


# ACER

 Agency for the Cooperation  
of Energy Regulators

## The Agency's Work Programme Outline for 2016

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**Presentation for stakeholders, 3 June 2015**

## Single programming document

**2016 is the last year before the mandatory use of COM's new reporting structure for Agencies – ACER already complies**

## Multiannual outlook

**Agency's strategic areas 2015 – 2017 – unchanged from last year**

## Annual Work Programme

**Focus on activities, tasks and deliverables, most numerical tables can be found in the annexes**

## Other changes

**Annex on legal requirements omitted (legal basis listed under each task)**

## Our work fits within a broader EU context which has an increasing momentum such as:

Energy Union  
Communication adopted  
on 25 February

Forthcoming Electricity  
Market Design Initiative

EU Energy Security  
Strategy and  
Investment Challenge

Commission review  
of the Security of  
Gas Supply  
Regulation

## ORIGINAL MANDATE

**Third Energy Package**

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

**REMIT**

**TEN-E Regulation**

**These are reflected in the **Four Themes** of the  
2016 Work Programme**

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

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

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

- REMIT 'live'
- Wholesale Market Monitoring

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

- Electricity TYNDP
- PCI progress and implementation
- Cross-Border Cost Allocation

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

- "Bridge to 2025"  
implementation  
(resources permitting)

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

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

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

***Priority to “speeding up the adoption and implementation of remaining network codes”***

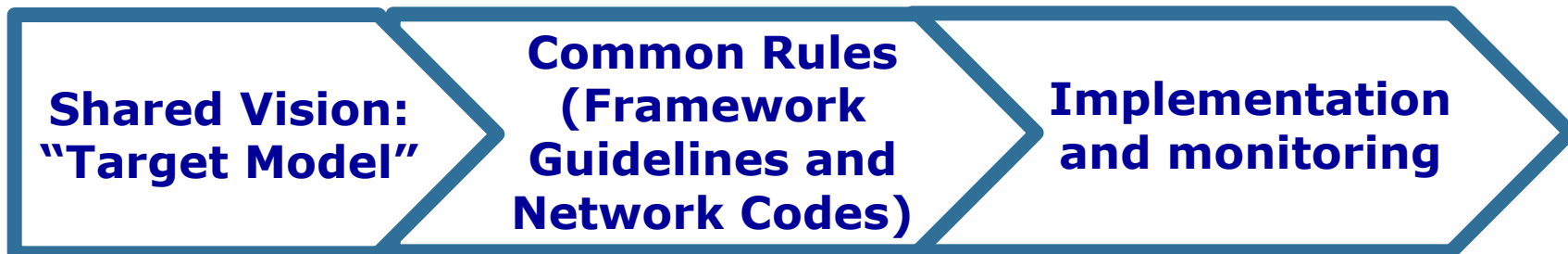
## ***EU Council Conclusions – 21 March 2014***

***“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...”***

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

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

**Note: ACER's role in Energy Union to be further defined**



**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**



## Framework Guidelines and Network Codes Planned Activities in 2016 - Highlights

### Electricity

- Implementation of adopted NC and Guidelines
- Follow-up on possible rules on Harmonised Tariff Structures

### Gas

- Implementation of adopted NC and Guidelines
- Early implementation NC on Harmonized Transmission Tariff Structures
- CAM NC Amendment on Incremental Capacity
- 3<sup>rd</sup> Congestion Report

## ACER delivered 8 Framework Guidelines and recommended 11 (of 14) Network Codes for adoption

	FG adopted by the Agency	NC Status
<b>Electricity</b>		
Grid Connection	20.07.2011	3 NCs recommended for adoption With the EC - expected vote in Cttee in June-August 2012
Capacity Allocation & Cong. Management Forwards	29.07.2011	1 NCs recommended - approved in Cttee 1 NCs recommended - with EC - expected vote in Cttee in September 2015
System Operation	02.12.2011	3 NCs recommended for adoption 1 NC being considered by ACER Merged in one code by end of June 2015
Balancing	18.09.2012	1 NC: ACER recommendation expected in June 2015
<b>Gas</b>		
Capacity Allocation	03.08.2011	OJ: 14.10.2013 EiF: 1.11.2015
Balancing	18.10.2011	OJ: 26.03.2014 EiF: 1.10.2015
Interop. & Data Exch.	26.07.2012	Adopted on 30 April
Harm. Tariff Struct.	29.11.2013	ACER Opinion issued on 30.03.2015

## Electricity Capacity Allocation and Congestion Management Cross-regional Roadmaps ... for early, voluntary implementation of the Target Model

### Day-Ahead

**SINGLE EU PRICE COUPLING**  
to optimise use of existing day-ahead cross-border capacities at EU level

### Intraday

**SINGLE EU CONTINUOUS TRADING**  
with the possibility of auctions

### Long Term

**SINGLE EU ALLOCATION PLATFORM**  
one-stop shop for allocating long-term transmission rights

### Capacity Calculation

**FLOW-BASED METHOD**  
to improve network security and the level of available capacity

## Electricity CACM Roadmaps: State of Play

### Single EU DA Price Coupling

- Single Price Coupling covering 19 Member States
- 4MMC Price Coupling (CZ, HU, SK, RO)

### Single EU ID Contin. Trading

- Significant delay due to PXs' disagreement
- EC took the process over at FF Nov 2013
- Statement of Principles from NRAs to project parties in April 2015

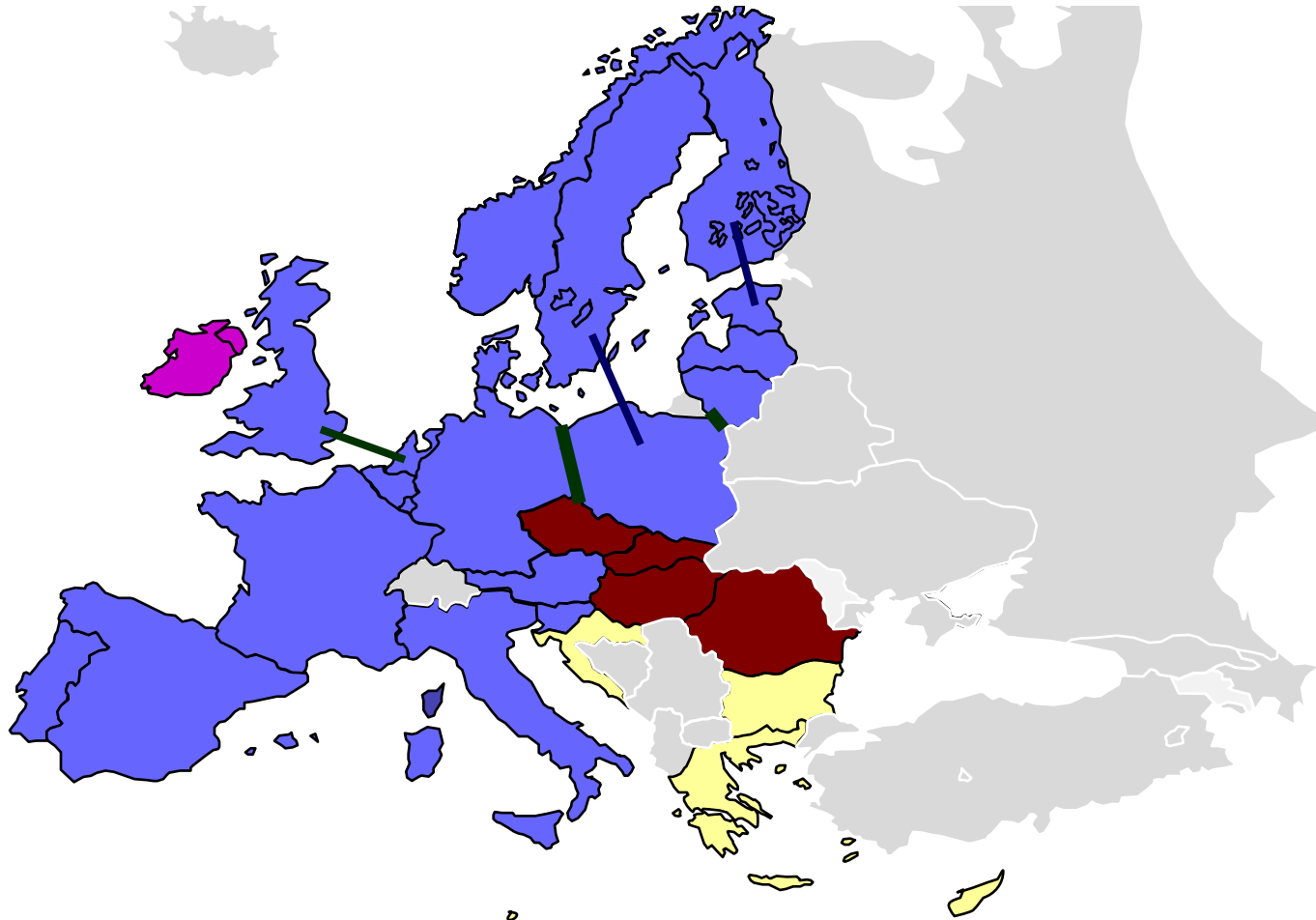
### Single EU LT Allocat. Platform

- MoU between CASC and CAO (75% of the EU borders with LT TRs)
- Common auction rules being developed by ENTSO-E, to be approved by NRAs

### Flow-Based Cap. Calc. Method

- CWE pilot project went live in May 2015
- The CEE region to follow (ad-hoc solutions may be required to address the loop flows phenomenon)

## Electricity Day-Ahead Regional Integration (Market Coupling)

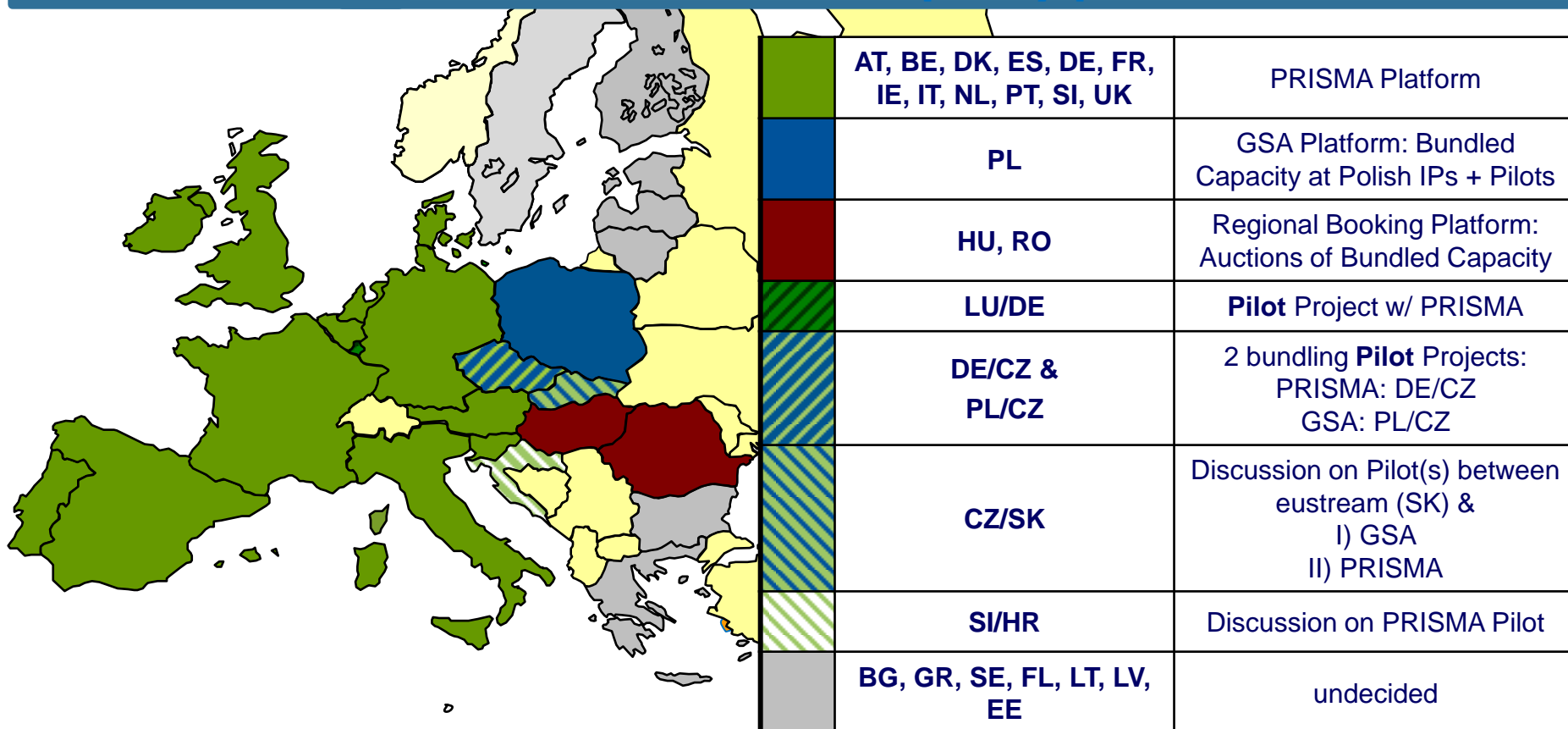


## Current Gas CAM Pilot Projects (as of April 2015)

**CAM**

### COORDINATED AUCTIONS

for the allocation of a common set of cross-border bundled capacity products



## NC (early) Implementation Support

- Coordination of the Gas Regional Initiative (Electricity Regional Initiatives discontinued)
- Annual Regional Initiatives Status Review Report (Gas)

## Monitoring of IEM Developments

- 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



## Electricity

### Tasks in AWP 2016

- Follow-up of the work on possible rules regarding harmonised transmission tariff structures (depending on the outcome of the scoping phase to be finalised in late 2015)
- Advice and support on Network Codes (NCs) and Guidelines during their adoption via the comitology process, as appropriate



## Electricity

### Tasks in AWP 2016 (cont.)

- Preparation for the monitoring of the implementation of the adopted NCs and Guidelines  
The Agency will:
  - ensure the establishment of (i) a suitable framework concept with the NRAs and the ENTSO-E, (ii) working processes and (iii) IT support
  - coordinate with ENTSO-E on a plan for the monitoring of the implementation of the adopted NCs and Guidelines
  - issue an Opinion on ENTSO-E's plan for the monitoring of the implementation of the adopted NCs and Guidelines

## Electricity

### Tasks in AWP 2016 (cont.)

- 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 NCs and Guidelines
- Coordination of NRAs for the approval of the terms and conditions or methodologies developed by TSOs, NEMOs or third entities pursuant to the adopted NCs and Guidelines
- Decision in case NRAs are unable to reach an agreement on terms and conditions or methodologies to be approved pursuant to the adopted NCs and Guidelines

## Electricity

### Tasks in AWP 2016 (cont.)

- Coordination of implementation projects established pursuant to the NCs and Guidelines and, where relevant, as part of the early implementation process
- Facilitation of stakeholder involvement as required pursuant to the adopted NCs and Guidelines
- Review of the requests for amendments to the adopted NCs and Guidelines from interested persons and, where appropriate, preparation of the amendment proposals for the EC
- Performance of the specific obligations of the Agency pursuant the adopted NCs and Guidelines

## Gas

### Tasks in AWP 2016

- Preparation for the review (Transparency) or scoping new Framework Guidelines at the request of the EC. Potential amendment to the NC on Capacity Allocation Mechanisms, if there is scope for improvements based on ACER's analysis of conditional capacity uses
- Early implementation of the NC on Harmonised transmission tariff structures and the amendment of the NC on Capacity Allocation Mechanisms regarding Incremental Capacity
- Implementation Monitoring Report for the NC on Capacity Allocation Mechanisms

## Gas

### Tasks in AWP 2016 (cont.)

- 2<sup>nd</sup> ACER report on Progress of capacity bundling at interconnection points according to the Network Code on Capacity Allocation Mechanisms
- Monitoring of the Network Code on Balancing
  - Implementation Monitoring Report for the NC on Balancing
  - Opinion(s), if sought by NRAs, on within-day obligations and continuous revision of the annual reports on interim measures according to the NC on Balancing

## Gas

### Tasks in AWP 2016 (cont.)

- Review of the ENTSOG monitoring on the Implementation of the Network Code on Interoperability and Data Exchange Rules
- 3<sup>rd</sup> ACER report on monitoring of Congestion at interconnection points and possible review of the Implementation Monitoring Review on the CMP Guidelines with a view to the combined application of CMPs
- Review of amendment requests to NCs and propose amendments on own initiative based on Article 7 of the Gas Regulation and preparation of reasoned proposals to the Commission, where appropriate

## Gas

### Tasks in AWP 2016 (cont.)

#### Gas Regional Initiatives

- Coordination and monitoring of activities for the early voluntary implementation of Network Codes before their rules become legally binding (South South East and South regions expected to remain active, North West region lacks a lead regulator)
- Annual Regional Initiatives Status Review Report, reviewing developments in the Gas Regional Initiatives and providing guidance for future work
- Presentations on progress for the Madrid Forum

### 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”**

## **NRAs**

- **“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”**

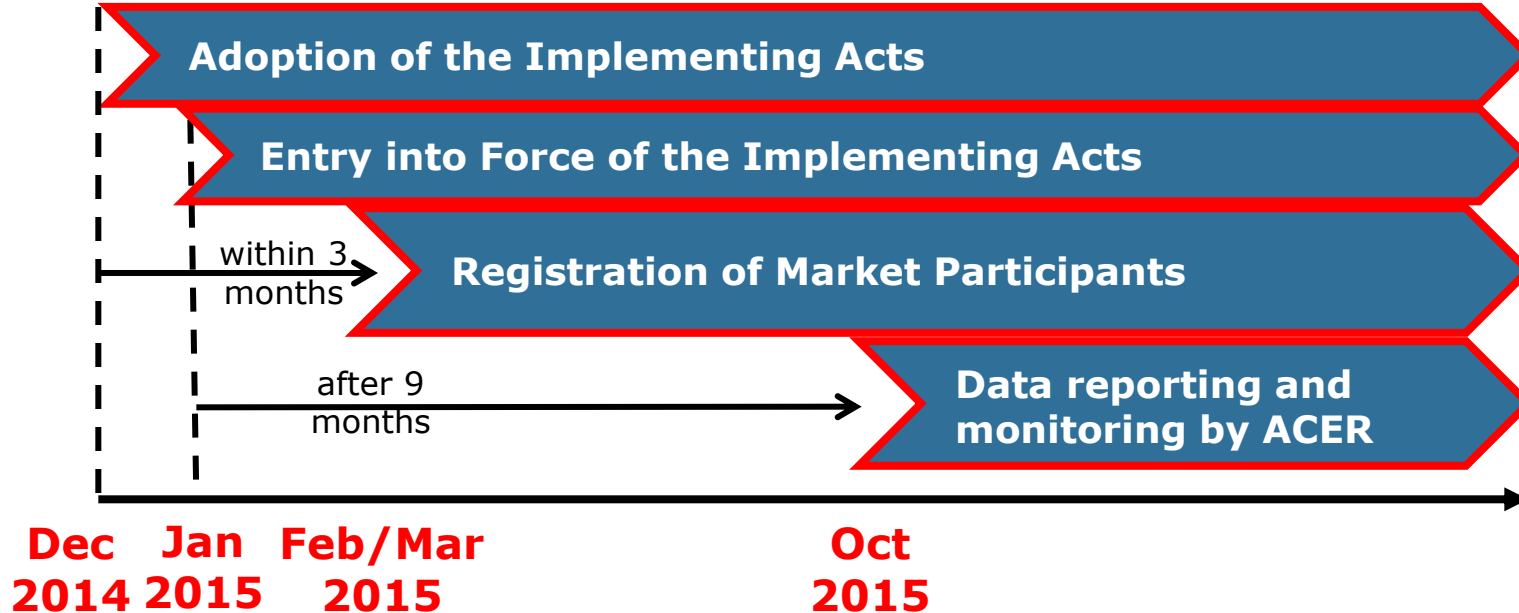
**INVESTIGATIONS**

**ENFORCEMENT**

## Getting ready for Market Monitoring of wholesale energy markets

**4 months to go!**

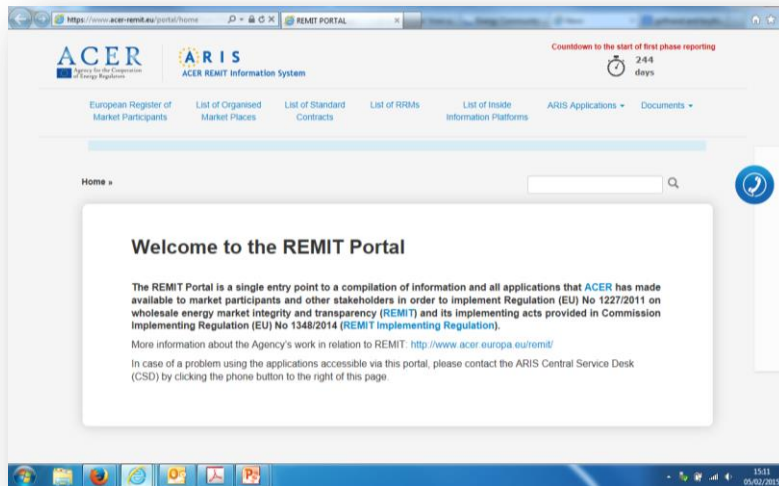
**Trade data reporting obligation will start applying on 7 October 2015**



## ✓ ACER welcomed REMIT IA's entry into force and launched its new REMIT Portal

- 7 January 2015: **EC's Implementing Acts** into force
- 8 January 2015: Agency's **new REMIT Portal** went live
- ...to allow reporting parties to **register** as Registered Reporting Mechanisms

- **Supporting documentation:**
  - Transaction Reporting User Manual
  - Manual of Procedures transaction & fundamental data reporting
  - Requirements for Registered Reporting Mechanisms
  - List of Organised Market Places on REMIT Portal



### Tasks in AWP 2016

- Operation, development, enhancements of the Centralised European register of energy market participants (CEREMP) and 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

### Tasks in AWP 2016 (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 2016

### PCI Support

- Opinion on ENTSOs' updated methodologies for cost-benefit analysis
- Report on national methodologies and criteria used to evaluate investments in electricity and gas infrastructure projects and the higher risks incurred by them

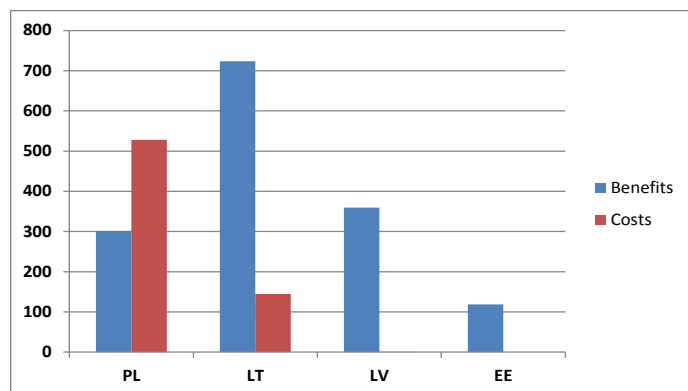
### PCI Implementation Monitoring

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

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

Two CBCA Decisions adopted by ACER so far:

- **GIPL – Gas Interconnection Poland Lithuania**  
(11.8.2014)



CBCA from	CBCA to	€m
LT	PL	54.9 (64.0%)
LV	PL	29.4 (34.3%)
EE	PL	1.5 (1.7%)
<b>Total Compensation</b>		<b>85.8 (100%)</b>

- **LitPol – LT part of the Lithuania – Poland electricity interconnection** (16.04.2015)

**LT receiving positive net benefits  
(benefits > cost)**



**No CBCA compensation necessary**

## Tasks in AWP 2016

- 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



## Tasks in AWP 2016 (cont.)

- Opinion on ENTSO-E'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
- Opinion on ENTSO-E's draft Ten Year Network Development Plan 2016
- Opinion on ENTSO-E's draft Scenario Outlook and Adequacy Forecast 2016

### Tasks in AWP 2016

- Opinion on ENTSOG's annual work programme 2017 and ENTSOG's annual report 2015; 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

### Tasks in AWP 2016 (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

## **In 2016 the Agency may be called to perform the following activities on request:**

- Decisions on investment requests including on cross-border cost allocation
- Decision 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
- Peer reviews, as submitted to the Agency based on Article 7(4) of the (EC) Regulation 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, whenever appropriate for ensuring the proper functioning of the Internal Energy Market)

## ***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)***

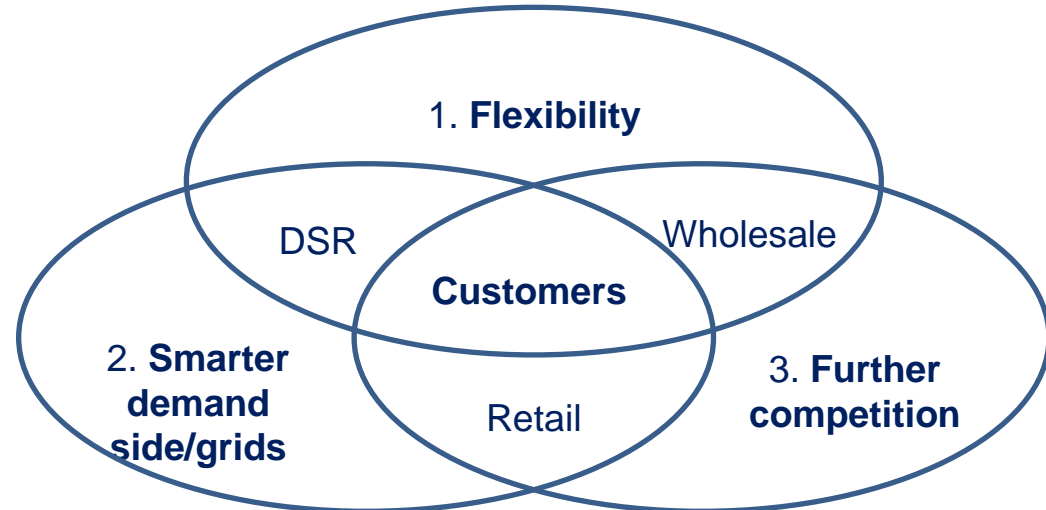
## **State of Play**

- Target Model for the Internal Electricity Market
- Target Model for the Internal Gas Market (updated January 2015)
- **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



## Actions of 2015 WP from "Bridge to 2025": postponed to 2016:

- Specific mechanisms to **further enhance the cooperation between NRAs**
- **Regulatory oversight of mandatory and voluntary EU TSO bodies**



## Possible areas for reinforcement of ACER's powers ("Bridge to 2025")

### Oversight of ENTSOs & other Bodies

- Increasingly important role of ENTSOs
- Effective oversight of the ENTSOs in respect of their EU-wide activities by ACER
- Similar oversight of other bodies with critical or monopoly IEM functions

### Stronger NRAs Coordination

- Mechanisms to further enhance cooperation between NRAs
- ACER to replace "all NRAs" in taking CACM 3rd level decisions

### Monitoring of Markets

- ACER powers to require from all EU energy-sector entities information needed for monitoring

- **ACER 2016 draft budget 20.078.441€\***
  - Additional staff (+44) for REMIT and TEN-E Regulation
  - Renewal of REMIT service contracts
- Energy trade data reporting and market monitoring by ACER starts **7 October 2015 – No further postponement of activities is possible**
- NRAs cannot bear ACER responsibilities for monitoring the European market
- **Essential that ACER subsidy in 2016 EU budget reflects ACER draft budget !**

\* Adopted by AB (26 March) with supportive opinion of BoR



**19 Jun**

Deadline for **Stakeholders to submit comments** on the **2016 Work Programme Outline**

**30 Jun**

The **2016 Work Programme** is submitted by the Director to the BoR, the EP and the EC

**1 Sep**

The **Board of Regulators approves** the **2016 Work Programme**

**30 Sep**

The **Administrative Board**, after consulting the EC, **adopts the 2016 Work Programme** 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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