

MINUTES

26th ACER Administrative Board meeting
Tuesday, 7 June 2016, 9.00 – 13.00
Ljubljana, Trg republike 3, 6th floor BIG meeting room

Present:

Dr Romana Jordan, Chair, Member,

Mr Jochen Penker, Vice-Chair, Member,

Mr Rene Tammist, Member,

Ms Agnieszka Kaźmierczak, Member, via videoconference, with proxy from Mr Dominique Ristori,

Mr Georgios Shamas, Member,

Mr Pál Kovács, Alternate Member, with voting right,

Mr Uwe Leprich, Alternate Member, without voting right,

Mr Alberto Pototschnig, Director of ACER, Observer,

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

Ms Marie-Christine Jalabert, Adviser,

Ms Isabel Rosenbrock, Adviser.

Main conclusions of the meeting

1.) The Board underlined the risks associated with the lack of human resources at the Agency. The Board asked the Director to prepare an action plan on how to address this issue with the EU policy-makers.

2.) The Chair declared the urgency and **that** the written procedure in line with article 9 of the Rules of Procedure **would beas** launched to adopt the Annual Activity Report for 2015. The Board approved the assessment of the Annual Activity Report, **subject to incorporation of comments raised.**

3.) The Board adopted the decision on the appointment of two members as

reporting officers for the assessment of the annual performance of the Director (ANNEX 1).
4.) The Board asked the Director and the Commission to find a technical solution regarding the financial compensation of the AB and BoA members, and to report back at its next meeting.
5.) The Board asked the Commission to provide information on the entire list of BoA applications. The Chair declared the urgency for the appointment of the new Board of Appeal members, so that a written procedure could be launched when the BoR provides its Opinion.
6.) The Administrative Board adopted its 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 (ANNEX 2).
7.) The Board took note of the intention of the Director to write a Chapter in a forthcoming book marking the 20th anniversary of the establishment of the Italian NRA. However, the Board was of the opinion that the exceptional time ceiling granted in AB Decision 24-2015 on the permission to the Director to engage in academic cooperation with the FSR in 2016 should not be extended further.
8.) The Board adopted the Decision on the application by analogy of the new Commission decision C(2015)9720 on Article 55a of the Staff Regulations and Annex IVa thereto concerning part-time work, which will replace the previous decision on the matter (ANNEX 3).
9.) The Board agreed that the State of Play of Implementing Rules becomes a standing item on the agenda of the AB as necessary.
10.) The Board decided to discuss in detail the building file at its next meeting in September.

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Opening

1. Approval of the Agenda

The following agenda of the 26th ACER Administrative Board meeting was approved:

Comment [IR1]: It is not reflected that, upon request by the Commission, the building file was added as a point under AOB of the agenda.

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DRAFT AGENDA V5

Agenda Topics	Accompanying documents	Rapporteur
Opening		
1. Approval of the agenda	Doc 1 for approval	AB Chair
2. Minutes of the 25 th ACER Administrative Board (Part 1 and Part 2)	Docs 2.1 and 2.2 for approval Doc 2.3 for information	AB Chair
Reporting on developments		
3. Report on the written procedures	Oral update	ACER Director
4. Report on ACER developments and on the activities of the Board of Regulators	Oral Update	ACER Director BoR Chair
5. Budgetary developments 2017	Oral update	ACER Director European Commission
6. 2016 AB Decisions, by delegation of the Administrative Board to the Chairman via Decision AB 05bis/2010 of 21 September 2010	Docs 6.1, 6.2, 6.3, 6.4 for information	AB Chair
General ACER work		
7. Annual Activity Report for 2015	Doc 7 for information	ACER Director
8. AB Decision on appointment of two members as reporting officers for assessment of the annual performance of the Director	Doc 8 for adoption	AB Chair
9. Discharge 2014	Doc 9 for information	ACER Director
10. MoU with third countries	Oral update	ACER Director
11. Declarations of Interest	Oral update	AB Chair
12. Proposal for a financial compensation to AB members	Oral update	European Commission
13. Appointment of the new Board of	Doc 13 for information	European

Agenda Topics	Accompanying documents	Rapporteur
Appeal members		Commission AB Chair
Administrative Work		
14. AB opinion on the 2015 Annual Accounts of ACER	Doc 14 for adoption	ACER Director
15. Permission to the Director for an outside activity	For authorisation Doc 15 for information	ACER Director AB Chair
16. Commission Decision C(2015)9720 on Article 55a of the Staff Regulations and Annex IVa thereto concerning part-time work by analogy (in application of Article 110(2) of the Staff Regulations	Doc 16 for approval Doc 16.1 for information	ACER Director
17. State of play of Implementing Rules (IR)	Doc 17 for information	ACER Director
18. AB Delegation to the Chair for the appointment of the BoR members	Doc 18 for information	AB Chair

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*The Col Review Panel will take place on 7 June from 14-15h in the small meeting room on the 6th floor.

2. Minutes of the 25th ACER Administrative Board

The Chair informed the Members that Lord Mogg and Jorge Vasconcelos sent some comments on the minutes of the 25th AB meeting, which took place on 28 January (Part II). These comments were circulated in track changes. All comments were included in the final text circulated for adoption.

Conclusion: The minutes of the 25th Administrative Board meeting (Parts I and II) were approved without further comments.

3. Minutes of the 25th ACER Administrative Board

The Director made an oral presentation on the written procedures that took place since the last AB meeting.

There were two written procedures. The first was concluded on 25 March 2016, when Mr Guy Lentz was appointed the AB member taking part in the 2016 Conflict of Interest Review Panel, to examine the declarations of the Chair and the Vice-Chair.

The second one was concluded on 4 April, when the following decisions were adopted:

AB Decision on implementing rules governing the reclassification procedure for contract staff;

AB Decision on implementing rules governing the reclassification procedure for temporary staff; and

AB Decision on implementing rules on working time.

With these adoptions the AB also approved the following clarification regarding the two decisions concerning the reclassification of temporary staff and contract staff:

„As regards the composition of the Joint Reclassification Committee, as laid down in Article 2.1 of Annex I to Decision AB No 6/2016 and Decision AB No 7/2016, the Administrative Board wishes to clarify, for the avoidance of doubt, that the reference to the member being “the most senior in the highest grade” refers to the Agency’s Head of Department having the highest grade and with most seniority in the grade, apart from the Head of Administration who is already foreseen to be chairing this Committee.“

Conclusion: The AB decided to include the above reference in the minutes of the AB meeting.

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4. Report on ACER developments and on the activities of the Board of Regulators

The Director made a presentation on the recent development at the Agency.

On human resources, he said that currently there are 82 positions in place, and the Agency ~~is expected~~expects to fill 92 positions by the end of 2016. While the Agency has been allocated 15 additional temporary agent posts in 2016 compared to 2015, ~~(11 for REMIT)~~, its human resources remain significantly below the Agency’s assessment of the staff it would need to cater to the requirements foreseen within its current mandate. On the budget, the Director said that the Agency’s draft 2017 budget foresees 33 additional posts (29 of which were already requested in 2016, but not authorised). It also includes € 2.4 million in operational expenditure related to the implementation of REMIT, to cover the licence fees for the non-proprietary parts of its



IT system and some expansion to deal with the unexpected enlarged scope of the project.

The European Commission is still to publish its draft EU Budget for 2017. However, the first indications suggest that the Commission not only will not propose an increase in the Agency's resources, but will propose a decrease of one ~~Full Time Equivalent (FTE) temporary agent post~~.

Currently there are 22 nationalities at ACER and 6 SNEs (including 2 cost free).

On the European school, he informed that the European Court of Auditors (ECA) in its recent report identified that the European school in Slovenia has not yet been established. The establishment of the European school was envisaged in the Seat Agreement between ACER and the Government of Slovenia, which entered into force in January 2011. The Slovenian government recently informed the Agency that a bill recognising international schools, is being discussed in its National Assembly. Furthermore, the Ministry of Education, Science and Sport of Slovenia launched a feasibility study for the establishment of an Accredited European School in Ljubljana, and that the school is planned to start with an English and Slovene language sections. Finally, Mr Kari Kivinen, Secretary General of the European Schools, visited Ljubljana on 30 May 2016 upon invitation of the Ministry of Education, Science and Sport. He also held meetings with ACER management, and ACER staff, where experts from the Ministry of Education, Science and Sport were also present. Mr Kivinen underlined that if everyone is working at full speed, the earliest opportunity for the start of the European school in Ljubljana would be the school year 2018/2019.

The correction coefficient for Slovenia is currently down to 81,2%. To marginally compensate the unrealistic correction coefficient for Slovenia, the Agency is adopting social measures (in line with the Staff Regulations), such as paying for transport or providing free parking at TR3.

On the regulatory front, the adoption of network codes and guidelines is progressing well. The Network Code on Electricity System Operation was voted in comitology on 4 May 2016. In Gas, the only network code that ACER was unable to recommend for adoption was the one on Harmonised Transmission Tariffs Rules, which is now being dealt with by the Commission. The first comitology meetings are scheduled to take place end of June.

A number of Opinions were issued since the last AB meeting by the Agency on other regulatory activities in electricity: ENTSO-E Work Programme 2015-16 and SR 2015, ENTSO-E Network Operation Tools Report, ENTSO-E Recommendations on Cooperation EU and third-country TSOs, and National Ten-Year Network Development Plans.

The Board was informed that this year's Market Monitoring Report for 2015 is going to comprise a main report (which is going to be printed for wider distribution), and 4 technical reports covering key insights and recommendations for Wholesale electricity, Wholesale Gas, Retail Markets, and Consumer Protection.

The Board was informed about the appeals related to the Peer Review Opinion (on XBCM in the CEE Region). Cases A-001-2015 and A-002-2015 were both dismissed as inadmissible by the Board of Appeal. Cases T-671/15 against Opinion 09/2015 and T-63/16 against the ACER Board of Appeal decision are ongoing before the General Court.

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On Third Countries' Participation in ACER, he informed the members, while the formal participation in the BoR will be decided by the Commission, involvement at technical level can be granted by the Agency and governed by an MoU defining respective commitments and responsibilities. EICom (Switzerland) has already joined the AEWG on 16 January. NVE (Norway) joined all AWGs and REMIT Contact Group on 3 June. For the Energy Community Contracting Parties, the Agency will rely on the Energy Community Secretariat's assessment of their imminent compliance with the requirements of Article 31 of the ACER Regulation to invite the respective NRAs to join the Agency's Working Groups.

The Members were informed about the 5th Annual Conference that was going to take place on 16 June in Ljubljana. The theme of the conference was going to be 'ACER: Past, Present & Future'. It will focus on how the Agency has performed in its first 5 years and on its future role.

Also, the Board was updated on recent contacts with the EP. An ITRE Committee delegation visited ACER on 11 February 2016 and had an exchange of views on the latest developments in the Agency's work towards a single, well-functioning and transparent energy market in Europe.

The ITRE Committee ACER Contact Group took place in Brussels on 4 April. It was chaired by MEP Claude Turmes (assistants from all political groups were present).

On REMIT, he emphasised that the second phase of data reporting started smoothly on 7 April without any major problem. The REMIT Reporting User Package was updated. By mid-May, 10356 market participants were registered, 100 Registered Reporting Mechanisms (RRMs) were approved, while 1293 RRM applications were still in the process (the REMIT fiche financière envisaged approximately 200 RRM in total). Due to resources constraints the Agency's RRM Registration/testing team is not able to deal with more than 5-10 applicants a month and to support so many RRM. The Agency therefore prioritised the registration of third-party RRM, to ensure "operational reliability" (Article 12(1) REMIT), until a permanent solution is found (likely to include fees).

The monitoring at the Agency level is not taking place, as the Agency is still checking the quality of the reported data and due to the lack of resources, but monitoring is taking place at NRAs level.

On staffing requirements, the Agency has so far been able to devote only 26 staff members for the implementation of REMIT: 15 posts were assigned in the REMIT fiche financière and an additional 11 were dedicated to REMIT implementation in 2016 out of the 15 additional posts authorised for this year. A new department was going to be established in 2016.

He presented the case statistics. 13 cases of potential breach of REMIT were received this year and 11 were closed, there are currently 54 ongoing cases in total. Most identified cases are related to potential market abuse and insider trading.

Finally, on infrastructure package, the 2nd PCI monitoring report was expected on 30 June 2016.

Lord Mogg reported on the BoR Summit, which took place in September 2015 and resulted in ACER Recommendation No 1/2016 of 30 May 2016 on ensuring the



independence of the Agency and of the NRAs. The Recommendation is calling for adequate resourcing of the Agency to safeguard its independence, the need to ensure NRAs' legal and institutional independence, as well as recommending that NRAs are accountable to national parliaments- as opposed to their governments. He underlined that despite resource constraints, all NRAs – including the smallest - commit considerable resources to cooperation with ACER (200 FTEs), with a disproportionate strain on the small and medium-sized NRAs.

One AB member asked which activities were particularly affected by the lack of resources. The Director replied that the Agency estimates it needs 45 staff to run REMIT effectively. So far it has been given 26 staff. Therefore 19 out of the 33 additional resources requested for 2017 would be allocated to REMIT. 6 to infrastructure, 4 to the implementation of the network codes, and 4 to horizontal support. There has been some internal redeployment because the drafting of the network codes has finished, however those were limited due to the need for the monitoring of their implementation.

Another AB member asked about other challenges regarding the implementation of REMIT. The Director replied that these are the quality of the data received.

On a question regarding the developments of relations with FERC, the Director replied that the Agency is in excellent relationship with FERC. It is currently hosting two FERC experts. The exchange of staff in the direction Ljubljana - Washington is currently not possible due to the limited resources on ACER side.

Lord Mogg informed about developments in the Energy Regulators Forum which is tasked with promoting agreements for the all-NRA decisions envisaged in the CACM GL. He also stressed the erosion of NRA resources. He is hoping the Commission could address this issue. He also informed about the CEER training arrangements and presented different funding options for the future.

5. Budgetary developments 2017

The Director reiterated that the AB adopted the ACER budget estimate, with associated staff numbers, back in January 2016. The budget estimate was supported by the BoR. The European Commission is still to publish its draft EU Budget for 2017. However, the first indications suggest that the Commission will propose a decrease of one ~~temporary agent post. Full Time Equivalent (FTE).~~

He reminded the Board about the visit of FERC Chairman Bay to the EU Council in the autumn 2015, where he indicated the required resources for an equivalent market monitoring exercise at FERC. The Director said that the Agency's quest for resources is not his personal quest, but underlined that it would be detrimental to Europe if an incident of a major fraud would go undetected. Therefore, striving for sufficient resources should be a joint effort.

The Chair highlighted that the lack of sufficient resources is really alarming, especially as the Energy Union is one of the flagship projects of the Juncker's Commission. The issue of reputation is also to be underlined. She called for a collective synergic action plan and asked the Director to prepare it.

Mr Kaźmierczak, Commission appointed AB member, confirmed that there is a risk that the implementation of REMIT will not be effective. One AB member suggested that the situation should be upgraded from a “risk” (manageable) to a “problem” (not manageable).

An AB member raised the issue of the difficulty of the Agency’s to plan its IT budget, and the Director concurred, emphasising that the IT planning depends heavily on the changes on the market. Lord Mogg, the BoR Chair, asked whether the fees could solve the gap in IT financing. The Director replied that if the Agency were to receive additional €20 million in fees, its budgetary needs would be fully covered.

Conclusion: The AB underlined that there is a risk and a problem regarding the lack of human resources at the Agency. The AB asked the Director to prepare an action plan on how to address this issue with the EU policy-makers.

6. 2016 AB Decisions, by delegation of the Administrative Board to the Chairman via Decision AB 05bis/2010 of 21 September 2010

The Chair reported that she made 4 appointment decisions since the last meeting, whereby she formally appointed 3 members (from Latvian, Portuguese and Austrian NRAs) and 2 alternate members (from Portuguese and Czech NRAs). The agenda item 18 was further addressing the appointments.

Conclusion: The AB took note of the Chair’s report on her BoR member appointments.

7. Annual Activity Report for 2015

The Director said that as in previous years, the Agency prepared the Annual Activity Report for its activities in 2015. The regulatory part, the independent section of the Annual Activity Report, was approved by the BoR through electronic voting on 25 May. The Annual Activity report was then circulated to the AB for adoption. On 2 June ACER received some technical comments that were incorporated in the text to be adopted by the AB. The Director said that this year there has been an inversion of the AB and the BoR meetings, which resulted in a slight delay in the circulation of the report to the AB members. Consequently, the Commission’s comments were received late a week before the AB meeting and the updated document was only circulated to the AB members the night before, leaving the Members little time to read it.

Conclusion: The Chair declared the urgency and that a written procedure in line with Article 9 of the Rules of procedure would be launched to adopt the report.

Following the adoption of the Report and in line with Article 13(12) of the Agency’s Founding Regulation, the AB will publish it and transmit it to the European Parliament, the Council, the Commission, the Court of Auditors, the European Economic and Social Committee and the Committee of the Regions by 15 June.

The AB discussed its assessment of the report.

Comment [IR2]: To provide the full picture, please state the date of circulation to the AB members. The EC received a version upfront on 27 May by email but the draft was only circulated to the AB members later.

Ms Kaźmierczak, the AB member appointed by the Commission, wanted to avoid mentioning 'inadequate resources' too many times, and keeping one reference only, as well as proposed some language underlining the under-execution of payment appropriations.

Another AB member suggested to include a statement that "the Report correctly identified the challenges faced by the Agency in the completion of the internal energy market, including delivering the benefits to EU energy consumers".

The Administrative Board agreed to include the proposed changes reference to the consumers.

Conclusion: The AB approved the assessment of the Annual Activity Report, subject to the incorporation of the requested changes.

8. AB Decision on appointment of two members as reporting officers for assessment of the annual performance of the Director

The Chair said that the Director of the Agency is subject to an annual appraisal exercise. The Administrative Board has to appoint two reporting officers to assess the annual performance of the Director, of which one has to be a representative of the European Commission, for the reference period of 1 January 2015 to 31 December 2015. Mr Klaus-Dieter Borchardt (from the Commission) and Mr Jochen Penker (Vice-Chair) were proposed for appointment as reporting officers, and Dr Romana Jordan (Chair) as appeal assessor.

Conclusion: The AB adopted the decision on appointment of two members as reporting officers for assessment of the annual performance of the Director (ANNEX 1).

9. Discharge 2014

The Director reported that on 28 April the EP voted in plenary session on the Agencies' 2014 discharge. This included separate votes: one on the performance, financial management and control of EU Agencies as a whole (the so-called horizontal discharge) and a specific vote on each Agency. The ACER's discharge was supported by 515 MEPs, 112 voted against and 17 abstained.

The numbers were in line with those of other Agencies. The EP noted that the Agency has taken corrective action as a follow-up to the 2013 discharge (high cash balance at the end of the year and application of a Conflict of Interest Policy), including the publication of declarations of interest and CVs of management and board members.

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On the budget, the EP noted that the Agency reached the 95% implementation rate target but did not reach the 75% payment execution rate, mainly due to the renewal or renegotiation of the Agency's annual contracts towards the end of the year, as well as the multiannual nature of the implementation of REMIT. The EP also noted that the relatively high committed appropriations and carry overs, although lower than in the previous year, were mainly due to the complex multi-annual nature of REMIT and to the need to partly suspend the implementation of REMIT due to the late adoption of the REMIT Implementing Acts. The EP nevertheless called upon the Agency to reduce the high carry-overs and to continue improving the planning and implementation of its budget.

The EP welcomed the Agency's improvements in procurement and recruitment procedures (e.g. the strict anonymity of candidates) and the fact that the Agency's Internal Control Standards were adequate. It also noted that 10 out of 11 recommendations issued by the Internal Audit Service in 2013 were closed and one was to be completed in 2015. The EP noted that the Key Performance Indicators system of the Agency had been reviewed (introducing a distinction between KPIs and performance indicators). The Agency was also called to include a standard chapter on the Annual Activity report on conflict of interest issues. Finally, the EP regretted the fact that despite the Agency's Seat Agreement no European school had been set up in Slovenia.

The horizontal discharge (applicable to all EU decentralised agencies) focused on the need to further implement the Common Approach and the Commission's Roadmap for agencies. It also urged agencies to avoid a high level of cancellations and carry-overs, stressed the need for agencies to cooperate, and touched upon HR issues, conflicts of interest and transparency.

The EP reiterated that the agencies should ensure that citizens are well informed of the results of the Agencies' activities. It also requested the Court of Auditors to provide an evaluation of the agencies' performance and results in time for the review of the 2016 Multiannual Financial Framework. The EP also wants the agencies to become more visible, to improve their communication policies and to increase their presence on social media.

The EP also reminded the Court of Auditors that outsourced external audits remain under the full responsibility of the Court and regretted the fact that the new audit approach involving private sector auditors resulted in a considerable increase in the administrative burden for the agencies.

Furthermore, the EP took note of the fact that most agencies have already met or exceeded the 5% staff reduction by 2017 foreseen in a 2013 interinstitutional agreement and noted also that the Commission applied an additional levy of 5% of staff to the agencies to create a redeployment pool for posts in agencies with new tasks.

Finally, the EP called upon the Commission to run a SWOT analysis on the agencies to come to an informed decision on which agencies need more staff and which do not.

The Chair concluded that the EP discharge report is positive for ACER and congratulated the Director. She also underlined that the EP has asked the Commission to carry out a SWOT analysis on the agencies and asked about the Commission's timeline for this exercise, underlining its high importance for ACER.

The Commission appointed AB member replied that DG BUDG is in the lead for the referred SWOT analysis on the EU decentralised agencies. She agreed about the importance of this exercise for ACER and promised to update the AB on any results. She also underlined that the level of carry-over was too high and resulted in higher than 5 percent cancellation of payment appropriations. The Agency was thus penalised for ~~2%~~5 percent of its ~~2017~~ budget. She called upon the Agency to monitor properly the expenditure of carry-overs, presumably in the form of a KPI.

The Director admitted that the Agency could improve its budget spending, but also highlighted that the principle of annuality, the incertitude of the budget and the multiannuality of REMIT operations all had an impact.

The Commission appointed AB member indicted that a distinction should be made between a healthy carry-over (a common phenomenon) and an unhealthy carry-over (a better monitoring of the payment at the Agency), the latter requiring an active approach (asking for invoices in time etc). The Admin department of ACER should take this into account.

Conclusion: The Board took note of the 2014 Discharge report.

10. MoU with third countries

The Director updated the members about the MoUs with third parties: Third countries participation in the Agency is governed by Article 31 of the ACER Regulation, which states that "The Agency shall be open to the participation of third countries which have concluded agreements with the [Union] whereby they have adopted and are applying Community law in the field of energy and, if relevant, in the fields of environment and competition". Following the exchange of letter with the Commission in 2015 it has been decided that the Participation of Third Countries' NRAs in:

- the BoR will be decided by the Commission, on the basis of an assessment of Third Party's compliance with the requirements of Article 31 of the ACER Regulation;
- the AWGs will be decided by the Agency, on the basis of an assessment of the Third Party's imminent compliance with the requirements of Article 31 of the ACER Regulation.

The participation of Third Countries' NRAs in AWGs is based on a MoU, defining respective commitments and responsibilities. Two MoUs with third countries have already been concluded: one with Norway and one with Switzerland.

For Energy Community (EnC) Contracting Parties, the Agency will rely on the Energy Community Secretariat's assessment of their imminent compliance with the

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requirements of Article 31 of the ACER Regulation to invite the respective NRAs to join the Agency's Working Groups.

The forthcoming MoU with the EnC will enable the EnC to join AEWG, AGWG and AIMPWG.

The Commission appointed AB member commented that the Commission is of the opinion that the MoU's are usually concluded between entities having legal personality, however the EnC is not a legal entity. Therefore the Commission is suggesting to downgrade the MoU between ACER and the EnC to a technical administrative arrangement.

The Director underlined that in case of MoU downgrading, there is a need to clarify confidentiality issues.

Conclusion: The Board took note of the information provided by the Director.

11. Declarations of Interest

The Chair informed the Members about the letter she received from the BoR Chair Lord Mogg, informing her about the BoR Review Panel and the completion of the Col exercise for the BoR on 15 March. The Chair was equally informed about the completion of the 2016 Col exercise of the Board of Appeal, which held its Review Panel on 8 February. As for the AB, the Chair notified the Board that all declarations of interest of AB members were received and are published on the internet without signatures. The AB Col Review Panel was going to take place immediately after the AB meeting. The Chair will report of the results at the September AB meeting.

Conclusion: The Board took note of the information from the Chair and will revert to this point back in September.

12. Proposal for a financial compensation to AB members

The Commission appointed AB member reported on her undertaking to follow up on a plea from Mr Nicolescu, the former AB Chair, to financially compensate AB members for their participation and active involvement in the Administrative Board.

She said that the Commission internally assessed the legal possibility for such compensation. Unfortunately, they could not find any legal possibility for it, except if the Agency's Founding Regulation was changed. However, she warned about the opening of the Agency's Founding Regulation, as it could also result in other less positive changes. The Commission will now check with the other EU institutions, whether they could financially compensate their AB appointed members via their Rules of Procedure.

She promised to report back at the September AB meeting.

The Chair underlined that in this context ad personam appointments are different than appointments from seconding institutions.



Lord Mogg, the BoR representative, agreed and said that a similar financial compensation should be envisaged for the Board of Appeal members.

The Director proposed to find a technical solution for both the AB and the BoA.

Conclusion: The Board asked the Director and the Commission to explore a technical solution on the financial compensation of the AB and BoA members and report back at its next meeting.

13. Appointment of the new Board of Appeal members

The Chair recalled that Article 18 of Regulation (EC) No 713/2009 stipulates that the AB shall appoint members and alternates of the Board of Appeal, on the basis of a proposal from the Commission following a public expression of interest; and after consultation of the BoR. The Commission published a call of expression of interest on 19 January 2016 and prolonged the initial deadline from 11 March until 22 Mars 2016. On 30 May the Chair received the Commission's proposal, which was circulated to Members. The proposal was also circulated to the BoR for opinion. The Board will need to appoint the new BoA members and alternates by 22 September because the current mandate of the BoA expires on that day.

The Commission reported on their selection procedure. They received 19 candidates for the position of member and alternate of the BoA. The selection committee was set up and they established the Panel. They tried to make a balanced proposal.

The AB and the BoR Chair asked the Commission to circulate the entire list of applications to both Boards, which was accepted.

Conclusion: The Board asked the Commission to provide information on the entire list of BoA applications. The Chair declared the urgency for the appointment of the new Board of Appeal members, so that a written procedure could be launched when the BoR provides its Opinion.

14. AB opinion on the 2015 Annual Accounts of ACER

The Director reported that on 19 April 2016, the European Court of Auditors (ECA) issued its preliminary observations with a view to report on the annual accounts of the Agency for the financial year 2015. On 13 May 2016, the Director submitted to the AB the final accounts of the Agency for the financial year 2015. ECA's main comment was a high level of carry-overs (Title III), which were due to REMIT complex operations of multi-annual nature, and the outstanding status of its 2014 recommendation on the set-up of the European School.

Conclusion: The Administrative Board adopted its 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 (ANNEX 2).

15. Permission to the Director for an outside activity

The Chair informed the Board about two requests for carry out an outside activity from the Director. The Director asked for permission regarding his membership in the CEER's Training Academy Advisory Board, and about writing a Chapter in a forthcoming book marking the 20th anniversary of the establishment of the Italian NRA.

The Chair asked for the Commission's opinion about these two requests. The Commission appointed AB member said that the Commission does not see any issue with the request for writing a Chapter in a forthcoming book marking the 20th anniversary of the establishment of the Italian NRA, underlining that a standard disclaimer (person opinion only) should be used.

The Vice- Chair asked for a translation of the article.

The Commission however had concerns regarding the Director's attendance of the CEER Advisory Board, given that in December 2015 the Board granted the Director permission to engage in academic cooperation with the Florence School of Regulation at the European University Institute for the year 2016 for exceptional 200 working hours. The Commission was not ready to grant the Director a further extension of this ceiling, however they would not be against using some of those 200 working hours for the CEER Advisory Board.

Conclusion: The Board took note of the intention of the Director to write a Chapter in a forthcoming book marking the 20th anniversary of the establishment of the Italian NRA. However, the Board was of the opinion that the exceptional ceilings granted in AB Decision 24-2015 on the permission to the Director to engage in academic cooperation with the FSR in 2016 should not be extended further.

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16. Commission Decision C(2015)9720 on Article 55a of the Staff Regulations and Annex IVa thereto concerning part-time work by analogy (in application of Article 110(2) of the Staff Regulations

The Director informed the Members about the new Commission Decision on working time, containing provisions which affect the rules related to part-time work. The new provisions contain amendments to the Commission Decision of 16 December 2013 on part-time work [C(2013) 9046], which the Agency adopted by analogy, and has been implementing as of 1 October 2014.

He presented the main changes with regard to the old Commission decision: Greater flexibility was introduced in part-time arrangements regarding the launching of the Fit@work initiative; Part-time work may also be authorised in the form of time credits – this enabled the introduction of a new provision allowing staff benefiting from this arrangement to use days or half-days acquired over a period of 12 months; an option of working on a 95 % part-time basis without applying the pro-rata calculation of the remuneration has been introduced; some changes were introduced in the working time decision (i.e. – rest brake can take 20 instead of 30 min, etc.).

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To that end, in line with the Guidelines on the implementation of Art. 110 of the Staff Regulations, the Director proposed that the Board adopts a decision to apply the new Commission decision on part-time work, which will replace the previous decision on the matter, by analogy.

Conclusion: The Board adopted the Decision on the application by analogy of the new Commission decision C(2015)9720 on Article 55a of the Staff Regulations and Annex IVa thereto concerning part-time work, which will replace the previous decision on the matter (ANNEX 3).

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17. State of play of Implementing Rules (IR)

The Director reported on progress and the state of play of the adoption of Implementing Rules (IR) to the Staff Regulations since the last AB meeting in January.

Following the agreement of the Board, the Agency submitted, on 4 February 2016, a request for derogation from the application by analogy of Commission Decision C(2015) 9151 of 17.12.2015 on the implementation of telework in Commission Departments.

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In addition, the following model decisions were adopted by the Administrative Board on 4 April 2016 by written procedure:

- Model decision on the reclassification of temporary staff
- Model decision on the reclassification of contract staff
- Model decision on working time

The Director asked this item to become a standing item on the agenda of the AB as necessary.

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Conclusion: The Board agreed that the State of Play of Implementing Rules becomes a standing item on the agenda of the AB as necessary.

18. AB Delegation to the Chair for the appointment of the BoR members

The Chair said that she wanted to raise awareness about the AB Decision 5bis-2010 from 21 September 2010 on delegation to the Chair of the power to appoint new members of the BoR and asked the Board whether they are happy with this delegation to the Chair.

Conclusion: The Board confirmed that they are happy with the current practice and with the delegation to the Chair.

AOB Building file

The Director reported that, as the Agency is recruiting the 15 additional temporary agent posts authorised for 2016, is expanding its traineeship programme and is organising an increasing number of meetings, it needs to acquire additional office space. For these reasons ACER is in contact with the landlord of the TR3 building to explore options of the Agency's space expansion.

He admitted that the Agency initially misinterpreted provisions in the Framework Financial Regulation (FFR) related to the need to submit a building file to the budgetary authorities. The building file (the detailed dossier on the expansion of the office premises) was submitted on 17 May 2016 to DG ENER and DG BUDG for review and approval. In the meantime it has become clear that the building file does not need to be submitted to the Budgetary Authorities, as it falls-is below the threshold established in Art. 88 of the Framework Financial Regulation (FFR).

The Commission representative said they were surprised about the handling of this file, especially that ACER sent a notification of the building project to the Parliament and Council without awaiting the Commission's feedback (and without giving the Commission sufficient time to provide such a feedback). She called for close coordination of the Agency's Administration department with the Commission's SRD service in the future. Moreover, she asked for a clarification of the number of staff at the Agency as, based on ACER's authorised posts, it seemed that ACER had sufficient office space. ~~According to the Commission it appeared that,~~ ACER has^d been recruiting contract agents above the number recognised by the Commission, and as such the justification for the additional space may not be supported by the Commission, as the current office space is-appears to be sufficient for the recognised authorised staff. She also requested further clarifications as to was-also-surprised about the number of additional parking spaces requested.

The Director confirmed that the Agency has been using project-based contract agents beyond the number recognised by the Commission to overcome the severe shortage of staff, in an attempt to preserve its ability to deliver on its legislative mandate. The Director already informed the AB of this approach at the meeting in Bucharest on 26 March 2015. Moreover, at least until now, contract agent posts did not require authorisation, but were only dependent on the availability of budgetary appropriation. The Agency would like to use the opportunity to expand when floors become available at TR3. Finally, ACER provides a parking space to every staff member that needs it as a social measure, as part of its attempt to be an attractive employer and, at least partially, to compensate for the unrealistic decrease of the correction coefficient.

Conclusion: The Board decided to discuss in detail the building file at its next meeting in September.

Comment [AK3]: I do not recall this statement being made in the meeting. It should be taken out.

ANNEX 1

DECISION AB n° 11/2016

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

of 7 June 2016

on the appointment of two members as reporting officers and an appeal assessor for the assessment of the annual performance of the Director

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

Having regard to the Staff Regulations of Officials of the European Communities (Staff Regulations) and the Conditions of Employment of Other Servants of the European Communities (CEOS), laid down by Council Regulation (EEC, EURATOM, ECSC) n° 259/68¹, and, in particular, Article 43 of the Staff Regulations and Article 15(2) of CEOS,

Having regard to Decision AB n° 26/2011 of the Administrative Board of the Agency for the Cooperation of Energy Regulators of 22 September 2011 concerning the appraisal of the Director of the Agency for the Cooperation of Energy Regulators, and, in particular, Article 3 thereof,

Having regard to Decision AB n° 10/2015 of the Administrative Board of the Agency for the Cooperation of Energy Regulators of 8 July 2015 on the reappointment of the Director of the Agency for the Cooperation of Energy Regulators,

Whereas:

- (1) Pursuant to Article 1 of Decision AB n° 26/2011 of the Administrative Board of the Agency for the Cooperation of Energy Regulators of 22 September 2011, the Director of the Agency is subject to an annual appraisal exercise.
- (2) The Administrative Board has to appoint two reporting officers to assess the annual performance of the Director, of which one has to be a representative of the European Commission.

¹ OJ L56, 4.3.1968, p. 1.

- (3) Further to Decision AB n° 25/2012 of the Administrative Board of the Agency for the Cooperation of Energy Regulators of 5 December 2012 appointing two members as reporting officers for the assessment of the annual performance of the Director, and taking into account Article 1(3) of Decision AB n° 26/2011 of 22 September 2011, two reporting officers were appointed to establish an annual performance appraisal report for the Director of the Agency for the reference period of 17 March 2011 to 31 December 2012. Subsequently, no appraisal exercise was undertaken for the year 2013, therefore, in accordance with Decision AB n° 03/2015, the annual performance appraisal report of the Director exceptionally covered the reference period of 1 January 2013 to 31 December 2014.

HAS ADOPTED THIS DECISION:

Article 1

Mr Klaus-Dieter Borchardt and Mr Jochen Penker are appointed as reporting officers, and Dr Romana Jordan as appeal assessor, for the annual appraisal of the Director for the reference period of 1 January 2015 to 31 December 2015.

Article 2

This decision shall enter into force on the day of its adoption.

Done at Ljubljana on 7 June 2016.

For the Administrative Board:

Dr. Romana Jordan
Chairwoman of the Administrative Board

ANNEX 2

OPINION AB 01/2016
OF THE ADMINISTRATIVE BOARD
OF THE AGENCY FOR THE COOPERATION OF ENERGY REGULATORS
of 7 June 2016

on the approval of the final accounts for the financial year 2015

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

Having regard to Regulation (EC) No 713/2009 of the European Parliament and of the Council of 13 July 2009 establishing an Agency for the Cooperation of Energy Regulators², and, in particular, Article 24(5) thereof,

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(2) and (3) thereof,

Whereas:

- (1) On 19 April 2016, the European Court of Auditors issued its preliminary observations with a view to report on the annual accounts of the Agency for the Cooperation of Energy Regulators (hereinafter referred to as the “Agency”) for the financial year 2015.
- (2) On 13 May 2016, the Director submitted to the Administrative Board the final accounts of the Agency for the financial year 2015.

HAS ADOPTED THIS OPINION:

Article 1

The Administrative Board takes note of the preliminary observations of the European Court of Auditors on the annual accounts of the Agency for the financial year 2015, attached as Annex I to this Opinion.

Article 2

The Administrative Board hereby endorses the final accounts of the Agency for the financial year 2015, attached as Annex II to this Opinion.

² OJ L211, 14.8.2009, p.1.



Article 3

The Administrative Board invites the Director to take immediate actions to address the comments made by the Court of Auditors in its preliminary observations, where relevant, and to report, in due course, on the actions taken.

Article 4

This Opinion shall be communicated, together with the final accounts, to the accounting officer of the Commission, the Court of Auditors, the European Parliament, and the Council by 1 July 2016.

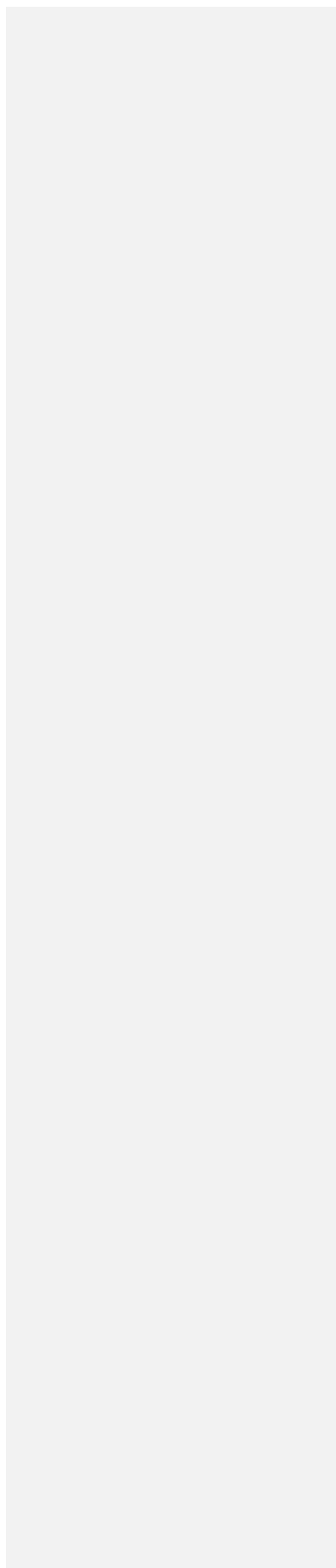
Done at Ljubljana, on 7 June 2016.

For the Administrative Board:

Dr. Romana Jordan
Chair of the Administrative Board



Annex I





EUROPEAN
COURT
OF AUDITORS

Preliminary observations

with a view to a report on the annual accounts
of the Agency for the Cooperation of Energy Regulators
for the financial year 2015

These preliminary observations were adopted by Chamber IV at its meeting of 19 April 2016.

INTRODUCTION

The Agency for the 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 Council³. 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 regulation⁴, the Agency was given additional responsibilities, together with national regulatory authorities, regarding the monitoring of the European wholesale energy market.

[**Table 1** presents key figures for the Agency⁵.

TABLE 1: KEY FIGURES FOR THE AGENCY

	2014	2015
Budget (million euro)	10,9	11,3
Total staff as at 31 December ⁶	72	80

Source: data provided by the Agency.]

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 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 statements⁷ and the reports on the implementation of the budget⁸ for the financial year ended 31 December 2015, and

³ OJ L 211, 14.8.2009, p. 1.

⁴ Regulation No 1227/2011 of the European Parliament and of the Council (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.

⁵ More information on the Agency's competences and activities is available on its website: www.acer.europa.eu.]

⁶ Staff includes officials, temporary and contract staff and seconded national experts.]

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[comments.docDraft minutes of the 26th AB meeting \(20160607\)](#)

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- 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 transactions⁹:

- c) 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 officer¹⁰; 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.
- d) 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.

The auditor's responsibility

The Court's responsibility is, on the basis of its audit, to provide the European Parliament and the Council¹¹ 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

⁷ These include the balance sheet and the statement of financial performance, the cash flow table, the statement of changes in net assets and a summary of the significant accounting policies and other explanatory notes.

⁸ These comprise the budgetary outturn account and the annex to the budgetary outturn account.

⁹ Articles 39 and 50 of Commission Delegated Regulation (EU) No 1271/2013 (OJ L 328, 7.12.2013, p. 42).

¹⁰ 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.

¹¹ Article 107 of Regulation (EU) No 1271/2013.

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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. In preparing this report and Statement of Assurance, the Court considered the audit work of the independent external auditor performed on the Agency's accounts as stipulated in Article 208(4) of the EU Financial Regulation¹².

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

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 2015 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 2015 are legal and regular in all material respects.

[Other matter

Without calling into question the opinion expressed in paragraph 9, the Court draws attention to the fact that the annual accounts of the Agency were verified by an independent external auditor and that the Court considered the verification results when preparing its own audit

¹² Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council (OJ L 298, 26.10.2012, p. 1).

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opinion, as stipulated in Article 208(4) of the EU Financial Regulation. Under International Standards on Auditing, an auditor making use of another auditor's results is required to review their reliability. This review work is ongoing and the Court's opinion on the reliability of the accounts is subject to confirmation of the reliability of the independent external auditor's results.]

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

COMMENTS ON BUDGETARY MANAGEMENT

The Agency carried over 1,36 million euro, i.e. 59 % of its committed appropriations for Title III operational expenditure (2014: 1,57 million euro, i.e. 62 %). These carry-overs were mainly related to the implementation of REMIT (1,1 million euro), a complex operational activity on wholesale energy market integrity and transparency of a multiannual nature. The Agency also carried over 0,79 million euro, i.e. 35 % (2014: 0,98 million euro, i.e. 41 %) of committed appropriations for Title II administrative expenditure, mainly related to studies and services not yet delivered in 2015.

FOLLOW-UP OF PREVIOUS YEAR'S COMMENTS

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

Annex I

Follow-up of previous year's comments

Year	Court's comment	Status of corrective action (Completed / Ongoing / Outstanding / N/A)
2014	The Agency carried over 1,57 million euro, i.e. 62 %, of committed appropriations for title III operational expenditure (2013: 3,1 million euro, i.e. 91 %). These carry-overs were mainly related to the implementation of REMIT, a complex multi-annual operational activity for which the Implementing Regulation was only adopted on 17 December 2014 ¹³ . The Agency also carried over 0,98 million euro, i.e. 41 % (2013: 1,9 million euro, i.e. 56 %), of committed appropriations for title II administrative expenditure, mainly related to studies for the implementation of REMIT and annual contracts renewed towards the year end.	N/A
2014	In October 2013, through a budget amendment, the Agency received an additional 3 million euro in appropriations to implement REMIT, which it carried over to 2014. However, according to the Implementing Regulation the REMIT framework will only become operational in October 2015. Part of the funds was spent in 2014 on preparation for the implementation of REMIT. At the end of 2014, the Agency made two pre-financing payments amounting to 1,56 million euro for contracts on REMIT-related services to be provided in the period 2015 to 2017, thereby avoiding an automatic return to the Commission of the unused funds ¹⁴ . Although this will allow the Agency to finance its future REMIT-related activities, this is in contradiction with the budgetary principle of annuality.	N/A
2014	According to the Seat Agreement between the Agency and the Slovenian government a European School will be established in Slovenia. However, more than four years after the agreement no European School has been set up.	Outstanding

¹³ Commission Implementing Regulation (EU) No 1348/2014 (OJ L 363, 18.12.2014, p. 121).

¹⁴ Article 13 of the EU Financial Regulation stipulates that amounts can be carried over for one financial year only.



Annex II

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

and

Report on Budgetary and Financial Management

1 January – 31 December 2015

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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 2015 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 April 2016

(signed electronically)

Rodica Mandroc,
Accounting and Budget Officer



INTRODUCTION

LEGAL BASIS

The Agency for the Cooperation of Energy Regulators with 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) in exercising, at Union level, the regulatory tasks performed in the Member States and, where necessary, to coordinate their action.

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 Ms Romana Jordan, 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 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 2015 were integrally financed through an annual subsidy from the general budget of the European Union.

In accordance with Article 43(1) of the Decision AB No. 22/2011 of the Administrative Board of the Agency for the Cooperation of Energy Regulators of 22 September 2011, Ms Rodica



Mandroc was appointed on 22 September 2011 as the Accounting and Budget Officer of the Agency¹⁵.

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

FINANCIAL STATEMENTS

The revenues of the Agency's mainly comprise the annual subsidy from the general budget of the Union (€10,513,574.00) and some minor revenues (€1,036.64) recorded during the year stemming from exchange rate gains.

The Statement of Financial Performance for the year ending 31 December 2015 shows a result of €1,364,055.55 compared to €580,271.40 at the end of 2014.

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

The following financial statements and notes have been drawn up for the financial year ending 31 December 2015.

¹⁵ AB Decision No. 23/2011 of the Administrative Board of the Agency for the Cooperation of Energy Regulators of 22 September 2011.

STATEMENT OF FINANCIAL PERFORMANCE

<i>for the year ending 31 December 2015</i>	Notes	1 January - 31 December 2015 €	1 January - 31 December 2014 €
REVENUE	1		
European Commission subsidy		10,513,574.00	10,174,912.15
Other operating revenue		1,036.64	(219,655.35)
TOTAL OPERATING REVENUE		10,514,610.64	9,955,256.80
ADMINISTRATIVE AND OPERATIONAL EXPENSES	2		
Staff expenses		5,537,264.41	4,789,856.17
Fixed asset related expenses		201,703.51	260,414.54
Other administrative expenses		2,529,149.53	2,166,182.44
Operational expenses		882,197.64	2,158,420.82
TOTAL ADMINISTRATIVE AND OPERATIONAL EXPENSES		9,150,315.09	9,374,873.97
SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES		1,364,295.55	580,382.83
FINANCIAL OPERATIONS	3		
Financial operations expenses		240.00	111.43
SURPLUS/ (DEFICIT) FROM FINANCIAL ACTIVITIES		(240.00)	(111.43)
ECONOMIC RESULT OF THE YEAR		1,364,055.55	580,271.40

BALANCE SHEET

ASSETS			
<i>as of 31 December 2015</i>	Notes	1 January - 31 December 2015 €	1 January - 31 December 2014 €
NON-CURRENT ASSETS			
Intangible fixed assets	4	5,087,602.90	2,920,071.47
Tangible fixed assets	5	371,230.39	433,807.13
Plant and equipment		234.36	726.31
Computer hardware		189,628.36	200,981.87
Furniture and vehicles		71,451.92	64,944.27
Other fixtures and fittings		109,915.75	167,154.68
TOTAL NON-CURRENT ASSETS		5,458,833.29	3,353,878.60
CURRENT ASSETS			
Short-term receivables	6	1,807,204.42	2,156,703.33
Current receivables		1,687,541.79	2,042,113.22
Sundry receivables		37,254.62	70,831.99
Prepaid expenses and accrued income		183,188.01	43,758.12
Cash and cash equivalents	7	2,980,779.39	3,372,278.26
TOTAL CURRENT ASSETS		4,888,763.81	5,528,981.59
TOTAL CURRENT AND NON-CURRENT ASSETS		10,347,597.10	8,882,860.19
EQUITY AND LIABILITIES			
		1 January - 31 December 2015 €	1 January - 31 December 2014 €
EQUITY			
Accumulated surplus/(deficit)		7,685,416.43	7,105,145.03
Economic result of the year		1,364,055.55	580,271.40
TOTAL EQUITY		9,049,471.98	7,685,416.43
CURRENT LIABILITIES			
Accounts payable	8	1,298,125.12	1,197,443.76
Current payables		17.78	348.38
Accrued expenses and deferred income		545,681.34	488,543.36
Accounts payable with consolidated entities		752,426.00	708,552.02
TOTAL CURRENT LIABILITIES		1,298,125.12	1,197,443.76

TOTAL EQUITY AND LIABILITIES	10,347,597.1 0	8,882,860.19
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CASH FLOW STATEMENT

	1 January - 31 December 2015 €	1 January - 31 December 2014 €
Surplus/(deficit) from operating activities	1,364,295.55	580,382.83
Cash Flows from Operating Activities		
<u>Adjustments</u>		
Amortization (intangible fixed assets)	9.176.26	9,311.56
Depreciation (tangible fixed assets)	192,527.25	251,704.81
(Increase)/decrease in Short term Receivables	248,718.91	(1,358,567.19)
(Increase)/decrease in Other Liabilities	57,137.98	(18,859.15)
Increase/(decrease) in Current payables	(330.60)	348.38
Increase/(decrease) in Liabilities related to consolidated entities	43,873.98	289,568.21
Net Cash Flow from Operating Activities	1,915,399.33	246,110.55
Cash Flows from Investing Activities		
Purchase of tangible and intangible fixed assets	(2,306,658.20)	(1,850,048.07)
Net Cash Flow from Investing Activities	(2,306,658.20)	(1,850,048.07)
Financing Activities		
Financial operations revenues/expenses	(240.00)	(111.43)
Net Cash Flow from Financing Activities	(240.00)	(111.43)
Net increase/(decrease) in cash and cash equivalents	(391,498.87)	(2,096,270.05)
Cash and cash equivalents at the beginning of the period	3,372,278.26	5,468,548.31
Cash and cash equivalents at the end of the period	2,980,779.39	3,372,278.26

STATEMENT OF CHANGES IN NET ASSETS

as at 31 December 2015

Net Assets	Opening balance	Economic result of the year	Total Net Assets
	€	€	€
Balance as of 1 January 2015	7,685,416.43	0.00	7,685,416.43
Economic result of the year	0.00	1,364,055.55	1,364,055.55
Balance as of 31 December 2015	7,685,416.43	1,364,055.55	9,049,471.98

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 2015 were prepared on the basis of the Commission Accounting Rules as laid down by the accounting officer of the 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 annual accounts 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 euro in accordance with Article 6 of the Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union¹⁶ using the official 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 Statement of Financial Performance.

CHART OF ACCOUNTS

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

¹⁶ OJ L 362, 31/12/2012, p 1.

STATEMENT OF FINANCIAL PERFORMANCE – NOTES

1. Revenue

The revenues of the Agency for the financial year 2015 consist of:

- the subsidy received from the general budget of the Union, and
- foreign exchange realised gains.

	31 December 2015	31 December 2014
	€	€
European Commission subsidy	10,513,574.00	10,174,912.15
Fixed assets income	0.00	411.62
Exchange rate gains	1,036.64	274.95
Other operating revenue	0.00	(220,341.92)
	10,514,610.64	9,955,256.80

2. Expenses

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

All salary calculations giving the total staff expenses included in the Statement of financial performance of the Agency are externalized to the Office for administration and payment of individual entitlements (also known as the Paymaster's Office-PMO) which is a central office of the European Commission.

The PMO's mission is to manage the financial rights of permanent, temporary and contractual staff working at the Commission, to calculate and to pay their salaries and other financial entitlements. The PMO provides these services to other EU institutions and agencies as well. The PMO is also responsible for managing the health insurance fund of the Institutions, together with processing and paying the claims of reimbursement from staff members. The PMO also manages the pension fund and pays the pensions of retired staff members. PMO is being audited by the Court of Auditors.

The Agency is only responsible for the communication to the PMO of reliable information allowing the calculation of the staff costs. It is also responsible to check that this information has been correctly handled in the monthly payroll report used for accounting payroll costs. It is not responsible for the calculation of the payroll costs performed by PMO.

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 2015.

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, REMIT project related costs and other operational expenditure incurred for the functioning of the Agency.

Administrative and operational expenses	31 December 2015	31 December 2014
	€	€
Staff expenses	5,537,264.41	4,789,856.17
Fixed asset related expenses	201,703.51	260,414.54
Other administrative expenses	2,529,149.53	2,166,182.44
Operational expenses	882,197.64	2,158,420.82
	9,150,315.09	9,374,873.97

3. Financial expense

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

Financial expenses	31 December 2015	31 December 2014
	€	€
Financial operations expenses	240.00	111.43

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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. As intangible asset under construction the Agency records the relevant costs of the IT platform build to assist the Agency with the monitoring of the wholesale energy markets.

Intangible assets at book value	31 December 2015	31 December 2014
	€	€
Intangible assets	1,302.08	5,800.33
Intangible assets under construction	5,086,300.82	2,914,271.14
	5,087,602.90	2,920,071.47

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 other fixtures and fittings.

Tangible fixed assets at book value	31 December 2015 €	31 December 2014 €
Plant and equipment	234.36	726.31
Computer hardware	189,628.36	200,981.87
Furniture and vehicles	71,451.92	64,944.27
Other fixtures and fittings	109,915.75	167,154.68
	371,230.39	433,807.13

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
01.01.2015-31.12.2015

Account number	Asset category	Opening balance	Additions during the year	Closing balance	Depreciation Rate and Method	Depreciation			Closing book value
						Opening balance	Depreciation charge for the year	Accumulated Depreciation	
21001000	Computer software	40,814.16	0.00	40,814.16	L 25%	35,013.83	4,498.25	39,512.08	1,302.08
21400001	Intangible assets under construction	2,914,271.14	2,172,029.68	5,086,300.82	0.00%	0.00	0.00	0.00	5,086,300.82
23001000	Plant, machinery and equipment	2,225.65	0.00	2,225.65	L 12,5%	1,499.34	491.95	1,991.29	234.36
24001000	Furniture and rolling stock	88,633.52	16,874.14	105,507.66	L 10%; 12,5%, 25%	23,689.25	10,366.49	34,055.74	71,451.92
24101000	Computer hardware	783,662.60	110,351.27	894,013.87	L 25%	582,680.73	121,704.78	704,385.51	189,628.36
24201000	Other fixtures and fittings	257,453.69	7,403.11	264,856.80	L 25%	90,299.01	64,642.04	154,941.05	109,915.75
Totals		4,087,060.76	2,306,658.20	6,393,718.96		733,182.16	201,703.51	934,885.67	5,458,833.29

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 Statement of Financial Performance.

6. Short-term receivables

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

The advance payments made to contractors and recorded as short-term pre-financing relate to services derived from the long term project of REMIT expected to be provided in the course of 2015.

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, and a deposit made for the rental of furnished offices from *Poslovni Center za Opravljanje Celovitih Pisarniskih Storitv d.o.o.*

	31 December 2015	31 December 2014
	€	€
VAT receivable	12,805.18	2,218.86
Short term pre-financing	1,674,736.61	2,039,894.36
Salary advances paid to staff	37,254.62	70,831.99
Deferred charges		
<i>Prepayments</i>	180,226.71	39,875.12
<i>Accrued income</i>	-	943.00
<i>Deposits and guarantees</i>	2,940.00	2,940.00
	1,907,963.12	2,156,703.33

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 2015 the balance of the main bank account contained the related cash needed to honour the Agency's financial obligations carried over into 2016.

	31 December 2015	31 December 2014
	€	€
Bank account	2,976,580.17	3,359,200.55
Imprest account	3,419.39	12,427.77
Petty cash	779.83	649.94
	2,980,779.39	3,372,278.26

EQUITY AND LIABILITIES

8. Current liabilities

As of 31 December 2015 the Agency settled most of its current obligations towards its suppliers apart from one minor payment to be executed at the beginning of 2016.

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 €468,812.21. 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 €108,851.98 has been calculated and recognised as accrued expenses for all untaken annual leave entitlements as at the end of the 2015 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 2015 related budgetary outturn will be returned during 2016 upon request of the Commission.

	31 December 2015	31 December 2014
	€	€
Accounts payable	17.78	348.38
Accrued expenses	545,681.34	488,543.36
Repayable positive budgetary outturn	752,426.00	708,552.02
	1,298,125.12	1,197,443.76

FINANCIAL INSTRUMENTS

Financial instruments held by the Agency are cash and cash equivalents, receivables and payables. The Agency has limited exposure to financial risks and it focuses on managing the risks identified below:

Credit risk

Credit risk arises when there is the possibility of the Agency's receivables defaulting on their contractual obligations resulting in financial loss for the Agency.

The maximum exposure to credit risk at the end of the financial year 2015 is the carrying amount of the assets shown under the notes 6 'Short-term receivable', excluding the amount

of short-term pre-financing that is already secured by bank guarantees, and note 7 'Cash and cash equivalents'.

Credit risk associated with the Agency's financial assets is minimal as the majority of them are held with institutions that have an external credit rating within the upper classes of the scale or are with debtors who never defaulted on their debt. The table below presents the credit quality of these assets that are neither impaired nor past due and that were grouped into two categories, with and without external credit rating, for the current and previous financial year.

Category:	Financial Assets	2015
Counterparties with external credit rating		
<i>Prime and high grade</i>		
<i>Upper medium grade</i>	Cash and cash equivalents	2,980,779.39
<i>Lower medium grade</i>	Refund of VAT from Slovenian customs office	12,805.18
Counterparties without external credit rating		
<i>Debtors who never defaulted</i>	Receivables, accruals and deferrals	220,442.63
TOTAL		3,214,027.20

Category:	Financial Assets	2014
Counterparties with external credit rating		
<i>Prime and high grade</i>		
<i>Upper medium grade</i>	Cash and cash equivalents	3,372,278.26
<i>Lower medium grade</i>	Refund of VAT from Slovenian customs office	2,218.86
Counterparties without external credit rating		
<i>Debtors who never defaulted</i>	Receivables, accruals and deferrals	114,590.11
TOTAL		3,489,087.23

Liquidity risk

Liquidity risk arises when the Agency is unable to meet its financial obligations as they fall due. The Agency is exposed to liquidity risk through its trading in the normal course of business but has appropriate treasury management procedures in place to monitor forecast cash flows and ensure that sufficient funds are available to meet its legal commitments as they fall due.

The Agency's liabilities have remaining contractual maturities as shown in the following table:

At 31 December	2015	2014
Payables with third parties		
<i>Less than one year</i>	17.78	348.38
Payables with consolidated entities		
<i>Less than one year</i>	752,426.00	708,900.40
TOTAL	752,443.78	709,248.78

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Agency's income or the value of its holdings of financial instruments.

The Agency does not have any borrowings and as such no exposure to risks due to interest rate fluctuations nor does it have any exposure to foreign exchange rates as all its holdings of financial instruments are held in Euro as functional currency.

The following table shows a summary of all financial assets expressed in Euro.

Exposure to Euro at 31 December	2015	2014
Monetary assets		
<i>Cash and cash equivalents</i>	2,980,779.39	3,372,278.26
<i>Receivables with member States</i>	12,805.18	2,218.86
Monetary liabilities		
<i>Payables with third parties</i>	17.78	348.38
<i>Payables with consolidated entities</i>	752,426.00	708,552.02
Net position	2,241,140.79	2,665,596.72

CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies for the financial year 2015.

OTHER DISCLOSURE

Contribution in kind

During the financial year 2015 the following contribution in kind has 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.



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.

REPORT ON BUDGETARY AND FINANCIAL MANAGEMENT

The approved subsidy from the Union for the Agency for the financial year 2015 amounted to €11,266,000. 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 2015:

Title Chapter	Heading	Appropriation	Committed	% Committed	Paid	% Paid	Balance commitments	Balance payments
		(1)	(2)		(3)		(1-2)	(2-3)
TITLE 1	Expenditure relating to staff and resources							
CHAPTER 11	Staff in active employment	6,348,200.00	5,968,872.16	94.02%	5,859,974.08	92.31%	379,327.84	108,898.08
CHAPTER 12	Missions and duty travel	142,535.00	107,473.42	75.40%	102,667.55	72.03%	35,061.58	4,805.87
CHAPTER 13	Socio-medical infrastructure	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00
CHAPTER 14	Social services	39,200.00	28,050.57	71.56%	18,448.80	47.06%	11,149.43	9,601.77
	TOTAL TITLE 1	6,529,935.00	6,104,396.15	93.48%	5,981,090.43	91.59%	425,538.85	123,305.72
TITLE 2	Agency's building and associated costs							
CHAPTER 20	Agency's premises costs	966,502.60	960,408.46	99.37%	882,035.18	91.26%	6,094.14	78,373.28
CHAPTER 21	Data processing	274,068.83	271,146.07	98.93%	119,573.27	43.63%	2,922.76	151,572.80
CHAPTER 22	Movable property and associated costs	253,760.00	252,381.69	99.46%	239,209.04	94.27%	1,378.31	13,172.65
CHAPTER 23	Current administrative expenditure	617,233.00	549,558.24	89.04%	180,948.02	29.32%	67,674.76	368,610.22
CHAPTER 24	Computer infrastructure, telecommunication and postage	249,688.57	248,119.62	99.37%	69,328.00	27.77%	1,568.95	178,791.62
	TOTAL TITLE 2	2,361,253.00	2,281,614.08	96.63%	1,491,093.51	63.15%	79,638.92	790,520.57
TITLE 3	Operational expenditure							
CHAPTER 30	Representation expenses	21,400.00	10,343.09	48.33%	8,342.55	38.98%	11,056.91	2,000.54
CHAPTER 31	Operational missions	256,341.72	225,516.56	87.97%	192,091.63	74.94%	30,825.16	33,424.93
CHAPTER 32	Stakeholder involvement, public relations and website	240,861.00	234,907.12	97.53%	78,585.99	32.63%	5,953.88	156,321.13
CHAPTER 33	Translations	21,000.00	21,000.00	100.00%	16,698.60	79.52%	0.00	4,301.40
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	1,830,209.28	1,830,099.28	99.99%	662,601.10	36.20%	110.00	1,167,498.18
	TOTAL TITLE 3	2,374,812.00	2,326,866.05	97.98%	963,319.87	40.56%	47,945.95	1,363,546.18
	GRAND TOTAL BUDGET 2015	11,266,000.00	10,712,876.28	95.09%	8,435,503.81	74.88%	553,123.72	2,277,372.47

A detailed description of the 2015 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 €1,794.86 resulted from recovered overpaid amounts during the financial year 2015 related to:

- recovery of one overpaid telecommunication subscription;
- recovery of the fee from one lost parking card, and
- receipt of reserve pay-out from the translation office.

None of these assigned revenues have been consumed during the financial year 2015 and are therefore to be returned to the general budget.

The following table presents the implementation of these appropriations for the period between 1 January and 31 December 2015:

Title Chapter	Heading	Appropriation	Committed	% Committed	Paid	% Paid	Balance commitments	Balance payments
		(1)	(2)		(3)		(1-2)	(2-3)
Title 2	Agency's building and associated costs							
Chapter 22	Movable property and associated costs	108.50	0.00	0.00%	0.00	0.00%	108.50	0.00
Chapter 24	Postal charges, telecommunication and computer infrastructure	56.36	0.00	0.00%	0.00	0.00%	56.36	0.00
	Total Title 2	164.86	0.00	0.00%	0.00	0.00%	164.86	0.00
Title 3	Operational expenditure							
Chapter 33	Translations	1630.00	0.00	0.00%	0.00	0.00%	1630.00	0.00
	Total Title 3	1630.00	0.00	0.00%	0.00	0.00%	1630.00	0.00
	Grand Total	1794.86	0.00	0.00%	0.00	0.00%	1794.86	0.00

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 €2,736,509.85 was carried forward from the financial year 2014 to honour the payment appropriations from the commitments estimated by the Agency at that point in time. An amount of €2,538,215.97 was consumed by the end of the financial year 2015 with the minor difference of €198,293.88 to be returned to the Commission during the financial year 2016.

The following table presents the implementation of these appropriations for the period between 1 January and 31 December 2015:

Title Chapter	Heading	Appropriation	Committed	% Committed	Paid	% Paid	Balance commitments
		(1)	(2)		(3)		(1-2)
TITLE 1	Expenditure related to employees of the agency						
CHAPTER 11	Staff in active employment	141,914.68	80,875.27	56.99%	80,875.27	56.99%	61,039.41
CHAPTER 12	Missions and duty travel	7,937.62	5,343.32	67.32%	5,343.32	67.32%	2,594.30
CHAPTER 13	Socio-medical infrastructure	29,935.20	29,935.20	100.00%	29,935.20	100.00%	0.00
CHAPTER 14	Social services	2,568.94	37.23	1.45%	37.23	1.45%	2,531.71
	TOTAL TITLE 1	182,356.44	116,191.02	63.72%	116,191.02	63.72%	66,165.42
TITLE 2	Agency's building and associated costs						
CHAPTER 20	Agency premises costs	65,574.86	40,902.80	62.38%	40,902.80	62.38%	24,672.06
CHAPTER 21	Data processing	225,562.93	225,343.55	99.90%	225,343.55	99.90%	219.38
CHAPTER 22	Movable property and associated costs	73,806.57	17,365.29	23.53%	17,365.29	23.53%	56,441.28
CHAPTER 23	Current administrative expenditure	534,465.84	496,708.13	2.46	496,708.13	2.46	37,757.71
CHAPTER 24	Postal charges, telecommunication and computer infrastr.	84,928.10	81,004.52	95.38%	81,004.52	95.38%	3,923.58
	TOTAL TITLE 2	984,338.30	861,324.29	87.50%	861,324.29	87.50%	123,014.01
TITLE 3	Operational expenditure						
CHAPTER 30	Representation expenses	100.00	100.00	100.00%	100.00	100.00%	0.00
CHAPTER 31	Operational missions	24,344.68	18,842.82	77.40%	18,842.82	77.40%	5,501.86
CHAPTER 32	Stakeholder involvement, public relations and website	10,347.06	7,314.47	70.69%	7,314.47	70.69%	3,032.59
CHAPTER 33	Translations	4,000.00	3,420.00	85.50%	3,420.00	85.50%	580.00
CHAPTER 35	REMIT operations	1,531,023.37	1,531,023.37	100.00%	1,531,023.37	100.00%	0.00
	TOTAL TITLE 3	1,569,815.11	1,560,700.66	99.42%	1,560,700.66	99.42%	9,114.45
	GRAND TOTAL BUDGET CARRIED OVER FROM 2014	2,736,509.85	2,538,215.97	92.75%	2,538,215.97	92.75%	198,293.88

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 2015 €	31 December 2014 €
INCOME		
Commission subsidy	11,266,000.00	10,880,000.00
Other income - assigned revenue	1,794.86	15,960.46
TOTAL INCOME	11,267,794.86	10,895,960.46
EXPENSES		
Expenditure related to employees of the agency - Title I		
Payments	5,981,090.43	5,181,457.00
Carry-forwards and carry-overs	123,305.72	182,356.44
Agency's building and associated expenses - Title II		
Payments	1,491,093.51	1,439,745.25
Carry-forwards and carry-overs	790,520.57	984,338.30
Operational expenditure - Title III		
Payments	963,319.87	977,784.41
Carry-forwards and carry-overs	1,363,546.18	1,569,815.11
TOTAL EXPENSES	10,712,876.28	10,335,496.51
Total appropriations not utilised	554,918.58	560,463.95
BUDGETARY OUTTURN BEFORE SPECIAL ITEMS	554,918.58	560,463.95
Cancelled carry-overs	198,293.88	148,844.07
Exchange rate differences	(786.46)	(756.01)
BUDGETARY OUTTURN	752,426.00	708,552.01

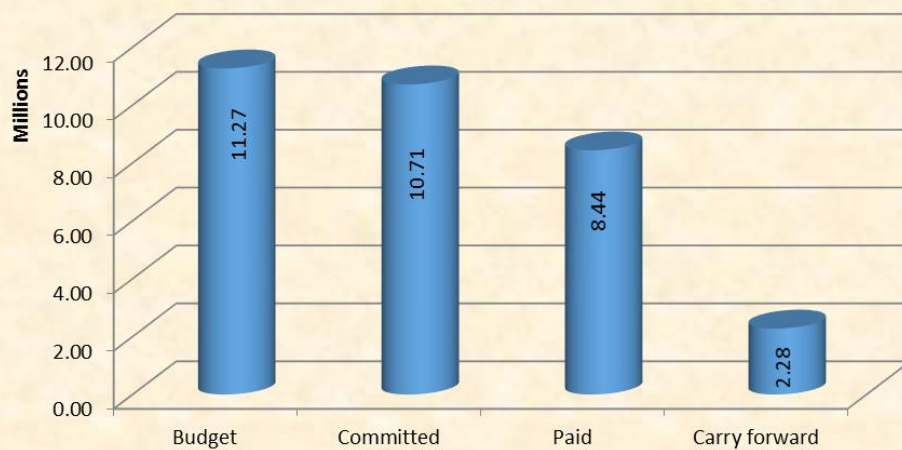
BUDGET IMPLEMENTATION

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).

**BUDGET IMPLEMENTATION APPROPRIATION FUND SOURCE –
C1**

	31 December 2015 €
TITLE 1	
Budget	6,529,935.00
Committed	6,104,396.15
Paid	5,981,090.43
Carry forward	123,305.72
Carry over	0.00
Total expenditure	6,104,396.15
Appropriations not utilized	425,538.85
Executed	93.48%
TITLE 2	
Budget	2,361,253.00
Committed	2,281,614.08
Paid	1,491,093.51
Carry forward	790,520.57
Carry over	0.00
Total expenditure	2,281,614.08
Appropriations not utilized	79,638.92
Executed	96.63%
TITLE 3	
Budget	2,374,812.00
Committed	2,326,866.05
Paid	963,319.87
Carry forward	1,363,546.18
Carry over	0.00
Total expenditure	2,326,866.05
Appropriations not utilized	47,945.95
Executed	97.98%
TOTAL	
Budget	11,266,000.00
Committed	10,712,876.28
Paid	8,435,503.81
Carry forward	2,277,372.47
Carry over	0.00
Total expenditure	10,712,876.28
Appropriations not utilized	553,123.72
Executed	95.09%

Implementation of 2015 budget - fund source C1



Detailed budget implementation of current year appropriations – fund source C1

Budget Line	Official Budget Item Description	Appropriation (1)	Committed (2)	% Committed (2/1)	Paid (3)	% Paid (3/1)	Balance commitments (1-2)	Balance payments (2-3)
A-1100	Basic Salaries and correction	2,996,910.	2,969,808.45	99.10%	2,969,808.45	99.10%	27101.55	0
A-1101	Family allowances	459,831.	459,831.00	100.00%	459,831.00	100.00%	0	0
A-1102	Expatriation and foreign residence allowances	513,140.	513,140.00	100.00%	513,140.00	100.00%	0	0
	Sum:	3,969,881.00	3942779.45	99.32%	3,942,779.45	99.32%	27101.55	0
A-1110	Contract agents	937,580.	733,571.00	78.24%	733,571.00	78.24%	204009	0
A-1111	Seconded National Experts	364,000.	355,052.19	97.54%	355,052.19	97.54%	8947.81	0
	Sum:	1,301,580.00	1088623.19	83.64%	1,088,623.19	83.64%	212956.81	0
A-1120	Training and information for staff	170,000.	123,937.60	72.90%	77,817.06	45.77%	46062.4	46120.54
	Sum:	170,000.00	123937.6	72.90%	77,817.06	45.77%	46062.4	46120.54
A-1130	Insurance against sickness	125,338.	124,242.38	99.13%	124,242.38	99.13%	1095.62	0
A-1131	Insurance against accidents and occupational disease	24,927.	21,541.41	86.42%	21,541.41	86.42%	3385.59	0
A-1132	Unemployment insurance for temporary staff	47,070.	46,599.86	99.00%	46,599.86	99.00%	470.14	0
	Sum:	197,335.00	192383.65	97.49%	192,383.65	97.49%	4951.35	0
A-1140	Birth and death grants	1,983.	793.24	40.00%	793.24	40.00%	1189.76	0
A-1141	Annual travel expenses from the place of work to o	82,234.	72,759.58	88.48%	72,759.58	88.48%	9474.42	0
A-1142	Schooling fees	259,000.	214,000.00	82.63%	186,800.40	72.12%	45000	27199.6
	Sum:	343,217.00	287552.82	83.78%	260,353.22	75.86%	55664.18	27199.6
A-1160	Expenditure related to recruitment	40,000.	40,000.00	100.00%	38,310.87	95.78%	0	1689.13
A-1161	Travel expense to take up duty	4,000.	259.80	6.50%	259.80	6.50%	3740.2	0
A-1162	Installation resettlement and transfer allowances	61,609.	47,908.50	77.76%	47,908.50	77.76%	13700.5	0
A-1163	Temporary daily subsistence allowances	29,078.	25,837.95	88.86%	25,837.95	88.86%	3240.05	0
	Sum:	134,687.00	114006.25	84.65%	112,317.12	83.39%	20680.75	1689.13
A-1170	Supplementary clerical and interim services	181,500.	170,589.20	93.99%	141,568.53	78.00%	10910.8	29020.67
A-1171	Administrative assistance	50,000.	49,000.00	98.00%	44,131.86	88.26%	1000	4868.14
	Sum:	231,500.00	219589.2	94.85%	185,700.39	80.22%	11910.8	33888.81

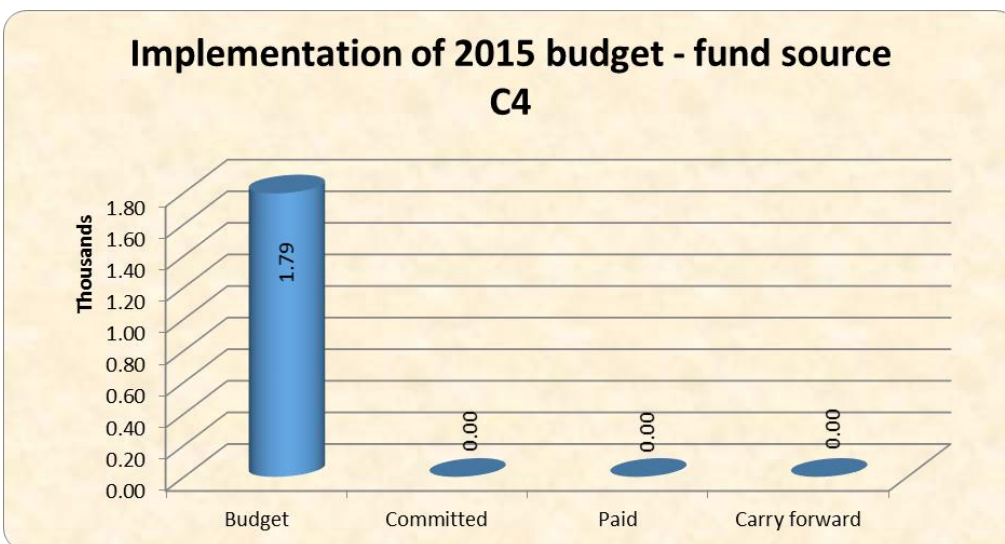
Budget Line	Official Budget Item Description	Appropriation (1)	Committed (2)	% Committed (2/1)	Paid (3)	% Paid (3/1)	Balance commitments (1-2)	Balance payments (2-3)
A-1200	Mission expenses Administrative staff	48,000.	30,580.23	63.71%	29,297.16	61.04%	17419.77	1283.07
A-1201	Mission expenses Director	40,000.	30,000.00	75.00%	29,030.96	72.58%	10000	969.04
A-1202	Mission expenses Director Office staff	54,535.	46,893.19	85.99%	44,339.43	81.30%	7641.81	2553.76
	Sum:	142,535.00	107473.42	75.40%	102,667.55	72.03%	35061.58	4805.87
A-1300	Medical services and equipment	0.		0.00%			0	
	Sum:	0.00		0.00%			0	
A-1401	Social welfare of staff	27,200.	16,427.89	60.40%	11,042.89	40.60%	10772.11	5385
	Sum:	27,200.00	16427.89	60.40%	11,042.89	40.60%	10772.11	5385
A-1410	Staff Committee	12,000.	11,622.68	96.86%	7,405.91	61.72%	377.32	4216.77
	Sum:	12,000.00	11622.68	96.86%	7,405.91	61.72%	377.32	4216.77
A-2000	Rent	593,930.	593,929.80	100.00%	593,929.80	100.00%	0.2	0
A-2001	Removal costs	4,500.	2,850.00	63.33%	1,350.00	30.00%	1650	1500
	Sum:	598,430.00	596779.8	99.72%	595,279.80	99.47%	1650.2	1500
A-2010	Utilities	125,000.	125,000.00	100.00%	108,445.46	86.76%	0	16554.54
A-2011	Cleaning and maintenance	95,000.	95,000.00	100.00%	83,008.22	87.38%	0	11991.78
	Sum:	220,000.00	220000	100.00%	191,453.68	87.02%	0	28546.32
A-2020	Insurance	4,500.	4,056.75	90.15%	4,056.75	90.15%	443.25	0
	Sum:	4,500.00	4056.75	90.15%	4,056.75	90.15%	443.25	0
A-2030	Security and surveillance of buildings	50,000.	50,000.00	100.00%	31,462.35	62.92%	0	18537.65
A-2031	Health and safety at work	6,300.	2,299.31	36.50%	2,299.31	36.50%	4000.69	0
	Sum:	56,300.00	52299.31	92.89%	33,761.66	59.97%	4000.69	18537.65
A-2040	Other expenditure on buildings	71,030.	71,030.00	100.00%	45,515.09	64.08%	0	25514.91
A-2041	Audio & Video equipment-maintenance	16,243.	16,242.60	100.00%	11,968.20	73.68%	0	4274.4
	Sum:	87,272.60	87272.6	100.00%	57,483.29	65.87%	0	29789.31
A-2100	Consumables	9,927.	9,464.16	95.34%	7,947.37	80.06%	462.79	1516.79
A-2101	Software	142.	141.88	100.00%	141.88	100.00%	0	0
A-2102	Subscriptions IT	178,000.	175,545.80	98.62%	111,484.02	62.63%	2454.2	64061.78
A-2103	Disaster recovery site	86,000.	85,994.23	99.99%			5.77	85994.23
	Sum:	274,068.83	271146.07	98.93%	119,573.27	43.63%	2922.76	151572.8

Budget Line	Official Budget Item Description	Appropriation (1)	Committed (2)	% Committed (2/1)	Paid (3)	% Paid (3/1)	Balance commitments (1-2)	Balance payments (2-3)
A-2210	Purchase of furniture	44,370.	43,361.15	97.73%	42,399.15	95.56%	1008.85	962
	Sum:	44,370.00	43361.15	97.73%	42,399.15	95.56%	1008.85	962
A-2220	Transportation costs	115,000.	114,630.54	99.68%	114,630.54	99.68%	369.46	0
	Sum:	115,000.00	114630.54	99.68%	114,630.54	99.68%	369.46	0
A-2230	Library acquisitions	94,390.	94,390.00	100.00%	82,179.35	87.06%	0	12210.65
	Sum:	94,390.00	94390	100.00%	82,179.35	87.06%	0	12210.65
A-2300	Stationery and office supplies	42,000.	42,000.00	100.00%	23,908.20	56.92%	0	18091.8
	Sum:	42,000.00	42000	100.00%	23,908.20	56.92%	0	18091.8
A-2310	Bank charges	900.	240.00	26.67%	156.50	17.39%	660	83.5
	Sum:	900.00	240	26.67%	156.50	17.39%	660	83.5
A-2320	Legal expenses	33,000.	31,256.50	94.72%	18,056.50	54.72%	1743.5	13200
A-2322	Expert consultation - Gas	151,000.	104,723.80	69.35%	19,625.00	13.00%	46276.2	85098.8
A-2323	Expert consultation - Electricity	188,250.	180,946.94	96.12%	24,053.24	12.78%	7303.06	156893.7
A-2324	Expert consultation - Admin	6,300.	6,300.00	100.00%			0	6300
A-2325	External audit exp	7,000.	6,500.00	92.86%			500	6500
	Sum:	385,550.00	329727.24	85.52%	61,734.74	16.01%	55822.76	267992.5
A-2330	Administrative Board meetings	36,000.	36,000.00	100.00%	20,434.20	56.76%	0	15565.8
A-2331	Board of Regulators meetings	81,483.	81,483.00	100.00%	55,197.53	67.74%	0	26285.47
A-2332	Board of Appeal meetings	44,000.	42,800.00	97.27%	10,965.19	24.92%	1200	31834.81
A-2333	External participants to meetings	10,800.	4,300.00	39.81%	543.66	5.03%	6500	3756.34
A-2334	EU Agencies Network	16,500.	13,008.00	78.84%	8,008.00	48.53%	3492	5000
	Sum:	188,783.00	177591	94.07%	95,148.58	50.40%	11192	82442.42
A-2400	Postal charges	7,000.	7,000.00	100.00%	4,598.16	65.69%	0	2401.84
	Sum:	7,000.00	7000	100.00%	4,598.16	65.69%	0	2401.84
A-2410	Telecommunications subscriptions and charges	60,100.	58,600.00	97.50%	43,503.44	72.39%	1500	15096.56
	Sum:	60,100.00	58600	97.50%	43,503.44	72.39%	1500	15096.56
A-2420	Hardware and other equipment	182,589.	182,519.62	99.96%	21,226.40	11.63%	68.95	161293.22
	Sum:	182,588.57	182519.62	99.96%	21,226.40	11.63%	68.95	161293.22

Budget Line	Official Budget Item Description	Appropriation (1)	Committed (2)	% Committed (2/1)	Paid (3)	% Paid (3/1)	Balance commitments (1-2)	Balance payments (2-3)
B3-000	Representation expenses - director	5,000.	1,800.00	36.00%	1,658.26	33.17%	3200	141.74
B3-001	Representation expenses - Administration	400.	84.10	21.03%	84.10	21.03%	315.9	0
B3-002	Representation expenses - Electricity	5,000.	4,523.65	90.47%	3,273.65	65.47%	476.35	1250
B3-003	Representation expenses - MMD	6,000.	718.20	11.97%	718.20	11.97%	5281.8	0
B3-004	Representation expenses - Gas	5,000.	3,217.14	64.34%	2,608.34	52.17%	1782.86	608.8
	Sum:	21,400.00	10343.09	48.33%	8,342.55	38.98%	11056.91	2000.54
B3-100	Operational Missions Gas Department	105,000.	81,116.92	77.25%	73,339.03	69.85%	23883.08	7777.89
B3-101	Operational Missions Electricity Department	95,000.	88,732.92	93.40%	74,146.20	78.05%	6267.08	14586.72
B3-102	Operational Missions Market Monitoring Department	56,342.	55,666.72	98.80%	44,606.40	79.17%	675	11060.32
	Sum:	256,341.72	225516.56	87.97%	192,091.63	74.94%	30825.16	33424.93
B3-200	Public hearings workshops conferences	104,764.	103,572.12	98.86%	66,344.99	63.33%	1191.88	37227.13
B3-201	Website set up and maintenance	108,997.	108,997.00	100.00%			0	108997
B3-202	Publications information material	4,000.	3,993.00	99.83%	3,601.00	90.03%	7	392
B3-203	Reports production	23,100.	18,345.00	79.42%	8,640.00	37.40%	4755	9705
	Sum:	240,861.00	234907.12	97.53%	78,585.99	32.63%	5953.88	156321.13
B3-300	Translation at CDT	21,000.	21,000.00	100.00%	16,698.60	79.52%	0	4301.4
	Sum:	21,000.00	21000	100.00%	16,698.60	79.52%	0	4301.4
B3-400	Insurance	5,000.	5,000.00	100.00%	5,000.00	100.00%	0	0
	Sum:	5,000.00	5000	100.00%	5,000.00	100.00%	0	0
B3-500	Hosting deployment and operations	100,000.	100,000.00	100.00%	100,000.00	100.00%	0	0
B3-501	ARIS development licenses subscriptions and fees	756,053.	756,052.53	100.00%	337,174.01	44.60%	0	418878.52
B3-502	SMARTS development licenses and consultancy	11,199.	11,198.85	100.00%	700.00	6.25%	0	10498.85
B3-503	IT and expert consultancy	962,958.	962,847.90	99.99%	224,727.09	23.34%	110	738120.81
	Sum:	1,830,209.28	1830099.28	99.99%	662,601.10	36.20%	110	1167498.18
	Sum:	11,266,000.00	10712876.28	95.09%	8435503.81	74.88%	553123.72	2277372.47

BUDGET IMPLEMENTATION CURRENT YEAR – FUND SOURCE C4

	31 December 2015 €
TITLE 2	
Budget	164,86
Appropriations not utilized	164,86
Executed	0.00%
TITLE 3	
Budget	1,630.00
Appropriations not utilized	1,630.00
Executed	0.00%

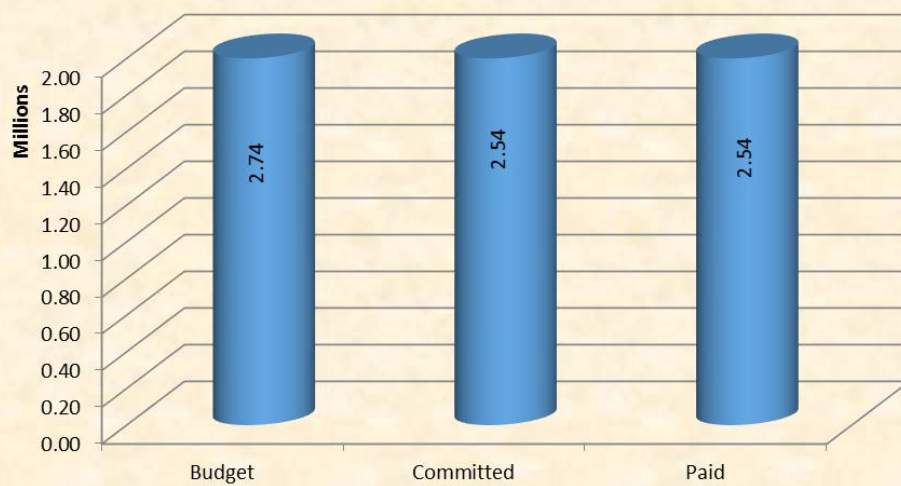


Budget line	Official Budget Item Description	Appropriation (1)	Committed (2)	% Committed (2/1)	Paid (3)	% Paid (3/1)	Balance Commitment (1-2)	Balance Payment (2-3)
A-2220	Transportation costs	108.50		0.00%			108.50	
	Sum:	108.50		0.00%			108.50	
A-2410	Telecommunications subscriptions and charges	56.36		0.00%			56.36	
	Sum:	56.36		0.00%			56.36	
B3-300	Translation at CDT	1,630.00		0.00%			1630.00	
	Sum:	1,630.00		0.00%			1630.00	
	Sum:	1,794.86		0.00%			1794.86	

BUDGET IMPLEMENTATION – FUND SOURCE C8

	31 December 2015 €
TITLE 1	
Budget	182,356.44
Committed	116,191.02
Paid	116,191.02
Total expenditure	116,191.02
Cancelled carry-forwards	66,165.42
Executed	63.72%
TITLE 2	
Budget	984,338.30
Committed	861,324.29
Paid	861,324.29
Total expenditure	861,324.29
Cancelled carry-forwards	123,014.01
Executed	87.50%
TITLE 3	
Budget	1,569,815.11
Committed	1,560,700.66
Paid	1,560,700.66
Total expenditure	1,560,700.66
Cancelled carry-forwards	9,114.45
Executed	99.42%
TOTAL	
Budget	2,736,509.85
Committed	2,538,215.97
Paid	2,538,215.97
Total expenditure	2,538,215.97
Cancelled carry-forwards	198,293.88
Executed	92.75%

Implementation of 2015 budget - fund source C8



Detailed budget implementation of appropriations carried forward – fund source C8

Budget Line	Official Budget Item Description	Appropriation (1)	Committed (2)	% Committed (2/1)	Paid (3)	% Paid (3/1)	Balance commitments (1-2)	Balance payments (2-3)
A-1120	Training and information for staff	72,055.	58,113.94	80.65%	58,113.94	80.65%	13941.5	0
	Sum:	72,055.44	58113.94	80.65%	58,113.94	80.65%	13941.5	0
A-1160	Expenditure related to recruitment	43,983.	15,622.29	35.52%	15,622.29	35.52%	28360.59	0
	Sum:	43,982.88	15622.29	35.52%	15,622.29	35.52%	28360.59	0
A-1170	Supplementary clerical and interim services	19,956.	5,658.50	28.35%	5,658.50	28.35%	14297.49	0
A-1171	Administrative assistance	5,920.	1,480.54	25.01%	1,480.54	25.01%	4439.83	0
	Sum:	25,876.36	7139.04	27.59%	7,139.04	27.59%	18737.32	0
A-1200	Administrative staff	1,511.	649.20	42.96%	649.20	42.96%	862.06	0
A-1201	Mission expenses Director	2,866.	2,634.20	91.90%	2,634.20	91.90%	232.19	0
A-1202	Office staff	3,560.	2,059.92	57.86%	2,059.92	57.86%	1500.05	0
	Sum:	7,937.62	5343.32	67.32%	5,343.32	67.32%	2594.3	0
A-1300	Medical services and equipment	29,935.	29,935.20	100.00%	29,935.20	100.00%	0	0
	Sum:	29,935.20	29935.2	100.00%	29,935.20	100.00%	0	0
A-1401	Social welfare of staff	2,569.	37.23	1.45%	37.23	1.45%	2531.71	0
	Sum:	2,568.94	37.23	1.45%	37.23	1.45%	2531.71	0
A-2001	Removal costs	3,300.	2,100.00	63.64%	2,100.00	63.64%	1200	0
	Sum:	3,300.00	2100	63.64%	2,100.00	63.64%	1200	0
A-2010	Utilities	4,909.	2,004.38	40.83%	2,004.38	40.83%	2904.3	0
A-2011	Cleaning and maintenance	6,139.	6,027.07	98.17%	6,027.07	98.17%	112.16	0
	Sum:	11,047.91	8031.45	72.70%	8,031.45	72.70%	3016.46	0
A-2030	Security and surveillance of buildings	19,322.	9,398.39	48.64%	9,398.39	48.64%	9923.17	0
A-2031	Health and safety at work	1,098.	1,097.92	100.00%	1,097.92	100.00%	0	0
	Sum:	20,419.48	10496.31	51.40%	10,496.31	51.40%	9923.17	0

Budget Line	Official Budget Item Description	Appropriation (1)	Committed (2)	% Committed (2/1)	Paid (3)	% Paid (3/1)	Balance commitments (1-2)	Balance payments (2-3)
A-2040	Other expenditure on buildings	27,958.	17,425.38	62.33%	17,425.38	62.33%	10532.43	0
A-2041	Audio&video equip maint	2,850.	2,849.66	100.00%	2,849.66	100.00%	0	0
	Sum:	30,807.47	20275.04	65.81%	20,275.04	65.81%	10532.43	0
A-2100	Consumables	995.	995.25	100.00%	995.25	100.00%	0	0
A-2101	Software	1,071.	1,071.24	100.00%	1,071.24	100.00%	0	0
A-2102	Subscriptions IT	137,502.	137,282.83	99.84%	137,282.83	99.84%	219.38	0
A-2103	Disaster recovery site	85,994.	85,994.23	100.00%	85,994.23	100.00%	0	0
	Sum:	225,562.93	225343.55	99.90%	225,343.55	99.90%	219.38	0
A-2210	Purchase of furniture	14,996.	14,996.25	100.00%	14,996.25	100.00%	0	0
	Sum:	14,996.25	14996.25	100.00%	14,996.25	100.00%	0	0
A-2220	Transportation costs	2,512.	0.00	0.00%			2512.24	0
	Sum:	2,512.24	0	0.00%			2512.24	0
A-2230	Library acquisitions	56,298.	2,369.04	4.21%	2,369.04	4.21%	53929.04	0
	Sum:	56,298.08	2369.04	4.21%	2,369.04	4.21%	53929.04	0
A-2300	Stationery and office supplies	4,231.	3,491.15	82.51%	3,491.15	82.51%	740.06	0
	Sum:	4,231.21	3491.15	82.51%	3,491.15	82.51%	740.06	0
A-2320	Legal expenses	10,125.	0.00	0.00%			10125	0
A-2321	Expert consultation - MMD	172,871.	172,871.00	100.00%	172,871.00	100.00%	0	0
A-2322	Expert consultation - Gas	69,986.	69,986.00	100.00%	69,986.00	100.00%	0	0
A-2323	Expert consultation - Electricity	196,440.	196,440.00	100.00%	196,440.00	100.00%	0	0
A-2324	Expert consultation - Administration	3,000.	0.00	0.00%			3000	0
A-2325	External audit expenses	6,500.	6,500.00	100.00%	6,500.00	100.00%	0	0
	Sum:	458,922.00	445797	97.14%	445,797.00	97.14%	13125	0
A-2330	Administrative Board meetings	3,755.	3,632.74	96.74%	3,632.74	96.74%	122.54	0
A-2331	Board of Regulators meetings	66,557.	42,787.24	64.29%	42,787.24	64.29%	23770.11	0
A-2334	EU Agencies Network	1,000.	1,000.00	100.00%	1,000.00	100.00%	0	0
	Sum:	71,312.63	47419.98	66.50%	47,419.98	66.50%	23892.65	0

Budget Line	Official Budget Item Description	Appropriation (1)	Committed (2)	% Committed (2/1)	Paid (3)	% Paid (3/1)	Balance commitments (1-2)	Balance payments (2-3)
A-2400	Postal charges	2,217.	995.57	44.92%	995.57	44.92%	1220.94	0
	Sum:	2,216.51	995.57	44.92%	995.57	44.92%	1220.94	0
A-2410	Telecommunications subscriptions and charges	5,814.	3,112.84	53.54%	3,112.84	53.54%	2701.02	0
	Sum:	5,813.86	3112.84	53.54%	3,112.84	53.54%	2701.02	0
A-2420	Hardware and other equipment	76,898.	76,896.11	100.00%	76,896.11	100.00%	1.62	0
	Sum:	76,897.73	76896.11	100.00%	76,896.11	100.00%	1.62	0
B3-000	Representation expenses - Director	100.	100.00	100.00%	100.00	100.00%	0	0
	Sum:	100.00	100	100.00%	100.00	100.00%	0	0
B3-100	Operational Missions Gas Department	1,834.	1,327.18	72.38%	1,327.18	72.38%	506.4	0
B3-101	Operational Missions Electricity Department	15,062.	12,185.36	80.90%	12,185.36	80.90%	2876.39	0
B3-102	Operational Missions Market Monitoring Department	7,449.	5,330.28	71.55%	5,330.28	71.55%	2119.07	0
	Sum:	24,344.68	18842.82	77.40%	18,842.82	77.40%	5501.86	0
B3-200	Public hearings workshops conferences	9,267.	6,234.47	67.28%	6,234.47	67.28%	3032.59	0
B3-203	Reports production	1,080.	1,080.00	100.00%	1,080.00	100.00%	0	0
	Sum:	10,347.06	7314.47	70.69%	7,314.47	70.69%	3032.59	0
B3-300	Translation at CDT	4,000.	3,420.00	85.50%	3,420.00	85.50%	580	0
	Sum:	4,000.00	3420	85.50%	3,420.00	85.50%	580	0
B3-500	Hosting deployment and operations	249,947.	249,947.20	100.00%	249,947.20	100.00%	0	0
B3-501	ARIS development licenses subscriptions and fees	563,499.	563,498.61	100.00%	563,498.61	100.00%	0	0
B3-503	IT and expert consultancy	717,578.	717,577.56	100.00%	717,577.56	100.00%	0	0
	Sum:	1,531,023.37	1531023.37	100.00%	1,531,023.37	100.00%	0	0
	Sum:	2,736,509.85	2538215.97	92.75%	2538215.97	92.75%	198293.88	0

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		
	2015	2014
Economic result for the year	1,364,055.55	580,271.40
Adjustment for accrual items (items not in the budgetary result but included in the economic result)		
Adjustments for Accrual Cut-off (reversal 31.12.N-1)	(453,702.51)	(432,417.24)
Adjustments for Accrual Cut-off (cut- off 31.12.N)	371,660.57	453,702.51
Recovery orders remaining open at 31.12.2015	(1,626.67)	(7,022.50)
Unpaid invoices at year end but booked in charges	17.78	0.00
Depreciation of intangible and tangible assets	201,703.51	261,016.37
Accrued income	0.00	220,341.91
Payments made from carry over of payment appropriations	2,538,215.97	4,926,158.68
Adjustment for budgetary items (item included in the budgetary result but not in the economic result)		
Asset acquisitions	(2,306,658.20)	(1,850,048.07)
New pre-financing paid in the year 2015 and remaining open as at 31.12.2015	365,157.75	(1,564,894.36)
New pre-financing received in the year 2015 and remaining open as at 31.12.2015	752,426.00	708,552.01
Payment appropriations carried over to N+1	(2,277,372.47)	(2,736,509.85)
Cancellation of unused carried over payment appropriations from previous year	198,293.88	148,844.07
Other non-reconciled items	(531.62)	(198.93)
total	751,639.54	707,796.00
Budgetary result	752,426.00	708,552.01
Including amount of exchange rate differences	(786.46)	(756.01)
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 Union

Commitment and payment appropriations amounting to €11,266,000 were allocated to the Agency in 2015 from the general budget of the Union. These resources were allocated by the Agency among its Titles as follows:

ACER Budget 2015	€
Title I	6,529,935
Title II	2,361,253
Title III	<u>2,274,812</u>
Total	<u>11,266,000</u>

Budget and accounting management systems

In order to record and keep track of the budgetary transactions, the Agency uses ABAC, the same financial system used by the Commission, with the SAP system integrated as back-end for the accounting part.

The Business Objects web platform is used as the reporting tool. The workflow access in ABAC allows for an instant audit trail and provides the authorising officer with an overview on the 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 2015 the Agency's budget was funded by a subsidy from the general budget of the Union amounting to €11,266,000. On top of the annual subsidy an amount of €1,794.86 was recognised under the fund source IC4 as assigned revenue stemming from recovered overpaid amounts.

Appropriations not used at the end of the financial year 2015 amounting to €752,426 and made up from:

- unused 2015 appropriations amounting to €554,918.58,
- cancelled appropriations carried over from 2014 amounting to €198,293.88, and
- losses from transactions involving exchange rate operations amounting to €786.46

will be returned to the Commission in the course of 2016.

EXPENDITURE

Current year appropriations – C1

Title	Heading	Original budget €	Commitments €	Commitment execution %	Payments €	Payment execution %
TITLE 1	EXPENDITURE RELATING TO EMPLOYEES OF THE AGENCY	6,529,935.00	6,104,396.15	93.48%	5,981,090.43	91.59%
TITLE 2	AGENCY'S BUILDING AND ASSOCIATED COSTS	2,361,253.00	2,281,614.08	96.63%	1,491,093.51	63.15%
TITLE 3	OPERATIONAL EXPENDITURE	2,374,812.00	2,326,866.05	97.98%	963,319.87	40.56%
	TOTAL BUDGET 2011	11,266,000.00	10,712,876.28	95.09%	8,435,503.81	74.88%

Title 1

The budget allocated under Title 1 was implemented to a level of 93.48% during the financial year 2015. The slightly low implementation of commitment appropriations level is a result of vacancy gaps during the year and application of adjustments remuneration and rate of contribution to the pension scheme of officials and other servants of the European Union as well as the correction coefficient for Slovenia. The drop in the country's correction coefficient that has been larger than the positive salaries adjustment resulted in budgetary savings.

Title 2

The Agency managed to finalise most of the tender procedures launched during the financial year 2014 and this resulted in a high implementation of the allocated budget under Title 2.

The renewal of few large contracts that expired towards the year-end 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 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 low implementation of the payment appropriations was influenced by the nature of the REMIT project that extends over several years.

Current year assigned revenue – C4

Title	Heading	Assigned revenue €	Commitments €	Commitment execution %	Payments €	Payment execution %
TITLE 2	AGENCY'S BUILDING AND ASSOCIATED COSTS	164.86	-	0.00%	-	0.00%
TITLE 3	OPERATIONAL EXPENDITURE	1,630.00	-	0.00%	-	0.00%
	TOTAL	1,794.86	-	0.00%	-	0.00%

The total amount of €1,794.86 recorded as assigned revenue for the financial year 2015 related to recovered overpaid amounts and insurance refunds has not been used during the year and will be returned to the Commission during 2016 as part of the total unused funds for the year 2015.

Carry forward appropriation – fund source C8

Title	Heading	Budget carried forward from 2014 €	Commitments €	Commitment execution %	Payments €	Payment execution %
TITLE 1	EXPENDITURE RELATING TO EMPLOYEES OF THE AGENCY	182,356.44	116,191.02	63.72%	116,191.02	63.72%
TITLE 2	AGENCY'S BUILDING AND ASSOCIATED COSTS	984,338.30	861,324.29	87.50%	861,324.29	87.50%
TITLE 3	OPERATIONAL EXPENDITURE	1,569,815.11	1,560,700.66	99.42%	1,560,700.66	99.42%
	TOTAL	2,736,509.85	2,538,215.97	92.75%	2,538,215.97	92.75%

Title 1

Appropriations carried forward under Title 1 related mainly to recruitment costs for the vacant positions published during 2014, staff training costs, schooling fees and missions expenditure. The cancelled amounts will be returned to the Commission during 2016.

Title 2

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

Title 3

Appropriations carried forward under this Title were to a high extent used to cover the contracted obligations the Agency entered into the year before. The minor savings will be returned to the Commission during 2016.

Budget transfers

During the financial year 2015 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 eight 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.

	Acceptance Date		22/01/2015	21/04/2015	09/06/2015	29/07/2015	07/09/2015	23/09/2015	19/11/2015	07/12/2015	
Budget Line	Description	Initial Budget	Normal Transfer	Normal Transfer	Normal Transfer	Normal Transfer	Normal Transfer	Normal Transfer	Normal Transfer	Normal Transfer	Credit Available Pay Amount
A01100	Basic Salaries and correction	3,099,312.00	-135,402.00						33,000.00		2,996,910.00
A01101	Family allowances	564,831.00				-65,000.00			-40,000.00		459,831.00
A01102	Expatriation and foreign residence allowances	560,140.00						-35,000.00	-12,000.00		513,140.00
A01110	Contract agents	937,580.00									937,580.00
A01111	Seconded National Experts	384,000.00							-20,000.00		364,000.00
A01120	Training and information for staff	100,000.00				35,000.00		35,000.00			170,000.00
A01130	Insurance against sickness	127,338.00							-2,000.00		125,338.00
A01131	Insurance against accidents and occupational disease	33,427.00						-6,500.00	-2,000.00		24,927.00
A01132	Unemployment insurance for temporary staff	43,070.00							4,000.00		47,070.00
A01140	Birth and death grants	1,983.00									1,983.00
A01141	Annual travel expenses from the place of work to o	82,234.00									82,234.00
A01142	Schooling fees	100,000.00							159,000.00		259,000.00
A01160	Expenditure related to recruitment	50,000.00							-10,000.00		40,000.00

	Acceptance Date		22/01/2015	21/04/2015	09/06/2015	29/07/2015	07/09/2015	23/09/2015	19/11/2015	07/12/2015	
Budget Line	Description	Initial Budget	Normal Transfer	Normal Transfer	Normal Transfer	Normal Transfer	Normal Transfer	Normal Transfer	Normal Transfer	Normal Transfer	Credit Available Pay Amount
A01161	Travel expense to take up duty	4,000.00									4,000.00
A01162	Installation resettlement and transfer allowances	9,137.00	72,472.00						-20,000.00		61,609.00
A01163	Temporary daily subsistence allowances	14,148.00	62,930.00						-48,000.00		29,078.00
A01170	Supplementary clerical and interim services	145,000.00				30,000.00		6,500.00			181,500.00
A01171	Administrative assistance	50,000.00									50,000.00
A01200	Mission expenses Administrative staff	60,000.00							-12,000.00		48,000.00
A01201	Mission expenses Director	50,000.00					-10,000.00				40,000.00
A01202	Mission expenses Director Office staff	54,535.00									54,535.00
A01300	Medical services and equipment	30,000.00							-30,000.00		0.00
A01401	Social welfare of staff	27,200.00									27,200.00
A01410	Staff Committee	12,000.00									12,000.00
A02000	Rent	590,410.00			3,520.00						593,930.00
A02001	Removal costs	5,000.00							-500.00		4,500.00
A02010	Utilities	110,000.00							15,000.00		125,000.00
A02011	Cleaning and maintenance	110,000.00							-15,000.00		95,000.00
A02020	Insurance	5,000.00							-500.00		4,500.00
A02030	Security and surveillance of buildings	40,000.00							10,000.00		50,000.00

	Acceptance Date		22/01/2015	21/04/2015	09/06/2015	29/07/2015	07/09/2015	23/09/2015	19/11/2015	07/12/2015	
Budget Line	Description	Initial Budget	Normal Transfer	Normal Transfer	Normal Transfer	Normal Transfer	Normal Transfer	Normal Transfer	Normal Transfer	Normal Transfer	Credit Available Pay Amount
A02031	Health and safety at work	7,000.00							-700.00		6,300.00
A02040	Other expenditure on buildings	17,190.00			38,590.00				15,250.00		71,030.00
A02041	Audio & Video equipment-maintenance	18,000.00							-1,757.40		16,242.60
A02100	Consumables	13,500.00							-3,573.05		9,926.95
A02101	Software	60,000.00							-59,858.12		141.88
A02102	Subscriptions IT	190,000.00							-12,000.00		178,000.00
A02103	Disaster recovery site	80,000.00							6,000.00		86,000.00
A02210	Purchase of furniture	76,300.00				-27,000.00			-4,930.00		44,370.00
A02220	Transportation costs	107,500.00			5,500.00				2,000.00		115,000.00
A02230	Library acquisitions	115,000.00			-47,610.00	27,000.00					94,390.00
A02300	Stationery and office supplies	42,000.00									42,000.00
A02310	Bank charges	1,000.00							-100.00		900.00
A02320	Legal expenses	20,000.00					13,000.00				33,000.00
A02322	Expert consultation Gas	200,000.00							-49,000.00		151,000.00
A02323	Expert consultation Electricity	300,000.00					-94,500.00		-17,250.00		188,250.00
A02324	Expert consultation Administration	6,300.00									6,300.00
A02325	External audit expenses	8,000.00							-1,000.00		7,000.00

	Acceptance Date		22/01/2015	21/04/2015	09/06/2015	29/07/2015	07/09/2015	23/09/2015	19/11/2015	07/12/2015	
Budget Line	Description	Initial Budget	Normal Transfer	Normal Transfer	Normal Transfer	Normal Transfer	Normal Transfer	Normal Transfer	Normal Transfer	Normal Transfer	Credit Available Pay Amount
A02330	Administrative Board meetings	36,000.00									36,000.00
A02331	Board of Regulators meetings	157,483.00					-60,000.00		-16,000.00		81,483.00
A02332	Board of Appeal meetings	15,000.00							29,000.00		44,000.00
A02333	External participants to meetings	10,800.00									10,800.00
A02334	EU Agencies Network	21,500.00					-5,000.00				16,500.00
A02400	Postal charges	10,000.00							-3,000.00		7,000.00
A02410	Telecommunications subscriptions and charges	67,500.00							-7,400.00		60,100.00
A02420	Hardware and other equipment	82,000.00					12,000.00		88,588.57		182,588.57
B03000	Representation expenses - Director	5,000.00									5,000.00
B03001	Representation expenses - Administration	3,600.00							-3,200.00		400.00
B03002	Representation expenses - Electricity	6,000.00							-1,000.00		5,000.00
B03003	Representation expenses - MMD	6,000.00									6,000.00
B03004	Representation expenses - Gas	5,000.00									5,000.00
B03100	Operational Missions Gas Department	110,000.00					-5,000.00				105,000.00
B03101	Operational Missions Electricity Department	101,000.00							-6,000.00		95,000.00
B03102	Operational Missions Market Monitoring Department	125,000.00		-50,000.00						-18,658.28	56,341.72
B03200	Public hearings workshops conferences	135,900.00							-31,136.00		104,764.00

	Acceptance Date		22/01/2015	21/04/2015	09/06/2015	29/07/2015	07/09/2015	23/09/2015	19/11/2015	07/12/2015	
Budget Line	Description	Initial Budget	Normal Transfer	Normal Transfer	Normal Transfer	Normal Transfer	Normal Transfer	Normal Transfer	Normal Transfer	Normal Transfer	Credit Available Pay Amount
B03201	Website set up and maintenance	59,500.00		50,000.00					-503.00		108,997.00
B03202	Publications information material	33,500.00					-10,000.00		-19,500.00		4,000.00
B03203	Reports production	27,100.00							-4,000.00		23,100.00
B03300	Translation at CDT	70,500.00				-35,000.00			-14,500.00		21,000.00
B03400	Insurance	8,000.00							-3,000.00		5,000.00
B03500	Hosting deployment and operations	100,000.00									100,000.00
B03501	ARIS development licenses subscriptions and fees	407,482.00			180,000.00				145,570.15	23,000.38	756,052.53
B03502	SMARTS development licenses and consultancy	500,000.00			-450,000.00				-36,001.15	-2,800.00	11,198.85
B03503	IT and expert consultancy	500,000.00			270,000.00	35,000.00	159,500.00			-1,542.10	962,957.90
		11,266,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11,266,000.00

ESTABLISHMENT PLAN

The number of temporary posts as authorised under the 2015 budget are as follows:

Function group and grade	2015	
	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	7
AD 5	0	13
AD total	0	39
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	1
AST 3	0	13
AST 2	0	0
AST 1	0	0
AST total	0	15
TOTAL	0	54
GRAND TOTAL	54	

ANNEX 3

DECISION AB n° 12/2016

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

of 7 June 2016

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on the adoption by analogy of Implementing Rules to the Staff Regulations

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 Regulators¹⁷ and, in particular, Article 28(2) thereof,

Having regard to Staff Regulations of officials and the Conditions of Employment of Other Servants of the European Communities (hereinafter respectively “Staff Regulations” and “CEOS”), laid down by Council Regulation (EEC, EURATOM, ECSC) No 259/68¹⁸, as amended by Regulation No 1023/2013, and, in particular, Article 110 (1) and (2) of the Staff Regulations,

Having regard to Decision AB No 27/2011 of the Administrative Board of the Agency for the Cooperation of Energy Regulators of 22 September 2011 on setting up a Staff Committee, and, in particular, Article 4 thereof,

Having regard to favourable opinion of the Staff Committee of the Agency for the Cooperation of Energy Regulators of 29 of April 2016 on the proposed adoption of the Implementing Rules,

Having regard to Communication C(2014)6543 of 26 September 2014 from Vice-President Šefčovič to the Commission on the guidelines on the implementation of Article 110(2) of the Staff Regulations with regard to the implementing rules applicable in the agencies¹⁹, and in particular point 3(1) thereof,

Having regard to Decision AB 03/2010 of the Administrative Board of the Agency for the Cooperation of Energy Regulators of 6 May 2010 on the Rules of Procedure of the Administrative Board, as amended, and, in particular, Article 8(1) thereof,

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Whereas:

¹⁷ OJ L211, 14.8.2009, p.1

¹⁸ OJ L 56, 4.3.1968, p.1.

¹⁹ C(2014) 6543.

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- (1) Article 110 (2) of Staff Regulations stipulates that implementing rules adopted by the European Commission ('Commission') to give effect to Staff Regulations, including the general implementing provision, shall apply by analogy to the agencies. The Commission should inform the agencies of any such implementing rules without delay after adoption.
- (2) Such implementing rules should enter into force at the agencies nine months after their entry into force at the Commission or nine months after the date on which the Commission informed the agencies of the adoption of the respective implementing rule, whichever is later.
- (3) On 7 October 2014, the Commission communicated to the Agency for the Cooperation of Energy Regulators ('the Agency') its guidelines on the implementation of Article 110(2) of the Staff Regulations. Point 3(1) of the guidelines lays down the procedure in cases where the agency considers that it should apply a Commission rule by analogy. The procedure requires that the Director draws up a draft Board decision aimed at applying the Commission's rules and consults the Staff Committee on the draft decision.
- (4) On 12 January 2016, pursuant to Article 110(2) of the Staff Regulations, the Commission informed the Agency on the implementing rules adopted on 8 January 2016 and entered into force on 9 January 2016. In application of Article 110(2) of the Staff Regulations and in absence of derogation, these rules should apply by analogy to the Agency as from 13 October 2016.

HAS ADOPTED THIS DECISION:

Article 1

The Commission Decision C(2015)9720 on Article 55a of the Staff Regulations and Annex IVa thereto concerning part-time work as adopted by the Commission on 8 January 2016 and entered into force on 9 January 2016 shall apply by analogy to the staff of the Agency.

Article 2

This Decision shall enter into force on the date following that of its adoption. It shall be communicated to all staff and published on the intranet of the Agency.

Done at Ljubljana, on 7 June 2016.

For the Administrative Board:

Dr. Romana Jordan

Chair of the Administrative Board