

OPINION No 1/2024
OF THE ADMINISTRATIVE BOARD
OF THE EUROPEAN UNION AGENCY FOR THE COOPERATION
OF ENERGY REGULATORS
of 19 June 2024
on the final accounts for the financial year 2023

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

Having regard to Regulation (EU) 2019/942 of the European Parliament and of the Council of 5 June 2019 establishing a European Union Agency for the Cooperation of Energy Regulators (recast)¹, and, in particular, Article 35(4) thereof,

Having regard to Decision No 8/2019 of the Administrative Board of the Agency for the Cooperation of Energy Regulators of 21 June 2019 on the Financial Regulation of the Agency for the Cooperation of Energy Regulators, and, in particular, Article 102(3) thereof,

Whereas:

- (1) The accounting officer of the European Union Agency for the Cooperation of Energy Regulators (hereinafter ‘the Agency’) has certified that the annual accounts of the Agency for the year 2023 have been prepared in accordance with Title IX of the Financial Regulation of the Agency² and the accounting rules adopted by the Commission's Accounting Officer, as are to be applied by all the institutions and Union bodies.
- (2) The authorising officer of the Agency has provided to the accounting officer all the information necessary for the production of the accounts that show the Agency's assets, liabilities, and the budgetary implementation. The authorising officer of the Agency certified their reliability.
- (3) Based on the information reported to the accounting officer and the checks deemed necessary, the accounting officer declared to 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.
- (4) On 3 June 2024, the Director submitted to the Administrative Board the final accounts of the Agency for the financial year 2023,

HAS ADOPTED THIS OPINION:

¹ OJ L158/22, 14.6.2019, p. 22.

² Decision No 8/2019 of the Administrative Board of the Agency for the Cooperation of Energy Regulators of 21 June 2019 on the Financial Regulation of the Agency for the Cooperation of Energy Regulators.

Article 1

The Administrative Board hereby endorses the final accounts of the Agency for the financial year 2023, attached as Annex I to this Opinion.

Article 2

The Administrative Board invites the Director to take immediate actions to address the comments to be made by the Court of Auditors in its final report and to provide adequate reporting on the actions taken.

Article 3

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 2024.

Done at Ljubljana, 19 June 2024.

For the Administrative Board

The Chair
Edit HERCZOG



Final annual accounts
of the European Union Agency
for the Cooperation of
Energy Regulators

Financial year 2023

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CERTIFICATION OF THE ACCOUNTS

I acknowledge my responsibility for the preparation and presentation of the annual accounts of the EU Agency for the Cooperation of Energy Regulators in accordance with Article 49 of the Agency's Financial Regulation³ and I hereby certify that the annual accounts of the EU Agency for the Cooperation of Energy Regulators for the year 2023 have been prepared in accordance with Title IX of the Agency's Financial Regulation and the accounting rules adopted by the Commission's Accounting Officer, as are to be applied by all the institutions and union bodies.

I have obtained from the Authorising Officer, who certified its reliability, all the information necessary for the production of the accounts that show the EU Agency for the Cooperation of Energy Regulators' assets and liabilities and the budgetary implementation. 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 EU Agency for the Cooperation of Energy Regulators.

[signed]

Rodica Mandroc

Accounting Officer

of the EU Agency for the Cooperation of Energy Regulators

³ DECISION AB no 08/2019 of 21 June 2019 on the adoption of the Financial Regulation of the Agency for the Cooperation of Energy Regulators.

BACKGROUND INFORMATION NOTE

General background on the entity

Establishment

The European Union Agency for the Cooperation of Energy Regulators (the Agency), which has its 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, amended by Regulation (EU) 2019/942 of the European Parliament and of the Council of 5 June 2019 (the "founding Regulation").

Mission

The overall mission of the Agency is to achieve a transition of the European energy system in line with political objectives set, reaping benefits of increased energy market integration across Europe, and securing low-carbon supply at least possible cost for European businesses and citizens.

The Agency fosters a fully integrated and well-functioning Internal Energy Market, where electricity and gas are traded and supplied according to the highest integrity and transparency standards, so that EU consumers can benefit from a wider choice, fair prices and greater protection.

To achieve this, Agency works closely with the European institutions, National Regulatory Authorities (NRAs), national governments and market players.

Over time, the Agency received additional tasks and responsibilities to better pursue the integration of the European internal energy market. With the latest provisions adopted in the Clean Energy Package (2019), the Agency has also further strengthened its responsibilities on the coordination with NRAs and cross-border cooperation.

Main operational activities

The main areas of activity are:

- Supporting the integration of the EU national energy markets, by developing common network and market rules, coordinating NRAs at European level, as well as by taking part in regional and cross-regional initiatives and organising working groups.
- Monitoring the well-functioning and transparency of the EU internal energy market, in order to deter market manipulation and abusive behaviour. Since late 2011, the Agency has the specific mandate of overseeing wholesale energy trading.
- Advising the EU Institutions on trans-European energy infrastructural issues. The Agency also monitors the work of the European Networks of Transmission System Operators for gas and electricity (ENTSO-E and ENTSOG); issuing opinions on their EU-wide network development plans (TYNDP) and ensuring that these are aligned with the priorities set at European level.

To progress on these activities, the Agency can issue:

- non-binding opinions and recommendations to NRAs, transmission system operators (TSOs), and the EU institutions
- binding individual decisions in specific cases and conditions about cross-border infrastructural issues
- draft framework guidelines (as in the case of network codes), on request of the European Commission

Governance

The Agency is headed by a Director, who is appointed by an Administrative Board which is responsible for the Agency's governance as well as all administrative and budgetary activities. The Board members are appointed by the European Parliament, the Council of the European Union and the European Commission.

The Administrative Board formally appoints the members of the Board of Regulators (BoR), which is in charge of the regulatory policy and overseeing all the activities connected. The BoR is composed of senior representatives of the National Regulatory Authorities (NRAs) for energy of the 27 Member States.

In addition the Administrative Board formally appoints the members of the Board of Appeal, which deals with complaints lodged against the Agency's decisions. It is independent from the administrative and regulatory boards.

The Agency's Working Groups advise the Director and the Board of Regulators on the regulatory activities of the Agency. The Working Groups are composed of representatives of the Agency, national regulators, and the European Commission.

Sources of financing

The Agency's operations are partly financed from fees due for collecting, handling, processing and analysing of information reported under Regulation (EU) No 1227/2011 and partly by a contribution from the general budget of the European Union through an annual subsidy and a contribution from the EFTA countries. The fees and the way which they are to be paid to the Agency have been set out by the Commission Decision (EU) 2020/2152 of 17 December 2020 and their collection began in January 2021.

Annual accounts

Basis for preparation

The legal framework and the deadlines for the preparation of the annual accounts are set by the Framework Financial Regulation (FFR)⁴. As per this regulation, the annual accounts are prepared in accordance with the rules adopted by the Accounting Officer of the Commission (EU Accounting Rules, EAR), which are based on internationally accepted accounting standards for the public sector (IPSAS).

Accounting Officer

In accordance with the FFR, the Administrative Board of the entity appoints the Accounting Officer who is, amongst other tasks, responsible for preparation of the annual accounts, which are consolidated with those of the EU.

Following the decision of the Agency's Administrative Board of 21 June 2023, Ms Rodica Mandroc has been appointed as the Accounting Officer of the Agency.

Composition of the annual accounts

The annual accounts cover the period from 1 January to 31 December and comprise the financial statements and the reports on the implementation of the budget. While the financial statements and the complementary notes are prepared on an accrual accounting basis, the budget implementation reports are primarily based on movements of cash.

⁴ COMMISSION DELEGATED REGULATION (EU) 2019/715 of 18 December 2018 on the framework financial regulation for the bodies set up under the TFEU and Euratom Treaty and referred to in Article 70 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council.

Process from provisional accounts to discharge

The provisional annual accounts prepared by the Accounting Officer are transmitted, by 1 March of the following year, to the European Court of Auditors (ECA) and to the audit company selected by the entity. Following the audit, the Accounting Officer prepares the final annual accounts and submits them to the Administrative Board for opinion.

The final annual accounts, together with the opinion of the Administrative Board, are sent to the Accounting Officer of the Commission, the Court of Auditors, the European Parliament, and the Council by 1 July of the following financial year. The European Court of Auditors (ECA) scrutinises the final annual accounts and includes any findings in the annual report for the European Parliament and the Council.

It falls to the Council to recommend, and then to the European Parliament to decide, whether to grant discharge to the Director of the Agency in respect of the implementation of the budget for a given financial year. Amongst other elements this decision is also based on a review of the accounts and the annual report of the ECA.

Operational highlights

Achievements of the year

The European Union Agency for the Cooperation of Energy Regulators (ACER) was established in March 2011 by the Third Energy Package legislation as an independent body to foster the integration and completion of the European Internal Energy Market for electricity and natural gas.

During the 2023 reporting year, the Agency published several reports related to its area of operations and responsibilities:

- Barriers to demand response and other distributed energy resources - 2023 Market Monitoring Report
- ACER report on the analysis of the consultation document on the gas transmission tariff structure for the Transit Gas Pipeline System in Poland
- ACER report on the analysis of the consultation document on the gas transmission tariff structure for France
- Progress of EU electricity wholesale market integration - 2023 Market Monitoring Report
- European gas market trends and price drivers - ACER-CEER 2023 Market Monitoring Report
- ACER-EEA Report: Flexibility solutions to support a decarbonised and secure EU electricity system
- Security of EU electricity supply
- Energy retail and consumer protection - ACER-CEER 2023 Market Monitoring Report
- Special Report: Addressing congestion in North-West European gas markets
- ACER Report on Analysis of the Consultation Document on the Gas Transmission Tariff Structure for Greece
- Cross-zonal capacities and the 70% margin available for cross-zonal electricity trade (MACZT) - 2023 Market Monitoring Report
- Assessment of emergency measures in electricity markets - 2023 Market Monitoring Report
- Final report on Unit Investment Cost Indicators – 2023

- Key developments in EU gas wholesale markets - 2023 Market Monitoring Report
- ACER Report on Investment Evaluation, Risk Assessment and Regulatory Incentives for Energy Network Projects
- ACER Consolidated report on the progress of electricity and gas Projects of Common Interest (PCIs)
- 10th ACER Report on Congestion in the EU Gas Markets and How it is Managed
- ACER consultancy study on cost-benefit analysis methodology for hydrogen networks
- ACER Report on Analysis of the Consultation Document on the Gas Transmission Tariff Structure for Latvia
- ACER Report on Analysis of the Consultation Document on the Gas Transmission Tariff Structure for Lithuania
- Wholesale Electricity Market Monitoring 2022 – Emergency Measures
- ACER Market Correction Mechanism Effects Assessment Report
- Wholesale Electricity Market Monitoring 2022 - Key Developments
- ACER Report on Analysis of the Consultation Document on the Gas Transmission Tariff Structure for Italy
- ACER Report on Analysis of the Consultation Document on the Gas Transmission Tariff Structure for Belgium
- ACER Report on Electricity Transmission and Distribution Tariff Methodologies in Europe
- ACER Market Correction Mechanism Preliminary Data Report.

The Agency prepared and published during 2023 several position papers on different emerging issues in the energy market:

- ACER policy paper on the revision of the network code on requirements for grid connection of generators and the network code on demand connection
- ACER-CEER Reaction to the European Commission's Hydrogen and Decarbonised Gas Market Package
- ACER's and CEER's Views on the Revision of the Gas Storage and Security of Supply Regulation
- ACER and CEER Reflection on the EU Strategy to Harness the Potential of Offshore Renewable Energy for a Climate Neutral Future.

The Agency is fully committed to the European Green Deal and the Fit for 55 Package, with a fully-integrated internal energy market in which energy should flow freely across the EU - without technical or regulatory barriers and actions geared towards the climate target plan's 55% net reduction target. The Agency therefore also contributes to the implementation of the Energy Union Strategy, in particular to the following two dimensions:

- Security, solidarity and trust - diversifying Europe's sources of energy and ensuring energy security through solidarity and cooperation between EU countries;

- A fully integrated internal energy market - enabling the free flow of energy through the EU through adequate infrastructure and without technical or regulatory barriers.

During the 2023 reporting year, the Agency implemented the tasks planned in its annual work programme within its operational areas of electricity, gas and market monitoring, as follows:

The Agency issued 18 decisions on regulatory gas and electricity files in 2023, an increase as compared to the previous year (17 decisions). Many of the decisions were related to the implementation of the Clean Energy for all Europeans legislative package, that entered into force from July 2019 with the review of:

- Regulation (EU) 2019/941 on risk-preparedness in the electricity sector and repealing Directive 2005/89/EC;
- Regulation (EU) 2019/942 establishing a European Union Agency for the Cooperation of Energy Regulators (recast);
- Regulation (EU) 2019/943 on the internal market for electricity (recast);
- Directive (EU) 2019/944 on common rules for the internal market for electricity and amending Directive 2012/27/EU (recast).

The Agency's Board of Appeal took, during 2023, six decisions concluding appeals against the Agency's decisions.

The Agency has delivered during the reporting year all its opinions, recommendations and reports in the areas of electricity and gas.

In the operational area of Wholesale market Monitoring – REMIT, the Agency continued to collect the data, received the input from market parties and analysed it for suspected market misbehaviour. The Agency saw a further increase in the number of parties that have to report data records to the Agency as required by the REMIT Regulation.

The Agency's REMIT Information Systems collected 8.2 billion data records in 2023 (4.4bn in 2022) from the 104 Registered Reporting Mechanisms. With the funds collected from fees, the Agency managed during 2023 to maintain its IT system used for the collection, handling and analysis of data reported by market participants and increased the quality of the services provided.

On the market surveillance side, the Agency continued to share with the NRAs to further investigate the alerts. The Agency achieved its target of notifying all priority cases to the relevant authorities.

The impact of higher than usual inflation during the year resulted in increased salary correction being applied and whose effect has been absorbed from the allocated budget for the year.

The year 2023 was the third year in which the Agency collected fees from the Registered Reporting Mechanisms (RRMs) for the services it provides with the collection, handling and analysing of data reported by the energy market participants through the RRM. The implementation rate of the fees collection was 99.8% with fees outstanding from one RRM (approx. EUR 10k).

Budget and budget implementation

During the financial year 2023 the operations of the Agency were funded from mainly three sources of revenue, namely collected fees, EFTA countries contribution and the contribution from the general budget of the Union.

Actual received revenue	2023	2022
Contribution from the EU general budget	19,418,598.67	15,164,174.84
Other	119.79	2,966.84
Fees and charges	10,158,245.19	9,653,811.88
Total	29,576,963.65	24,820,953.56

Initial approved appropriations for the financial year 2023 amounted to EUR 30,770,880.00 including contribution from EFTA states of EUR 431,528.00, assigned revenue from previous year surpluses of EUR 1,529,161.67 and EUR 11,273,866 from fees and charges. During the year the Agency amended its budget to align the actually established fees with the estimated eligible costs (downward by EUR 1,145,913.00), remove the funds kept in reserve for two legislative proposals whose adoption process was not finalised by the end of the year (downward EUR 842,000.00 and related EFTA contribution of EUR 36,415) and recognise the contribution from the EU funds towards strengthening the Agency's IT security (upward EUR 800,000.00). Recovery of undue payments occurred during 2023 and amounting to EUR 119.79 brought the total revenue for the year to EUR 29,587,467.00.

The Agency's final adopted budget by title is presented below:

Heading	Appropriations	Appropriations	Variations
	2023	2022	2023/2022
Title 1 - Expenditure relating to staff and resources	15,066,211	12,361,558	21.88%
Title 2 - Agency's building and associated costs	5,218,559	4,055,995	28.66%
Title 3 - Operational expenditure	9,302,697	8,410,289	10.61%
Total budget	29,587,467	24,827,842	19.17%

The increase of 21.88% in the appropriations of 2023 within Title 1 as compared to 2022 mainly related to funds allocated to cover the increase in the number of staff (15 posts) and related annual indexation of remuneration.

Title 2 has seen an increase in 2023 as compared to 2022 by 28.66% mainly related to increased prices and legal expenses.

The increase seen in 2023 within Title 3 as compared to 2022 of 10.61% mainly related to a higher budget allocation derived from fees for the REMIT project especially towards developments of several new features of the ARIS system and other IT projects of common interest for several operational areas.

The implementation of appropriations through commitments reached 99.43%, for payments 70.69% and 29.31% of payment appropriations were carried over to 2024.

Budget title	Final appropriation	Committed	Paid	Carry over	Cancelled funds
1	15,066,210.76	15,023,022.81	14,756,751.50	266,271.31	43,187.95
2	5,218,559.10	5,137,499.61	3,114,876.56	2,022,623.05	81,059.49
3	9,302,697.14	9,258,781.53	3,044,885.20	6,213,896.33	43,915.61
Total	29,587,467.00	29,419,303.95	20,916,513.26	8,502,790.69	168,163.05

Impact of the activities in the financial statements

In the financial statements, the impact of the above-mentioned activities can be noted in the:

- **Non-Current Assets** (see notes 2.1 and 2.2): the significant increase of 58% (2023: EUR 3,614,888.91 compared to 2022: EUR 2,294,127.96) is related to the increase of the intangible assets which corresponds to development and maintenance of ARIS application combined with the improvements of IT infrastructure.
- **Short-term receivables** (see note 2.3): increased by 12% (2023: EUR 10,142,753.67 compared to 2022: EUR 9,089,944.21) due to increase available liquidity of the virtual account reported under this heading. This evolution is in line with the increase in payment implementation for the year 2023.
- **Current liabilities** (see notes 2.5 to 2.7): the significant increase of 161% (2023: 5,426,765.99 compared to 2,079,482.40) is due to the increased level of accrued expenses for part of the acquisitions relating to 2023 but not invoiced as at the end of the year. A short-term provision raised to cover for recoverable legal costs of lost legal cases against one appellant contributed to the increase in the current payables.
- **Total revenue** (see notes 3.1 and 3.2): increased by 20%, which is in line with the growth of the Agency's operations. Similar to 2022, the main sources of revenue include the fees for the collection, handling and analysing of data reported by the energy market participants through the RRM and the contribution from the general budget of the Union, i.e. the balancing subsidy granted by the Commission.
- **Total expenses** (see notes 3.3, 3.4 and 3.5): increased by 39% from EUR 21,774,791.46 in 2022 to EUR 30,212,739.88 in 2023. An increase was noted in all categories of expense, operating costs grew by 75% as a result of higher IT related spending (upgrades for licences, maintenance of IT infrastructure). The staff costs grew by 21% as a result of an increase in the number of staff as well as unusually high salary indexation in 2023. The administrative expenses grew by 34% as a result of higher inflation of prices this year and increase in the number of staff.

FINANCIAL STATEMENTS and EXPLANATORY NOTES

BALANCE SHEET

ASSETS			
<i>as of 31 December 2023</i>	Notes	2023 in EUR	2022 in EUR
NON-CURRENT ASSETS			
Intangible fixed assets	2.1	1,763,234.73	944,579.33
Tangible fixed assets	2.2	1,851,654.18	1,349,548.63
Plant and equipment		895.64	1,567.40
Computer hardware		1,650,995.20	1,142,046.67
Furniture and vehicles		83,553.96	82,165.08
Other fixtures and fittings		116,209.38	123,769.48
TOTAL NON-CURRENT ASSETS		3,614,888.91	2,294,127.96
CURRENT ASSETS			
Short-term receivables	2.3	10,142,753.67	9,090,035.21
Current receivables and non-exchange recoverable		8,850,476.88	7,688,899.66
Sundry receivables		71,079.95	48,985.30
Prepaid expenses and accrued income		1,221,196.84	1,352,150.25
Cash and cash equivalents	2.4	233.89	309.68
TOTAL CURRENT ASSETS		10,142,987.56	9,090,344.89
TOTAL CURRENT AND NON-CURRENT ASSETS		13,757,876.47	11,384,472.85
EQUITY AND LIABILITIES			
		2023 in EUR	2022 in EUR
EQUITY			
Accumulated surplus/(deficit)		9,304,990.45	6,726,645.83
Economic result of the year		(973,879.97)	2,578,344.62
TOTAL EQUITY		8,331,110.48	9,304,990.45

CURRENT LIABILITIES

Accounts payable

Current payables	2.5	(46.16)	8,162.88
Short-term provisions	2.6	395,000.00	0.00
Accrued expenses and deferred income	2.7	4,683,249.67	1,594,341.17
Accounts payable with consolidated entities	2.5	348,562.48	476,978.35
TOTAL CURRENT LIABILITIES		5,426,765.99	2,079,482.40
TOTAL EQUITY AND LIABILITIES		13,757,876.47	11,384,472.85

STATEMENT OF FINANCIAL PERFORMANCE

<i>for the year ending 31 December 2023</i>	Notes	2023 in EUR	2022 in EUR
REVENUE			
European Commission contribution - non-exchange transactions	3.1	19,070,035.83	14,689,784.92
Fees income - from exchange transactions	3.2	10,168,867.68	9,663,668.81
TOTAL OPERATING REVENUE		29,238,903.51	24,353,453.73
ADMINISTRATIVE AND OPERATIONAL EXPENSES			
Staff expenses	3.4	12,717,701.74	10,499,070.59
Fixed asset related expenses	3.5	1,383,970.71	744,888.41
Other administrative expenses	3.5	7,626,147.97	5,681,796.96
Operational expenses	3.3	8,484,919.46	4,849,035.50
TOTAL ADMINISTRATIVE AND OPERATIONAL EXPENSES		30,212,739.88	21,774,791.46
SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES		(973,836.37)	2,578,662.27
FINANCIAL OPERATIONS			
Financial operations expenses	3.5	43.60	317.65
SURPLUS/ (DEFICIT) FROM FINANCIAL ACTIVITIES		(43.60)	(317.65)
ECONOMIC RESULT OF THE YEAR		(973,879.97)	2,578,344.62

CASHFLOW STATEMENT⁵

<i>for the year ending 31 December 2023</i>	2023 in EUR	2022 in EUR
Surplus/(deficit) from operating activities	(973,836.37)	2,578,662.27
Cash Flows from Operating Activities		
<u>Adjustments</u>		
Amortization (intangible fixed assets)	539,227.48	162,760.07
Depreciation (tangible fixed assets)	844,743.23	582,128.34
(Increase)/decrease in short-term Receivables	(1,052,718.46)	(324,150.15)
(Increase)/decrease in Other Liabilities	3,088,908.50	234,216.14
Increase/(decrease) in Current payables	(8,209.04)	8,109.32
Increase/(decrease) in Liabilities related to consolidated entities	(128,415.87)	(1,052,183.32)
<i>Net Cash Flow from Operating Activities</i>	2,309,699.47	2,189,542.67
Cash Flows from Investing Activities		
Purchase of tangible and intangible fixed assets	(2,704,731.66)	(2,226,656.09)
<i>Net Cash Flow from Investing Activities</i>	(2,704,731.66)	(2,226,656.09)
Financing Activities		
Financial operations revenues/expenses	(43.60)	(317.65)
<i>Net Cash Flow from Financing Activities</i>	(43.60)	(317.65)
<i>Net increase/(decrease) in cash and cash equivalents</i>	(75.79)	(231.07)
Cash and cash equivalents at the beginning of the period	309.68	540.75
<i>Cash and cash equivalents at the end of the period</i>	233.89	309.68

⁵ The treasury of the Agency was integrated into the Commission's treasury system. Because of this, the Agency does not have any bank accounts of its own except for an imprest account. All payments and receipts are processed via the Commission's treasury system and registered on intercompany accounts which are presented under the heading short-term receivables from non-exchange transactions.

STATEMENT OF CHANGES IN NET ASSETS

Net Assets	Opening balance	Economic result of the year	Total Net Assets
	2023	2023	2023
Balance as of 1 January 2023	9,304,990.45		9,304,990.45
Economic result of the year		(973,879.97)	(973,879.97)
Balance as of 31 December 2023	9,304,990.45	(973,879.97)	8,331,110.48

NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

1.1. Accounting principles

The objective of financial statements is to provide information about the financial position, performance and cashflows of an entity that is useful to a wide range of stakeholders.

The overall considerations (or accounting principles) to be followed when preparing the financial statements are laid down in EU Accounting Rule 1 ‘Financial Statements’ and are the same as those described in IPSAS 1: fair presentation, accrual basis, going concern, consistency of presentation, materiality, aggregation, offsetting and comparative information. The qualitative characteristics of financial reporting are relevance, faithful representation (reliability), understandability, timeliness, comparability and verifiability.

1.2. Basis of preparation

1.2.1. Reporting period

Financial statements are presented annually. The accounting year begins on 1 January and ends on 31 December.

1.2.2. Currency and basis for conversion

The annual accounts are presented in thousands of euros, the euro being the EU’s functional currency. Foreign currency transactions are translated into euros using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the re-translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of financial performance. Different conversion methods apply to property, plant and equipment and intangible assets, which retain their value in euros at the date when they were purchased.

Year-end balances of monetary assets and liabilities denominated in foreign currencies are translated into euros on the basis of the European Central Bank (ECB) exchange rates applying on 31 December.

Euro exchange rates

Currency	31.12.2023	31.12.2022	Currency	31.12.2023	31.12.2022
BGN	1.9558	1.9558	PLN	4.3395	4.6808
CZK	24.724	24.1160	RON	4.9756	4.9495
DKK	7.4529	7.4365	SEK	11.096	11.1218
GBP	0.86905	0.88693	CHF	0.926	0.9847
HUF	382.8	400.8700	USD	1.105	1.0666

1.2.3. Use of estimates

In accordance with IPSAS and generally accepted accounting principles, the financial statements necessarily include amounts based on estimates and assumptions by management based on the most reliable information available. Significant estimates include, but are not limited to: amounts for employee benefit liabilities, financial risk of accounts receivable and the amounts disclosed in the notes concerning financial instruments, impairment allowance for financial assets at amortised cost and for financial guarantee contract liabilities, accrued revenue and charges, provisions, degree of impairment of intangible assets and property, plant and

equipment, net realisable value of inventories, contingent assets and liabilities. Actual results could differ from those estimates.

Reasonable estimates are an essential part of the preparation of financial statements and do not undermine their reliability. An estimate may need revision if changes occur in the circumstances on which the estimate was based or as a result of new information or more experience. By its nature, the revision of an estimate does not relate to prior periods and is not the correction of an error. The effect of a change in accounting estimate shall be recognised in the surplus or deficit in the periods in which it becomes known.

1.2.4. Application of new and amended European Union Accounting Rules (EAR)

New EAR which are effective for annual periods beginning on or after 1 January 2023

There are no new EAR which became effective for annual periods beginning on or after 1 January 2023.

New EAR adopted but not yet effective at 31 December 2023

There are no new EAR adopted during 2023.

1.3. Balance sheet

1.3.1. Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. An asset is identifiable if it is either separable or arises from binding arrangements. Acquired intangible assets are stated at historical cost less accumulated amortisation and impairment losses. Internally developed intangible assets are capitalised when the relevant criteria of the EU accounting rules are met, and the expenses relate solely to the development phase of the asset. Intangible assets are amortised on a straight-line basis over their estimated useful lives (3 to 11 years).

1.3.2. Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition, construction or transfer of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits or service potential associated with the item will flow to the entity and its cost can be measured reliably. Repairs and maintenance costs are charged to the statement of financial performance during the financial period in which they are incurred. Land is not depreciated, as it is deemed to have an indefinite useful life. Assets under construction are not depreciated as these assets are not yet available for use. Depreciation on other assets is calculated using the straight-line method to allocate their cost less their residual values over their estimated useful lives, as follows:

Type of asset	Straight line depreciation rate
<i>Buildings</i>	<i>4 % to 10 %</i>
<i>Plant and equipment</i>	<i>10 % to 25 %</i>
<i>Furniture and vehicles</i>	<i>10 % to 25 %</i>
<i>Computer hardware</i>	<i>25 % to 33 %</i>
<i>Other</i>	<i>10 % to 33 %</i>

Gains or losses on disposals are determined by comparing proceeds less selling expenses with the carrying amount of the disposed asset and are included in the statement of financial performance.

1.3.3. Leases

A lease is an agreement whereby the lessor conveys to the lessee, in return for a payment or series of payments, the right to use an asset for an agreed period of time. Leases are classified as either finance leases or operating leases.

Finance leases are leases where substantially all the risks and rewards incidental to ownership are transferred to the lessee.

An operating lease is a lease other than a finance lease, i.e. a lease where the lessor retains substantially all the risks and rewards incidental to ownership of an asset. When entering an operating lease as a lessee, the operating lease payments are recognised as an expense in the statement of financial performance on a straight-line basis over the lease term with neither an asset nor a liability recognised in the balance sheet.

1.3.4. Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation/depreciation and are tested annually for impairment. Assets that are subject to amortisation/depreciation are tested for impairment whenever there is an indication at the reporting date that an asset may be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable (service) amount. The recoverable (service) amount is the higher of an asset's fair value less costs to sell and its value in use.

Intangible assets and property, plant and equipment residual values and useful lives are reviewed, and adjusted if appropriate, at least once per year. If the reasons for impairments recognised in previous years no longer apply, the impairment losses are reversed accordingly.

1.3.5. Financial assets

The classification of the financial instruments is determined at initial recognition. Based on the management model and the asset contractual cash-flow characteristics the financial assets can be classified in three categories: Financial assets at amortised cost ('AC'), financial assets at fair value through net assets/equity ('FVNA') or financial assets at fair value through surplus or deficit ('FVSD'). Based on this classification, the entity has only 'financial assets at amortised cost', which are exchange receivables.

Financial assets at amortised cost are non-derivative financial assets that meet two conditions: 1) The entity holds them in order to collect the contractual cash flows. 2) On specified days, there are contractual cash flows that are solely payments of the principal and interest on the outstanding principal.

Financial assets at amortised cost are included in current assets, except for those with maturity of more than 12 months from the balance sheet reporting date.

Initial recognition and measurement

Financial assets at amortised cost are initially recognised at their fair value plus the transaction costs.

Subsequent measurement

Financial assets at amortised cost are carried at amortised cost, which is the amount initially recognised minus the principal repayments, plus or minus the cumulative amortisation of the interests using the effective interest method. In addition, the entity recognises a loss allowance for expected credit losses over the lifetime of the financial assets. At each reporting date, the annual movement in the loss allowance adjusts the carrying amount of the financial asset. In the statement of financial performance, the entity recognises an impairment gain or loss for the adjustment of the loss allowance.

De-recognition

Financial assets at amortised cost are derecognised either when the rights to receive cash flows from the investments have expired or are waived, or when the entity has transferred substantially all risks and rewards of ownership to another party.

1.3.6. Receivables and recoverables

The EU accounting rules require separate presentation of exchange and non-exchange transactions. To distinguish between the two categories, the term ‘receivable’ is reserved for exchange transactions, whereas for non-exchange transactions, i.e. when the EU receives value from another entity without directly giving approximately equal value in exchange, the term ‘recoverables’ is used (e.g. recoverables from Member States related to own resources).

Receivables from exchange transactions meet the definition of financial instruments. The entity classified them as financial assets at amortised cost and measured them accordingly.

Recoverables from non-exchange transactions are carried at fair value as at the date of acquisition less write-down for impairment. A write-down for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due according to the original terms of the recoverables. The amount of the write-down is the difference between the asset’s carrying amount and the recoverable amount. The amount of the write-down is recognised in the statement of financial performance.

1.3.7. Cash and cash equivalents

Cash and cash equivalents are financial assets at amortised cost and include cash at hand, deposits held at call or at short notice with banks, and other short-term highly liquid investments with original maturities of three months or less.

1.3.8. Payables

Included under accounts payable are both amounts related to exchange transactions such as the purchase of goods and services, and to non-exchange transactions e.g. to cost claims from beneficiaries, grants or other EU funding, or pre-financing received (see note 1.4.1).

Where grants or other funding are provided to the beneficiaries, the cost claims are recorded as payables for the requested amount, at the moment when the cost claim is received. Upon verification and acceptance of the eligible costs, the payables are valued at the accepted and eligible amount.

Payables arising from the purchase of goods and services are recognised at invoice reception for the original amount. The corresponding expenses are entered in the accounts when the supplies or services are delivered and accepted by the entity.

1.3.9. Accrued and deferred revenue and charges

Transactions and events are recognised in the financial statements in the period to which they relate. At year-end, if an invoice is not yet issued but the service has been rendered, or the supplies have been delivered by the entity or a contractual agreement exists (e.g. by reference to a contract), an accrued revenue will be recognised in the financial statements. In addition, at year-end, if an invoice is issued but the services have not yet been rendered or the goods supplied have not yet been delivered, the revenue will be deferred and recognised in the subsequent accounting period.

Expenses are also accounted for in the period to which they relate. At the end of the accounting period, accrued expenses are recognised based on an estimated amount of the transfer obligation of the period. The calculation of accrued expenses is done in accordance with detailed operational and practical guidelines issued by the Accounting Officer. These aim at ensuring that the financial statements provide a faithful representation of the

economic and other phenomena they purport to represent. By analogy, if a payment has been made in advance for services or goods that have not yet been received, the expense will be deferred and recognised in the subsequent accounting period.

1.4. Statement of financial performance

1.4.1. Revenue

Revenue comprises gross inflows of economic benefits or service potential received and receivable by the entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Depending on the nature of the underlying transactions in the statement of financial performance, revenue is distinguished between:

(i) Revenue from non-exchange transactions

Revenue from non-exchange transactions are taxes and transfers, because the transferor provides resources to the recipient entity, without the recipient entity providing approximately equal value directly in exchange. Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes. For the EU entities, transfers mostly comprise funds received from the Commission (e.g. balancing subsidy to the traditional agencies, operating subsidy for the delegation agreements).

The entity shall recognise an asset in respect of transfers when the entity controls the resources as a result of a past event (the transfer) and expects to receive future economic benefits or service potential from those resources, and when the fair value can be reliably measured. An inflow of resources from a non-exchange transaction recognised as an asset (i.e. cash) is also recognised as revenue, except to the extent that the entity has a present obligation in respect of that transfer (condition), which needs to be satisfied before the revenue can be recognised. Until the condition is met the revenue is deferred and recognised as a liability.

(ii) Revenue from exchange transactions

Revenue from the sale of goods and services is recognised when the significant risk and rewards of ownership of the goods are transferred to the purchaser. Revenue associated with a transaction involving the provision of services is recognised by reference to the stage of completion of the transaction at the reporting date.

1.4.2. Expenses

Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or the incurring of liabilities that result in decreases in net assets. They include both the expenses from exchange transactions and expenses from non-exchange transactions.

Expenses from exchange transactions arising from the purchase of goods and services are recognised when the supplies are delivered and accepted by the entity. They are valued at the original invoice amount. Furthermore, at the balance sheet date expenses related to the service delivered during the period for which an invoice has not yet been received or accepted are recognised in the statement of financial performance.

Expenses from non-exchange transactions relate to transfers to beneficiaries and can be of three types: entitlements, transfers under agreement and discretionary grants, contributions and donations. Transfers are recognised as expenses in the period during which the events giving rise to the transfer occurred, as long as the nature of the transfer is allowed by regulation, or an agreement has been signed authorising the transfer; any eligibility criteria have been met by the beneficiary; and a reasonable estimate of the amount can be made.

When a request for payment or cost claim is received and meets the recognition criteria, it is recognised as an expense for the eligible amount. At year-end, incurred eligible expenses due to the beneficiaries but not yet reported are estimated and recorded as accrued expense.

1.5. Contingent assets and liabilities

1.5.1. Contingent assets

A contingent asset is a possible asset that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent asset is disclosed when an inflow of economic benefits or service potential is probable.

1.5.2. Contingent liabilities

A contingent liability is either a possible obligation of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or a present obligation where it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation.

A contingent liability also arises in the rare circumstances where a present obligation exists but cannot be measured with sufficient reliability.

Contingent liabilities are not recognised in the accounts. They are disclosed unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

1.6. Consolidation

The accounts of this entity are fully consolidated in the consolidated annual accounts of the EU.

2. NOTES TO THE BALANCE SHEET

2.1. Intangible assets

The Agency's *intangible assets* are of two categories: computer software and internally generated intangible assets. The closing book value of the computer software for the year 2023 was EUR 25,520.93 with a minor value added during the year (EUR 8,617.71). The main increase has been recorded under internally generated intangible assets with the development of new functionalities of the ARIS system supporting the collection, handling and analysis of data records reported by the market participants. The closing book value of this assets was EUR 1,737,713.80 with additions of EUR 1,349,265.17 during the year.

Account number	Asset category	Opening balance	Additions during the year	Disposals during the year	Closing balance	Depreciation Rate and Method	Depreciation		Depreciation charge for the year	Accumulated Depreciation	Closing book value
							Opening balance	Write offs			
21001000	Computer software	91,063.01	8,617.71	0.00	99,680.72	L 25%	59,263.60	0.00	14,896.19	74,159.79	25,520.93
21001001	Manual asset - computer software	6,150,594.82	1,349,265.17	0.00	7,499,859.99	L 25%	5,237,814.90	0.00	524,331.29	5,762,146.19	1,737,713.80
23001000	Plant, machinery and equipment	4,396.96	0.00	0.00	4,396.96	L 25%	2,829.56	0.00	671.76	3,501.32	895.64
24001000	Furniture and rolling stock	212,844.71	19,817.22	(886.22)	231,775.71	L 10%; 12.5%, 25%	130,679.63	(55.40)	17,597.52	148,221.75	83,553.96
24101000	Computer hardware	3,570,728.10	1,288,329.02	0.00	4,859,057.12	L 25%	2,428,681.43	0.00	779,380.49	3,208,061.92	1,650,995.20
24201000	Other fixtures and fittings	419,235.70	39,588.76	0.00	458,824.46	L 25%	295,466.22	0.00	47,148.86	342,615.08	116,209.38
	Totals	10,448,863.30	2,705,617.88	(886.22)	13,153,594.96		8,154,735.34	(55.40)	1,384,026.11	9,538,706.05	3,614,888.91

2.2. Tangible assets

Tangible assets are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and are expected to be used during more than one reporting period.

The increase under this heading is in line with the life cycle of the Agency, who continued to upgrade its IT infrastructure, in the operational area, with the necessary software and hardware in line with the growth in the number of staff. During the year, the Agency also acquired other equipment for the security architecture so as to reduce risks and prevent data loss, as well as for the continuity of the growing operational activity.

2.3. Exchange receivables & non-exchange recoverables

Exchange transactions are transactions in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange. Non-exchange transactions are transactions in which an entity either receives value from another entity without directly giving approximately equal value in exchange or gives value to another entity without directly receiving approximately equal value in exchange.

At 31 December 2023, the Agency did not have any non-current receivables and recoverables. The amounts included under this heading are of current in nature and can be broken down as follows:

	<i>EUR</i>	
	31.12.2023	31.12.2022
Recoverables from non-exchange transactions		
<i>Member States</i>	86,727.20	39,053.37
	86,727.20	39,053.37
Receivables from exchange transactions		
<i>Central treasury liaison accounts</i>	8,763,749.68	7,649,846.29
<i>Deferred charges relating to exchange transactions</i>	1,221,196.84	1,352,150.25
<i>Customers</i>	32,712.68	21,356.93
<i>Other</i>	38,367.27	27,537.37
	10,056,026.47	9,050,890.84
Total	10,142,753.67	9,089,944.21

The heading Recoverables from Member States contains VAT amounts to be recovered from the Republic of Slovenia. The Agency benefits from a direct exemption for VAT from the Republic of Slovenia for purchases where the direct exemption is impracticable to obtain, the VAT is refunded by the Republic of Slovenia.

The treasury of the Agency is integrated into the Commission's treasury system. Except for imprest accounts (see note 2.4 below), the Agency has no bank accounts of its own since 1 October 2017. All payments and receipts are processed via the Commission's treasury system and registered on inter-company accounts, which are presented under the heading Central treasury liaison accounts. The increase of the balance on the Central treasury accounts in 2023 is a result of higher appropriations available for the year for ongoing projects and thus an increase of the cash available to the agency.

The deferred charges consist of pre-payments made during the year for services that will be delivered in 2024. The title decreased by 10% mainly due to maintenance and licences whose expiration did not cross beyond 2023.

2.4. Cash and cash equivalents

The treasury of entity has been integrated into the Commission's treasury system. The majority of payments and receipts are processed via the Commission's treasury system and registered on liaison accounts, which are presented under heading 'receivables from exchange transactions'.

	<i>EUR</i>	
	31.12.2023	31.12.2022
<i>Imprest account</i>	233.89	309.68

The amount remaining under this heading relates to the imprest account that is managed by the Agency and reserved for small local payments where it would be impractical to process them through the central treasury system.

LIABILITIES

2.5. Payables

Payables are liabilities to pay for goods or services that have been received or supplied and - unlike accrued charges - have already been invoiced or formally agreed with the supplier. Payables can relate to both exchange transactions (such as the purchase of goods and services) and non-exchange transactions (e.g. cost claims from beneficiaries of grants, pre-financing or other EU funding).

	<i>EUR</i>	
	31.12.2023	31.12.2022
<i>Commission subsidy</i>	348,562.48	476,978.35
<i>Sundry payables</i>	-46.16	8,071.88
Total	348,516.32	485,050.23

The heading comprises the unused pre-financing amounts received from the Commission in 2023, known as the balancing subsidy. The outstanding amount will be returned to the Commission upon request in the course of the year 2024.

2.6. Provisions short-term

Provisions are liabilities of uncertain timing or amount. A provision should be recognised in the financial statements when the following three conditions are met:

- (i) An entity has a (legal or constructive) present obligation as a result of a past event;
- (ii) It is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- (iii) A reliable estimate can be made of the amount of the obligation.

EUR

	31.12.2023	31.12.2022
Short-term provisions	395,000.00	-

A provision for EUR 395,000.00 has been raised to cover the open liability the Agency has towards one appellant, BNetzA, in the legal case T-631/19 the Agency lost, and from which the appellant may recover the incurred legal costs. Negotiations are still ongoing, and the final amount is not yet known, therefore the best estimate has been provided for. The settlement is expected to occur in 2024. Between the end of 2023 and the date the final accounts were drawn, settlement of legal costs for two other lost legal cases has been made and the provision was adjusted accordingly.

EUR

Legal case	Estimated recoverable costs
BNetzA T-631/19	395,000.00

2.7. Accrued charges

Accruals are liabilities to pay for goods or services that have been received or supplied but – unlike payables – have not yet been invoiced or formally agreed with the supplier. They include amounts due to employees (e.g. accruals for untaken holidays). The calculation of accruals is based on the open amount of budgetary commitments at year-end. The portion of the estimated accrued charges relating to pre-financing paid has been recorded as a reduction of the pre-financing amounts.

EUR

	31.12.2023	31.12.2022
Accrued charges	4,683,249.67	1,594,341.17

The most material accrued expenses included under this heading are operating expenses (EUR 3,190,102.64), staff expenses for untaken leave (EUR 338,507.12), non-IT services (EUR 460,950.81), office supplies and maintenance (EUR 156,069.81), and training costs (EUR 74,158.58).

3. NOTES TO THE STATEMENT OF FINANCIAL PERFORMANCE

REVENUE

Non-exchange revenue

3.1. Funds from the Commission

Revenue from non-exchange transactions relates to transactions where the transferor provides resources to the recipient entity without the recipient entity providing approximately equal value directly in exchange. The heading mainly includes amounts received from the Commission during the year and recoveries of operational expenses.

	<i>EUR</i>	
	2023	2022
<i>Funds from the Commission</i>	19,070,035.83	14,689,784.92

This revenue comprises the contribution received from the general budget of the Union, i.e. the balancing subsidy, which has been used during 2023 for the activities of the agency. The unused amount of EUR 348,562.48 is recorded under accounts payable and will be reimbursed to the Commission in 2023. Please refer to the section “Budgetary implementation reports” below for more information on the use of the Agency’s budget.

Exchange revenue

3.2. Other exchange revenue

	<i>EUR</i>	
	2023	2022
<i>Fees income</i>	10,168,867.68	9,663,668.81
<i>Other</i>	0	2,588.43
Total	10,168,867.68	9,666,257.24

The fees income comprises Registered Reporting Mechanisms (RRMs) fees that the Agency charges for the collection, handling and analysing of data reported by the energy market participants through the RRM. 2023 was the third year in which these fees were collected.

EXPENSES

3.3. Operating costs

Included under this heading are expenses incurred in relation to operational activities.

	<i>EUR</i>	
	2023	2022
<i>Operating costs</i>	8,484,919.46	4,849,035.50

Included under operating cost are amounts spent on operational missions, workshops, public hearings, REMIT project costs and other costs incurred so as to fulfil the mission of the Agency. The increase of the operating costs is in line with the increase of the activities of the agency.

3.4. Staff costs

This heading includes the expenses for salaries, allowances and other employment-related benefits. Based on the service level agreement between the entity and the Commission, the calculations of staff-related costs are carried out by the Commission's Office for Administration and Payment of Individual Entitlements (also known as the Paymaster's Office – PMO). The pensions of the entity staff members are covered by the Pension Scheme of European Officials. This pension scheme is a defined benefit plan, i.e. the amount of benefit an employee will receive on retirement depends on several factors, the most important of which is years of service. Both the entity staff and the EU budget contribute to the pension scheme, with the contribution percentage being revised annually in line with the changes in the Staff Regulation governing the scheme. The cost to the EU Budget is not reflected in the entity accounts. Consequently, both the annual cost to the EU budget, and the future benefits payable to the entity staff, are accounted for in the Commission's annual accounts as part of its provision for pensions and other post-employment benefits. The pension costs included in the Commission's Statement of Financial Performance represent current service cost (rights accrued during the year due to service) and interest cost (unwinding of the liability discounting) which have arisen following the year-end actuarial valuation of the employee benefits liabilities. Since the Agency is funded also from fees and charges it will have an obligation to pay the employer contributions towards the pensions fund for the staff remuneration covered by the fees. The establishment of the contribution and the calculation method to be applied is currently discussed with the Commission services.

EUR

	2023	2022
<i>Staff costs</i>	12,717,701.74	10,499,070.59

The increase of staff costs in 2023 is a combined effect of an increase in the number of staff and annual indexation of salaries granted in June and December 2023.

3.5. Other expenses

Included under this heading are expenses of administrative nature such as external non IT services, operating leasing expenses, communications and publications, training costs etc.

EUR

	2023	2022
<i>External non IT services</i>	2,607,832.22	1,635,419.67
<i>Operating leasing expenses</i>	1,238,174.67	1,092,691.93
<i>Administrative expenses with EU entities</i>	1,067,377.46	1,018,127.25
<i>Office Supplies & maintenance</i>	919,895.68	811,231.16
<i>Legal Expenses</i>	1,110,562.28	473,725.54

<i>Property, plant and equipment related expenses</i>	1,383,970.71	744,888.41
<i>Training costs</i>	328,606.33	251,643.79
<i>Other</i>	217,043.19	246,622.27
<i>Missions</i>	88,929.31	87,977.62
<i>Communications & publications</i>	41,612.10	52,217.96
<i>Recruitment costs</i>	6,117.98	12,106.73
Total	9,010,121.93	6,426,652.33

The increase in the external services was mainly due to the contracted legal counsel to support the Board of Appeal with the assessment of the legal appeals the Agency is facing towards its decisions. The increase of the office supplies mainly relates to increased prices of the specialised magazines and databases subscriptions the Agency is purchasing to support the operational activities. The increase in legal expenses was mainly incurred in defending the appeals against the Agency's decision in the Electricity operational area and the related translations of those decisions. In addition, funds are to be used to cover the legal recoverable costs of the lost legal case. The increase in the property, plant and equipment related expenses refers to the depreciation and amortisation of both the tangible and intangible assets. The increase in training costs is in line with the increased number of staff.

The heading operating leasing expenses includes the rental contract of the Agency's premises. The future payments for this contract are as follows:

	Future amounts to be paid			EUR
	< 1 year	1- 5 years	> 5 years	Total
<i>Buildings</i>	1,228,304.77	5,276,854.91	113,012.31	6,618,172.00

4. OTHER SIGNIFICANT DISCLOSURES

4.1. Outstanding commitments not yet expensed

The outstanding commitments not yet expensed comprise the budgetary RAL ('Reste à Liquider') less related amounts that have been included as expenses in the current year's statement of financial performance. The RAL represents the open budgetary commitments for which payments and/or de-commitments have not yet been made. This is the normal consequence of the existence of multi-annual programmes.

	EUR	
	31.12.2023	31.12.2022
<i>Outstanding commitments not yet expensed</i>	4,072,448.91	5,638,978.54

4.2. Services in kind

During 2023 the Agency received from the Council of the European Energy Regulators offices space and logistical and secretarial support for the agency's liaison office in Brussels free of charge. The offered office space and share of common areas totalling to 32 m² cost approximately EUR 5,150 per year.

4.3. Related parties

The related parties of the entity are the other EU consolidated entities and the key management personnel of these entities. As transactions between the relevant entity and the parties involved take place as part of the normal operations of the entity and on terms and conditions that are normal for such transactions, no specific disclosures are required.

4.4. Key management entitlements

The Director, or head of entity, is remunerated in accordance with the Staff Regulations of the European Union, which establish the rights and obligations of all officials of the EU. The Staff Regulations are published on the Europa website.

	31.12.2023	31.12.2022
Director	AD 14	AD 14

4.5. Other events

At the end of the financial year 2023, the Agency had sixteen legal cases ongoing before the General Court and two before the European Court of Justice. At this stage, any claim for damages against the Agency is hard to be assessed.

5. FINANCIAL RISK MANAGEMENT

5.1. Types of risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate, because of variations in market prices. Market risk embodies not only the potential for loss, but also the potential for gain. It comprises currency risk, interest rate risk and other price risk (the entity has no significant interest rate risk and other price risk).

(1) *Currency risk* is the risk that the entity operations will be affected by changes in exchange rates. This risk arises from the change in the price of one currency against another.

(2) *Interest rate risk* is the possibility of a reduction in the value of a security, especially a bond, resulting from an increase in interest rates. In general, higher interest rates will lead to lower prices of fixed rate bonds, and vice versa. The entity does not have any securities thus it is not exposed to the interest rate risk.

Credit risk is the risk of loss due to a debtor's non-payment or other failure to meet a contractual obligation. The default events include a delay in repayments, and bankruptcy.

Liquidity risk is the risk that an EU entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

5.2. Currency risks

At the end of the year, the financial assets are composed of exchange receivables. The financial liabilities are composed of accounts payable. Their ending balances are mainly quoted in EUR, the entity is thus not exposed to currency risk.

31.12.2023	USD EUR equivalent	GBP EUR equivalent	DKK EUR equivalent	SEK EUR equivalent	RON EUR equivalent	PLN EUR equivalent	EUR
Financial assets	0.00	0.00	0.00	0.00	0.00	0.00	392,843.51
Loans (including term deposits >3 months)							
Payables							392,609.62
Receivables excluding receivables with consolidated entities							0.00
Receivables with consolidated entities							0.00
Cash and cash equivalent							233.89

5.3. Credit risk

At the end of the year, the financial assets comprise exchange receivables. The Agency is in the process of recovering an amount of EUR 31,979.42 from one debtor and EUR 38,367.27 from its staff. Due to the minor amount the entity is not considered exposed to any significant credit risk.

31/12/2023	Not past due	Past due 0-30 days	Past due 31-90 days	Past due 91 days - 1 year	Past due > 1 year	Total
Receivables gross carrying amount	8,764,482.94			38,367.27	31,979.42	8,834,829.63
Impairment (-)						0.00
Net receivables	8,764,482.94	0.00	0.00	38,367.27	31,979.42	8,834,829.63

5.4. Liquidity risk

The financial liabilities are mainly composed of accounts payable. All the accounts payable have remaining contractual maturity of less than 1 year.

**THE BUDGET IMPLEMENTATION REPORTS AND
EXPLANATORY NOTES**

1. Budgetary principles and structure

Budgetary principles

The establishment and implementation of the Agency budget is governed by the following basic principles set out in Title II of the Agency's Financial Regulation of 2019:

Principles of unity and budget accuracy

This principle means that no revenue shall be collected, and no expenditure effected unless booked to a line in the Agency' budget. No expenditure may be committed or authorised in excess of the appropriations authorised by the budget. An appropriation may be entered in the budget only if it is for an item of expenditure considered necessary.

Principle of annuality

The appropriations entered in the budget shall be authorised for a financial year which shall run from 1 January to 31 December.

Principle of equilibrium

Revenue and payment appropriations shall be in balance.

Principle of unit of account

The budget shall be drawn up and implemented in euros and the accounts shall be presented in euros.

Principle of universality

Total revenue shall cover total payment appropriations and all revenue and expenditure shall be entered in full without any adjustment against each other.

Principle of specification

Appropriations shall be earmarked for specific purposes by title and chapter. The chapters shall be further subdivided into articles and items.

Principle of sound financial management

Appropriations shall be used in accordance with the principle of sound financial management, namely in accordance with the principles of economy, efficiency and effectiveness.

Principle of transparency

The budget shall be established and implemented, and the accounts presented in accordance with the principle of transparency. The budget and any amending budgets shall be published in the Official Journal of the European Union within three months of their adoption.

Structure and presentation of the budget

Following the provisions of the Agency' Financial Regulation approved by Administrative Board decision no 8/2019 of 21 June 2019, the budget accounts shall consist of a statement of revenue and a statement of expenditure. The statement of expenditure must be set out on the basis of a nomenclature with a classification by purpose. That nomenclature shall be determined by the Agency and shall make a clear distinction between administrative appropriations and operating appropriations:

Title 1

Budget lines relating to staff expenditure such as salaries and allowances for personnel working with the Agency. It also includes recruitment expenses, staff missions, expenses for the socio-medical infrastructure and representation costs.

Title 2

Budget lines relating to all buildings, equipment and miscellaneous administrative expenditure.

Title 3

Budget lines providing for the implementation of the activities and tasks assigned to the Agency by its establishing Regulation (EU) No. 713/2009 of the European Parliament and of the Council of 13 July 2009 (recast of 5 June 2019 through Regulation (EU) 2019/942).

Assigned revenue

Budget lines relating to financing of specific items of expenditure. They can be externally or internally assigned.

Result of the implementation of the budget

EUR

	Title	2023	2022
Revenue	9	29,587,586.14	24,820,953.56
<i>of which:</i>			
Commission subsidy		19,418,598.67	15,164,174.84
Fees		10,168,867.68	9,653,811.88
Other revenue		119.79	2,966.84
Expenditure		(20,916,513.26)	(17,410,054.19)
<i>of which:</i>			
Staff expenditure	1	(14,756,751.50)	(12,000,082.96)
Administrative expenditure	2	(3,114,876.56)	(2,580,731.29)
Operational expenditure	3	(3,044,885.20)	(2,829,239.94)
Payment appropriations carried over to the following year		(8,502,910.48)	(7,236,286.55)
<i>of which:</i>			
Staff expenditure	1	(266,271.31)	(237,609.42)
Administrative expenditure	2	(2,022,742.84)	(1,459,572.63)
Operational expenditure	3	(6,213,896.33)	(5,539,104.50)
Cancellation of unused appropriation carried over from year n-1		177,436.85	292,595.60
Unused assigned revenue		2,966.84	9,770.65
Exchange rate differences		(3.61)	(0.72)
Budget result		348,562.48	476,978.35

Reconciliation of economic result with budget result

EUR

	2023	2022
Economic result of the year	(973,879.97)	2,578,344.62
<i>Adjustment for accrual items (items not in the budgetary result but included in the economic result)</i>		
Adjustments for Accrual Cut-off (reversal 31.12.N-1)	(242,190.92)	(783,043.45)
Adjustments for Accrual Cut-off (cut- off 31.12.N)	3,812,617.97	242,190.92
Pre-financing given in previous year and cleared in the year	0.00	0.00
Recovery orders remaining open at 31.12.2023	(71,313.84)	(21,356.93)
Unpaid invoices at year end but booked in charges	613,273.86	106,486.70
Depreciation of intangible and tangible assets	1,383,970.71	744,888.41
Payments made from carry over of payment appropriations	7,055,882.86	6,344,151.91
<i>Adjustment for budgetary items (item included in the budgetary result but not in the economic result)</i>		
Asset acquisitions	(2,704,731.66)	(2,226,656.09)
New pre-financing paid in the year 2023 and remaining open as at 31.12.2023	0.00	0.00
New pre-financing received in the year 2022 and remaining open as at 31.12.2022	168,162.40	174,612.82
Payments made from non-budget lines	0.00	0.00

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Payment appropriations carried over to N+1	(8,502,910.48)	(7,236,286.55)
Cancellation of unused carried over payment appropriations from previous year	180,403.69	292,595.60
Other non-reconciled items	(370,722.14)	261,050.39
Budgetary result	348,562.48	476,978.35
	348,566.09	476,979.07
Including amount of exchange rate differences	(3.61)	(0.72)
Amount not explained	(0.00)	0.00

Implementation of budget revenue

Implementation of budget revenue – Title 9

EUR

Revenue 2023					
Budget Line	Funding sources of revenue	Income entitlements	Established during the year	Cashed revenue	Outstanding at year end
901	Contribution from the EU general budget	17,457,909.00	17,457,909.00	17,457,909.00	-
902	Other	1,530,014.72	1,529,161.67	1,529,161.67	853.05
904	EFTA contribution	431,528.00	431,528.00	431,528.00	-
905	Fees and charges	10,190,224.61	10,168,867.68	10,158,245.19	31,979.42
Total		29,609,676.33	29,587,466.35	29,576,843.86	32,832.47

Implementation of budget expenditure

Implementation of 2023 appropriations

Budget Line	Description	Fund Source	Initial appropriations	Amendment	Transfers	Final appropriation	Committed	Paid	Carry over	Cancelled funds
1100	Basic salaries and correction	C1	7,246,767.00	0.00	(342,580.40)	6,904,186.60	6,904,186.60	6,904,186.60	0.00	0.00
1101	Family allowances	C1	1,066,863.00	0.00	18,532.24	1,085,395.24	1,085,395.24	1,085,395.24	0.00	0.00
1102	Expatriation and foreign residence allowances	C1	1,094,416.00	0.00	(26,622.34)	1,067,793.66	1,067,793.66	1,067,793.66	0.00	0.00
1110	Contract agents	C1	2,268,448.00	0.00	366,436.78	2,634,884.78	2,634,884.78	2,634,884.78	0.00	0.00
1111	Seconded National Experts	C1	514,970.00	0.00	(147,821.07)	367,148.93	367,148.93	367,148.93	0.00	0.00
1120	Training and information for staff	C1	544,860.00	(26,765.85)	(145,362.65)	372,731.50	353,503.54	249,120.40	104,383.14	19,227.96
1130	Insurance against sickness	C1	278,179.00	0.00	(7,747.66)	270,431.34	270,431.34	270,431.34	0.00	0.00
1131	Insurance against accidents and occupational disease	C1	33,234.00	0.00	(2,969.19)	30,264.81	30,264.81	30,264.81	0.00	0.00
1132	Unemployment insurance for temporary staff	C1	98,400.00	0.00	5,798.04	104,198.04	104,198.04	104,198.04	0.00	0.00
1140	Birth and death grants	C1	2,100.00	0.00	(1,108.45)	991.55	991.55	991.55	0.00	0.00
1141	Annual travel expense from place of work to origin	C1	101,987.00	0.00	(2,361.27)	99,625.73	99,625.73	99,625.73	0.00	0.00
1142	Schooling fees	C1	601,071.00	(64,000.00)	(84,176.17)	452,894.83	452,571.97	395,591.22	56,980.75	322.86
1150	Overtime	C1	31,019.00	0.00	(12,568.23)	18,450.77	18,450.77	18,450.77	0.00	0.00
1160	Expenditure related to recruitment	C1	30,000.00	0.00	(15,000.00)	15,000.00	6,389.83	6,389.83	0.00	8,610.17

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Budget Line	Description	Fund Source	Initial appropriations	Amendment	Transfers	Final appropriation	Committed	Paid	Carry over	Cancelled funds
1161	Travel expenses taking up duty	C1	11,400.00	0.00	(7,034.72)	4,365.28	4,365.28	4,365.28	0.00	0.00
1162	Installation, resettlement and transfer allowances	C1	51,102.00	0.00	(1,267.94)	49,834.06	49,834.06	49,834.06	0.00	0.00
1163	Temporary daily subsistence allowances	C1	85,789.00	0.00	(35,791.25)	49,997.75	49,997.75	49,997.75	0.00	0.00
1170	Supplementary clerical and interim services	C1	973,060.00	(120,411.19)	46,895.00	899,543.81	899,543.81	811,400.99	88,142.82	0.00
1171	Administrative assistance	C1	252,200.00	(30,647.85)	32,556.19	254,108.34	254,108.34	254,108.34	0.00	0.00
1172	Trainees	C1	339,320.00	(126,723.35)	(2,787.71)	209,808.94	209,808.94	209,808.94	0.00	0.00
1200	Mission expenses -Corporate Services	C1	35,200.00	(10,000.00)	(5,245.20)	19,954.80	19,484.80	16,250.59	3,234.21	470.00
1201	Mission expenses - Director	C1	50,000.00	0.00	(3,000.00)	47,000.00	38,172.42	37,035.48	1,136.94	8,827.58
1202	Mission expenses - Strategy Delivery and Communications	C1	40,000.00	0.00	(7,000.00)	33,000.00	27,618.64	26,361.61	1,257.03	5,381.36
1203	Missions expenses - Legal services	C1	20,000.00	(10,000.00)	(2,950.00)	7,050.00	7,019.34	7,019.34	0.00	30.66
1300	Medical services and equipment	C1	37,080.00	(530.00)	0.00	36,550.00	36,550.00	31,037.00	5,513.00	0.00
1401	Social welfare of staff	C1	31,600.00	0.00	(21,100.00)	10,500.00	10,182.64	5,832.64	4,350.00	317.36
1410	Staff Committee	C1	16,500.00	0.00	4,000.00	20,500.00	20,500.00	19,226.58	1,273.42	0.00
	Total Title 1		15,855,565.00	(389,078.24)	(400,276.00)	15,066,210.76	15,023,022.81	14,756,751.50	266,271.31	43,187.95
2000	Rent	C1	762,154.00	0.00	11,618.13	773,772.13	773,772.13	773,772.13	0.00	0.00
2001	Removal costs	C1	75,000.00	(125.35)	(42,000.00)	32,874.65	32,874.65	14,485.30	18,389.35	0.00
2010	Utilities	C1	203,280.00	0.00	106,500.00	309,780.00	309,780.00	299,546.14	10,233.86	0.00

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Budget Line	Description	Fund Source	Initial appropriations	Amendment	Transfers	Final appropriation	Committed	Paid	Carry over	Cancelled funds
2011	Cleaning and maintenance	C1	205,231.00	0.00	(43,000.00)	162,231.00	162,231.00	160,676.36	1,554.64	0.00
2020	Insurance	C1	25,000.00	0.00	(1,567.96)	23,432.04	23,432.04	23,432.04	0.00	0.00
2030	Security and surveillance of buildings	C1	172,480.00	0.00	(58,000.00)	114,480.00	114,480.00	108,613.83	5,866.17	0.00
2031	Health and safety at work	C1	4,500.00	(2,606.42)	0.00	1,893.58	1,773.75	1,773.75	0.00	119.83
2040	Other expenditure on buildings	C1	38,500.00	(33,058.39)	83,207.47	88,649.08	82,104.05	31,944.49	50,159.56	6,545.03
2042	Greening	C1	144,000.00	0.00	(144,000.00)	0.00	0.00	0.00	0.00	0.00
2100	Consumables	C1	15,000.00	(7,500.00)	0.00	7,500.00	4,025.00	3,768.75	256.25	3,475.00
2102	Subscriptions IT	C1	500,000.00	(42,500.00)	242,326.00	699,826.00	658,266.40	278,364.96	379,901.44	41,559.60
2103	Disaster recovery site	C1	46,000.00	(16,400.00)	0.00	29,600.00	29,577.61	29,577.61	0.00	22.39
2210	Purchase of furniture	C1	55,000.00	(15,846.44)	(20,606.64)	18,546.92	18,546.92	7,153.56	11,393.36	0.00
2220	Transportation costs	C1	70,300.00	(40,000.00)	0.00	30,300.00	30,300.00	28,335.71	1,964.29	0.00
2230	Library acquisitions	C1	243,800.00	0.00	123,000.00	366,800.00	366,336.40	329,060.83	37,275.57	463.60
2300	Stationery and office supplies	C1	30,000.00	0.00	(5,500.18)	24,499.82	23,928.09	20,156.62	3,771.47	571.73
2310	Bank charges	C1	150.00	0.00	(100.00)	50.00	50.00	4.69	45.31	0.00
2320	Legal expenses	C1	300,000.00	0.00	275,381.88	575,381.88	575,380.64	202,289.72	373,090.92	1.24
2325	External audit expenses	C1	11,500.00	0.00	(278.00)	11,222.00	11,222.00	0.00	11,222.00	0.00
2326	Information security	C1	145,000.00	800,000.00	0.00	945,000.00	940,890.62	25,468.99	915,421.63	4,109.38
2328	Data protection	C1	40,000.00	0.00	0.00	40,000.00	39,769.46	38,811.16	958.30	230.54
2330	Administrative Board meetings	C1	167,000.00	(10,000.00)	(77,000.00)	80,000.00	80,000.00	33,038.44	46,961.56	0.00
2331	Board of Regulators meetings	C1	46,470.00	0.00	(12,000.00)	34,470.00	30,000.00	16,097.40	13,902.60	4,470.00

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Budget Line	Description	Fund Source	Initial appropriations	Amendment	Transfers	Final appropriation	Committed	Paid	Carry over	Cancelled funds
2332	Board of Appeal	C1	682,000.00	0.00	(5,000.00)	677,000.00	677,000.00	547,284.05	129,715.95	0.00
2333	External participants to meetings	C1	8,000.00	(5,000.00)	(335.22)	2,664.78	0.00	0.00	0.00	2,664.78
2334	EU Agencies Network	C1	5,500.00	0.00	335.22	5,835.22	5,835.22	5,835.22	0.00	0.00
2400	Postal charges	C1	15,800.00	0.00	(13,050.00)	2,750.00	2,750.00	2,750.00	0.00	0.00
2410	Telecommunications subscriptions and charges	C1	60,000.00	0.00	0.00	60,000.00	49,517.06	45,242.90	4,274.16	10,482.94
2420	Hardware and other equipment	C1	250,000.00	0.00	(150,000.00)	100,000.00	93,656.57	87,391.91	6,264.66	6,343.43
	Total Title 2		4,321,665.00	626,963.40	269,930.70	5,218,559.10	5,137,499.61	3,114,876.56	2,022,623.05	81,059.49
3000	Representation expenses - Director	C1	5,000.00	(500.00)	(1,875.00)	2,625.00	2,625.00	2,625.00	0.00	0.00
3001	Representation expenses - Corporate Services	C1	500.00	0.00	(100.00)	400.00	363.21	363.21	0.00	36.79
3002	Representation expenses - Electricity	C1	1,000.00	0.00	0.00	1,000.00	767.96	767.96	0.00	232.04
3003	Representation expenses - MIT	C1	1,000.00	0.00	0.00	1,000.00	593.83	593.83	0.00	406.17
3004	Representation expenses - IGR	C1	1,000.00	0.00	(100.00)	900.00	783.80	783.80	0.00	116.20
3005	Representation expenses - MSC	C1	1,000.00	(100.00)	(658.20)	241.80	241.80	241.80	0.00	0.00
3100	Operational missions - IGR Department	C1	70,000.00	(3,000.00)	(15,000.00)	52,000.00	47,718.44	45,295.25	2,423.19	4,281.56
3101	Operational missions - Electricity Department	C1	50,000.00	0.00	36,000.00	86,000.00	76,827.46	66,369.94	10,457.52	9,172.54
3102	Operational missions - MIT	C1	30,000.00	0.00	(10,000.00)	20,000.00	17,619.54	17,449.54	170.00	2,380.46
3103	Operational missions - MSC	C1	31,000.00	0.00	(1,921.50)	29,078.50	29,078.50	25,748.75	3,329.75	0.00
3200	Communication	C1	407,700.00	0.00	0.00	407,700.00	406,672.12	46,713.68	359,958.44	1,027.88

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Budget Line	Description	Fund Source	Initial appropriations	Amendment	Transfers	Final appropriation	Committed	Paid	Carry over	Cancelled funds
3300	Translation at CDT	C1	298,450.00	0.00	(199,000.00)	99,450.00	91,980.50	68,450.50	23,530.00	7,469.50
3500	Infrastructure, hardware licenses, deployment, service desk and operations	C1	1,810,000.00	0.00	0.00	1,810,000.00	1,808,955.39	1,070,329.75	738,625.64	1,044.61
3501	Software maintenance, development, testing and software licenses	C1	1,380,000.00	0.00	0.00	1,380,000.00	1,380,000.00	507,274.74	872,725.26	0.00
3502	Surveillance and BI tools customisation, licenses and consultancy	C1	930,000.00	0.00	0.00	930,000.00	930,000.00	417,406.53	512,593.47	0.00
3503	Studies, technical writing, coordination, QA and information security	C1	500,000.00	0.00	0.00	500,000.00	500,000.00	100,000.00	400,000.00	0.00
3504	Specific data and information services	C1	1,652,000.00	(1,109,498.00)	0.00	542,502.00	537,288.81	233,642.31	303,646.50	5,213.19
3505	Business enhancements and development of surveillance and conduct tools # Market Surveillance and Conduct Department	C1	500,000.00	3,574.85	250,000.00	753,574.85	749,074.85	25,000.00	724,074.85	4,500.00
3600	Expert consultations - MIT	C1	505,000.00	0.00	247,000.00	752,000.00	747,829.21	74,000.00	673,829.21	4,170.79
3601	Expert consultations - IGR	C1	250,000.00	(43,700.00)	25,000.00	231,300.00	227,550.00	57,100.00	170,450.00	3,750.00
3602	Expert consultations - Electricity	C1	215,000.00	(67,235.01)	45,000.00	192,764.99	192,764.99	19,314.99	173,450.00	0.00
3603	Expert consultations - Corporate Services	C1	450,000.00	(185,840.00)	(234,000.00)	30,160.00	30,160.00	30,160.00	0.00	0.00
3604	Expert consultations - MSC	C1	25,000.00	(15,000.00)	(10,000.00)	0.00	0.00	0.00	0.00	0.00
3605	DEX projects and activities	C1	1,480,000.00	0.00	0.00	1,480,000.00	1,479,886.12	235,253.62	1,244,632.50	113.88

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Budget Line	Description	Fund Source	Initial appropriations	Amendment	Transfers	Final appropriation	Committed	Paid	Carry over	Cancelled funds
	Total Title 3		10,593,650.00	(1,421,298.16)	130,345.30	9,302,697.14	9,258,781.53	3,044,885.20	6,213,896.33	43,915.61
	Total 2023		30,770,880.00	(1,183,413.00)	(0.00)	29,587,467.00	29,419,303.95	20,916,513.26	8,502,790.69	168,163.05

Implementation of assigned revenue

Budget implementation - current year assigned revenue							
Budget Line	Description	Fund Source	Initial appropriations	Committed	Paid	Automatic carry over	Cancelled funds
2220	Transportation costs	C4	119.79	0	0	119.79	0
Budget implementation - previous year assigned revenue carried over automatically							
Budget Line	Description	Fund Source	Initial appropriations	Committed	Paid	Automatic carry over	Cancelled funds
1142	Schooling fees	C5	833.55	0.00	0.00	0.00	833.55
1201	Mission expenses - Director	C5	1,040.79	0.00	0.00	0.00	1,040.79
2220	Transportation costs	C5	192.50	0.00	0.00	0.00	192.50
3200	Communication	C5	900.00	0.00	0.00	0.00	900.00
Total 2023			2,966.84	0.00	0.00	0.00	2,966.84

Implementation of funds carried over from previous year

Budget Line	Description	Fund Source	Initial appropriations	Paid	Cancelled funds
1200	Mission expenses -Corporate Services	C8	3,196.12	(2,235.16)	960.96
1300	Medical services and equipment	C8	22,624.00	(19,278.00)	3,346.00
1201	Mission expenses - Director	C8	415.21	(415.21)	0.00
1202	Mission expenses - Strategy Delivery and Communications	C8	3,445.81	(2,570.88)	874.93
1410	Staff Committee	C8	685.00	(630.00)	55.00
1120	Training and information for staff	C8	107,617.43	(80,362.89)	27,254.54
1142	Schooling fees	C8	11,000.00	(10,098.36)	901.64
1160	Expenditure related to recruitment	C8	6,000.00	(5,728.15)	271.85
1170	Supplementary clerical and interim services	C8	69,751.51	(52,415.20)	17,336.31
1171	Administrative assistance	C8	11,000.00	(9,522.00)	1,478.00
	Total Title 1		235,735.08	(183,255.85)	52,479.23
2300	Stationery and office supplies	C8	5,372.65	(5,372.65)	0.00
2400	Postal charges	C8	600.00	(270.35)	329.65
2001	Removal costs	C8	11,846.96	(11,846.96)	0.00
2102	Subscriptions IT	C8	240,249.05	(220,579.34)	19,669.71
2010	Utilities	C8	22,000.00	(20,570.73)	1,429.27
2210	Purchase of furniture	C8	49,467.21	(49,467.21)	0.00
2310	Bank charges	C8	7.50	(1.10)	6.40
2410	Telecommunications subscriptions and charges	C8	12,777.18	(3,875.21)	8,901.97
2011	Cleaning and maintenance	C8	15,500.01	(14,151.00)	1,349.01
2220	Transportation costs	C8	20,000.00	(8,623.79)	11,376.21
2320	Legal expenses	C8	361,584.49	(342,900.00)	18,684.49
2420	Hardware and other equipment	C8	192,175.57	(192,175.57)	0.00
2325	External audit expenses	C8	16,833.00	(16,833.00)	0.00
2326	Information security	C8	31,081.05	(30,766.05)	315.00
2328	Data protection	C8	25,634.50	(25,634.50)	0.00
2030	Security and surveillance of buildings	C8	14,650.19	(12,963.65)	1,686.54

Budget Line	Description	Fund Source	Initial appropriations	Paid	Cancelled funds
2230	Library acquisitions	C8	23,781.56	(23,774.31)	7.25
2330	Administrative Board meetings	C8	10,498.19	(6,722.01)	3,776.18
2331	Board of Regulators meetings	C8	72,999.57	(71,660.66)	1,338.91
2332	Board of Appeal	C8	263,797.42	(263,797.42)	0.00
2040	Other expenditure on buildings	C8	68,524.03	(63,739.82)	4,784.21
	Total Title 2		1,459,380.13	(1,385,725.33)	73,654.80
3000	Representation expenses - Director	C8	100.00	0.00	100.00
3100	Operational missions - IGR Department	C8	1,010.36	(946.78)	63.58
3200	Communication	C8	138,542.80	(138,265.06)	277.74
3300	Translation at CDT	C8	95,218.00	(94,879.00)	339.00
3500	Infrastructure, hardware licenses, deployment, service desk and operations	C8	1,460,119.51	(1,459,506.61)	612.90
3600	Expert consultations - MIT	C8	506,334.73	(476,334.73)	30,000.00
3101	Operational missions - Electricity Department	C8	3,546.29	(3,192.79)	353.50
3501	Software maintenance, development, testing and software licenses	C8	1,158,567.39	(1,157,891.50)	675.89
3601	Expert consultations - IGR	C8	127,600.00	(127,600.00)	0.00
3502	Surveillance and BI tools customisation, licenses and consultancy	C8	351,908.97	(350,629.92)	1,279.05
3602	Expert consultations - Electricity	C8	52,288.00	(52,288.00)	0.00
3503	Studies, technical writing, coordination, QA and information security	C8	500,000.00	(500,000.00)	0.00
3603	Expert consultations - Corporate Services	C8	243,520.00	(227,200.00)	16,320.00
3504	Specific data and information services	C8	273,702.65	(272,423.59)	1,279.06
3604	Expert consultations - MSC	C8	14,400.00	(14,400.00)	0.00
3505	Business enhancements and development of surveillance and conduct tools # Market Surveillance and Conduct Department	C8	284,192.50	(284,192.50)	0.00
3605	DEX projects and activities	C8	327,153.30	(327,151.20)	2.10
	Total Title 3		5,538,204.50	(5,486,901.68)	51,302.82
	Total 2023		7,233,319.71	(7,055,882.86)	177,436.85

Glossary

Administrative appropriations

Appropriations to cover the running costs of the entities (staff, buildings, office equipment).

Adopted budget

Draft budget becomes the adopted budget as soon as approved by the budgetary authority.

Amending budget

Decision adopted during the budget year to amend (increase, decrease, transfer) aspects of the adopted budget of that year.

Appropriations (Budget funding)

The budget forecasts both commitments (legal pledges to provide finance) and payments (cash or bank transfers to the beneficiaries). Appropriations for commitments and payments often differ — differentiated appropriations — because multiannual programmes and projects are usually fully committed in the year they are decided and are paid over the years as the implementation of the programme and project progresses.

Assigned revenue

Revenue dedicated to finance specific items of expenditure.

Budget result

The difference between income received and amounts paid, including adjustments for carry-overs, cancellations and exchange rate differences.

For agencies, the resulting amount will have to be reimbursed to the funding authority.

Budget implementation

Consumption of the budget through expenditure and revenue operations.

Budget item / Budget line / Budget position

Revenue and expenditure are shown in the budget structure in accordance with a binding nomenclature, which reflects the nature and purpose of each item, as imposed by the budgetary authority. The individual headings (title, chapter, article or item) provide a formal description of the nomenclature.

Budgetary commitment

Operation by which the authorising officer responsible reserves the budget appropriations necessary to cover for subsequent payments to honour legal commitments.

Cancellation of appropriations

Appropriations which have not been used by the end of the financial year and which cannot be carried over, shall be cancelled.

Carryover of appropriations

Exception to the principle of annuality in so far as appropriations that could not be used in a given budget year may, under strict conditions, be exceptionally carried over for use during the following year.

Commitment appropriations

Commitment appropriations cover the total value of legal obligations (contracts, grant agreements or decisions) that could be signed in the current financial year.

De-commitment

Operation whereby the authorising officer responsible cancels wholly or partly the reservation of appropriations previously made by means of a budgetary commitment.

Differentiated appropriations

Differentiated appropriations are used to finance multiannual operations; they cover, for the current financial year, the total cost of the legal obligations entered into for operations whose implementation extends over more than one financial year.

Economic result

Impact on the balance sheet of expenditure and revenue based on accrual accounting rules.

Entitlements established

Right to collect income from a debtor as recognised through the issuing of a recovery order.

Exchange rate difference

The difference resulting from currency exchange rates applied to the transactions concerning countries outside the euro area, or from the revaluation of assets and liabilities in foreign currencies at the date of the accounts.

Expenditure

Term used to describe spending the budget from all types of funds sources.

Grants

Direct financial contributions from the budget to third-party beneficiaries, engaged in activities that serve Union policies.

Lapsing appropriations

Unused appropriations to be cancelled at the end of the financial year. Lapsing means the cancellation of all or part of the authorisation to make expenditures and/or incur liabilities, as represented by an appropriation.

For joint undertakings (and EIT), as specified in their Financial Rules, any unused appropriations may be entered in the estimate of revenue and expenditure of up to the following three financial years (the so-called "N+3" rule). Hence, lapsing appropriations for JUs can be re-activated until financial year "N+3".

Legal basis / basic act

The legal act adopted by the legislative authority (usually the Council and European Parliament) specifying the objective of a Union spending programme, the purpose of the appropriations, the rules for intervention, expiry date and the relevant financial rules to serve as a legal basis for the implementation of the spending programme.

Legal commitment

The act whereby the Authorising Officer enters into an obligation towards third parties which results in a charge for the Union budget.

Common forms of legal commitments are contracts in the case of procurement, grant agreements and grant decisions.

Non-differentiated appropriations

Appropriations which meet annual needs and must therefore be committed during the budget year. Only amounts qualifying for automatic carryover can be disbursed in the following year. Non-differentiated appropriations which have not been used, i.e. committed, by the end of the year, are cancelled (unless, exceptionally, permission is given by a Commission decision for a non-automatic carryover). Non-differentiated appropriations apply to administrative expenditure and commitment appropriations equal payment appropriations.

Operational appropriations

Operational appropriations finance the different policies, mainly in the form of grants or procurement.

Outstanding commitments

Outstanding commitments (or RAL, from the French ‘reste à liquider’) are defined as the amount of appropriations committed that have not yet been paid. They stem directly from the existence of multiannual programmes and the dissociation between commitment and payment appropriations.

Payment appropriations

Payment appropriations cover expenditure due in the current year, arising from legal commitments entered in the current year and/or earlier years.

RAL (Reste à liquider)

Amount remaining to be paid on a budgetary commitment at a given moment. Cf. Outstanding commitments

Surplus

Positive difference between revenue and expenditure, which has to be returned to the funding authority. Cf. Budget result

Transfer between budget lines

Transfers between budget lines imply the relocation of appropriations from one budget line to another, in the course of the financial year, and thereby they constitute an exception to the budgetary principle of specification.