

# ACER

Agency for the Cooperation  
of Energy Regulators

Working towards a single energy market  
to the benefit of all EU consumers



## The Agency's Work Programme Outline for 2018

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**Presentation for stakeholders, 17 October 2016**

## ● ACER's Work Programme 2018

- Basis: ACER's mandate and acts
- WP structure and background
- WP consultation process
- WP activities and deliverables by theme
- Next steps

“The purpose of the Agency shall be to **assist** the [NRAs] in exercising, at [Union] level, the regulatory tasks performed in the Member States and, where necessary, to **coordinate** their action”.

*Article 1(2), Regulation (EC) No 713/2009*

**ACER plays a CENTRAL ROLE in the new institutional framework introduced by the Third Energy Package with a EXPANDING MISSION**

## Third Energy Package

Directives 2009/72/EC, 2009/73/EC

Regulations (EC) No 713/2009, 714/2009, 715/2009

+

## Regulation No 1227/2011 (REMIT)

on Wholesale Energy Market Integrity and Transparency

+

## Regulation No 347/2013 (TEN-E Regulation)

on Guidelines for trans-European energy infrastructure

## ***EU Council Conclusions – 21 March 2014***

***“The objectives of completing the internal energy market by 2014 and developing Interconnections... by 2015 remain a priority. The European Council calls for speeding up efforts...”***

***= Current ACER mandate***

## ***EU Council Conclusions – 19 March 2015***

***“The EU is committed to building an Energy Union”... with “a fully integrated European energy market”***

***ACER's role at this stage is not defined***

***Legislative initiative on Energy Union Governance expected by the end of 2016, as part of the “Winter Package” – effects on ACER's role in 2018?***

## Recap of types of acts which ACER can adopt

**Opinions and  
Recommendations**

**TSOs**

**NRAs**

**European  
Parliament**

**EU Council**

**European  
Commission**

**Individual decisions in specific cases  
(residual power)**



**Decisions on Terms and Conditions for Access to and Operational Security of Cross-border Infrastructure**



**Decisions on TPA/Unbundling Exemptions**



**Decision on Cross-border Cost Allocation for Project of Common Interest (TEN-E Regulation)**

**ACER decides if:**

- **The concerned NRAs fail to reach an agreement, or**
- **Jointly requested by the concerned NRAs**

## Programming Document (PD)

The Annual Work Programme 2018 is a constituent part of the PD 2018, in line with the mandatory structure foreseen for EU Agencies

## Timing

The 'final draft' of the Programming Document is to be submitted to the European Commission by 31 January 2017

## Multiannual outlook

ACER's strategic areas 2018 – 2020: Updated, but mostly unchanged from last year (may change in the future if new tasks are given to ACER within the Energy Union)

## Annual Work Programme

Largely based on the Agency's legal mandate  
Focus on activities, tasks and deliverables

A rapidly changing energy market

Planning in 2016 for 2018 (developments in 2017?)

New powers to ACER?

Energy Union governance framework yet to be unveiled

Available budget?

Due to the timing of the draft, the available budget is  
an 'unknown'



This presentation is based on the 2018 Draft Outline of tasks and deliverables that serves as a basis for ACER's Programming Document 2018.

The Draft Outline is available on the Agency's website.

Stakeholders are invited to provide their input in writing by **18 November 2016**.

The Agency will endeavour to take on board stakeholders' input to the extent that it is feasible and in line with its mandate and the available resources.

## **Theme 1:** (Post-) IEM Completion

- Complete transposition of Third Package
- Implementation and Monitoring of Network Codes

## **Theme 2:** The Infrastructure Challenge

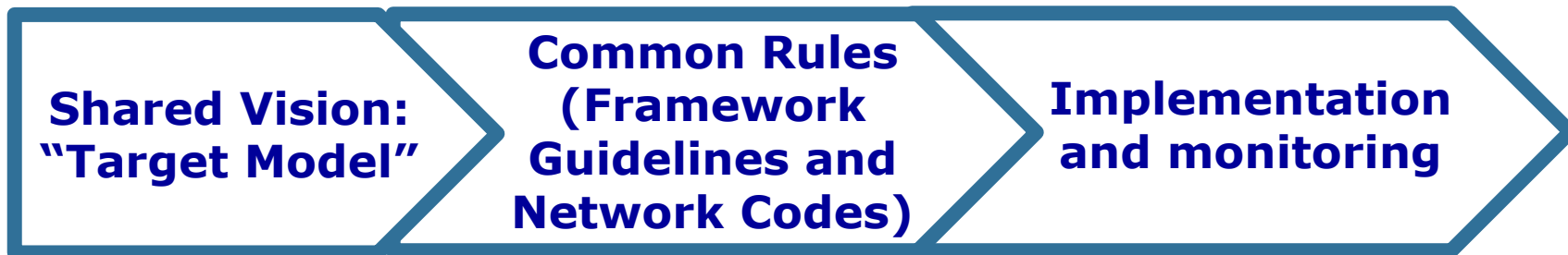
- Electricity and Gas TYNDPs
- PCI progress and implementation
- Cross-Border Cost Allocation

## **Theme 3:** Wholesale Energy Market Integrity and Transparency

- REMIT 'live'
- Wholesale Market Monitoring

## **Theme 4:** Future Challenges, including RES Integration Challenge

- "Bridge to 2025"  
implementation  
(resources permitting)



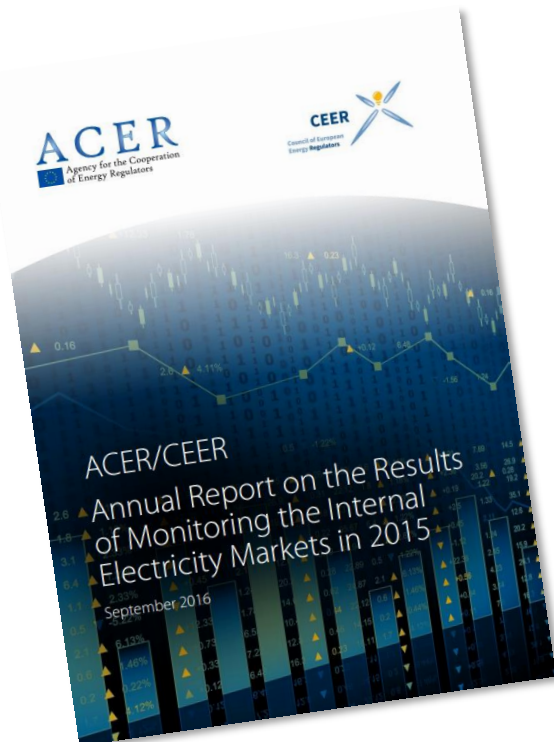
**A Parallel Process to deliver tangible benefits to EU energy consumers as soon as possible**

**Formal Framework Guidelines / Network Codes Process**

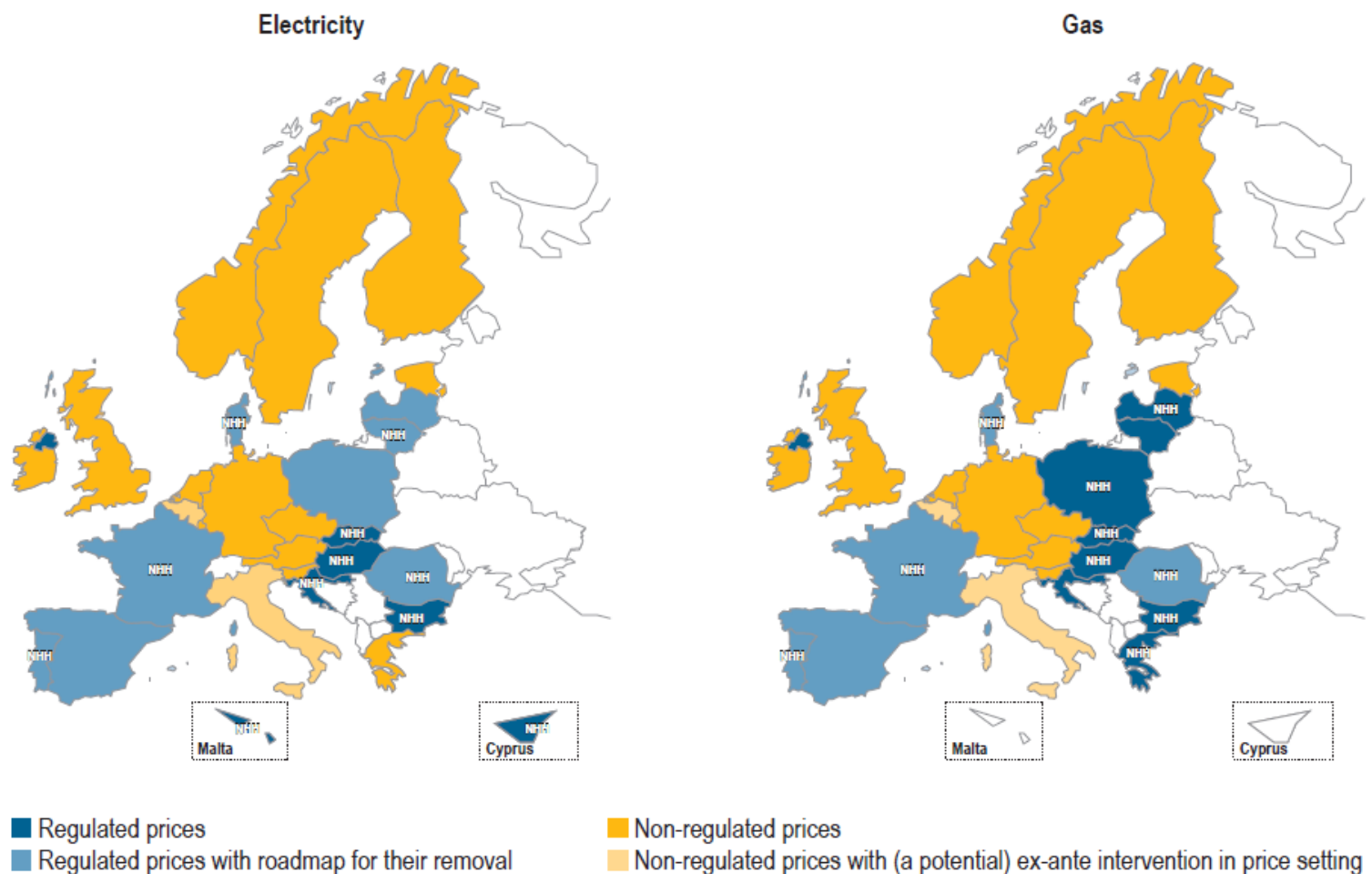
**Voluntary Early Implementation of the Target Model**

## Monitoring of IEM Developments

- 7<sup>th</sup> Annual Market Monitoring Report
  - » Retail prices in electricity and natural gas
  - » Barriers to entry
  - » Wholesale market integration
  - » Consumer welfare benefits or losses as a result of market integration (or lack of it)
  - » Access to networks
  - » Compliance with consumer rights



*Regulated prices for households still exist in 14 countries in electricity and 13 countries in gas*



## Priority Area

## NC Status and monitoring of implementation

### Electricity

Grid Connection	Requirements for Generators NC adopted (OJ: 27.4.2016 EiF: 17.05.2016) Demand Connection Code adopted (OJ 18.8.2016 EiF 07.09.2016) HVDC NC adopted (OJ 08.09.2016 EiF 28.09.2016)
Capacity Allocation and Cong. Manag.	CACM Guideline adopted (OJ: 25.07.2015 EiF: 14.08.2015) Forward Capacity Allocation Guideline adopted (OJ: 27.9.2016 EiF: 17.10.2016)
System Operation	System Operation Guideline approved in Comitology Emergency and Restoration NC recommended for adoption (Voting in October)
Balancing	Electricity Balancing NC recommended for adoption (Comitology began in June)

### Gas

Capacity Allocation	Capacity Allocation Mechanisms NC adopted (OJ: 14.10.2013 EiF: 01.11.2015)
Balancing	Gas Balancing NC adopted (OJ: 26.03.2014 EiF: 01.10.2015)
Interop. & Data Exch.	Interoperability and data exchange NC adopted (OJ: 01.05.2015 EiF: 01.05.2016)
Transmission tariffs	Harmonised Tariff Structure NC approved in Comitology

## Implementation of Electricity Capacity Allocation and Congestion Management GL

Methodologies	Last submission date	All NRAs approval due date	ACER decision due date
NEMO designation	N/A	14.12.2015	N.A
Capacity Calculation Regions definition	17.11.2015	No agreement 17.05.2016	17.11.2016
Market Coupling Operator Plan	15.04.2016*	15.10.2016	/
Generation and Load Data Provision	11.07.2016*	11.01.2017	/
Common Grid Model	11.07.2016*	11.01.2017	/
Congestion Income Distribution	18.08.2016*	14.02.2017	/
Intraday cross-zonal gate opening and closure times	14.12.2016*	14.06.2017	/
Single day-ahead firmness deadline	14.12.2016*	14.06.2017	/

## Electricity

### Tasks in WP 2018

- Harmonised transmission tariff structures: Common set of transmission tariff principles to facilitate a harmonised approach
- Preparation for and monitoring of the implementation of the adopted Network Codes and Guidelines, e.g.:
  - Opinion on ENTSO-E's plan for the monitoring of the implementation of the adopted Network Codes and Guidelines
  - Determination and potential update of a list of relevant information to be communicated by ENTSO-E to the Agency for the purpose of its monitoring activities pursuant to the adopted Network Codes and Guidelines



## Electricity

### Tasks in WP 2018 (cont.)

- Recommendations to assist NRAs and market players in sharing good practices, where necessary
- Investigation of the reasons when TSOs, NEMOs or other entities fail to submit terms and conditions or methodologies for the approval by NRAs pursuant to the adopted Network Codes and Guidelines, should this happen
- Assistance to NRAs for the approval of the terms and conditions or methodologies developed by TSOs, NEMOs or third entities pursuant to the adopted Network Codes and Guidelines

## Electricity

### Tasks in WP 2018 (cont.)

- Coordination of implementation projects established pursuant to the Network Codes and Guidelines and, where relevant, pursuant to the early implementation process
- Facilitation of the stakeholder involvement, as required, pursuant to the adopted Network Codes and Guidelines
- Review of the requests for amendments of the adopted Network Codes and Guidelines from interested persons and, where appropriate, based on these requests or the Agency's own initiative, preparation of the amendment proposals for the European Commission
- Recommendations to assist NRAs and market players in sharing good practices, where necessary

## Electricity

### Tasks in WP 2018 (cont.)

- Monitoring the performance of market coupling operator function and maintaining the list of designated and operating nominated electricity market operators
- Adoption of the opinions and recommendations at the request of one or more NRAs, or the European Commission, pursuant to Regulation (EC) 713/2009 as well as any opinions and recommendations pursuant to the adopted Network Codes and Guidelines;
- Report on the monitoring of progress in establishing and performing single day-ahead and intraday coupling

## Gas

### Tasks in WP 2018

- Review of the requests for amendments to the adopted Network Codes from interested persons and, where appropriate, based on these requests or the Agency's own initiative, preparation of the amendment proposals for the European Commission, if appropriate amendment of the Transparency Annex
- Early implementation of the Network Code on Harmonised Transmission Tariff Structures

## Gas

### Tasks in WP 2018 (cont.)

- Implementation Monitoring Report updates for the Network Code on Capacity Allocation Mechanisms (including incremental capacity), Balancing, Interoperability and Data Exchange
- 5th ACER report on monitoring of Congestion at interconnection points due on 1 June 2018
- Follow up other reporting of reviewing obligations as set out in the Network Codes on Balancing, Capacity Allocation Mechanisms and Tariff structures

## Gas

### Tasks in WP 2018 (cont.)

- Continuous work on data quality, testing of indicators designed to assess Network Codes and the effectiveness of codes to achieve a functioning internal market
- Recommendations to assist NRAs and market players in sharing good practices, where necessary
- Facilitation of stakeholder involvement, as required, pursuant to the adopted Network Codes and Guidelines
- Performance of the specific obligations of the Agency pursuant the adopted Network Codes and Guidelines

## Gas

### Tasks in WP 2018 (cont.)

#### **Gas Regional Initiatives (Early) NC implementation support**

- Coordination and monitoring of activities for the early voluntary implementation of Network Codes before their rules become legally binding
- Continued greater involvement and hands-on support in the SSE region to improve compliance with the network codes, address regional market issues and capability to integrate their national markets into the internal market
- Annual Gas Regional Initiative Status Review Report, reviewing developments in the Gas Regional Initiative and providing guidance for future work

Regulation (EU) 347/2013 introduced a novelty in trans-European energy infrastructure selection: Projects are to be selected only if *they contribute to certain EU policy objectives*, and mainly based on a *Cost Benefit Analysis (CBA) assessment*

### CBA methodology

- Prepared by ENTSOs
- **Opinion of ACER**
- Opinion of EC and MSs
- Approved by EC

### Ten Year Network Development Plans (TYNDPs)

- Prepared by ENTSOs every 2 years
- **Opinion of ACER**

### PCI selection

- Every 2 years
- Based on the last TYNDPs
- Conducted by Regional Groups (EC-chair, MSs, NRAs, promoters)
- Assessment methodology is decided by the RGs
- **Opinion by ACER**

### PCI monitoring

- Annual reports by project promoters
- **A consolidated report is prepared by ACER**
- Submitted to the Regional Groups

### Cross-Border Cross- Allocation (CBCA)

- When sufficient maturity is achieved
- **A decision by ACER if involved NRAs cannot agree.**

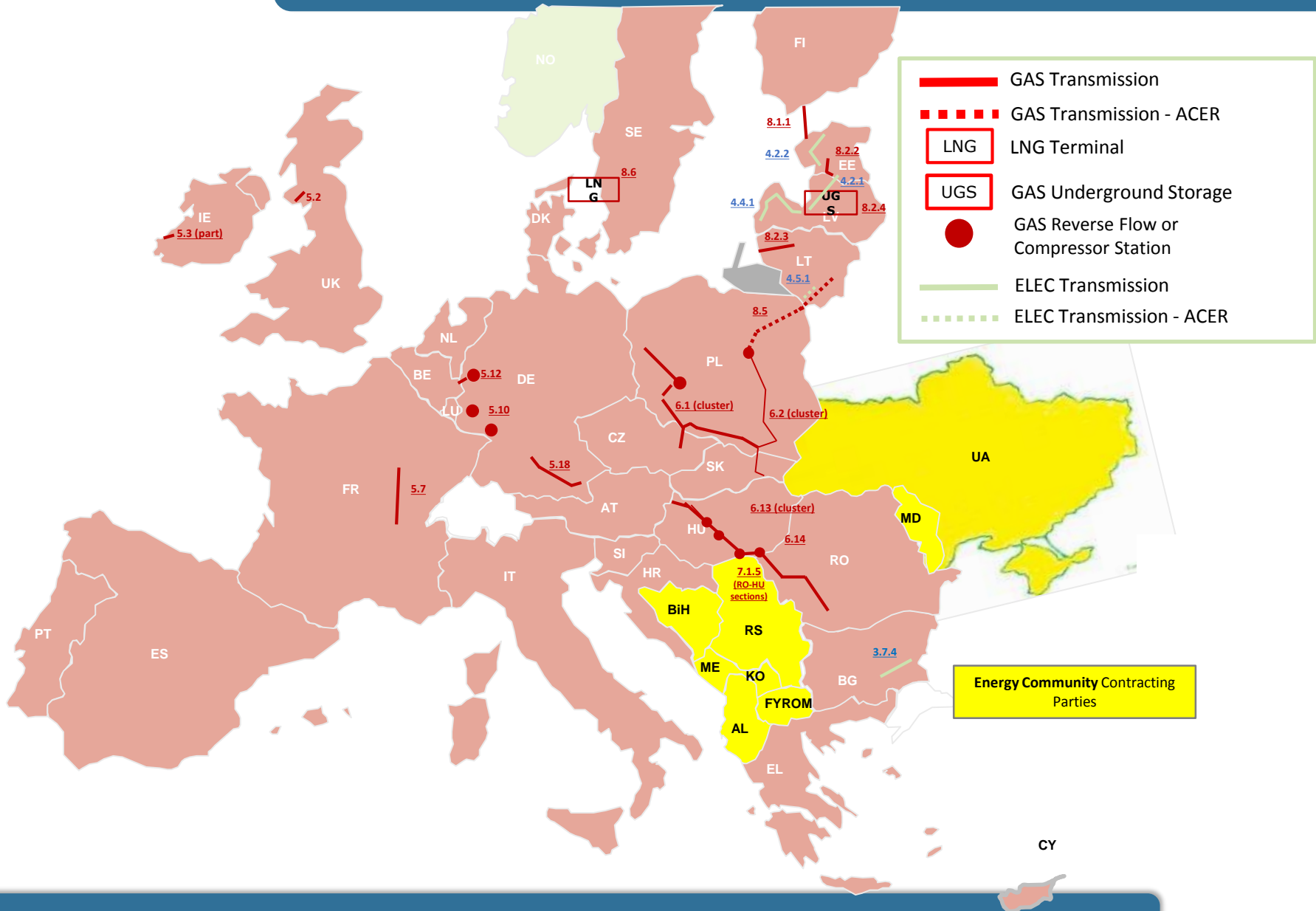
**PCI selection**

**PCI implementation**



# Theme 2 – The Infrastructure Challenge

## Investment Requests/CBCA decisions



Note: the location of projects is approximate and for illustration

### ACER Priorities in 2018

#### PCI Support

- Opinion on ENTSOs' updated methodologies for cost-benefit analysis, if updated
- Recommendations to assist NRAs and market players in sharing good practices, where necessary

#### PCI Implementation Monitoring

- Annual consolidated report on progress in PCI implementation and (if appropriate) recommendations to overcome delays/difficulties

## TEN-E Regulation Cross-Border Cost Allocation Decisions

ACER's workload difficult to predict in advance

Two CBCA Decisions adopted by ACER so far:

- **GIPL – Gas Interconnection Poland Lithuania**  
(11.8.2014)
- **LitPol – LT part of the Lithuania – Poland electricity interconnection** (16.04.2015)

### Electricity tasks in AWP 2018

- Annual monitoring report on the implementation and management of the inter-TSO compensation fund
- Opinions on: ENTSO-E's annual work programme 2019; annual report 2017; Summer and Winter supply outlooks; common network operation tools including a common incidents classification scale and research and development plan
- Opinion on the electricity national ten-year network development plans and (if appropriate) recommendations to amend it or amend the Union-wide network development plan

### Electricity tasks in AWP 2018 (cont.)

- Opinion on ENTSO-E's recommendations relating to the coordination of technical cooperation between the Union and third-country transmission system operators
- Report on monitoring the implementation of the electricity Union-wide Ten Year Network Development Plan (TYNDP) and the progress as regards the implementation of projects to create new interconnector capacity

### Gas tasks in AWP 2018

- Opinions on: ENTSOG's annual work programme 2019; annual report 2017; Summer and Winter supply outlooks; common network operation tools including a common incidents classification scale and research and development plan
- Reviews and recommendations on national TYNDPs regarding their (in)consistency with the Union-wide TYNDP

### Gas tasks in AWP 2018 (cont.)

- Opinions on ENTSOG's recommendations relating to the coordination of technical cooperation between the Union and third-country transmission system operators
- Report on monitoring the implementation of the Union-wide TYNDP and the progress as regards the implementation of projects to create new interconnector capacity

## **In 2018 the Agency may be called to perform the following activities on request:**

- Decisions on investment requests, including on cross-border cost allocation
- Decisions on terms and conditions and operational security of cross-border interconnectors and on exemptions, when requested jointly by the concerned NRAs or when the concerned NRAs fail to take a decision
- Opinions on preliminary decisions by NRAs on TSO certification when requested by the Commission
- Decisions on terms and conditions or methodologies to be approved pursuant to the adopted electricity Network Codes and Guidelines, in case NRAs are unable to reach an agreement



## Activities on request (continued):

- “Peer reviews”, as submitted to the Agency based on Article 7(4) of the (EC) Regulation No 713/2009
- Opinions on the application of Union energy legislation pursuant to Article 7(6) of Regulation (EC) No 713/2009
- Opinions and recommendations upon request by Member States, NRAs, the European Parliament, the Council and the European Commission (or on the Agency’s own initiative) in the areas of the Agency’s competence

## Activities on the Agency’s own initiative:

- Opinions and recommendations in the areas of its competence to the European Parliament, the Council and the European Commission

### Integrity

**Explicit prohibitions of abusive practices (market manipulation, attempted market manipulation and insider trading) in wholesale energy markets**

### Transparency

**Obligations for market participants to disclose inside information**

### Monitoring

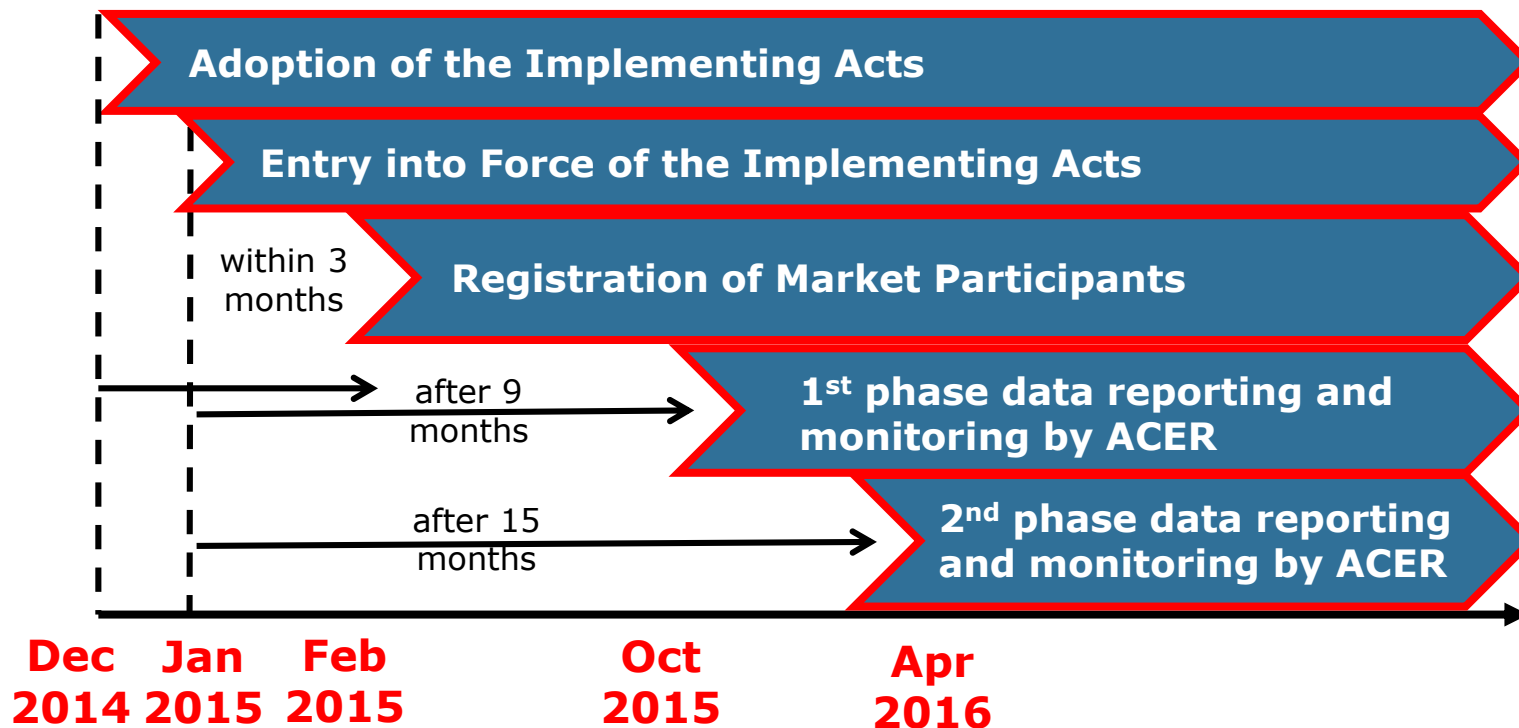
**A new, sector-specific, comprehensive and effective monitoring framework for wholesale energy markets**

### Cooperation

**Close cooperation and coordination between ACER (EU-wide monitoring) and NRAs (national monitoring, investigation and enforcement)**

## Market Monitoring 'live'

Trade data reporting obligation applies as of 7 October 2015



# Market Monitoring 'Fully live'

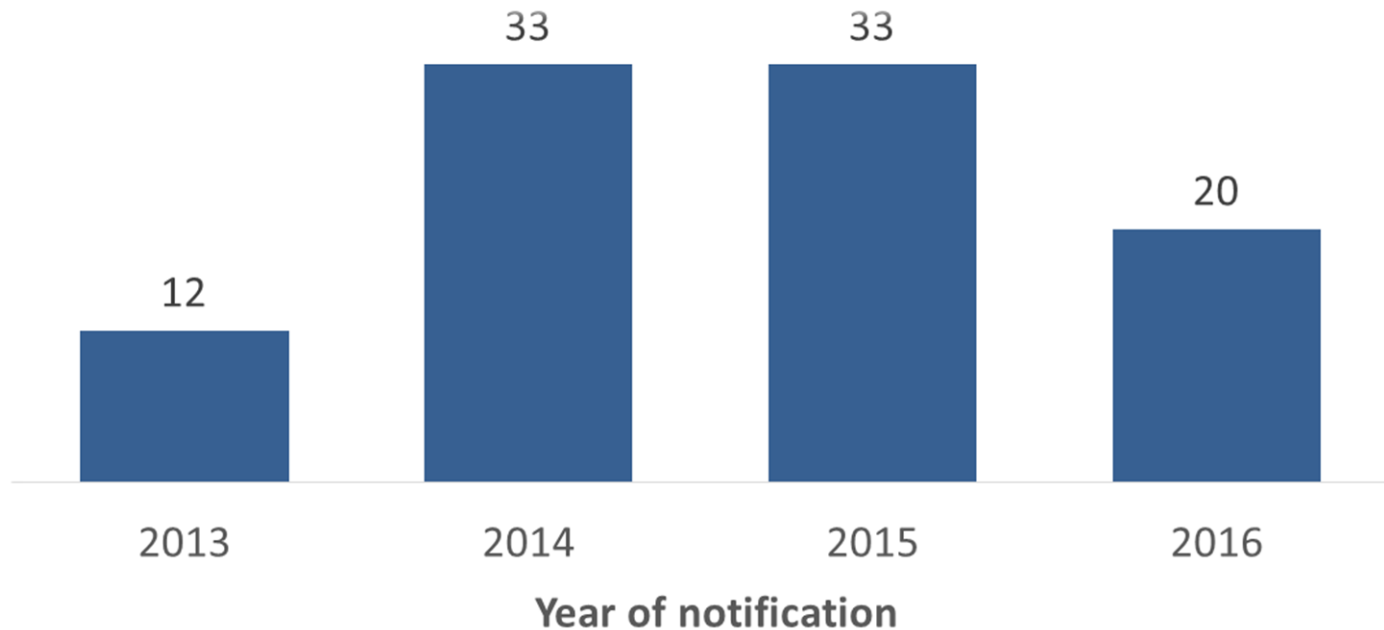
## 2<sup>nd</sup> phase

As of 7 April 2016, data on transactions in the remaining wholesale energy contracts (OTC standard and non-standard supply contracts; transportation contracts) and reportable fundamental data from Transmission System operators (TSOs), Liquefied Natural Gas System Operators (LSOs) and Storage System operators (SSOs) have to be reported to the Agency

### Statistics (*31/8/2016*)

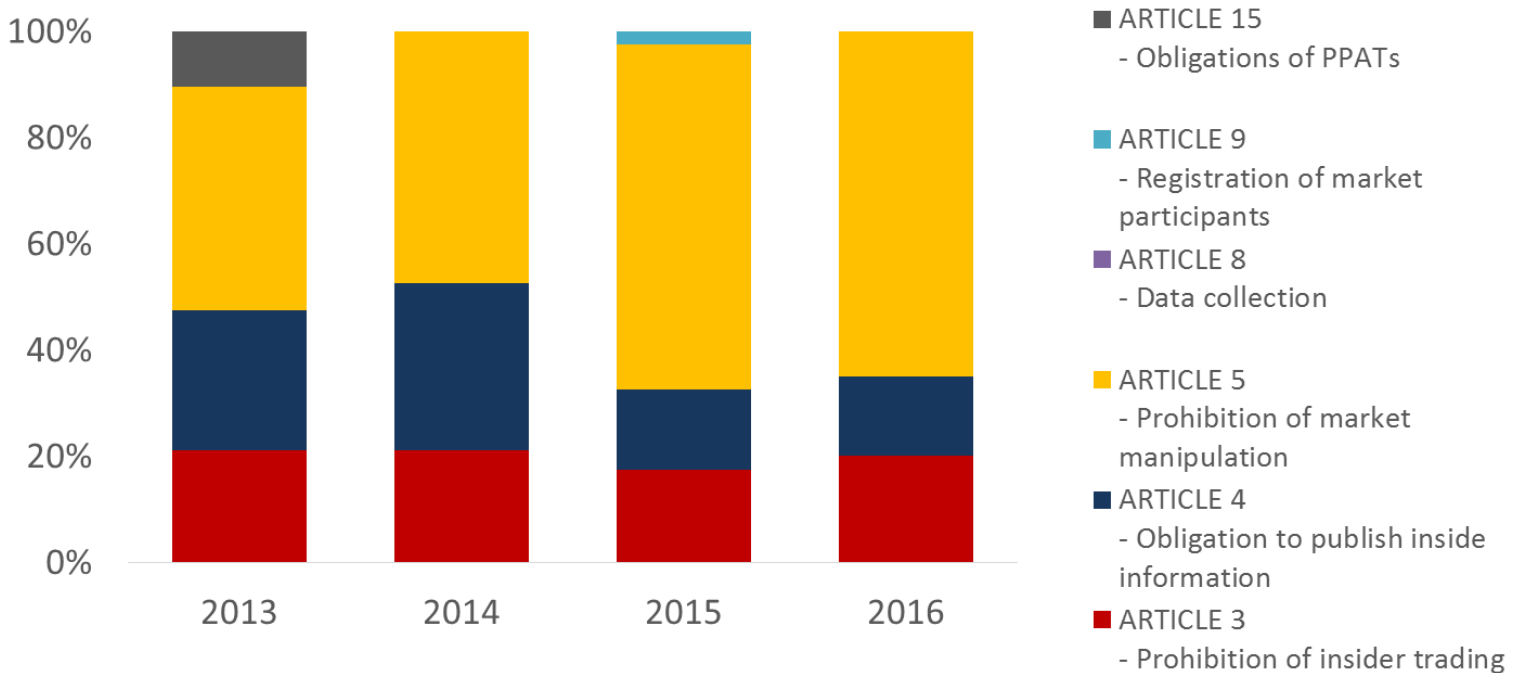
- Data collection is very stable
- Currently more than 1m records per day
- More than 27m records in May, 30.5m records in June, 31m records in July and 31.5m records in August
- 8476 market participants for which data has been reported

# Number of potential REMIT breach cases reported to/by the Agency – status as of 31.8.2016



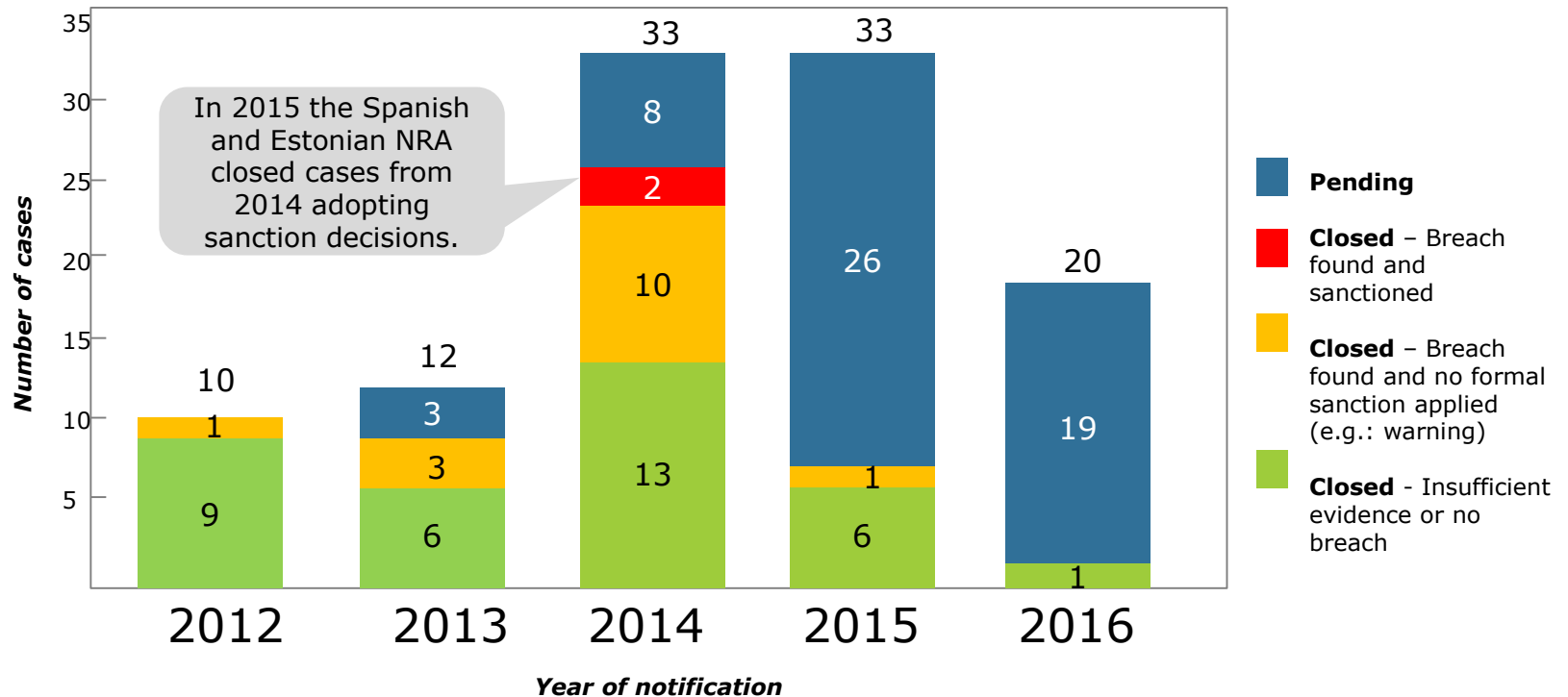
*Note: Includes all Notifications received/sent by the Agency in the course of the year.*

## Most frequent types of potential REMIT breaches reported status as of 31.8.2016



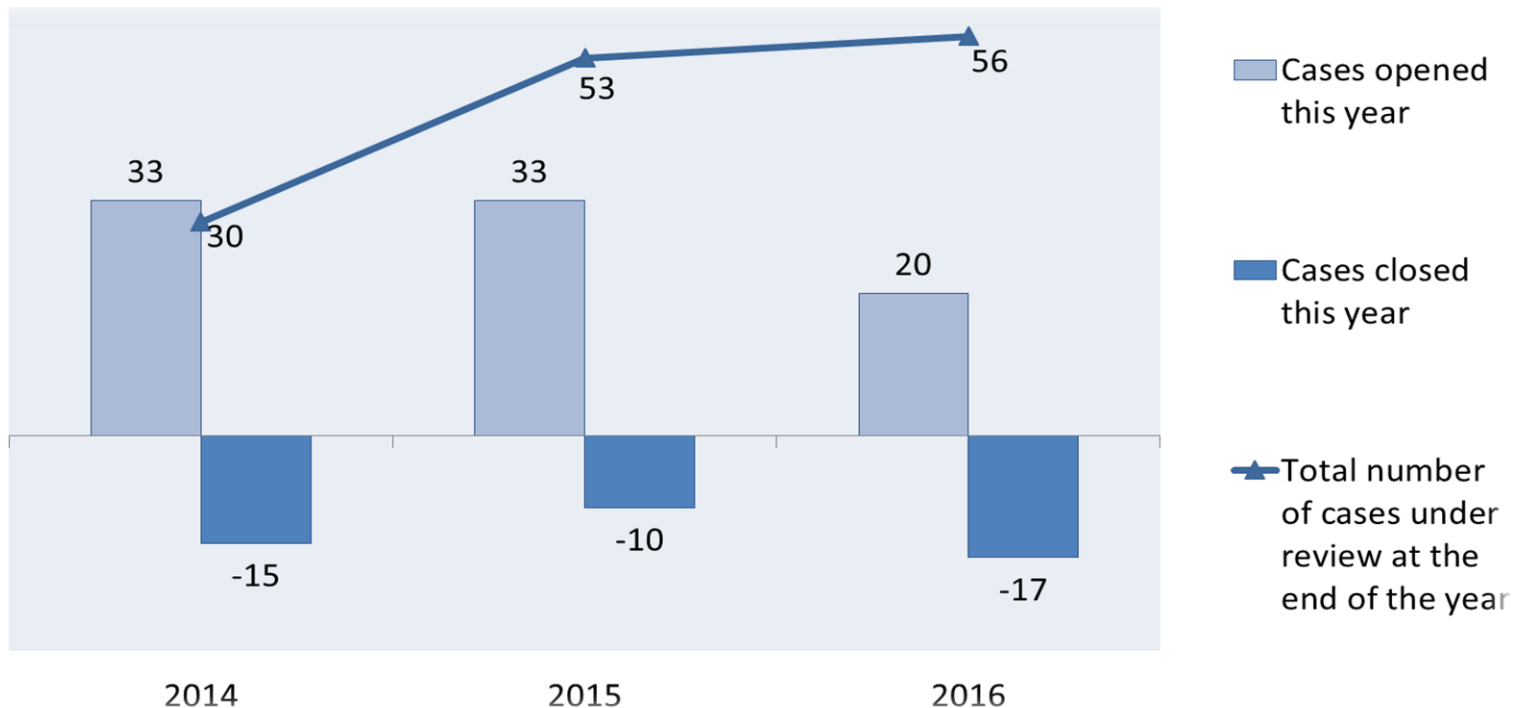
*Note: Some cases include the potential breach of several REMIT provisions.*

## Progress of potential REMIT breach cases reported to/by the Agency status as of 31.8.2016





# Number of potential REMIT breach cases reported to/by the Agency status as of 31.8.2016



### Tasks in AWP 2018

- Market monitoring of trading activity in wholesale energy markets to detect and prevent trading based on inside information and market manipulation in cooperation with NRAs, on the basis of data collected in accordance with the REMIT implementing acts, and establishment, further development and operation of the Agency's market surveillance solution to perform its market monitoring activity
- Review of the REMIT rulebook in the light of the experience with data collection during 2016 and 2017. This may result also in the formulation of proposals to the Commission for technical updates of REMIT or of the REMIT Implementing Regulation, the drafting of recommendations and guidance

### Tasks in AWP 2018 (cont.)

- Operation and further development and, if necessary, enhancements of the Centralised European register of energy market participants (CEREMP), of the Agency's REMIT Information System (ARIS) for collection of trade, fundamental and other data and for the data sharing with NRAs, in connection with the REMIT implementing acts
- Coordination of NRAs and other relevant authorities to promote best practices for the implementation of REMIT and to ensure that NRAs carry out their tasks under REMIT in a coordinated and consistent way. Possible update of the Agency's guidance on the application of REMIT, and coordination of NRAs' investigation activities on cross-border market abuse instances

### Tasks in AWP 2018 (cont.)

- Cooperation with NRAs, ESMA, competent national financial market authorities and other authorities and with supervisory authorities, international organisations and the administrations of third countries with the aim of ensuring that a coordinated approach is taken to the enforcement of market abuse rules where actions relate to one or more wholesale energy products which are financial instruments
- Annual report on the Agency activities under REMIT

## ***EU Council Conclusions – 22 May 2013***

***“the deployment of renewable energy sources will continue, while ensuring their cost reflectiveness [and] further market integration” ( §6.a)***

## **State of Play**

- Target Model for the Internal Electricity Market
- Target Model for the Internal Gas Market
- **Target Models as robust starting points for any evolution to handle the increasing penetration of RES-based electricity generation:**
  - » Greater flexibility in electricity and gas markets required
  - » Resource adequacy concerns in electricity generation

**18 Nov**

Deadline for **Stakeholders to submit comments** on the **2018 Work Programme Outline**

**15 Dec**

The **Draft Work Programme** is presented to the **Agency's Administrative Board** for strategic discussion

**31 Jan**

The **2018 Programming Document** is submitted by the **Director** to the **European Commission**, after being endorsed by the **AB** in January

**1 Sep**

The **Board of Regulators (BoR)** approves the **2018 Work Programme (PD)**

**30 Sep**

The **Administrative Board**, after consulting the **EC**, **adopts the 2018 Work Programme (PD)** approved by the **BoR**, and transmits it to the **EP**, the **Council** and the **EC**

**ACER**

Agency for the Cooperation  
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**Thank you for your attention!**

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