


# ACER

 Agency for the Cooperation  
of Energy Regulators

## The Agency's Work Programme Outline for 2015

***Alberto Pototschnig*** – Director

***Volker Zuleger*** - Head of Market Monitoring dpt.

**Presentation for stakeholders, 4 June 2014**

## Single programming document

Early implementation of COM's new reporting structure for Agencies

## Multiannual outlook

Agency's strategic areas over the next few years

## Annual Work Programme

Focus on activities and deliverables, most tables in annexes

## Other changes

Key Performance Indicators  
More information on Agency-related issues

## ORIGINAL MANDATE

### **Third Energy Package**

**TWO NEW MAJOR PIECES OF LEGISLATION  
confirm ACER's growing responsibilities**

### **REMIT**

### **TEN-E Regulation**

**These are reflected in the **Four Themes** of the  
2015 Work Programme**

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

- Network Codes (NCs)
- IEM Implementation
- NC Implement. Monitoring
- Internal Market Monitoring

## **Theme 2:** Wholesale Energy Market Integrity and Transparency

- Complete REMIT  
Implementation
- Wholesale Market Monitoring

## **Theme 3:** The Infrastructure Challenge

- Gas TYNDP
- Identification of PCIs for the  
2<sup>nd</sup> EU list
- Cross-Border Cost Allocation

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

- "Bridge" Implementation
- Review of the Electricity and  
Gas Target Models

## ***EU Council Conclusions – 4 February 2011***

***“The internal market should be completed by 2014 so as to allow gas and electricity to flow freely” ( § 4)***

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

***Priority to “speeding up the adoption and implementation of remaining network codes” ( § 1)***

# Framework Guidelines and Network Codes Planned Activities in 2015 - Highlights

### Electricity

- Scoping to prepare for possible FG on Harmonised Tariff Structures
- Opinion and Recommendation on NC on operational procedures in emergency

### Gas

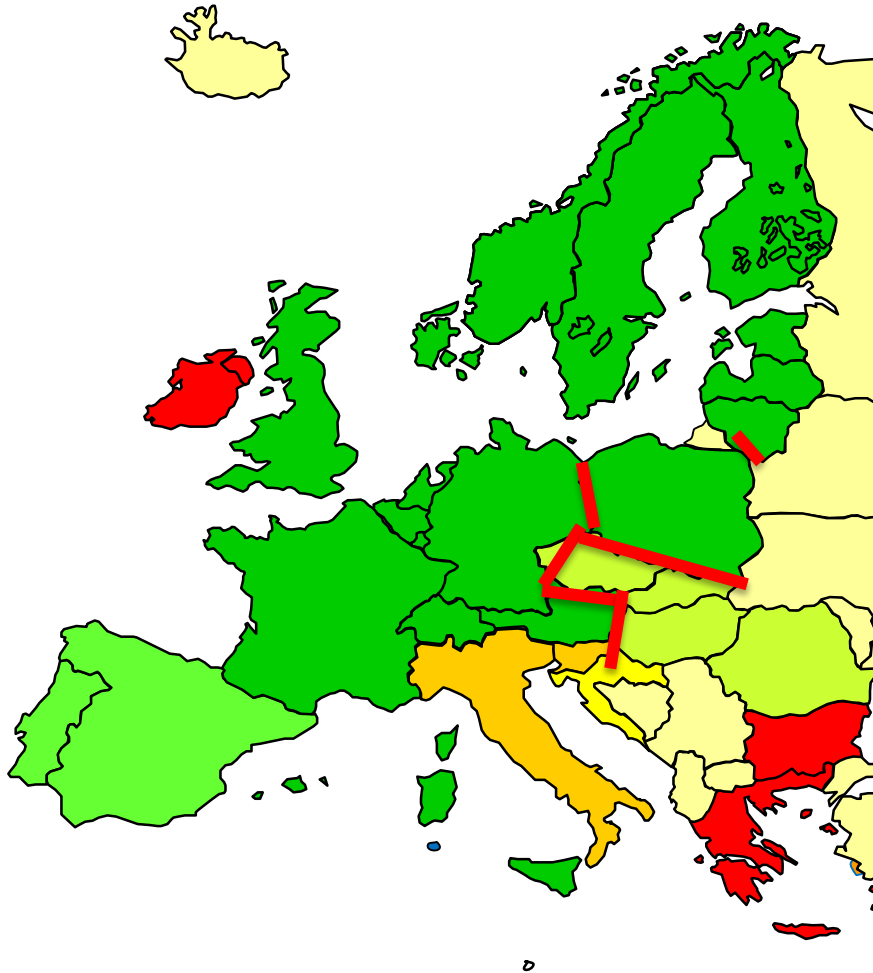
- Opinion and Recommendation NC Tariffs
- CAM NC Amendment on Incremental Capacity
- Probably no FG on Rules for Trading
- Congestion report

### Electricity and Gas

- NC Implementation Tools (CACM, CAM)
- Preparation for Monitoring NC Implementation

Framework Guidelines and Network Codes State of Play		Electricity	Gas
Framework areas prioritised by the European Commission		4	4
Framework Guidelines issued by ACER		4	4
Envisaged Network Codes		11	4
of which:	Adopted	0	2
	In Comitology	0	0
	Recommended for Adoption by ACER/ With the European Commission	7	1
	Being Assessed by ACER/ revised by ENTSOs	2	0
	Being Developed by ENTSOs	0	1
	Development not yet started	2	0
			<b>= 12</b>

## Integration of the Electricity Day-Ahead Market



Timeline	As of Jan 2012	As of Feb 2014
<b>NWE</b> (CWE + Nordic + GB + PL)	2012	<b>4 Feb 2014</b>
<b>SWE</b> (ES + PT)	End 2012/H1 2013	<b>13 May 2014</b>
<b>CEE</b> (CZ + HU + SK)	End 2012/End 2013	End of 2014 <sup>^</sup>
<b>Baltics</b>	End 2013	<b>4 Feb 2014</b>
<b>CSE</b> (IT + SI)	H1 2014	H2-2014
<b>RO</b>	End of 2014	End of 2014
<b>BG + GR</b>	End of 2014	2016
<b>EI + NI</b>	2016	2016
<b>HR</b>	?	?
<b>SEE</b>	End of 2015	?
<b>^</b>	Subject to FBMC being introduced	



## Electricity CACM Roadmaps: State of Play

### Single EU DA Price Coupling

- Important progress in Multi-Regional MC (NWE: 4 Feb 2013; SWE 13 May 2014)
- Extension to CSE expected by Dec 2014
- “4 Markets” MC project expected in 2014

### Single EU ID Contin. Trading

- Significant delay due to PXs’ disagreement
- EC took the process over at FF in Nov 2013
- “Early-Start Agreement” signed in May 2014: 18-month timeline to “go-live”

### Single EU LT Allocat. Platform

- “Wish list” agreed by NRAs early 2013
- MoU between CASC and CAO (75% of the EU borders with LT TRs)
- Common auction rules expected in 2015

### Flow-Based Cap. Calc. Method

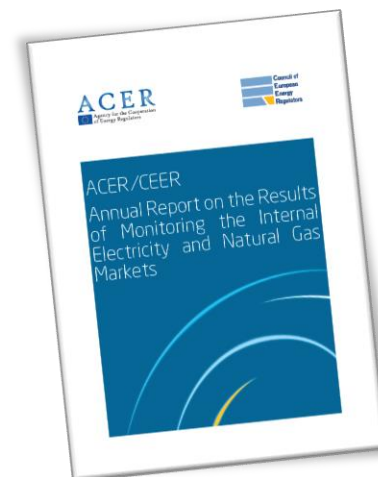
- CWE pilot project expected to start 2014H2
- The CEE region to follow (ad-hoc solutions may be required to address the loop flows phenomenon)

## NC (early) Implementation Support

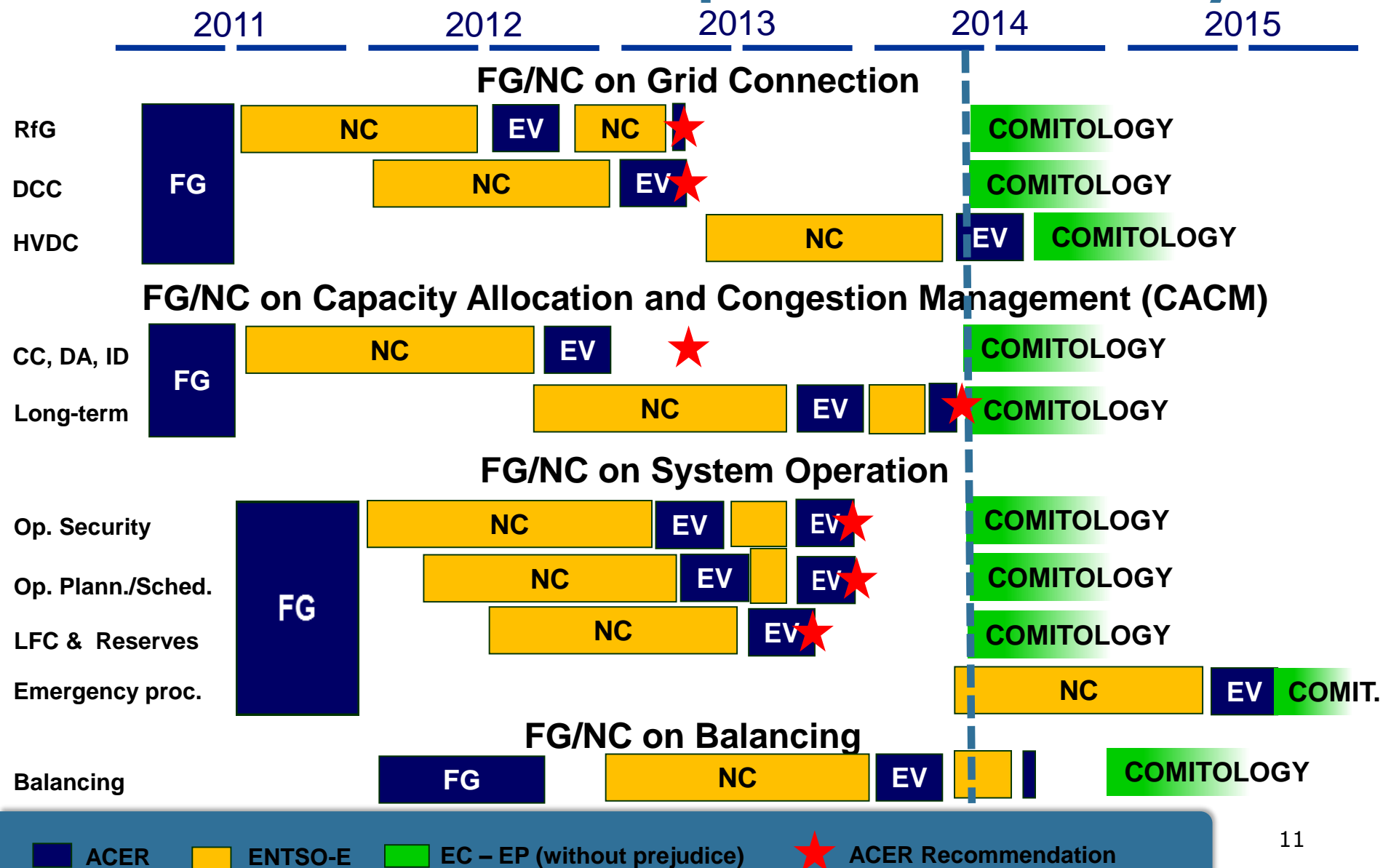
- Coordination of the Electricity and Gas Regional Initiatives
- Annual Regional Initiatives Status Review Report
- Progress reports on Regional Initiatives Progress

## Monitoring of IEM Developments

- Annual Market Monitoring Report
  - » Retail prices in electricity and natural gas
  - » 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



## Network Code Development: Electricity



## Electricity

### Activities/deliverables in AWP 2015

- Scoping for Framework Guidelines on rules regarding harmonised electricity transmission tariff structures
- Reasoned opinion and Recommendation on the Network Code on operational procedures in emergency
- Advice and support on Network Codes during the comitology process, as appropriate

## Electricity

### Activities/deliverables in AWP 2015 (cont.)

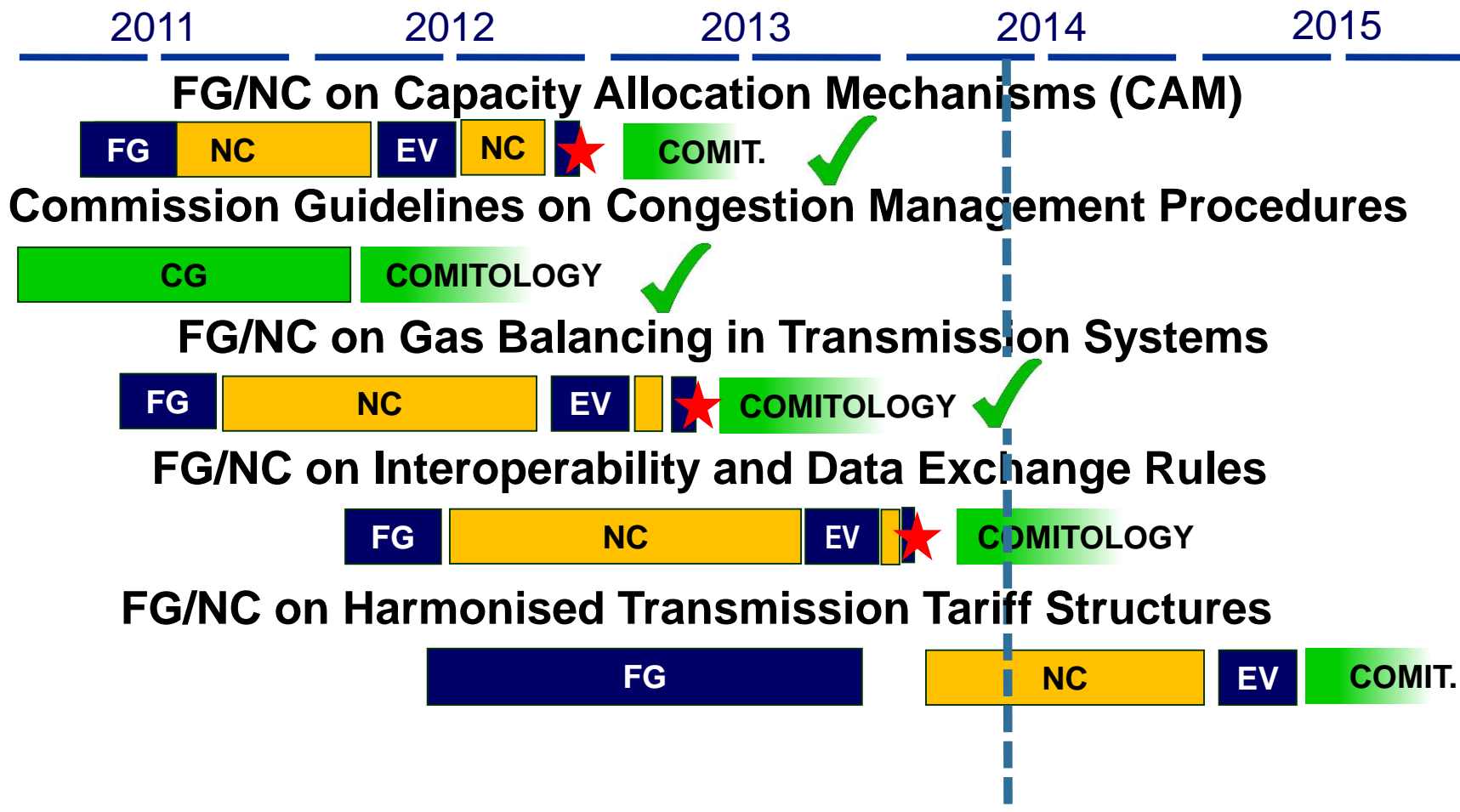
- Preparation for monitoring of the implementation of the adopted Network Codes
  - Opinion on ENTSO-E's plan for the monitoring of the implementation of the adopted Network Codes
  - Establishing list of relevant information to be communicated by ENTSO-E to ACER for the purpose of monitoring activities pursuant to the adopted Network Codes

## Electricity

### Activities/deliverables in AWP 2015 (cont.)

- General activities related to the decision making process established pursuant to adopted Network Codes
  - Assistance in the decision making process for the development of proposals for terms and conditions or methodologies to be developed
  - Delivery of opinions on terms and conditions or methodologies developed and to be approved by relevant NRAs
  - Coordination and possible dispute resolution in the process of NRA approval of the terms and conditions or methodologies developed
  - Assistance in the functioning and the decision-making process of different committees established

## Network Code Development: Gas



## Gas

### Activities/deliverables in AWP 2015

- Possibly Framework Guidelines or appropriate legal tools to introduce rules for trading related to technical and operational provisions of network access services (and system balancing)
- Preparation for the Review of Transparency Rules and Scoping potential Framework Guidelines on Settlement Rules, Operational Procedures in an emergency
- Reasoned opinion and Recommendation on the Network Code on rules regarding harmonised transmission tariff structures



## Gas

### Activities/deliverables in AWP 2015 (cont.)

- Advice and support in comitology on the Network Code on harmonised transmission tariff structures and the amendment of the Network Code on capacity allocation mechanisms regarding incremental capacity
- Public consultation (article 7 Gas Regulation) on amendments of the Network Code on Capacity allocation mechanisms regarding incremental capacity and the preparation of reasoned proposals to the Commission
- 1<sup>st</sup> ACER report on Progress of capacity bundling at interconnection points according to the Network Code on Capacity allocation mechanisms due on 4 November 2015

## Gas

### Activities/deliverables in AWP 2015 (cont.)

- 2<sup>nd</sup> ACER report on monitoring of Congestion at interconnection points (incl. transparency platform data, conditions for firm day-ahead use-it-or-lose-it mechanisms and changes in bundled capacity at interconnection points)
- Preparation for and monitoring of the implementation of the adopted Network Codes (Implementation monitoring Report on congestion management procedures)
- Opinion(s), if sought by NRAs, on within day obligations and annual report on interim measures according to the Network Code on Balancing

### 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)

- **“shall monitor trading activity in wholesale energy products” in the EU**
- **“is best placed to carry out such monitoring as it has both a Union-wide view of electricity and gas markets, and the necessary expertise in the operation of electricity and gas markets and systems in the Union”**

## **NRA**s

- **“shall cooperate at regional level and with the Agency in carrying out the monitoring of wholesale energy markets”**
- **“may also monitor trading activity in wholesale energy products at national level”**

**INVESTIGATIONS**

**ENFORCEMENT**

# Actively preparing for Market Monitoring

**REMIT entered into force on 28 December 2011**

### **Prohibitions of Market Abuse:**

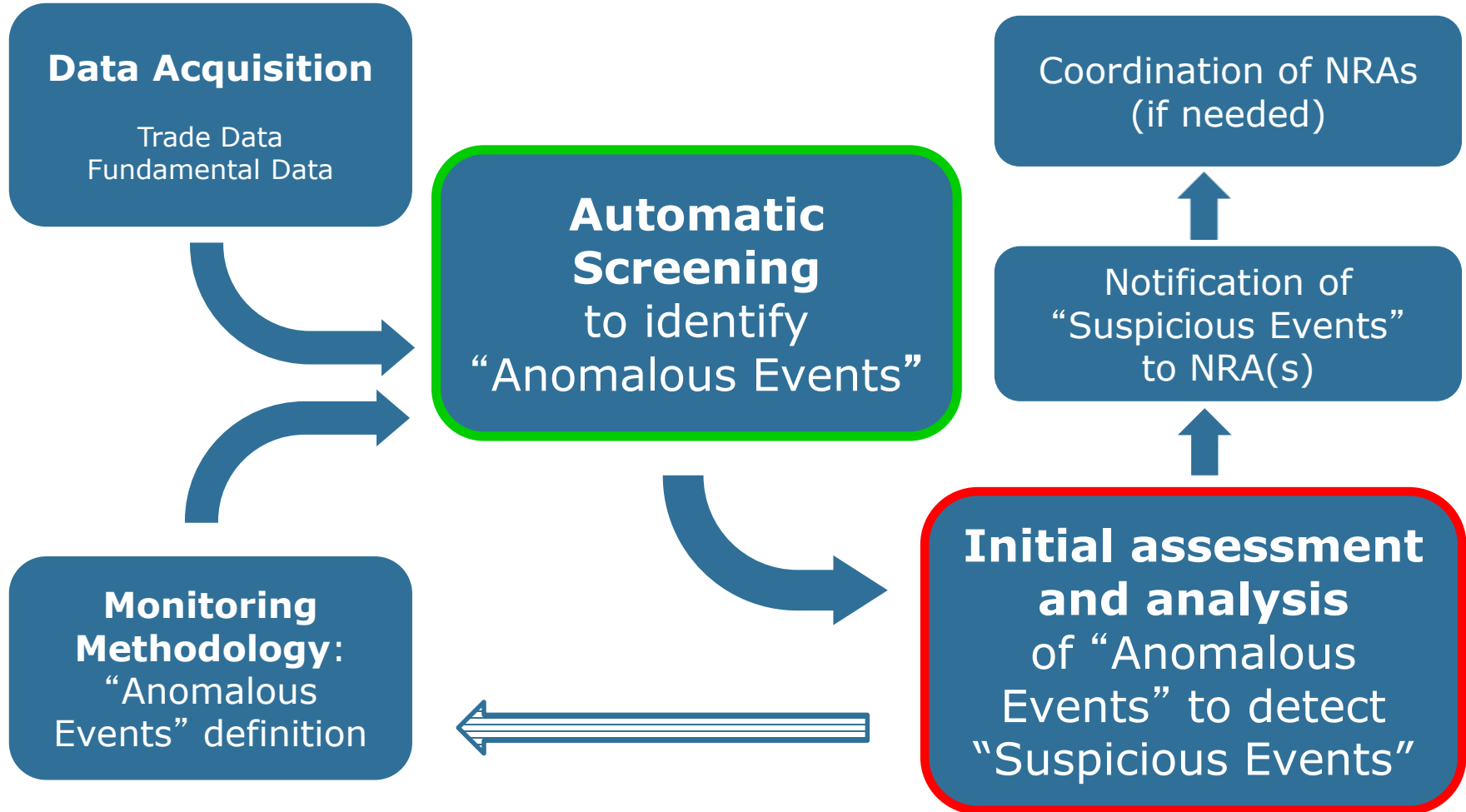
- Market Manipulation
- Attempted Market Manipulation
- Insider Trading

### **Obligations:**

- to Publish Inside Information
- to notify ACER of delays in the publication of Inside Information
- for Persons Professionally Arranging Transactions:
  - to establish effective arrangements and procedures to identify breaches of Market Abuse prohibitions
  - to notify NRAs of suspected breaches of Market Abuse prohibitions

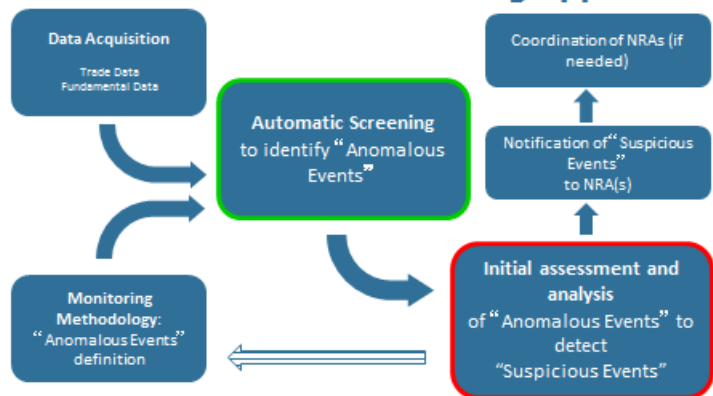
**These Prohibitions and Obligations already apply**

## Wholesale Market Monitoring Approach



## Preparing to Go-live in Q1 2015

### Wholesale Market Monitoring Approach

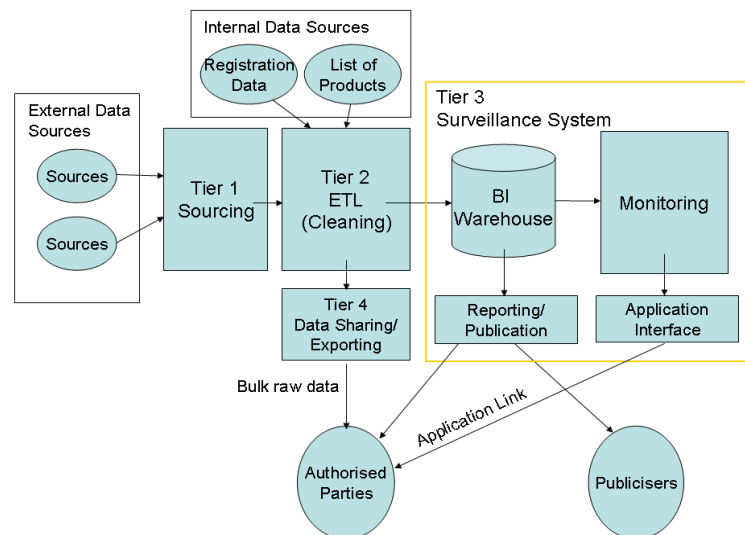


- Activation of Systematic Wholesale Market Monitoring
  - Timing dependent on Adoption of Implementing Acts
  - Approach dependent on available resources

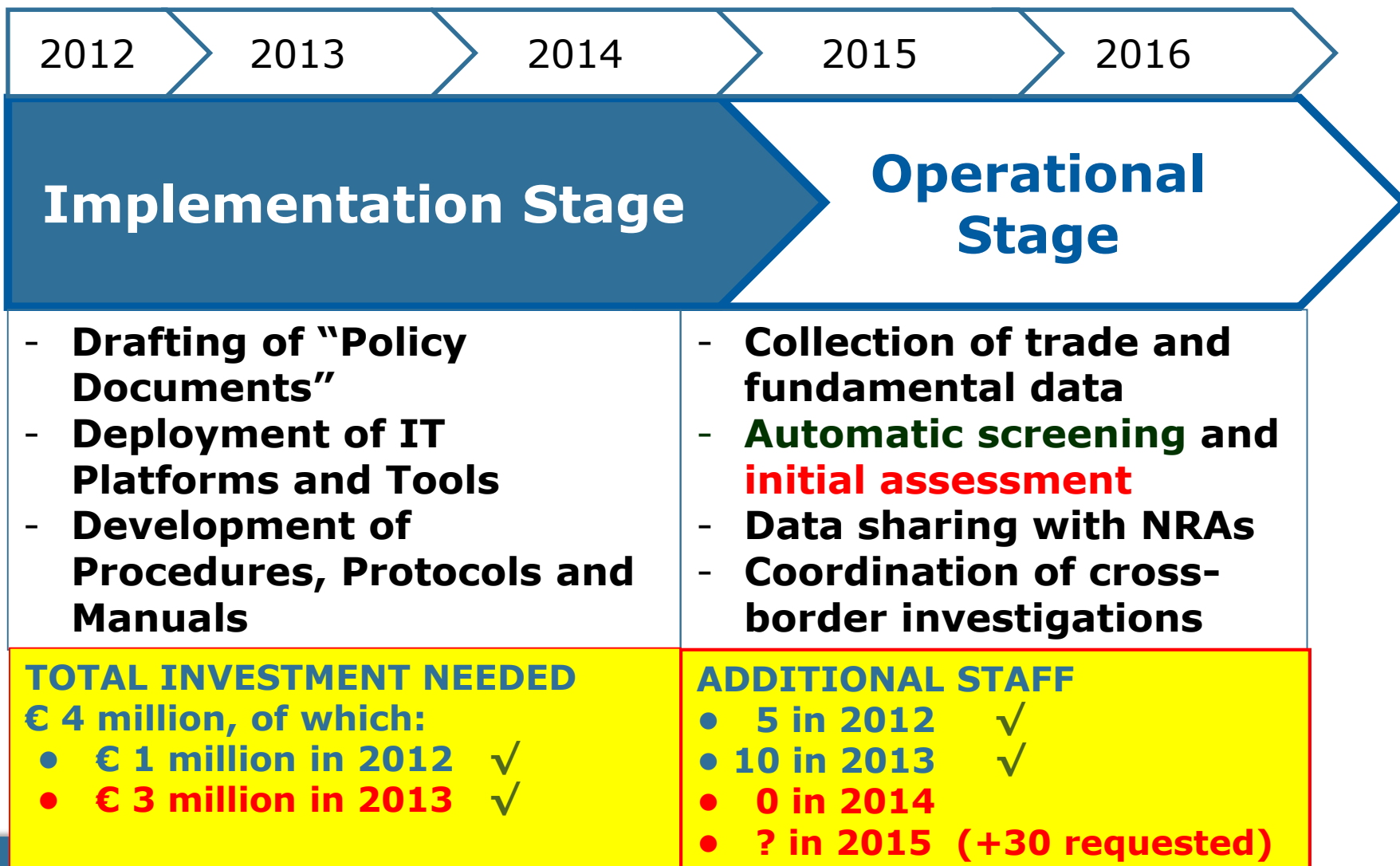
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- Completion of the Monitoring Platform

- Tier 1: Data Sourcing
- Tier 2: Data Cleaning
- Tier 3: Surveillance System
- Tier 4: Data Exchange



## REMIT Implementation and Operation





### Activities/deliverables in AWP 2015

- Operation, development, 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
- 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, and establishment, development and operation of the Agency's market surveillance

### Activities/deliverables in AWP 2015 (cont.)

- Coordination of NRAs and other relevant authorities to promote best practices and consistency in the implementation of REMIT (including update of the Agency's guidance on the application of REMIT definitions, and coordination of NRAs' investigation activities on cross-border market abuse instances)
- Cooperation with NRAs, ESMA, other authorities, international organisations and third countries to ensure a coordinated approach in the enforcement of market abuse rules related to REMIT
- Annual report on the Agency's activities under REMIT

## ACER Priorities in 2015

### PCI Selection (2<sup>nd</sup> Union-wide List)

- Opinion on the draft regional lists of proposed PCIs, in particular on the consistent application of the criteria and the cost-benefit analysis across regions

### NRA Support

- Guidance on Cross Border Cost Allocation methodologies

### PCI Implementation Monitoring

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

## Activities/deliverables in AWP 2015

- Annual monitoring report on the implementation and management of the inter-TSO compensation fund
- Opinions on ENTSO-E's annual work programme; annual report; 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 Community-wide network development plan

## Activities/deliverables in AWP 2015 (cont.)

- Opinion on ENTSO-E's recommendations relating to the coordination of technical cooperation between Community and third-country transmission system operators
- Opinion on monitoring the implementation of the electricity Community-wide TYNDP and the progress as regards the implementation of projects to create new interconnector capacity

## Activities/deliverables in AWP 2015

- Opinions on ENTSOG's TYNDP 2015-2024; annual work programme and ENTSOG's annual report; common network operation tools including a common incidents classification scale and research plans; Summer and Winter supply outlooks
- Reviews and recommendations on national TYNDPs regarding their (in)consistency with the Community-wide TYNDP

## Activities/deliverables in AWP 2015 (cont.)

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

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

- Decision on 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
- Decisions on investment requests including on cross-border cost allocation
- Requests for updates and improvements of the (electricity or gas) methodology for cost-benefit analysis
- Opinions on preliminary decisions by NRAs on TSO certification when requested by the Commission
- Opinions and recommendations upon request by Member States, NRAs, the European Parliament, the Council and the European Commission



## ***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**

- Detailed Target Model for the Internal Electricity Market
- Broader Target Model for the Internal Gas Market
- **These Target Models represent 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

## The 2025 Bridge

**Gas  
Wholesale  
Markets**

**Electricity  
Wholesale  
Markets**

**Infra-  
structure  
Investment**

**Demand  
Side &  
DSOs**

**Retail  
Markets**

## The 2025 Bridge analysis

**1. Energy  
Sector Trends**



**2. Impact for  
Europe's  
Regulatory  
Framework**



**3. Implications  
for Governance**

**Conclusions in September 2014**

18 Jun

Deadline for **Stakeholders to submit comments** on the 2015 Work Programme Outline

30 Jun

The **2015 Work Programme** is submitted by the Director to the BoR, the EP and the EC

1 Sep

The **Board of Regulators approves** the 2015 Work Programme

30 Sep

The **Administrative Board**, after consulting the EC, **adopts the 2015 Work Programme** approved by the BoR, and transmits it to the EP, the Council and the EC

**ACER**

Agency for the Cooperation  
of Energy Regulators

**Thank you for your attention!**

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