISIONSRÄTTEN

Preliminary observations with a view to a report on the annual accounts  
of the Agency for Cooperation of Energy Regulators  
for the financial year 2013

These preliminary observations were adopted by Chamber IV at its meeting of 29 April 2014.

## **INTRODUCTION**

The Agency for Cooperation of Energy Regulators (hereinafter “the Agency”, aka “ACER”), which is located in Ljubljana, was created by Regulation (EC) No 713/2009 of the European Parliament and of the Council<sup>2</sup>. The Agency's main task is to assist 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. Under the REMIT regulation<sup>3</sup>, the Agency was given new additional responsibilities, together with national regulatory authorities, regarding the monitoring of the European wholesale energy market<sup>4</sup>.

## **INFORMATION IN SUPPORT OF THE STATEMENT OF ASSURANCE**

The audit approach taken by the Court comprises analytical audit procedures, direct testing of transactions and an assessment of key controls of the Agency's supervisory and control systems. This is supplemented by evidence provided by the work of other auditors (where relevant) and an analysis of management representations.

### **STATEMENT OF ASSURANCE**

Pursuant to the provisions of Article 287 of the Treaty on the Functioning of the European Union (TFEU), the Court has audited:

- (a) the annual accounts of the Agency, which comprise the financial statements<sup>5</sup> and the reports on the implementation of the budget<sup>6</sup> for the financial year ended 31 December 2013, and

<sup>2</sup> OJ L 211, 14.8.2009, p. 1.

<sup>3</sup> Regulation No 1227/2011 of the European Parliament and of the Council of 25 October 2011, OJ L 326, 8.12.2011, p. 1, which assigns an important role to the Agency in supervising trading in wholesale energy markets across Europe.

<sup>4</sup> ***Annex II*** summarises the Agency's competences and activities. It is presented for information purposes.

<sup>5</sup> These include the balance sheet and the economic outturn account, the cash flow table, the statement of changes in net assets and a summary of the significant accounting policies and other explanatory notes.

(b) the legality and regularity of the transactions underlying those accounts.

*The management's responsibility*

The management is responsible for the preparation and fair presentation of the annual accounts of the Agency and the legality and regularity of the underlying transactions<sup>7</sup>:

The management's responsibilities in respect of the Agency's annual accounts include designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies on the basis of the accounting rules adopted by the Commission's accounting officer<sup>8</sup>; making accounting estimates that are reasonable in the circumstances. The Director approves the annual accounts of the Agency after its accounting officer has prepared them on the basis of all available information and established a note to accompany the accounts in which he declares, *inter alia*, that he has reasonable assurance that they present a true and fair view of the financial position of the Agency in all material respects.

The management's responsibilities in respect of the legality and regularity of the underlying transactions and compliance with the principle of sound financial management consist of designing, implementing and maintaining an effective and efficient internal control system comprising adequate supervision and appropriate measures to prevent irregularities and fraud and, if necessary, legal proceedings to recover funds wrongly paid or used.

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<sup>6</sup> These comprise the budgetary outturn account and the annex to the budgetary outturn account.

<sup>7</sup> Articles 39 and 50 of Commission Delegated Regulation (EU) No 1271/2013 (OJ L 328, 7.12.2013, p. 42).

<sup>8</sup> The accounting rules adopted by the Commission's accounting officer are derived from the International Public Sector Accounting Standards (IPSAS) issued by the International Federation of Accountants or, where relevant, the International Accounting Standards (IAS)/International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board.

### *The auditor's responsibility*

The Court's responsibility is, on the basis of its audit, to provide the European Parliament and the Council<sup>9</sup> with a statement of assurance as to the reliability of the annual accounts and the legality and regularity of the underlying transactions. The Court conducts its audit in accordance with the IFAC International Standards on Auditing and Codes of Ethics and the INTOSAI International Standards of Supreme Audit Institutions. These standards require the Court to plan and perform the audit to obtain reasonable assurance as to whether the annual accounts of the Agency are free from material misstatement and the transactions underlying them are legal and regular.

The audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the accounts and the legality and regularity of the underlying transactions. The procedures selected depend on the auditor's judgement, which is based on an assessment of the risks of material misstatement of the accounts and material non-compliance by the underlying transactions with the requirements in the legal framework of the European Union, whether due to fraud or error. In assessing these risks, the auditor considers any internal controls relevant to the preparation and fair presentation of the accounts, as well as the supervisory and control systems that are implemented to ensure the legality and regularity of underlying transactions, and designs audit procedures that are appropriate in the circumstances. The audit also entails evaluating the appropriateness of accounting policies, the reasonableness of accounting estimates and the overall presentation of the accounts.

The Court considers that the audit evidence obtained is sufficient and appropriate to provide a basis for its statement of assurance.

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<sup>9</sup> Article 107 of Regulation (EU) No 1271/2013.

***Opinion on the reliability of the accounts***

In the Court's opinion, the Agency's annual accounts present fairly, in all material respects, its financial position as at 31 December 2013 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 underlying the accounts***

In the Court's opinion, the transactions underlying the annual accounts for the year ended 31 December 2013 are legal and regular in all material respects.

The comments which follow do not call the Court's opinions into question.

**COMMENTS ON BUDGETARY MANAGEMENT**

The Agency carried over 1,9 million euro or 56 % of total committed title II appropriations (Agency's building and associated costs), mainly related to the implementation of the REMIT regulation. This is an operational, multiannual activity and should have been budgeted under title III, a shortcoming which was rectified in subsequent commitment appropriations.

In addition, the Agency carried over 3,1 million euro or 91 % of total committed title III appropriations, also related to the implementation of the REMIT regulation. The exceptionally high rate of carry-over for title III is mainly due to some 3 million euro in additional funding received through an amended budget approved on 31 October 2013.

**OTHER COMMENTS**

The Agency held 5,5 million euro in cash at year-end, which included some 3 million euro relating to the late budget amendment (see paragraph 12). Nevertheless, average cash balances during the year were significantly higher than justified by operational requirements.

## **FOLLOW-UP OF PREVIOUS YEARS' COMMENTS**

An overview of the corrective actions taken in response to the Court's comments from previous years is provided in **Annex I**.

**ANNEX I**

***Follow-up of previous years' comments***

<b>Year</b>	<b>Court's comment</b>	<b>Status of corrective action (Completed / Ongoing / Outstanding / N/A)</b>
<b>2011</b>	The high level of appropriations not used and of carry-overs as well as the low level of payments indicate shortcomings in budget planning and implementation and are at odds with the budgetary principle of annuality.	<b>Completed</b>
<b>2011</b>	There is room to improve the transparency of recruitment procedures. As an example, vacancy notices did not specify the maximum number of candidates to be put on a reserve list and made no reference to the possibility of appeal. Moreover the questions for written tests and interviews and their weightings were not prepared before the examination of the applications.	<b>Completed</b>
<b>2012</b>	In order to cover higher school fees, the Agency grants staff whose children attend primary or secondary school a top up allowance in addition to the education allowances provided for in the Staff Regulations <sup>1</sup> . Total 2012 top up allowances amounted to some 23 000 euro. They are not covered by the Staff Regulations and are therefore irregular.	<b>Completed</b>
<b>Year</b>	<b>Court's comment</b>	<b>Status of corrective action (Completed / Ongoing / Outstanding / N/A)</b>



2012	<p>The Agency carried over committed appropriations under title II (Agency's building and associated costs) of its budget amounting to 1,7 million euro, representing 81 % of total committed title II appropriations. These carry-overs mainly relate to the implementation of the REMIT regulation which is ongoing. Since the implementation is linked to the Agency's operational activities, it should normally have been budgeted under title III.</p>	Completed
2012	<p>In 2012, the Agency made 20 budget transfers of some 1 million euro and affecting 43 budget lines. This indicates weaknesses in budget planning.</p>	Completed
2012	<p>The Agency held 4,2 million euro in cash at the year end, including the 2011 budget surplus of 1,6 million euro which resulted from an excessive call for funds in 2011 and was recovered by the Commission in January 2013. This is not consistent with a rigorous treasury management.</p>	Ongoing
2012	<p>The audited recruitment procedures revealed shortcomings affecting transparency and an equal treatment of candidates: questions for interviews and tests were not set before the examination of the applications. The conditions for admission to written tests and interviews and for being included in the list of suitable candidates were not specified in sufficient detail and the measures taken to ensure the anonymity of candidates sitting written tests were inadequate.</p>	Ongoing

1 \_\_\_ Article 3 of Annex VII provides for twice the basic allowance of 252,81 euro = 505,62 euro.

## ANNEX II

### *Agency for the Cooperation of Energy Regulators (Ljubljana)*

#### **Competences and activities**

<p><b>Areas of Union competence deriving from the Treaty</b></p> <p><i>(Article 114 (ex Article 95 TEC) and Article 194 of the Treaty on the Functioning of the European Union)</i></p>	<p>The European Parliament and the Council shall, acting in accordance with the ordinary legislative procedure and after consulting the Economic and Social committee, adopt the measures for the approximation of the provisions laid down by law, regulation or administrative action in Member States which have as their object the establishment and functioning of the internal market.</p> <p>In the context of the establishment and functioning of the internal market and with regard for the need to preserve and improve the environment, Union policy on energy shall aim, in a spirit of solidarity between Member States to:</p> <ul style="list-style-type: none"><li>(a) ensure the functioning of the energy market;</li><li>(b) ensure security of energy supply in the Union;</li><li>(c) promote energy efficiency and energy saving and the development of new and renewable forms of energy; and</li><li>(d) promote the interconnection of energy networks.</li></ul> <p>The European Parliament and the Council, acting in accordance with the ordinary legislative procedure, shall establish the measures necessary to achieve these objectives. Such measures shall be adopted after consultation of the Economic and Social Committee and the Committee of the Regions.</p>
<p><b>Competences of the Agency</b></p> <p><i>(As specified in Regulation (EC) No 713/2009 of the European Parliament and of the Council; Commission Regulation (EU) No 838/2010; Regulation (EU) No 1227/2011 of the European Parliament and of the Council)</i></p>	<p><b>Objectives</b></p> <p>The purpose of the Agency is to assist 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.</p> <p><b>Tasks</b></p> <ul style="list-style-type: none"><li>– To complement and coordinate the work of National Regulatory Authorities,</li><li>– to participate in the creation of European network rules,</li><li>– to take, under certain conditions, binding individual decisions on terms and conditions for access and operational security for cross-border infrastructure,</li><li>– to give advice on various energy-related issues to the European institutions,</li><li>– to monitor and report developments on the energy markets,</li><li>– to formulate a proposal to the Commission on the annual cross-border infrastructure compensation sum for the ITC mechanism,</li><li>– to cooperate with the national regulatory authorities, ESMA, competent financial authorities of the Member States and where appropriate with national competition authorities to monitor the wholesale energy markets,</li><li>– to assess the operation and transparency of different categories of market places and ways of trading,</li><li>– to make recommendations to the Commission as regards market rules, records of transactions, orders to trade, standards and procedures which could improve market integrity and the functioning of the internal market,</li><li>– to assist the NRAs in assessing the consistent application of the Projects of Common Interests (PCIs) identification criteria/Cost-Benefit Analysis (CBA) methodology, in evaluating their cross border relevance within a region and in presenting such an assessment to the Regional Groups,</li><li>– to provide an opinion on the draft regional lists of the electricity and gas PCIs and on the consistent application of the criteria and the cost-benefit analysis across regions,</li><li>– to provide an opinion to the Commission and the Member States on the methodologies for a harmonised energy system-wide CBA at Union-wide level proposed by the ENTSOs,</li><li>– to monitor the implementation of PCIs,</li><li>– to facilitate the sharing of good practices and provide recommendations on incentives and common methodology to evaluate the incurred higher risks of investments in electricity and gas transmission.</li></ul>
<p><b>Governance</b></p>	<p><b>Administrative Board</b></p> <p><i>Composition</i></p> <p>Two members appointed by the European Parliament, two members appointed by the Commission and five members appointed by the Council. Each member has an alternate.</p> <p><i>Tasks</i></p> <p>The Administrative Board adopts the Agency's work programme and the budget. It ensures that the Agency</p>

	<p>carries out its mission and performs the tasks assigned to it in accordance with the Agency Regulation.</p> <p><b>Director</b></p> <p>Appointed by the Administrative Board after a favourable opinion from the Board of Regulators and on the basis of a list of candidates proposed by the Commission.</p> <p><b>Board of Regulators</b></p> <p><i>Composition</i></p> <p>A senior representative of the regulatory authorities from each Member State and one non-voting representative of the Commission. Each member has an alternate, nominated by the national regulatory authority from each Member State.</p> <p><i>Tasks</i></p> <ul style="list-style-type: none"> <li>– the Board provides opinions to the Director on the opinions, recommendations and decisions that are considered for adoption,</li> <li>– provides guidance to the Director in the execution of its tasks,</li> <li>– delivers an opinion to the Administrative Board on the candidate to be appointed as Director, and</li> <li>– approves the work programme of the Agency.</li> </ul> <p><b>External audit</b></p> <p>European Court of Auditors.</p> <p><b>Discharge authority</b></p> <p>European Parliament acting on a recommendation from the Council.</p>
<p><b>Resources made available to the Agency in 2013 (2012)</b></p>	<p><b>Budget 2013 (2012)</b></p> <p>11,9 (7,2) million euro</p> <p><b>Staff as at 31 December 2013 (2012)</b></p> <p>Posts listed in the establishment plan: 49 (43)</p> <p>Posts occupied on 31 December: 49 (42)</p> <p>Other staff: 20 (14)</p> <p>Total staff: 69 (57), of which assigned to:</p> <ul style="list-style-type: none"> <li>– operational tasks: 41 (34)</li> <li>– administrative tasks: 28 (23)</li> </ul>
<p><b>Products and services 2013</b></p>	<ul style="list-style-type: none"> <li>– One Framework Guideline (Gas: FG on rules regarding harmonised transmission tariff structures). Public consultations organised as required under Article 10 of Regulation (EC) No 713/2009, including workshop.</li> <li>– Network codes       <ul style="list-style-type: none"> <li>(a) Seven Reasoned Opinions on Network Codes (Electricity: Network Code on Forward Capacity Allocation, Network Code on System Operations, Network Code on Operational Planning and Scheduling, Network Code on Load Frequency Control and Reserve, Network Code on Demand Connection; Gas: Network Code on Balancing and Network Code on Interoperability and Data Exchange).</li> <li>(b) Four Qualified Recommendations on Network Codes (all in Electricity: Network Code for Requirements for Grid Connection Applicable to all Generators, Network Code on Capacity Allocation and Congestion Management, Network Code on Operational Security and Network Code on Operational Planning and Scheduling).</li> <li>(c) Three Recommendations (Electricity: Network Code on Demand Connection, Network Code on Load Frequency Control and Reserves; Gas: Network Code on Gas Balancing of Transmission Networks).</li> </ul> </li> <li>– Opinion on ENTSO-E Work Programme for 2013.</li> <li>– Opinion on ENTSO-E Work Programme for 2014.</li> <li>– Opinion on Capacity Market for the ITRE Committee of the European Parliament.</li> <li>– Opinion on the ENTSO-E Winter Outlook Report 2012/2013 and Summer Review 2012.</li> <li>– Opinion on whether long run average incremental costs are suitable for the assessment of infrastructure costs to be used in the inter-transmission system operator (TSO) compensation mechanism.</li> <li>– Opinion on the ENTSO-E R&amp;D Roadmap 2013-2022 and implementation Plan 2014-2016.</li> <li>– Opinion on ENTSO-E Annual Report 2012.</li> <li>– Opinion on ENTSO-E Summer Outlook Report 2013 and Winter Review 2012/2013.</li> </ul>

- Opinion on the ENTSO-E Manual of Procedures (Transparency Platform).
- Opinion on ENTSG 2011 Annual Report.
- Opinion on ENTSG 2013 Work Programme.
- Opinion on 2012/2013 Gas Winter Supply Outlook.
- Opinion on Gas Regional Investment Plans (GRIPS) 2011(12) - 2020(21).
- Opinion on Gas Summer Supply Outlook.
- Opinion on ENTSG 2012 Annual Report.
- Opinion on Gas TYNDP 2013-2022.
- Opinion on the format, defined by ENTSG, which can be used to download data from the transparency platform (Regulation 715/2009, Annex I, 3.1.1.(1) (e)).
- Opinion on ENTSG 2014 Work Programme.
- Opinion on the consistent application of the criteria and the CBA methodology for submitted projects across regions and evaluation of their European added value.
- Guidance on Development of Network Code amendment proposal on Incremental and New Capacity (Gas).
- Update of the 2nd edition of the Guidance on the REMIT application, 3<sup>rd</sup> edition of the guidance on the application of REMIT definitions, and update of Q&A paper.
- Recommendation on New Regulatory Framework for Inter-TSO Compensation.
- Recommendation to the EC on the Records of Transactions (balancing market contracts and transportation contracts).
- Recommendation regarding Cross-border Cost Allocation Requests submitted in the framework of the first Union list of electricity and gas projects of common interest.
- Annual Report on REMIT activities.
- ITC monitoring report 2012.
- Report on Capacity Remuneration Mechanisms and the Internal Electricity Market.
- Report on ENTSO-E and ENTSG implementation of the tasks in Article 8(1), (2) and (3) of Regulation 714/2009 and Article 8(1), (2) and (3) of Regulation 715/2009 respectively.
- High-Level Conclusions of an Internal Workshop (with concerned NRAs) on Loop flows.
- A Joint ACER-CEER Market Monitoring Report (Article 11 of Regulation (EC) No 713/2009) was issued on 28 November; a presentation took place in Brussels.
- The Regional Initiatives Status Review for 2012 was published in February.
- Four On-line Gas Regional Initiatives (GRIs) and Four On-line Electricity Regional Initiatives (ERIs) quarterly reports were published.
- On 17 May the Agency organised its Annual Conference "Energy Markets: 2014 and beyond"; 200 participants attended.

*Source: Annex provided by the Agency.*

**ANNEX 2**  
**TO OPINION AB 01/2014**  
**OF THE ADMINISTRATIVE BOARD OF THE AGENCY FOR THE**  
**COOPERATION OF ENERGY REGULATORS**

**OPINION AB 1/2014**  
**OF THE ADMINISTRATIVE BOARD**  
**OF THE AGENCY FOR THE COOPERATION OF ENERGY REGULATORS**  
**of 10 June 2014**  
**ON THE APPROVAL OF THE FINAL ACCOUNTS FOR THE FINANCIAL**  
**YEAR 2013**

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  
Regulators<sup>10</sup>, and, in particular, Articles 1(1) and 24(5),

HAVING REGARD to Decision AB No 22/2013 of the Administrative Board of the  
Agency for the Cooperation of Energy Regulators of 12 December 2013 on the  
adoption of the Financial Regulation of the Agency for the Cooperation of Energy  
Regulators, and, in particular, Article 99(3),

HAVING REGARD to the preliminary observations of the European Court of  
Auditors of 29 April 2014 on the annual accounts of the Agency for the Cooperation  
of Energy Regulators for the financial year 2013,

WHEREAS:

- (4) On 29 April 2014, the European Court of Auditors issued its preliminary  
observations on the annual accounts of the Agency for the Cooperation of Energy  
Regulators for the financial year 2013.
- (5) On 28 May 2014, the Director has submitted to the attention of the Administrative  
Board the final accounts for the financial year 2013.

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<sup>10</sup> OJ L211, 14.8.2009, p. 1.

(6) The Administrative Board shall deliver an opinion on the final accounts of the Agency.

**HAS ADOPTED THIS OPINION:**

**Article 1**

The Administrative Board takes notes of the preliminary observations issued by the European Court of Auditors on the annual accounts for the financial year 2013, attached as per Annex 1 to this Opinion.

**Article 2**

A favourable opinion on the final accounts of the Agency for the financial year 2013 as attached in Annex 2 to this Opinion, is hereby adopted.

**Article 3**

The Administrative Board invites the Director to take immediate actions to remedy the shortcomings identified by the European Court of Auditors in its preliminary observations and to report in due course on the actions undertaken.

**Article 4**

This Opinion shall be communicated, together with the final accounts, to the accounting officer of the Commission, the European Court of Auditors, the European Parliament, and the Council by 1 July 2014.

Done at Ljubljana on 10 June 2014.

For the Administrative Board

Razvan Eugen Nicolescu

Chairman of the Administrative Board



**ANNEX 1**

**TO OPINION AB 01/2014**

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

ΕΒΡΟΠΕΪΣΚΑ ΣΜΕΤΗΑ ΠΑΛΑΤΑ  
TRIBUNAL DE CUENTAS EUROPEO  
EVROPSKÝ ÚČETNÍ DVŮR  
DEN EUROPÆISKE REVISIONSRET  
EUROPÄISCHER RECHNUNGSHOF  
EUROOPA KONTROLLIKODA  
ΕΥΡΩΠΑΪΚΟ ΕΛΕΓΚΤΙΚΟ ΣΥΝΕΔΡΙΟ  
EUROPEAN COURT OF AUDITORS  
COUR DES COMPTES EUROPÉENNE  
CÚIRT INIÚCHÓIRÍ NA HEORPA



EUROPSKI REVIZORSKI SUD  
CORTE DEI CONTI EUROPEA  
EIROPAS REVĪZIJAS PALĀTA  
EUROPOS AUDITO RŪMAI

EURÓPAI SZÁMVÉVŐSZÉK  
IL-QORTI EWROPEA TAL-AWDITURI  
EUROPESE REKENKAMER  
EUROPEJSKI TRYBUNAŁ OBRACHUNKOWY  
TRIBUNAL DE CONTAS EUROPEU  
CURTEA DE CONTURI EUROPEANĂ  
EURÓPSKY DVOR AUDÍTOROV  
EVROPSKO RAČUNSKO SODIŠČE  
EUROOPAN TILINTARKASTUSTUOMIOISTUIN  
EUROPEISKA REVISIONSRÄTTEN

Preliminary observations with a view to a report on the annual accounts  
of the Agency for Cooperation of Energy Regulators  
for the financial year 2013

These preliminary observations were adopted by Chamber IV at its meeting of 29 April 2014.



## **INTRODUCTION**

The Agency for Cooperation of Energy Regulators (hereinafter “the Agency”, aka “ACER”), which is located in Ljubljana, was created by Regulation (EC) No 713/2009 of the European Parliament and of the Council<sup>11</sup>. The Agency's main task is to assist 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. Under the REMIT regulation<sup>12</sup>, the Agency was given new additional responsibilities, together with national regulatory authorities, regarding the monitoring of the European wholesale energy market<sup>13</sup>.

## **INFORMATION IN SUPPORT OF THE STATEMENT OF ASSURANCE**

The audit approach taken by the Court comprises analytical audit procedures, direct testing of transactions and an assessment of key controls of the Agency's supervisory and control systems. This is supplemented by evidence provided by the work of other auditors (where relevant) and an analysis of management representations.

### **STATEMENT OF ASSURANCE**

Pursuant to the provisions of Article 287 of the Treaty on the Functioning of the European Union (TFEU), the Court has audited:

- (c) the annual accounts of the Agency, which comprise the financial statements<sup>14</sup> and the reports on the implementation of the budget<sup>15</sup> for the financial year ended 31 December 2013, and

<sup>11</sup> OJ L 211, 14.8.2009, p. 1.

<sup>12</sup> Regulation No 1227/2011 of the European Parliament and of the Council of 25 October 2011, OJ L 326, 8.12.2011, p. 1, which assigns an important role to the Agency in supervising trading in wholesale energy markets across Europe.

<sup>13</sup> ***Annex II*** summarises the Agency's competences and activities. It is presented for information purposes.

<sup>14</sup> These include the balance sheet and the economic outturn account, the cash flow table, the statement of changes in net assets and a summary of the significant accounting policies and other explanatory notes.

(d) the legality and regularity of the transactions underlying those accounts.

*The management's responsibility*

The management is responsible for the preparation and fair presentation of the annual accounts of the Agency and the legality and regularity of the underlying transactions<sup>16</sup>:

The management's responsibilities in respect of the Agency's annual accounts include designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies on the basis of the accounting rules adopted by the Commission's accounting officer<sup>17</sup>; making accounting estimates that are reasonable in the circumstances. The Director approves the annual accounts of the Agency after its accounting officer has prepared them on the basis of all available information and established a note to accompany the accounts in which he declares, *inter alia*, that he has reasonable assurance that they present a true and fair view of the financial position of the Agency in all material respects.

The management's responsibilities in respect of the legality and regularity of the underlying transactions and compliance with the principle of sound financial management consist of designing, implementing and maintaining an effective and efficient internal control system comprising adequate supervision and appropriate measures to prevent irregularities and fraud and, if necessary, legal proceedings to recover funds wrongly paid or used.

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<sup>15</sup> These comprise the budgetary outturn account and the annex to the budgetary outturn account.

<sup>16</sup> Articles 39 and 50 of Commission Delegated Regulation (EU) No 1271/2013 (OJ L 328, 7.12.2013, p. 42).

<sup>17</sup> The accounting rules adopted by the Commission's accounting officer are derived from the International Public Sector Accounting Standards (IPSAS) issued by the International Federation of Accountants or, where relevant, the International Accounting Standards (IAS)/International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board.

### *The auditor's responsibility*

The Court's responsibility is, on the basis of its audit, to provide the European Parliament and the Council<sup>18</sup> with a statement of assurance as to the reliability of the annual accounts and the legality and regularity of the underlying transactions. The Court conducts its audit in accordance with the IFAC International Standards on Auditing and Codes of Ethics and the INTOSAI International Standards of Supreme Audit Institutions. These standards require the Court to plan and perform the audit to obtain reasonable assurance as to whether the annual accounts of the Agency are free from material misstatement and the transactions underlying them are legal and regular.

The audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the accounts and the legality and regularity of the underlying transactions. The procedures selected depend on the auditor's judgement, which is based on an assessment of the risks of material misstatement of the accounts and material non-compliance by the underlying transactions with the requirements in the legal framework of the European Union, whether due to fraud or error. In assessing these risks, the auditor considers any internal controls relevant to the preparation and fair presentation of the accounts, as well as the supervisory and control systems that are implemented to ensure the legality and regularity of underlying transactions, and designs audit procedures that are appropriate in the circumstances. The audit also entails evaluating the appropriateness of accounting policies, the reasonableness of accounting estimates and the overall presentation of the accounts.

The Court considers that the audit evidence obtained is sufficient and appropriate to provide a basis for its statement of assurance.

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<sup>18</sup> Article 107 of Regulation (EU) No 1271/2013.

***Opinion on the reliability of the accounts***

In the Court's opinion, the Agency's annual accounts present fairly, in all material respects, its financial position as at 31 December 2013 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 underlying the accounts***

In the Court's opinion, the transactions underlying the annual accounts for the year ended 31 December 2013 are legal and regular in all material respects.

The comments which follow do not call the Court's opinions into question.

**COMMENTS ON BUDGETARY MANAGEMENT**

The Agency carried over 1,9 million euro or 56 % of total committed title II appropriations (Agency's building and associated costs), mainly related to the implementation of the REMIT regulation. This is an operational, multiannual activity and should have been budgeted under title III, a shortcoming which was rectified in subsequent commitment appropriations.

In addition, the Agency carried over 3,1 million euro or 91 % of total committed title III appropriations, also related to the implementation of the REMIT regulation. The exceptionally high rate of carry-over for title III is mainly due to some 3 million euro in additional funding received through an amended budget approved on 31 October 2013.

**OTHER COMMENTS**

The Agency held 5,5 million euro in cash at year-end, which included some 3 million euro relating to the late budget amendment (see paragraph 12). Nevertheless, average cash balances during the year were significantly higher than justified by operational requirements.

## **FOLLOW-UP OF PREVIOUS YEARS' COMMENTS**

An overview of the corrective actions taken in response to the Court's comments from previous years is provided in **Annex I**.

**ANNEX I**

***Follow-up of previous years' comments***

<b>Year</b>	<b>Court's comment</b>	<b>Status of corrective action (Completed / Ongoing / Outstanding / N/A)</b>
<b>2011</b>	The high level of appropriations not used and of carry-overs as well as the low level of payments indicate shortcomings in budget planning and implementation and are at odds with the budgetary principle of annuality.	<b>Completed</b>
<b>2011</b>	There is room to improve the transparency of recruitment procedures. As an example, vacancy notices did not specify the maximum number of candidates to be put on a reserve list and made no reference to the possibility of appeal. Moreover the questions for written tests and interviews and their weightings were not prepared before the examination of the applications.	<b>Completed</b>
<b>2012</b>	In order to cover higher school fees, the Agency grants staff whose children attend primary or secondary school a top up allowance in addition to the education allowances provided for in the Staff Regulations <sup>1</sup> . Total 2012 top up allowances amounted to some 23 000 euro. They are not covered by the Staff Regulations and are therefore irregular.	<b>Completed</b>
<b>Year</b>	<b>Court's comment</b>	<b>Status of corrective action (Completed / Ongoing / Outstanding / N/A)</b>

2012	The Agency carried over committed appropriations under title II (Agency's building and associated costs) of its budget amounting to 1,7 million euro, representing 81 % of total committed title II appropriations. These carry-overs mainly relate to the implementation of the REMIT regulation which is ongoing. Since the implementation is linked to the Agency's operational activities, it should normally have been budgeted under title III.	Completed
2012	In 2012, the Agency made 20 budget transfers of some 1 million euro and affecting 43 budget lines. This indicates weaknesses in budget planning.	Completed
2012	The Agency held 4,2 million euro in cash at the year end, including the 2011 budget surplus of 1,6 million euro which resulted from an excessive call for funds in 2011 and was recovered by the Commission in January 2013. This is not consistent with a rigorous treasury management.	Ongoing
2012	The audited recruitment procedures revealed shortcomings affecting transparency and an equal treatment of candidates: questions for interviews and tests were not set before the examination of the applications. The conditions for admission to written tests and interviews and for being included in the list of suitable candidates were not specified in sufficient detail and the measures taken to ensure the anonymity of candidates sitting written tests were inadequate.	Ongoing

1 \_\_\_Article 3 of Annex VII provides for twice the basic allowance of 252,81 euro = 505,62 euro.

## ANNEX II

### *Agency for the Cooperation of Energy Regulators (Ljubljana)*

#### **Competences and activities**

<p><b>Areas of Union competence deriving from the Treaty</b></p> <p><i>(Article 114 (ex Article 95 TEC) and Article 194 of the Treaty on the Functioning of the European Union)</i></p>	<p>The European Parliament and the Council shall, acting in accordance with the ordinary legislative procedure and after consulting the Economic and Social committee, adopt the measures for the approximation of the provisions laid down by law, regulation or administrative action in Member States which have as their object the establishment and functioning of the internal market.</p> <p>In the context of the establishment and functioning of the internal market and with regard for the need to preserve and improve the environment, Union policy on energy shall aim, in a spirit of solidarity between Member States to:</p> <ul style="list-style-type: none"><li>(e) ensure the functioning of the energy market;</li><li>(f) ensure security of energy supply in the Union;</li><li>(g) promote energy efficiency and energy saving and the development of new and renewable forms of energy; and</li><li>(h) promote the interconnection of energy networks.</li></ul> <p>The European Parliament and the Council, acting in accordance with the ordinary legislative procedure, shall establish the measures necessary to achieve these objectives. Such measures shall be adopted after consultation of the Economic and Social Committee and the Committee of the Regions.</p>
<p><b>Competences of the Agency</b></p> <p><i>(As specified in Regulation (EC) No 713/2009 of the European Parliament and of the Council; Commission Regulation (EU) No 838/2010; Regulation (EU) No 1227/2011 of the European Parliament and of the Council)</i></p>	<p><b>Objectives</b></p> <p>The purpose of the Agency is to assist 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.</p> <p><b>Tasks</b></p> <ul style="list-style-type: none"><li>– To complement and coordinate the work of National Regulatory Authorities,</li><li>– to participate in the creation of European network rules,</li><li>– to take, under certain conditions, binding individual decisions on terms and conditions for access and operational security for cross-border infrastructure,</li><li>– to give advice on various energy-related issues to the European institutions,</li><li>– to monitor and report developments on the energy markets,</li><li>– to formulate a proposal to the Commission on the annual cross-border infrastructure compensation sum for the ITC mechanism,</li><li>– to cooperate with the national regulatory authorities, ESMA, competent financial authorities of the Member States and where appropriate with national competition authorities to monitor the wholesale energy markets,</li><li>– to assess the operation and transparency of different categories of market places and ways of trading,</li><li>– to make recommendations to the Commission as regards market rules, records of transactions, orders to trade, standards and procedures which could improve market integrity and the functioning of the internal market,</li><li>– to assist the NRAs in assessing the consistent application of the Projects of Common Interests (PCIs) identification criteria/Cost-Benefit Analysis (CBA) methodology, in evaluating their cross border relevance within a region and in presenting such an assessment to the Regional Groups,</li><li>– to provide an opinion on the draft regional lists of the electricity and gas PCIs and on the consistent application of the criteria and the cost-benefit analysis across regions,</li><li>– to provide an opinion to the Commission and the Member States on the methodologies for a harmonised energy system-wide CBA at Union-wide level proposed by the ENTSOs,</li><li>– to monitor the implementation of PCIs,</li><li>– to facilitate the sharing of good practices and provide recommendations on incentives and common methodology to evaluate the incurred higher risks of investments in electricity and gas transmission.</li></ul>
<p><b>Governance</b></p>	<p><b>Administrative Board</b></p> <p><i>Composition</i></p> <p>Two members appointed by the European Parliament, two members appointed by the Commission and five members appointed by the Council. Each member has an alternate.</p> <p><i>Tasks</i></p> <p>The Administrative Board adopts the Agency's work programme and the budget. It ensures that the Agency</p>



	<p>carries out its mission and performs the tasks assigned to it in accordance with the Agency Regulation.</p> <p><b>Director</b></p> <p>Appointed by the Administrative Board after a favourable opinion from the Board of Regulators and on the basis of a list of candidates proposed by the Commission.</p> <p><b>Board of Regulators</b></p> <p><i>Composition</i></p> <p>A senior representative of the regulatory authorities from each Member State and one non-voting representative of the Commission. Each member has an alternate, nominated by the national regulatory authority from each Member State.</p> <p><i>Tasks</i></p> <ul style="list-style-type: none"> <li>– the Board provides opinions to the Director on the opinions, recommendations and decisions that are considered for adoption,</li> <li>– provides guidance to the Director in the execution of its tasks,</li> <li>– delivers an opinion to the Administrative Board on the candidate to be appointed as Director, and</li> <li>– approves the work programme of the Agency.</li> </ul> <p><b>External audit</b></p> <p>European Court of Auditors.</p> <p><b>Discharge authority</b></p> <p>European Parliament acting on a recommendation from the Council.</p>
<p><b>Resources made available to the Agency in 2013 (2012)</b></p>	<p><b>Budget 2013 (2012)</b></p> <p>11,9 (7,2) million euro</p> <p><b>Staff as at 31 December 2013 (2012)</b></p> <p>Posts listed in the establishment plan: 49 (43)</p> <p>Posts occupied on 31 December: 49 (42)</p> <p>Other staff: 20 (14)</p> <p>Total staff: 69 (57), of which assigned to:</p> <ul style="list-style-type: none"> <li>– operational tasks: 41 (34)</li> <li>– administrative tasks: 28 (23)</li> </ul>
<p><b>Products and services 2013</b></p>	<ul style="list-style-type: none"> <li>– One Framework Guideline (Gas: FG on rules regarding harmonised transmission tariff structures). Public consultations organised as required under Article 10 of Regulation (EC) No 713/2009, including workshop.</li> <li>– Network codes <ul style="list-style-type: none"> <li>(d) Seven Reasoned Opinions on Network Codes (Electricity: Network Code on Forward Capacity Allocation, Network Code on System Operations, Network Code on Operational Planning and Scheduling, Network Code on Load Frequency Control and Reserve, Network Code on Demand Connection; Gas: Network Code on Balancing and Network Code on Interoperability and Data Exchange).</li> <li>(e) Four Qualified Recommendations on Network Codes (all in Electricity: Network Code for Requirements for Grid Connection Applicable to all Generators, Network Code on Capacity Allocation and Congestion Management, Network Code on Operational Security and Network Code on Operational Planning and Scheduling).</li> <li>(f) Three Recommendations (Electricity: Network Code on Demand Connection, Network Code on Load Frequency Control and Reserves; Gas: Network Code on Gas Balancing of Transmission Networks).</li> </ul> </li> <li>– Opinion on ENTSO-E Work Programme for 2013.</li> <li>– Opinion on ENTSO-E Work Programme for 2014.</li> <li>– Opinion on Capacity Market for the ITRE Committee of the European Parliament.</li> <li>– Opinion on the ENTSO-E Winter Outlook Report 2012/2013 and Summer Review 2012.</li> <li>– Opinion on whether long run average incremental costs are suitable for the assessment of infrastructure costs to be used in the inter-transmission system operator (TSO) compensation mechanism.</li> <li>– Opinion on the ENTSO-E R&amp;D Roadmap 2013-2022 and implementation Plan 2014-2016.</li> <li>– Opinion on ENTSO-E Annual Report 2012.</li> <li>– Opinion on ENTSO-E Summer Outlook Report 2013 and Winter Review 2012/2013.</li> </ul>

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- Opinion on the ENTSO-E Manual of Procedures (Transparency Platform).
  - Opinion on ENTSG 2011 Annual Report.
  - Opinion on ENTSG 2013 Work Programme.
  - Opinion on 2012/2013 Gas Winter Supply Outlook.
  - Opinion on Gas Regional Investment Plans (GRIPS) 2011(12) - 2020(21).
  - Opinion on Gas Summer Supply Outlook.
  - Opinion on ENTSG 2012 Annual Report.
  - Opinion on Gas TYNDP 2013-2022.
  - Opinion on the format, defined by ENTSG, which can be used to download data from the transparency platform (Regulation 715/2009, Annex I, 3.1.1.(1) (e)).
  - Opinion on ENTSG 2014 Work Programme.
  - Opinion on the consistent application of the criteria and the CBA methodology for submitted projects across regions and evaluation of their European added value.
  - Guidance on Development of Network Code amendment proposal on Incremental and New Capacity (Gas).
  - Update of the 2nd edition of the Guidance on the REMIT application, 3<sup>rd</sup> edition of the guidance on the application of REMIT definitions, and update of Q&A paper.
  - Recommendation on New Regulatory Framework for Inter-TSO Compensation.
  - Recommendation to the EC on the Records of Transactions (balancing market contracts and transportation contracts).
  - Recommendation regarding Cross-border Cost Allocation Requests submitted in the framework of the first Union list of electricity and gas projects of common interest.
  - Annual Report on REMIT activities.
  - ITC monitoring report 2012.
  - Report on Capacity Remuneration Mechanisms and the Internal Electricity Market.
  - Report on ENTSO-E and ENTSG implementation of the tasks in Article 8(1), (2) and (3) of Regulation 714/2009 and Article 8(1), (2) and (3) of Regulation 715/2009 respectively.
  - High-Level Conclusions of an Internal Workshop (with concerned NRAs) on Loop flows.
  - A Joint ACER-CEER Market Monitoring Report (Article 11 of Regulation (EC) No 713/2009) was issued on 28 November; a presentation took place in Brussels.
  - The Regional Initiatives Status Review for 2012 was published in February.
  - Four On-line Gas Regional Initiatives (GRIs) and Four On-line Electricity Regional Initiatives (ERIs) quarterly reports were published.
  - On 17 May the Agency organised its Annual Conference "Energy Markets: 2014 and beyond"; 200 participants attended.
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*Source: Annex provided by the Agency.*

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**ANNEX 2**

**TO OPINION AB 01/2014**

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

# **Final Accounts of the European Agency for the Cooperation of Energy Regulators**

and

# **Report on Budgetary and Financial Management**

1 January – 31 December 2013

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## CERTIFICATION OF ANNUAL ACCOUNTS

The annual accounts of the Agency for the Cooperation of Energy Regulators (hereinafter 'the Agency') for the year 2013 have been prepared in accordance with Title IX of the Agency's Financial Regulation as well as the accounting rules adopted by the European Commission's Accounting Officer.

I acknowledge my responsibility for the preparation and presentation of the annual accounts of the Agency in accordance with Article 50 of the Agency's Financial Regulation.

I have obtained from the authorising officer, who certified its reliability, all the necessary information for the production of the accounts that show the Agency's assets and liabilities and the budgetary implementation.

I hereby certify that based on this information, and on such checks as I deemed necessary to sign off the accounts, I have a reasonable assurance that the accounts present fairly, in all material aspects, the financial position, the results of the operations and the cash-flow of the Agency.

13 May 2014

Rodica Mandroc,  
Accounting and Budget Officer

*[signed electronically]*

## INTRODUCTION

### LEGAL BASIS

The European Agency for the Cooperation of Energy Regulators (hereinafter referred to as 'the Agency') with the seat in Ljubljana, Slovenia has been established by Regulation (EC) No 713/2009 of the European Parliament and of the Council of 13 July 2009 (the "founding Regulation").

The overall mission of the Agency, according to its founding Regulation, is to assist national regulatory authorities (NRAs) to perform their duties at the European Union level and to coordinate their actions whenever necessary.

The Agency's activities are also governed by the following regulations:

- Regulation (EU) No 838/2010 of 23 September 2010 of the European Parliament and of the Council on Inter-TSO Compensation Mechanism;
- Regulation (EU) No 1227/2011 of 25 October 2011 of the European Parliament and of the Council on wholesale energy market integrity and transparency;
- Regulation (EU) No 347/2013 of 17 April 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.

### BACKGROUND INFORMATION

According to the founding Regulation, the Agency's governing bodies on administrative matters are the Administrative Board and the Director.

The Director of the Agency, Mr Alberto Pototschnig is, according to Article 17 of the founding Regulation, responsible for representing the Agency and in charge of its management.

The Administrative Board, chaired by Mr Piotr Woźniak, is composed of nine members with two members appointed by the European Parliament, five members appointed by the Council and two members appointed by the European Commission. Each member has an alternate.

The Administrative Board shall give an opinion on the final accounts of the Agency as drawn up by the Director in accordance with Article 24(4) and (5) of the founding Regulation.

The Agency's expenditures for 2013 were integrally financed through an annual subsidy from the general budget of the European Union.

In accordance with Article 43(1) of the Agency's Financial Regulation adopted by the Administrative Board with Decision AB n° 22/2011, the Administrative Board appointed Mrs Rodica Mandroc on 22 September 2011 as the Accounting and Budget Officer of the Agency.

The following accounts together with a report on budgetary and financial management have been drawn up in accordance with Articles 92 – 99 of the Agency’s Financial Regulation and Article 24 of the founding Regulation.

## **PART I – FINANCIAL STATEMENTS**

The funds necessary to perform the Agency’s operations are received in the form of an annual subsidy from the general budget of the European Union. The initial subsidy for the financial year 2013 amounted to €8,941,220 and has been upwardly adjusted by additional funding towards the end of the year amounting to €2,989,000 assigned to cover expenditure related to the energy market monitoring project. The approval and receipt of this additional funding by the end of October 2013 had a significant impact on the economic and budgetary result for the financial year ending 31 December 2013. The economic outturn account for the year ending 31 December 2013 shows a large positive result of €4.7m (€1.2m in 2012) mainly due to the late receipt of the additional funding whose effective expenditure had to be carried forward in the 2014 financial year.

The impact of the additional funds can be as well observed in the closing balance of the cash and cash equivalents for the financial year showing a closing amount of €5.4m (€2.4 in 2012).

The impact on the budgetary result is presented and detailed in the second part of the annual accounts report.

The following financial statements and notes have been drawn up for the financial year ending 31 December 2013.



**ECONOMIC OUTTURN ACCOUNT**

<i>for the year ending 31 December 2013</i>	<b>1 January - 31 December 2013 €</b>	<b>1 January - 31 December 2012 €</b>
<b>REVENUE</b>		
European Commission subsidy	11,514,296.22	6,549,243.89
Other operating revenue	222,373.08	71.09
<b>TOTAL OPERATING REVENUE</b>	<b>11,736,669.30</b>	<b>6,549,314.98</b>
<b>ADMINISTRATIVE AND OPERATIONAL EXPENSES</b>		
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
<b>TOTAL ADMINISTRATIVE AND OPERATIONAL EXPENSES</b>	<b>6,766,358.83</b>	<b>5,341,058.96</b>
<b>SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES</b>	<b>4,970,310.47</b>	<b>1,208,256.02</b>

**FINANCIAL  
OPERATIONS**

Financial operations expenses	52.29	300.00
<b>SURPLUS/ FROM ACTIVITIES</b>	<b>(52.29)</b>	<b>(300.00)</b>
<b>ECONOMIC RESULT OF THE YEAR</b>	<b>4,970,258.18</b>	<b>1,207,956.02</b>

## BALANCE SHEET

### ASSETS

<i>as of 31 December 2013</i>	Notes	1 January - 31 December 2013 €	1 January - 31 December 2012 €
<b>NON-CURRENT ASSETS</b>			
Intangible fixed assets	4	1,324,759.39	20,402.97
Tangible fixed assets	5	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
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,764,846.90</b>	<b>421,467.13</b>
<b>CURRENT ASSETS</b>			
Short-term receivables	6	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	7	5,468,548.31	4,215,005.25
<b>TOTAL CURRENT ASSETS</b>		<b>6,266,684.45</b>	<b>4,273,191.50</b>
<b>TOTAL CURRENT AND NON-CURRENT ASSETS</b>		<b>8,031,531.35</b>	<b>4,694,658.63</b>

### EQUITY AND LIABILITIES

		1 January - 31 December 2013 €	1 January - 31 December 2012 €
<b>EQUITY</b>			
Accumulated surplus/(deficit)		2,134,886.85	926,930.83
Economic result of the year		4,970,258.18	1,207,956.02
<b>TOTAL EQUITY</b>		<b>7,105,145.03</b>	<b>2,134,886.85</b>
<b>CURRENT LIABILITIES</b>			
Accounts payable	8	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
<b>TOTAL CURRENT LIABILITIES</b>		<b>926,386.32</b>	<b>2,559,771.78</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8,031,531.35</b>	<b>4,694,658.63</b>

## CASH FLOW STATEMENT

	Note	1 January - 31 December 2013 €	1 January - 31 December 2012 €
<b>Surplus/(deficit) from operating activities</b>		<b>4,970,310.47</b>	<b>1,208,256.02</b>
<b>Cash Flows from Operating Activities</b>			
<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
<b>Net Cash Flow from Operating Activities</b>		<b>2,790,922.56</b>	<b>1,371,604.72</b>
<b>Cash Flows from Investing Activities</b>			
Purchase of tangible and intangible fixed assets		(1,537,327.21)	(97,312.81)
<b>Net Cash Flow from Investing Activities</b>		<b>(1,537,327.21)</b>	<b>(97,312.81)</b>
<b>Financing Activities</b>			
Financial operations revenues/expenses		(52.29)	(300.00)
<b>Net Cash Flow from Financing Activities</b>		<b>(52.29)</b>	<b>(300.00)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,253,543.06</b>	<b>1,273,991.91</b>
Cash and cash equivalents at the beginning of the period		4,215,005.25	4,215,005.25
<b>Cash and cash equivalents at the end of the period</b>	<b>7</b>	<b>5,468,548.31</b>	<b>2,387,634.18</b>

**STATEMENT OF CHANGES IN NET ASSETS**

*as at 31 December 2013*

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

## NOTES TO THE FINANCIAL STATEMENTS

### ACCOUNTING POLICIES AND PRINCIPLES

The objective of the financial statements in general is to provide users with an overview on the financial performance, position and cash flow of an entity. For a public entity like the Agency this objective is more specific as the information contained is used in the decision making process as well as to demonstrate the accountability of the Agency towards the resources entrusted to it.

The financial statements for the year 2013 were prepared on the basis of the European Commission Accounting Rules as laid down by the accounting officer of the European Commission, applicable to the specific environment of the European Union and which are based on the International Public Sector Accounting Standards and International Financial Reporting Standards. The financial statements are prepared on an accrual basis whereas the reports on the implementation of the budget are prepared on a cash basis. Reconciliation between the two methods is presented in the second part of this report.

The accounting system of the Agency contains general and budget accounts with the functional currency being Euro. The budget accounts provide a detailed picture on the implementation of the budget and are based on cash accounting principles. The general accounts prepared on an accrual accounting basis present the financial performance and position of the Agency as at the end of the financial year.

### CURRENCY AND BASIS FOR CONVERSION

#### Functional and reporting currency

The functional and reporting currency used in the preparation of the financial statements for the Agency is Euro.

#### Transactions

Foreign currency transactions were converted into Euros in accordance with Article 6 of the general Implementing Rules using the official European Commission exchange rates of the day on which the payment order was drawn up.

Foreign exchange gains and losses resulting from the settlement of transactions in foreign currency are recognised in the economic outturn account.

### CHART OF ACCOUNTS

The chart of accounts used by the Agency follows the structure of the chart of accounts used by the European Commission (PCUE).

## ECONOMIC OUTTURN ACCOUNT - NOTES

### 1. Revenue

The 2013 revenues of the Agency consist of

- the subsidy received from the general budget of the European Union,
- income on fixed assets transferred from the parent Directorate,
- income resulted from the application of salary and country coefficient adjustments, and
- foreign exchange realised gains.

	31 December 2013	31 December 2012
	€	€
European Commission subsidy	11,514,296.22	6,549,243.89
Other operating revenue	222,373.08	71.09
	<b>11,736,669.30</b>	<b>6,549,314.98</b>

### 2. Expenses

Staff expenses consist of personnel-related expenses such as salaries, allowances and other welfare benefits.

Fixed assets-related expenses contain the charge of amortisation of intangible assets and the depreciation of tangible assets for the financial year ending 31 December 2013.

Other administrative expenses consist of costs associated with the building, office running costs, including the cost of physical inventory that does not qualify as financial assets, as well as the cost of interim personnel.

Operational expenses include the cost of operational missions, meetings, workshops, public hearings and other operational expenditure incurred for the functioning of the Agency.

<b>Administrative and operational expenses</b>	31 December 2013	31 December 2012
	€	€
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
	<b>6,766,358.83</b>	<b>5,341,058.96</b>

### 3. Financial expense

Financial expenses relate to bank charges for operating the Agency bank accounts.

Financial expenses	31 December	31 December
	2013	2012
	€	€
Financial operations expenses	52.29	300.00

## BALANCE SHEET - NOTES

### NON-CURRENT ASSETS

Assets are resources controlled by the Agency as a result of past events from which future economic benefits or service potential is expected to flow.

Fixed assets are assets with a useful life of more than one reporting period. The valuation of fixed assets in the financial statements of the Agency is based at their acquisition price. The book value of these assets is equal to their acquisition price increased or decreased by revaluations, decreased by depreciation and amounts written off.

For the record of fixed assets the Agency uses ABAC Assets2 as inventory application, which is an integrated part of the ABAC platform. Two main categories can be distinguished: intangible and tangible assets.

#### 4. Intangible fixed assets

Intangible fixed assets recorded in the inventory of the Agency consist of assets without physical substance and are represented by acquisitioned software and internally generated intangible assets still under construction at year end.

Intangible assets at book value	31 December	31 December
	2013	2012
	€	€
Intangible assets	15,111.89	37,173.02
Intangible assets under construction	1,309,647.50	0.00
	<b>1,324,759.39</b>	<b>37,173.02</b>

#### 5. Tangible fixed assets

Assets with a physical substance recorded in the inventory of the Agency consist mainly of furniture, computer hardware, telecommunication and audio-visual equipment and a small number of other equipment and fittings.

Tangible fixed assets at book value	31 December	31 December
	2013	2012
	€	€
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
	<b>440,087.51</b>	<b>401,064.16</b>

### Amortisation and depreciation

Depreciation and amortisation as a systematic allocation of the loss in value over the useful life of an asset is calculated using the straight-line method with the following rates:

Type of asset	Straight line depreciation and amortisation rate
Computer software	25%
Furniture	10%
Transport and kitchen equipment	12.5%
Computer hardware	25%
Technical equipment	25%
Telecommunication audio-visual equipment	25%

Details on the classification and depreciation amounts of the fixed assets can be found in the following table:

**FIXED ASSETS**  
01.01.2013-31.12.2013

Account number	Asset category	Opening balance	Additions during the year	Assets transferred from DG ENER	Closing balance	Depreciation Rate and Method	Opening balance	Depreciation charge for the year	Depreciation of assets transferred from DG ENER	Accumulated Depreciation	Closing book value
21001000	Computer software	37,173.02	3,641.14	0.00	40,814.16	L 25%	16,770.05	8,932.22	0.00	25,702.27	15,111.89
21400001	Intangible assets under construction	0.00	1,309,647.50	0.00	1,309,647.50	0.00%	0.00	0.00	0.00	0.00	1,309,647.50
23001000	Plant, machinery and equipment	2,225.65	0.00	0.00	2,225.65	L 12,5%	515.43	491.95	0.00	1,007.38	1,218.27
24001000	Furniture and rolling stock	53,275.94	18,787.44	0.00	72,063.38	L 10%; 12,5%, 25%	9,006.84	6,092.62	0.00	15,099.46	56,963.92
24101000	Computer hardware	544,708.79	146,137.37	1,711.95	692,558.11	L 25%	236,781.41	154,129.88	748.96	391,660.25	300,897.86
24201000	Other fixtures and fittings	62,302.08	57,401.81	0.00	119,703.89	L 25%	15,144.62	23,551.81	0.00	38,696.43	81,007.46
	<b>Totals</b>	<b>699,685.48</b>	<b>1,535,615.26</b>	<b>1,711.95</b>	<b>2,237,012.69</b>		<b>278,218.35</b>	<b>193,198.48</b>	<b>748.96</b>	<b>472,165.79</b>	<b>1,764,846.90</b>

## CURRENT ASSETS

### Receivables

Receivables are carried at original invoice amount less any write-down for impairment. A write-down for impairment of receivables is established only where there is objective evidence that the Agency will not be able to collect all amounts due according to the original terms of the receivables, with the impaired amount being recognised in the economic outturn for the year.

#### 6. Short-term receivables

The Agency benefits from a direct exemption for VAT from the Slovenian state for purchases above the threshold amount of €60. For purchases where the direct exemption is impracticable to obtain, the VAT is refunded by the Slovenian state on a quarterly basis.

The advance payment made to one of the contractors and recorded as short-term pre-financing relates to services expected to be provided in the course of 2014 by the respective contractor.

Salary advances paid to staff members are processed and/or recovered by the Pay Master Office (PMO) from the staff member salary in the month following that of the payment.

Deferred charges consist of prepayments made during the year mainly on subscriptions and insurance premiums, recovery of overpaid salaries of staff members, December related bank charges and deposit made for the rental of furnished offices from Poslovni Center za Opravljanje Celovitih Pisarniskih Storitve d.o.o.

Overpaid salaries to staff members derive from the application of Council Regulation 1416/2013 from 17 December 2013 on the adjustment of countries' correction coefficient with effect from 1 July 2013. Effective recovery was initiated in February 2014.

	31 December 2013	31 December 2012
	€	€
VAT receivable	901.55	553.50
Short term pre-financing	475,000.00	0.00
Salary advances paid to staff	23,014.50	15,900.52
Deferred charges		
Prepayments	74,985.27	38,781.88
Accrued income	221,284.92	0.00
Bank charges	9.90	10.35
Deposits and guarantees	2,940	2,940
	<b>798,136.14</b>	<b>58,186.25</b>

#### 7. Cash and cash equivalents

The main bank account of the Agency and the imprest account are held with UniCredit AG Germany based on a banking services contract signed between the two parties. At 31

December 2013 the balance of the main bank account contained the 2013 budgetary outturn (approx. €0.4m) that yet has to be returned to the general budget of the general budget of the European Union, and the related cash needed to honour the Agency's financial obligations carried over into 2014 including the extra funds received (€3m) in the form of an budgetary adjustment in November 2013.

	<b>31 December 2013</b>	<b>31 December 2012</b>
	€	€
Bank account	5,458,261.60	4,209,349.08
Imprest account	10,006.98	5,509.70
Petty cash	279.73	146.47
	<b><u>5,468,548.31</u></b>	<b><u>4,215,005.25</u></b>

## EQUITY AND LIABILITIES

### 8. Current liabilities

As of 31 December 2013 the Agency settled all its current obligations towards its suppliers.

Accrued expenses relate mainly to goods or service delivered at the end of the financial year but for which the invoices have not been received amounting to €397,772.99. According to Staff Regulation (Annex V – Leave, Article 4) the staff members are entitled to a compensation equal to one thirtieth of his/her monthly remuneration for each leave day due to him/her at the time of leaving the service. A holiday compensation amounting to €109 629.52 has been calculated and recognised as accrued expenses for all untaken annual leave entitlements as at the end of the 2013 financial year.

The budgetary outturn result remains the property of the European Commission and the Agency has an obligation to return the unused amount of the pre-financing. The 2013 related budgetary outturn will be returned during 2014 on the request of the European Commission.

Interest yields on the pre-financing fall under the same obligation and have to be returned to the European Commission. The interest earned during the financial year 2013 amounting to €3,060.03 (2012: €6,829.63) will be returned during 2014 at the request of the European Commission.

	<b>31 December 2013</b>	<b>31 December 2012</b>
	€	€
Accounts payable	0.00	8,948.77
Accrued expenses	507,402.51	269,250.46
Repayable positive budgetary outturn (incl. interest)	418,983.81	2,281,572.55
	<b><u>926,386.32</u></b>	<b><u>2,559,771.78</u></b>

## **CHANGES IN ACCOUNTING POLICIES**

There have been no changes in accounting policies for the financial year 2013.

## **OTHER DISCLOSURE**

### **Contribution in kind**

During the financial year 2013 the following contributions in kind have been accepted:

From the Council of European Energy Regulators:

- office space, logistical and secretarial support for the Agency's liaison office in Brussels free of any rent, fees and charges.

From the Government of the Republic of Slovenia:

- use of office space offered free of any rent or related charges pursuant to the Seat Agreement signed on 26 November 2010 for the first two years of the Agency operation. The rent-free period ended on 31 January 2013, date from which the Agency is covering the cost of its premises.

In both cases neither the legal title nor the economic ownership has passed to the Agency, therefore the non-exchange component of these transactions is not accounted for in the accounts of the Agency.

## **EVENTS AFTER BALANCE SHEET DATE**

The Agency has not identified any material event after its balance sheet date that would have an impact on its financial performance and position.

## PART II – REPORT ON BUDGETARY AND FINANCIAL MANAGEMENT

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.

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

Title Chapter	Heading	Appropriation (1)	Committed (2)	% Committed	Paid (3)	% Paid	Balance Commitment (1-2)	Balance Payment (2-3)
<b>TITLE 1</b>	<b>Expenditure relating to staff and resources</b>							
CHAPTER 11	Staff in active employment	4,941,299.00	4,722,872.83	95.58%	4,661,284.38	94.33%	218,426.17	61,588.45
CHAPTER 12	Missions and duty travel	105,000.00	92,515.02	88.11%	72,674.96	69.21%	12,484.98	19,840.06
CHAPTER 13	Socio-medical infrastructure	23,500.00	23,075.05	98.19%	6,236.50	26.54%	424.95	16,838.55
CHAPTER 14	Social services	25,000.00	24,670.95	98.68%	22,044.91	88.18%	329.05	2,626.04
	<b>TOTAL TITLE 1</b>	<b>5,094,799.00</b>	<b>4,863,133.85</b>	<b>95.45%</b>	<b>4,762,240.75</b>	<b>93.47%</b>	<b>231,665.15</b>	<b>100,893.10</b>
<b>TITLE 2</b>	<b>Agency's building and associated costs</b>							
CHAPTER 20	Agency's premises costs	661,110.00	657,242.84	99.42%	538,767.78	81.49%	3,867.16	118,475.06
CHAPTER 21	Data processing	1,888,896.00	1,886,431.42	99.87%	469,933.83	24.88%	2,464.58	1,416,497.59
CHAPTER 22	Movable property and associated costs	157,100.00	151,616.73	96.51%	79,016.46	50.30%	5,483.27	72,600.27
CHAPTER 23	Current administrative expenditure	453,103.00	437,195.94	96.49%	315,851.22	69.71%	15,907.06	121,344.72
CHAPTER 24	Computer infrastructure, telecommunication and postage	238,800.00	234,675.49	98.27%	91,777.65	38.43%	4,124.51	142,897.84
	<b>TOTAL TITLE 2</b>	<b>3,399,009.00</b>	<b>3,367,162.42</b>	<b>99.06%</b>	<b>1,495,346.94</b>	<b>43.99%</b>	<b>31,846.58</b>	<b>1,871,815.48</b>
<b>TITLE 3</b>	<b>Operational expenditure</b>							
CHAPTER 30	Representation expenses	20,000.00	20,000.00	100.00%	9,464.43	47.32%	0.00	10,535.57
CHAPTER 31	Operational missions	240,000.00	237,796.94	99.08%	202,701.04	84.46%	2,203.06	35,095.90
CHAPTER 32	Stakeholder involvement, public relations and website	157,875.00	142,967.31	90.56%	82,002.31	51.94%	14,907.69	60,965.00
CHAPTER 33	Translations	24,537.00	10,379.00	42.30%	4,617.20	18.82%	14,158.00	5,761.80
CHAPTER 34	Professional indemnity	5,000.00	5,000.00	100.00%	5,000.00	100.00%	0.00	0.00
CHAPTER 35	REMIT operations	2,989,000.00	2,988,735.90	99.99%	0.00	0.00%	264.10	2,988,735.90
	<b>TOTAL TITLE 3</b>	<b>3,436,412.00</b>	<b>3,404,879.15</b>	<b>99.08%</b>	<b>303,784.98</b>	<b>8.84%</b>	<b>31,532.85</b>	<b>3,101,094.17</b>
	<b>GRAND TOTAL BUDGET 2013</b>	<b>11,930,220.00</b>	<b>11,635,175.42</b>	<b>97.53%</b>	<b>6,561,372.67</b>	<b>55.00%</b>	<b>295,044.58</b>	<b>5,073,802.75</b>

A detailed description of the 2013 budget implementation can be found under the 'Revenue' and 'Expenditure' sub-sections of the 'Budgetary Management' section of this report.

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

Chapter	Heading	Appropriation (1)	Committed (2)	% Committed	Paid (3)	% Paid	Balance Commitment (1-2)	Balance Payment (2-3)
CHAPTER 12	Missions and duty travel	1500.00	0	0.00%	0	0.00%	1500.00	0
CHAPTER 14	Social services	1200.00	1200	100.00%	0	0.00%	0.00	1200
CHAPTER 31	Operational missions	1498.52	461.61	30.80%	461.61	30.80%	1036.91	0
<b>TOTAL FUND SOURCE C4</b>		<b>4,198.52</b>	<b>1,661.61</b>	<b>39.58%</b>	<b>461.61</b>	<b>10.99%</b>	<b>2,536.91</b>	<b>1,200.00</b>

A detailed description of this budget implementation can be found under the 'Revenue' and 'Expenditure' sub-sections of the 'Budgetary Management' section of this report.

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 European 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:

Title Chapter	Heading	Appropriation (1)	Committed (2)	% Committed	Paid (3)	% Paid	Balance Commitment (1-2)	Balance Payment (2-3)
<b>TITLE 1</b>	<b>Expenditure related to employees of the agency</b>							
CHAPTER 11	Staff in active employment	172,049.72	100,619.85	58.48%	100,619.85	58.48%	71,429.87	0.00
CHAPTER 12	Missions and duty travel	36,209.00	20,366.32	56.25%	20,366.32	56.25%	15,842.68	0.00
CHAPTER 13	Socio-medical infrastructure	9,602.82	7,483.80	77.93%	7,483.80	77.93%	2,119.02	0.00
CHAPTER 14	Social services	1,152.51	782.62	67.91%	782.62	67.91%	369.89	0.00
<b>TOTAL TITLE 1</b>		<b>219,014.05</b>	<b>129,252.59</b>	<b>59.02%</b>	<b>129,252.59</b>	<b>59.02%</b>	<b>89,761.46</b>	<b>0.00</b>
<b>TITLE 2</b>	<b>Agency's building and associated costs</b>							
CHAPTER 20	Agency premises costs	2,099.17	599.11	28.54%	599.11	28.54%	1,500.06	0.00
CHAPTER 21	Data processing	1,403,505.69	1,403,505.69	100.00%	1,403,505.69	100.00%	0.00	0.00
CHAPTER 22	Movable property and associated costs	72,133.34	71,593.11	99.25%	71,593.11	99.25%	540.23	0.00
CHAPTER 23	Current administrative expenditure	134,324.03	117,610.11	87.56%	117,610.11	87.56%	16,713.92	0.00
CHAPTER 24	Postal charges, telecommunication and computer infrastr	39,840.40	36,942.38	92.73%	36,942.38	92.73%	2,898.02	0.00
<b>TOTAL TITLE 2</b>		<b>1,651,902.63</b>	<b>1,630,250.40</b>	<b>98.69%</b>	<b>1,630,250.40</b>	<b>98.69%</b>	<b>21,652.23</b>	<b>0.00</b>
<b>TITLE 3</b>	<b>Operational expenditure</b>							
CHAPTER 30	Representation expenses	5,861.25	5,233.38	89.29%	5,233.38	89.29%	627.87	0.00
CHAPTER 31	Operational missions	3,958.08	2,312.28	58.42%	2,312.28	58.42%	1,645.80	0.00
CHAPTER 32	Stakeholder involvement, public relations and website	63,827.89	59,600.61	93.38%	59,600.61	93.38%	4,227.28	0.00
CHAPTER 33	Translations	1,845.50	945.75	51.25%	945.75	51.25%	899.75	0.00
CHAPTER 34	Professional indemnity	5,000.00	5,000.00	100.00%	5,000.00	100.00%	0.00	0.00
<b>TOTAL TITLE 3</b>		<b>80,492.72</b>	<b>73,092.02</b>	<b>90.81%</b>	<b>73,092.02</b>	<b>90.81%</b>	<b>7,400.70</b>	<b>0.00</b>
<b>GRAND TOTAL</b>		<b>1,951,409.40</b>	<b>1,832,595.01</b>	<b>93.91%</b>	<b>1,832,595.01</b>	<b>93.91%</b>	<b>118,814.39</b>	<b>0.00</b>

More details on the implementation of these commitments can be found under the 'Revenue' and 'Expenditure' sub-sections of the 'Budgetary Management' section of this report.

## 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.

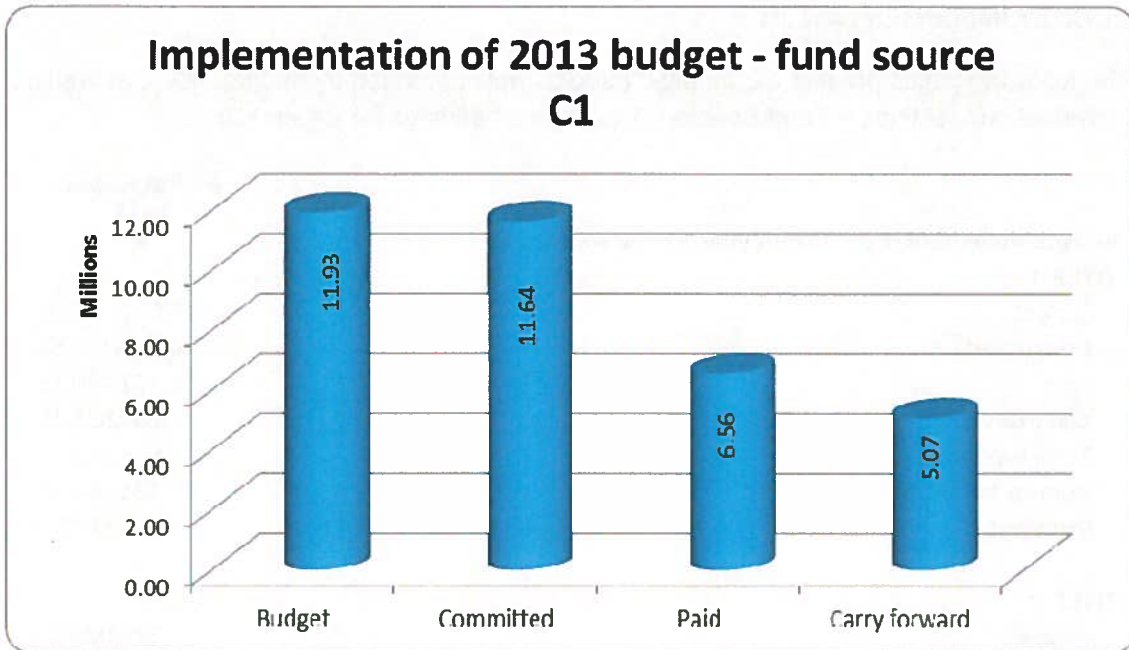
	31 December 2013 €	31 December 2012 €
<b>INCOME</b>		
Commission subsidy	11,930,220.00	7,241,850.00
Other income - assigned revenue	4,198.52	4,039.98
<b>TOTAL INCOME</b>	<b>11,934,418.52</b>	<b>7,245,889.98</b>
<b>EXPENSES</b>		
<b>Expenditure related to employees of the Agency - Title I</b>		
Payments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



## BUDGET IMPLEMENTATION

The following tables present the detailed budget implementation by budget Titles, as well as individual budget lines – Fund Source C1 (see also headings for C4 and C8).

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



**Detailed budget implementation of current year appropriations – fund source C1**

B.L.	Official Budget Item Description	Appropriation (1)	Committed (2)	% Committed (2/1)	Paid (3)	% Paid (3/1)	Balance Commitment (1-2)	Balance Payment (2-3)
A-1100	Basic Salaries and correction	2,696,187.	2,613,381.85	96.93%	2,613,381.85	96.93%	82805.15	0
A-1101	Family allowances	332,800.	318,632.53	95.74%	318,632.53	95.74%	14167.47	0
A-1102	Expatriation and foreign residence allowances	420,423.	413,980.08	98.47%	413,980.08	98.47%	6442.92	0
	<b>Sum:</b>	<b>3,449,410.00</b>	<b>3345994.46</b>	<b>97.00%</b>	<b>3,345,994.46</b>	<b>97.00%</b>	<b>103415.54</b>	<b>0</b>
A-1110	Contract agents	273,599.	258,110.40	94.34%	258,110.40	94.34%	15488.6	0
A-1111	Seconded National Experts	553,100.	514,436.29	93.01%	514,436.29	93.01%	38663.71	0
	<b>Sum:</b>	<b>826,699.00</b>	<b>772546.69</b>	<b>93.45%</b>	<b>772,546.69</b>	<b>93.45%</b>	<b>54152.31</b>	<b>0</b>
A-1120	Training and information for staff	114,000.	100,142.14	87.84%	70,388.96	61.74%	13857.86	29753.18
	<b>Sum:</b>	<b>114,000.00</b>	<b>100142.14</b>	<b>87.84%</b>	<b>70,388.96</b>	<b>61.74%</b>	<b>13857.86</b>	<b>29753.18</b>
A-1130	Insurance against sickness	103,361.	100,755.62	97.48%	100,755.62	97.48%	2605.38	0
A-1131	Insurance against accidents and occupational disease	17,179.	16,456.72	95.80%	16,456.72	95.80%	722.28	0
A-1132	Unemployment insurance for temporary staff	36,242.	37,787.30	98.81%	37,787.30	98.81%	454.7	0
	<b>Sum:</b>	<b>156,782.00</b>	<b>154999.64</b>	<b>97.62%</b>	<b>154,999.64</b>	<b>97.62%</b>	<b>3782.36</b>	<b>0</b>
A-1140	Birth and death grants	1,983.	863.73	43.56%	863.73	43.56%	1119.27	0
A-1141	Annual travel expenses from the place of work to origin	63,367.	56,213.88	88.71%	56,213.88	88.71%	7153.12	0
A-1142	Schooling fees	5,000.	3,400.00	68.00%	3,400.00	68.00%	1600	3400
	<b>Sum:</b>	<b>70,350.00</b>	<b>60477.61</b>	<b>85.97%</b>	<b>57,077.61</b>	<b>81.13%</b>	<b>9872.39</b>	<b>3400</b>
A-1160	Expenditure related to recruitment	72,500.	72,500.00	100.00%	63,170.33	87.13%	0	9329.67
A-1161	Travel expense to take up duty	8,500.	2,315.37	27.24%	2,315.37	27.24%	6184.63	0
A-1162	Installation resettlement and transfer allowances	73,777.	50,274.79	68.14%	50,274.79	68.14%	23502.21	0
A-1163	Temporary daily subsistence allowances	30,717.	27,282.26	88.82%	27,282.26	88.82%	3434.74	0
	<b>Sum:</b>	<b>185,494.00</b>	<b>152372.42</b>	<b>82.14%</b>	<b>143,042.75</b>	<b>77.11%</b>	<b>33121.56</b>	<b>9329.67</b>
A-1170	Supplementary clerical and interim services	100,000.	99,775.87	99.78%	83,811.86	83.81%	224.13	15964.01
A-1171	Administrative assistance	36,564.	36,564.00	100.00%	33,422.41	91.41%	0	3141.59
	<b>Sum:</b>	<b>136,564.00</b>	<b>136339.87</b>	<b>99.84%</b>	<b>117,234.27</b>	<b>85.65%</b>	<b>224.13</b>	<b>19105.6</b>
A-1200	Mission expenses Administrative staff	35,000.	30,293.52	86.55%	24,264.37	69.33%	4706.48	6029.15
A-1201	Mission expenses Director	30,000.	24,221.50	80.74%	20,748.91	69.16%	5778.5	3472.59
A-1202	Mission expenses Director Office staff	40,000.	38,000.00	95.00%	27,661.68	69.15%	2000	10338.32
	<b>Sum:</b>	<b>105,000.00</b>	<b>92515.02</b>	<b>88.11%</b>	<b>72,674.96</b>	<b>69.21%</b>	<b>12484.98</b>	<b>19840.06</b>

B.L.	Official Budget Item Description	Appropriation (1)	Committed (2)	% Committed (2/1)	Paid (3)	% Paid (3/1)	Balance Commitment (1-2)	Balance Payment (2-3)
A-1300	Medical services and equipment	23,500	23,075.05	98.19%	6,236.50	26.54%	424.95	16838.55
	<b>Sum:</b>	<b>23,500.00</b>	<b>23,075.05</b>	<b>98.19%</b>	<b>6,236.50</b>	<b>26.54%</b>	<b>424.95</b>	<b>16838.55</b>
A-1401	Social welfare of staff	20,000	19,979.09	99.90%	19,529.47	97.65%	20.91	449.62
	<b>Sum:</b>	<b>20,000.00</b>	<b>19,979.09</b>	<b>99.90%</b>	<b>19,529.47</b>	<b>97.65%</b>	<b>20.91</b>	<b>449.62</b>
A-1410	Staff Committee	5,000	4,691.86	93.84%	2,515.44	50.31%	308.14	2176.42
	<b>Sum:</b>	<b>5,000.00</b>	<b>4,691.86</b>	<b>93.84%</b>	<b>2,515.44</b>	<b>50.31%</b>	<b>308.14</b>	<b>2176.42</b>
A-2000	Rent	406,501	406,369.92	99.97%	337,283.78	82.97%	131.08	69086.14
A-2001	Removal costs	8,799	8,786.00	99.85%	6,871.00	78.09%	13	1915
	<b>Sum:</b>	<b>415,300.00</b>	<b>415,155.92</b>	<b>99.97%</b>	<b>344,154.78</b>	<b>82.87%</b>	<b>144.08</b>	<b>71001.14</b>
A-2010	Utilities	90,500	90,500.00	100.00%	78,404.62	86.63%	0	12095.38
A-2011	Cleaning and maintenance	33,000	33,000.00	100.00%	27,508.02	83.36%	0	5491.98
	<b>Sum:</b>	<b>123,500.00</b>	<b>123,500.00</b>	<b>100.00%</b>	<b>105,912.64</b>	<b>85.76%</b>	<b>0</b>	<b>17587.36</b>
A-2020	Insurance	3,500	2,693.85	76.97%	2,693.85	76.97%	806.15	0
	<b>Sum:</b>	<b>3,500.00</b>	<b>2,693.85</b>	<b>76.97%</b>	<b>2,693.85</b>	<b>76.97%</b>	<b>806.15</b>	<b>0</b>
A-2030	Security and surveillance of buildings	30,210	30,210.00	100.00%	15,091.06	49.95%	0	15118.94
A-2031	Health and safety at work	900	813.00	90.33%	813.00	90.33%	87	0
	<b>Sum:</b>	<b>31,110.00</b>	<b>31,023</b>	<b>99.72%</b>	<b>15,904.06</b>	<b>51.12%</b>	<b>87</b>	<b>15118.94</b>
A-2040	Other expenditure on buildings	87,700	84,870.07	96.77%	70,102.45	79.93%	2829.93	14767.62
A-2041	Audio & Video equipment-maintenance	0	0	0.00%	0	0	0	0
	<b>Sum:</b>	<b>87,700.00</b>	<b>84,870.07</b>	<b>96.77%</b>	<b>70,102.45</b>	<b>79.93%</b>	<b>2829.93</b>	<b>14767.62</b>
A-2100	Consumables	3,500	3,416.57	97.62%	1,244.97	35.57%	83.43	2171.6
A-2101	Software	41,709	41,709.10	100.00%	41,709.10	100.00%	0	0
A-2102	Subscriptions IT	138,400	136,461.38	98.60%	105,735.21	76.40%	1938.62	30726.17
A-2103	REMIT Hosting Services	160,000	159,914.34	99.95%	59,953.92	37.47%	85.66	99960.42
A-2104	REMIT applications development	995,000	994,999.90	100.00%	124,997.50	12.56%	0	870002.4
A-2105	REMIT monitoring software	75,000	75,000.00	100.00%	75,000.00	100.00%	0	0
A-2106	REMIT consultancy	475,287	474,930.13	99.92%	61,293.13	12.90%	356.87	413637
	<b>Sum:</b>	<b>1,888,896.00</b>	<b>1,886,431.42</b>	<b>99.87%</b>	<b>469,933.83</b>	<b>24.88%</b>	<b>2464.58</b>	<b>1416497.59</b>
A-2210	Purchase of furniture	36,600	33,316.73	91.03%	17,178.84	46.94%	3283.27	16137.89
	<b>Sum:</b>	<b>36,600.00</b>	<b>33,316.73</b>	<b>91.03%</b>	<b>17,178.84</b>	<b>46.94%</b>	<b>3283.27</b>	<b>16137.89</b>

B.L.	Official Budget Item Description	Appropriation (1)	Committed (2)	% Committed (2/1)	Paid (3)	% Paid (3/1)	Balance Commitment (1-2)	Balance Payment (2-3)
A-2220	Transportation costs	17,000.00	14,800.00	87.06%	13,153.02	77.37%	2200	1646.98
	<b>Sum:</b>	<b>17,000.00</b>	<b>14800</b>	<b>87.06%</b>	<b>13,153.02</b>	<b>77.37%</b>	<b>2200</b>	<b>1646.98</b>
A-2230	Library acquisitions	103,500.00	103,500.00	100.00%	48,684.60	47.04%	0	54815.4
	<b>Sum:</b>	<b>103,500.00</b>	<b>103500</b>	<b>100.00%</b>	<b>48,684.60</b>	<b>47.04%</b>	<b>0</b>	<b>54815.4</b>
A-2300	Stationery and office supplies	15,000.00	14,607.82	97.39%	8,198.10	54.65%	392.18	6409.72
	<b>Sum:</b>	<b>15,000.00</b>	<b>14607.82</b>	<b>97.39%</b>	<b>8,198.10</b>	<b>54.65%</b>	<b>392.18</b>	<b>6409.72</b>
A-2310	Bank charges	2,000.00	300.00	15.00%	178.74	8.94%	1700	121.26
	<b>Sum:</b>	<b>2,000.00</b>	<b>300</b>	<b>15.00%</b>	<b>178.74</b>	<b>8.94%</b>	<b>1700</b>	<b>121.26</b>
A-2320	Legal expenses	0.	0.	0.00%	0	0	0	0
A-2321	Expert consultation	224,000.00	221,875.00	99.05%	205,947.26	91.94%	2125	15927.74
	<b>Sum:</b>	<b>224,000.00</b>	<b>221875</b>	<b>99.05%</b>	<b>205,947.26</b>	<b>91.94%</b>	<b>2125</b>	<b>15927.74</b>
A-2330	Administrative Board meetings	37,500.00	29,000.00	77.33%	9,388.56	25.04%	8500	19611.44
A-2331	Board of Regulators meetings	125,200.00	125,200.00	100.00%	56,586.36	45.20%	0	68613.64
A-2332	Board of Appeal meetings	24,200.00	24,200.00	100.00%	13,871.08	57.32%	0	10328.92
A-2333	External participants to meetings	5,003.00	4,005.12	80.05%	4,005.12	80.05%	997.88	0
A-2334	EU Agencies Network	20,200.00	18,008.00	89.15%	17,675.00	87.50%	2192	332
	<b>Sum:</b>	<b>212,103.00</b>	<b>200413.12</b>	<b>94.49%</b>	<b>101,527.12</b>	<b>47.87%</b>	<b>11689.88</b>	<b>98885</b>
A-2400	Postal charges	4,200.00	4,200.00	100.00%	2,741.67	65.28%	0	1458.33
	<b>Sum:</b>	<b>4,200.00</b>	<b>4200</b>	<b>100.00%</b>	<b>2,741.67</b>	<b>65.28%</b>	<b>0</b>	<b>1458.33</b>
A-2410	Telecommunications subscriptions and charges	37,600.00	37,200.00	98.94%	30,643.79	81.50%	400	6556.21
	<b>Sum:</b>	<b>37,600.00</b>	<b>37200</b>	<b>98.94%</b>	<b>30,643.79</b>	<b>81.50%</b>	<b>400</b>	<b>6556.21</b>
A-2420	Hardware and other equipment	197,000.00	193,275.49	98.11%	58,392.19	29.64%	3724.51	134883.3
	<b>Sum:</b>	<b>197,000.00</b>	<b>193275.49</b>	<b>98.11%</b>	<b>58,392.19</b>	<b>29.64%</b>	<b>3724.51</b>	<b>134883.3</b>
B3-000	Representation expenses	20,000.00	20,000.00	100.00%	9,464.43	47.32%	0	10535.57
	<b>Sum:</b>	<b>20,000.00</b>	<b>20000</b>	<b>100.00%</b>	<b>9,464.43</b>	<b>47.32%</b>	<b>0</b>	<b>10535.57</b>
B3-100	Operational Missions Gas Department	75,000.00	75,000.00	100.00%	62,099.53	82.80%	0	12900.47
B3-101	Operational Missions Electricity Department	90,000.00	87,796.94	97.55%	73,178.04	81.31%	2203.06	14618.9
B3-102	Operational Missions Market Monitoring Department	75,000.00	75,000.00	100.00%	67,423.47	89.90%	0	7576.53
	<b>Sum:</b>	<b>240,000.00</b>	<b>237796.94</b>	<b>99.08%</b>	<b>202,701.04</b>	<b>84.46%</b>	<b>2203.06</b>	<b>35095.3</b>

B.L.	Official Budget Item Description	Appropriation (1)	Committed (2)	% Committed (2/1)	Paid (3)	% Paid (3/1)	Balance Commitment (1-2)	Balance Payment (2-3)
B3-200	Public hearings workshops conferences	72,875.	66,321.20	91.01%	61,785.20	84.78%	6553.8	4536
B3-201	Website set up and maintenance	45,000.	44,680.00	99.29%			320	44680
B3-202	Publications information material	15,000.	14,945.11	99.63%	12,268.11	81.79%	54.89	2677
B3-203	Reports production	25,000.	17,021.00	68.08%	7,949.00	31.80%	7979	9072
	<b>Sum:</b>	<b>157,875.00</b>	<b>142967.31</b>	<b>90.56%</b>	<b>82,002.31</b>	<b>51.94%</b>	<b>14907.69</b>	<b>60965</b>
B3-300	Translation at CDT	24,537.	10,379.00	42.30%	4,617.20	18.82%	14158	5761.8
	<b>Sum:</b>	<b>24,537.00</b>	<b>10379</b>	<b>42.30%</b>	<b>4,617.20</b>	<b>18.82%</b>	<b>14158</b>	<b>5761.8</b>
B3-400	Insurance	5,000.	5,000.00	100.00%	5,000.00	100.00%	0	0
	<b>Sum:</b>	<b>5,000.00</b>	<b>5000</b>	<b>100.00%</b>	<b>5,000.00</b>	<b>100.00%</b>	<b>0</b>	<b>0</b>
B3-500	Hosting deployment and operations	2,089,000.	2,088,735.90	99.99%			264.1	2088735.9
B3-502	SMARTS development licenses and consultancy	900,000.	900,000.00	100.00%			0	900000
B3-504	REMIT hardware	0.		0.00%			0	
	<b>Sum:</b>	<b>2,989,000.00</b>	<b>2988735.9</b>	<b>99.99%</b>			<b>264.1</b>	<b>2988735.9</b>
	<b>Sum:</b>	<b>11,930,220.00</b>	<b>11635175.42</b>	<b>97.53%</b>	<b>6561372.67</b>	<b>55.00%</b>	<b>295044.58</b>	<b>5073802.75</b>

**BUDGET IMPLEMENTATION CURRENT YEAR – FUND SOURCE C4**

**31 December  
2013  
€**

**TITLE 1**

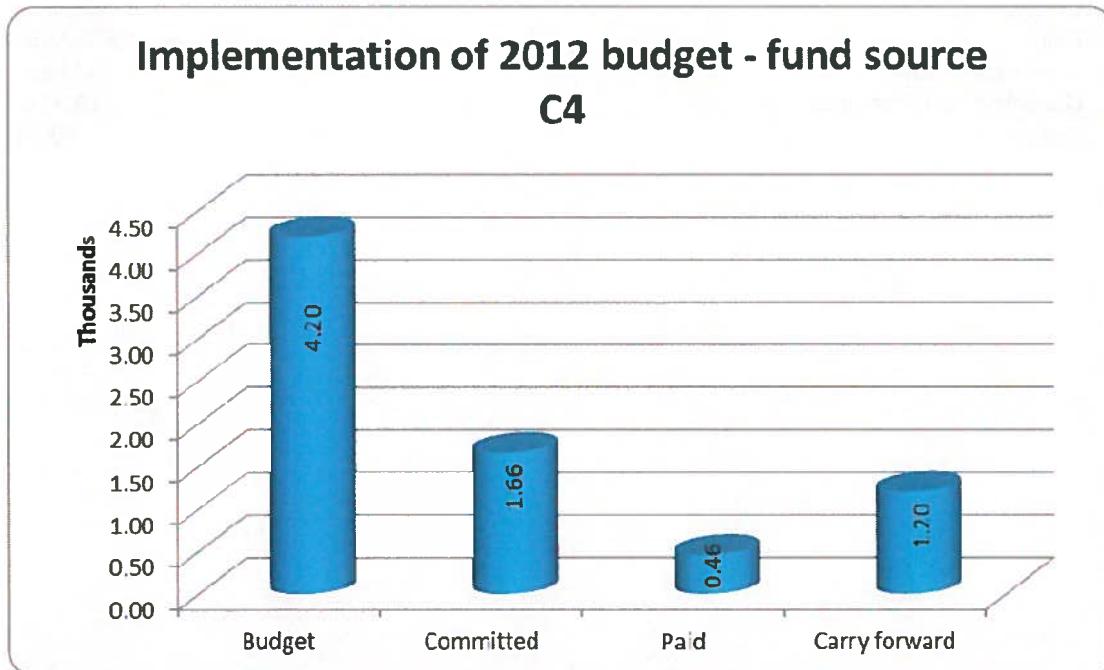
Budget	2,700.00
Committed	1,200.00
Paid	0.00
Carry forward	1,200.00
Total expenditure	1,200.00
Appropriations not utilized	1,500.00
Executed	44.44%

**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%

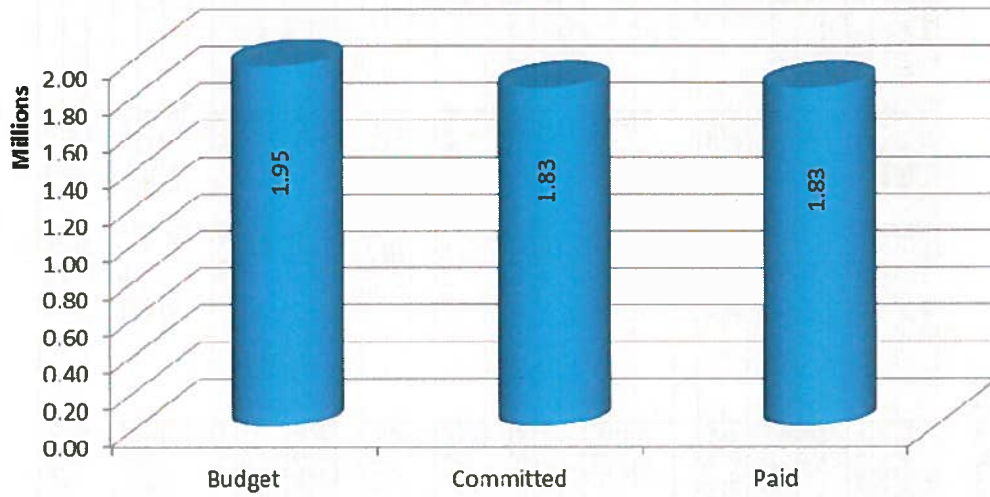


B.L.	Official Budget Item Description	Appropriation (1)	Committed (2)	% Committed (2/1)	Paid (3)	% Paid (3/1)	Balance Commitment (1-2)	Balance Payment (2-3)
A-1202	Mission expenses Director Office staff	1,500		0.00%			1500	
	<b>Sum:</b>	<b>1,500.00</b>		<b>0.00%</b>			<b>1500</b>	
A-1401	Social welfare of staff	1,200	1,200.00	100.00%			0	1200
	<b>Sum:</b>	<b>1,200.00</b>	<b>1200</b>	<b>100.00%</b>			<b>0</b>	<b>1200</b>

	<b>31 December 2013 €</b>
<b>TITLE 1</b>	
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%
<b>TITLE 2</b>	
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%
<b>TITLE 3</b>	
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%
<b>TOTAL</b>	
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%



### Implementation of 2012 budget - fund source C8



Detailed budget implementation of appropriations carried forward – fund source C8

B.L.	Official Budget Item Description	Appropriation	Committed (2)	% Committed	Paid (3)	% Paid (3/1)	Balance Commitment (1-2)	Balance Payment (2-3)
A-1120	Training and information for staff	57,821.	40,132.47	69.41%	40,132.47	69.41%	17,688.42	0
	<b>Sum:</b>	<b>57,820.89</b>	<b>40,132.47</b>	<b>69.41%</b>	<b>40,132.47</b>	<b>69.41%</b>	<b>17,688.42</b>	<b>0</b>
A-1142	Schooling fees	82,476.	32,733.15	39.69%	32,733.15	39.69%	49,743.26	0
	<b>Sum:</b>	<b>82,476.41</b>	<b>32,733.15</b>	<b>39.69%</b>	<b>32,733.15</b>	<b>39.69%</b>	<b>49,743.26</b>	<b>0</b>
A-1160	Expenditure related to recruitment	17,728.	17,728.31	100.00%	17,728.31	100.00%	0	0
	<b>Sum:</b>	<b>17,728.31</b>	<b>17,728.31</b>	<b>100.00%</b>	<b>17,728.31</b>	<b>100.00%</b>	<b>0</b>	<b>0</b>
A-1170	Supplementary clerical and interim services	6,630.	4,740.75	71.51%	4,740.75	71.51%	1,888.96	0
A-1171	Administrative assistance	7,394.	5,285.17	71.48%	5,285.17	71.48%	2,109.23	0
	<b>Sum:</b>	<b>14,024.11</b>	<b>10,025.92</b>	<b>71.49%</b>	<b>10,025.92</b>	<b>71.49%</b>	<b>3,998.19</b>	<b>0</b>
A-1200	Mission expenses Administrative staff	36,209.	20,366.32	56.25%	20,366.32	56.25%	15,842.68	0
	<b>Sum:</b>	<b>36,209.00</b>	<b>20,366.32</b>	<b>56.25%</b>	<b>20,366.32</b>	<b>56.25%</b>	<b>15,842.68</b>	<b>0</b>
A-1300	Medical services and equipment	9,603.	7,483.80	77.93%	7,483.80	77.93%	2,119.02	0
	<b>Sum:</b>	<b>9,602.82</b>	<b>7,483.8</b>	<b>77.93%</b>	<b>7,483.80</b>	<b>77.93%</b>	<b>2,119.02</b>	<b>0</b>
A-1401	Social welfare of staff	1,153.	782.62	67.91%	782.62	67.91%	369.89	0
	<b>Sum:</b>	<b>1,152.51</b>	<b>782.62</b>	<b>67.91%</b>	<b>782.62</b>	<b>67.91%</b>	<b>369.89</b>	<b>0</b>
A-2000	Rent	1,511.	568.00	37.59%	568.00	37.59%	943	0
	<b>Sum:</b>	<b>1,511.00</b>	<b>568</b>	<b>37.59%</b>	<b>568.00</b>	<b>37.59%</b>	<b>943</b>	<b>0</b>
A-2040	Other expenditure on buildings	588.	31.11	5.29%	31.11	5.29%	557.06	0
	<b>Sum:</b>	<b>588.17</b>	<b>31.11</b>	<b>5.29%</b>	<b>31.11</b>	<b>5.29%</b>	<b>557.06</b>	<b>0</b>
A-2101	Software	1,343,000.	1,343,000.00	100.00%	1,343,000.00	100.00%	0	0
A-2102	Subscriptions IT	60,506.	60,505.69	100.00%	60,505.69	100.00%	0	0
	<b>Sum:</b>	<b>1,403,505.69</b>	<b>1,403,505.69</b>	<b>100.00%</b>	<b>1,403,505.69</b>	<b>100.00%</b>	<b>0</b>	<b>0</b>
A-2210	Purchase of furniture	51,999.	51,998.72	100.00%	51,998.72	100.00%	0	0
	<b>Sum:</b>	<b>51,998.72</b>	<b>51,998.72</b>	<b>100.00%</b>	<b>51,998.72</b>	<b>100.00%</b>	<b>0</b>	<b>0</b>

B.L.	Official Budget Item Description	Appropriation (1)	Committed (2)	% Committed (2/1)	Paid (3)	% Paid (3/1)	Balance Commitment (1-2)	Balance Payment (2-3)
A-2220	Transportation costs	4,199.	3,831.80	91.26%	3,831.80	91.26%	366.75	0
	<b>Sum:</b>	<b>4,198.55</b>	<b>3831.8</b>	<b>91.26%</b>	<b>3,831.80</b>	<b>91.26%</b>	<b>366.75</b>	<b>0</b>
A-2230	Library acquisitions	15,936.	15,762.59	98.91%	15,762.59	98.91%	173.48	0
	<b>Sum:</b>	<b>15,936.07</b>	<b>15,762.59</b>	<b>98.91%</b>	<b>15,762.59</b>	<b>98.91%</b>	<b>173.48</b>	<b>0</b>
A-2300	Stationery and office supplies	918.	690.24	75.16%	690.24	75.16%	228.1	0
	<b>Sum:</b>	<b>918.34</b>	<b>690.24</b>	<b>75.16%</b>	<b>690.24</b>	<b>75.16%</b>	<b>228.1</b>	<b>0</b>
A-2310	Bank charges	146.	0.00	0.00%			146.45	0
	<b>Sum:</b>	<b>146.45</b>	<b>0</b>	<b>0.00%</b>			<b>146.45</b>	<b>0</b>
A-2321	Expert consultation	80,092.	68,850.90	85.97%	68,850.90	85.97%	11240.76	0
	<b>Sum:</b>	<b>80,091.66</b>	<b>68850.9</b>	<b>85.97%</b>	<b>68,850.90</b>	<b>85.97%</b>	<b>11240.76</b>	<b>0</b>
A-2330	Administrative Board meetings	12,598.	7,692.88	61.07%	7,692.88	61.07%	4904.79	0
A-2331	Board of Regulators meetings	37,044.	37,044.26	100.00%	37,044.26	100.00%	0	0
A-2333	External participants to meetings	3,526.	3,331.83	94.50%	3,331.83	94.50%	193.82	0
	<b>Sum:</b>	<b>53,167.58</b>	<b>48068.97</b>	<b>90.41%</b>	<b>48,068.97</b>	<b>90.41%</b>	<b>5098.61</b>	<b>0</b>
A-2400	Postal charges	815.	168.10	20.62%	168.10	20.62%	647.1	0
	<b>Sum:</b>	<b>815.20</b>	<b>168.1</b>	<b>20.62%</b>	<b>168.10</b>	<b>20.62%</b>	<b>647.1</b>	<b>0</b>
A-2410	Telecommunications subscriptions and charges	4,456.	2,205.55	49.49%	2,205.55	49.49%	2250.92	0
	<b>Sum:</b>	<b>4,456.47</b>	<b>2205.55</b>	<b>49.49%</b>	<b>2,205.55</b>	<b>49.49%</b>	<b>2250.92</b>	<b>0</b>
A-2420	Hardware and other equipment	34,569.	34,568.73	100.00%	34,568.73	100.00%	0	0
	<b>Sum:</b>	<b>34,568.73</b>	<b>34,568.73</b>	<b>100.00%</b>	<b>34,568.73</b>	<b>100.00%</b>	<b>0</b>	<b>0</b>
B3-000	Representation expenses	5,861.	5,233.38	89.29%	5,233.38	89.29%	627.87	0
	<b>Sum:</b>	<b>5,861.25</b>	<b>5,233.38</b>	<b>89.29%</b>	<b>5,233.38</b>	<b>89.29%</b>	<b>627.87</b>	<b>0</b>
B3-100	Operational Missions Gas Department	3,958.	2,312.28	58.42%	2,312.28	58.42%	1645.8	0
	<b>Sum:</b>	<b>3,958.08</b>	<b>2,312.28</b>	<b>58.42%</b>	<b>2,312.28</b>	<b>58.42%</b>	<b>1645.8</b>	<b>0</b>

B.L.	Official Budget Item Description	Appropriation (1)	Committed (2)	% Committed (2/1)	Paid (3)	% Paid (3/1)	Balance Commitment (1-2)	Balance Payment (2-3)
B3-200	Public hearings workshops conferences	6,241.	6,091.61	97.61%	6,091.61	97.61%	148.94	0
B3-201	Website set up and maintenance	39,990.	39,990.00	100.00%	39,990.00	100.00%	0	0
B3-202	Publications information material	1,331.	1,025.00	77.02%	1,025.00	77.02%	305.84	0
B3-203	Reports production	16,267.	12,494.00	76.81%	12,494.00	76.81%	3772.5	0
	<b>Sum:</b>	<b>63,827.89</b>	<b>59600.61</b>	<b>93.38%</b>	<b>59,600.61</b>	<b>93.38%</b>	<b>4227.28</b>	<b>0</b>
B3-300	Translation at CDT	1,846.	945.75	51.25%	945.75	51.25%	899.75	0
	<b>Sum:</b>	<b>1,845.50</b>	<b>945.75</b>	<b>51.25%</b>	<b>945.75</b>	<b>51.25%</b>	<b>899.75</b>	<b>0</b>
B3-400	Insurance	5,000.	5,000.00	100.00%	5,000.00	100.00%	0	0
	<b>Sum:</b>	<b>5,000.00</b>	<b>5000</b>	<b>100.00%</b>	<b>5,000.00</b>	<b>100.00%</b>	<b>0</b>	<b>0</b>
	<b>Sum:</b>	<b>1,951,409.40</b>	<b>1832595.01</b>	<b>93.91%</b>	<b>1832595.01</b>	<b>93.91%</b>	<b>118814.39</b>	<b>0</b>

## BUDGETARY OUTTURN RECONCILIATION

Given the different basis of the presentation of the information between the budgetary and financial statements, reconciliation is performed between the two systems, as follows:

RECONCILIATION BETWEEN ACCRUAL BASED ECONOMIC RESULT AND CASH BASED BUDGET RESULT		
	2013	2012
<b>Economic result for the year</b>	<b>4,970,258.18</b>	<b>1,207,956.02</b>
<b>Adjustment for accrual items (items not in the budgetary result but included in the economic result)</b>		
Adjustments for Accrual Cut-off (reversal 31.12.N-1)	(230,468.58)	(384,104.59)
Adjustments for Accrual Cut-off (cut-off 31.12.N)	432,417.24	230,468.58
Amount from liaison account with Commission booked in the Economic Outturn Account	(6,232.24)	(13,149.07)
Unpaid invoices at year end but booked in charges	0.00	15,501.95
Depreciation of intangible and tangible assets	193,198.48	161,945.38
Accrued income	(221,284.92)	0.00
Payments made from carry over of payment appropriations	1,832,595.01	590,143.87
Bank charges and received interest at year end	(3,069.93)	(10.35)
<b>Adjustment for budgetary items (item included in the budgetary result but not in the economic result)</b>		
Asset acquisitions	(1,536,578.25)	(97,312.81)
New pre-financing paid in the year 2013 and remaining open as at 31.12.2013	(475,000.00)	0.00
New pre-financing received in the year 2013 and remaining open as at 31.12.2013	415,923.78	692,606.11
Payment appropriations carried over to N+1	(5,075,002.75)	(1,951,409.40)
Cancellation of unused carried over payment appropriations from previous year	118,814.39	240,693.78
Other non-reconciled items	(118.73)	58.56
<b>total</b>	<b>415,451.68</b>	<b>693,388.03</b>
<b>Budgetary result</b>	<b>415,923.78</b>	<b>692,606.11</b>
<b>Including amount of exchange rate differences</b>	<b>(472.10)</b>	<b>781.92</b>
Amount not explained	0.00	0.00

## 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.

### Subsidy from the general budget of the European Union

Commitment and payment appropriations amounting to €11,930,220 were allocated to the Agency in 2013 from the general budget of the European Union. This included a budget amendment of €2,989,000 and was allocated as follows:

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

### 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 European 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 segregation of duties compliance 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.

### 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

## REVENUE

For the financial year ending 31 December 2013 the Agency's budget was funded by a

subsidy from the general European Union budget amounting to €11,930,220. 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 European Commission according to Article 51 of the Agency's Financial Regulation. Also to be returned to the European Commission is 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.

## 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%	4,762,240.75	93.47%
TITLE 2	AGENCY'S BUILDING AND ASSOCIATED COSTS	2,652,609.00	0.00	3,399,009.00	3,367,162.42	99.05%	1,495,346.94	43.99%
TITLE 3	OPERATIONAL EXPENDITURE	402,412.00	2,989,000.00	3,436,412.00	3,404,879.15	99.08%	303,784.98	8.84%
	<b>TOTAL BUDGET 2011</b>	<b>8,941,220.00</b>	<b>2,989,000.00</b>	<b>11,930,220.00</b>	<b>11,635,175.42</b>	<b>97.53%</b>	<b>6,561,372.67</b>	<b>55.00%</b>

#### Title 1

The budget allocated under Title 1 was implemented to a level of 95.45% during the financial year 2013. 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 and complex tender procedures also lengthy in terms of processing time, 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 Regulation (EU) No 1227/2011 on Wholesale energy market integrity and transparency, 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.

### 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%
	<b>TOTAL</b>	<b>4,198.52</b>	<b>1,661.61</b>	<b>39.58%</b>	<b>461.61</b>	<b>10.99%</b>

From the overpaid amounts amounting to €4,198.52 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%
	<b>TOTAL</b>	<b>1,951,409.00</b>	<b>1,832,595.01</b>	<b>93.91%</b>	<b>1,832,595.01</b>	<b>93.91%</b>

#### **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 European 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 more or less 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 lots of approved budgetary transfers made within and between titles including one budget transfer above the 10% limit as approved by the Administrative Board.

The following table presents the detailed budgetary transfers made during the financial year.





### PART III – ESTABLISHMENT PLAN

The numbers of temporary posts as authorised under the 2013 budget are as follows:

Function group and grade	2013	
	Authorised under EU Budget	
	Permanent Posts	Temporary Posts
AD 16	0	0
AD 15	0	0
AD 14	0	1
AD 13	0	0
AD 12	0	0
AD 11	0	4
AD 10	0	0
AD 9	0	2
AD 8	0	6
AD 7	0	6
AD 6	0	4
AD 5	0	11
<b>AD total</b>	<b>0</b>	<b>34</b>
AST 11	0	0
AST 10	0	0
AST 9	0	0
AST 8	0	0
AST 7	0	0
AST 6	0	0
AST 5	0	1
AST 4	0	0
AST 3	0	14
AST 2	0	0
AST 1	0	0
<b>AST total</b>	<b>0</b>	<b>15</b>
<b>TOTAL</b>	<b>0</b>	<b>49</b>
<b>GRAND TOTAL</b>	<b>49</b>	