

**OPINION No 08/2020**  
**OF THE EUROPEAN UNION AGENCY**  
**FOR THE COOPERATION OF ENERGY REGULATORS**  
**of 18 December 2020**

**on ENTSOG's Draft Annual Work Programme for the Year 2021**

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<sup>1</sup> (ACER), and, in particular, Article 4(3)(b) thereof,

Having regard to Regulation (EC) No 715/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the natural gas transmission networks and repealing Regulation (EC) No 1775/2005<sup>2</sup>, and, in particular, Articles 8(3)(d), 8(5) and 9(2) thereof,

Having regard to the outcome of the consultation with ACER's Gas Working Group,

Having regard to the favourable opinion of the Board of Regulators of 16 December 2020, delivered pursuant to Article 22(5) of Regulation (EU) 2019/942,

Whereas:

**1. INTRODUCTION**

- (1) The European Network of Transmission System Operators for Gas (ENTSOG) submitted on 18 September 2020 its draft Annual Work Programme 2021 (draft AWP 2021) to ACER for its opinion.
- (2) Pursuant to Article 4(3)(b) of Regulation (EU) 2019/942 and Article 9(2) of Regulation (EC) No 715/2009, the draft annual work programme has to be evaluated by ACER taking into account the objectives of non-discrimination, effective competition and the efficient functioning of the market.

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<sup>1</sup> OJ L 158/22, 14.6.2019, p. 1.

<sup>2</sup> OJ L 211, 14.8.2009, p. 36.

## **2. GENERAL FINDINGS**

### **2.1. General Scope**

- (3) ENTSOG conducted a stakeholder consultation pursuant to Article 10 of Regulation (EC) No 715/2009 from 5 August 2020 until 8 September 2020. ENTSOG received feedback from one stakeholder during the public consultation, and accordingly amended the consulted draft version of the AWP 2021. When drafting the AWP 2021, ENTSOG also considered feedback received on previous editions of its AWP.
- (4) ACER appreciates that ENTSOG sees two foci of planned activities in 2021. The first is to proactively undertake the tasks assigned to it by EU legislation, as already performed, while the second is to place much greater emphasis on tasks and activities in line with the upcoming objectives of EU's Energy Union policy. The latter applies, in particular, to EU's goal of decarbonising EU's gas sector in an affordable and secure way.
- (5) Among the work areas already covered by ENTSOG earlier, ACER positively notes ENTSOG's intention to continue to provide support to its Members and other interested parties on Network Codes and Guidelines implementation and monitoring, an area of work prioritised in 2020. ACER also notes the proper coverage in the draft AWP 2021 of other ongoing work areas and deliverables such as the Summer and Winter Supply Outlooks and reports, transparency platform, and rules for the coordination of network operations under normal and emergency conditions.
- (6) ACER is of the view that ENTSOG's intention to include in future activities assessing the progress of the functionality of the European gas markets and looking at longer term horizons for European Scenarios should be encouraged. This is all the more so in the context of looking for synergies between already active work areas and tasks which derive from expected significant changes in the EU's energy sector. ACER notes ENTSOG's intention to strengthen the synergies between the gas and electricity sectors to facilitate energy flexibility, storage, international transportation capacity and security of supply.
- (7) ACER positively notes ENTSOG's plan to participate in the discussions on the upcoming legislative proposals in preparation for the new energy and climate-related legislation as part of the European Green Deal. ACER finds reasonable ENTSOG's identification of strategic topics in this context, particularly those required to facilitate gas grids playing a constructive role in the energy transition, including the repurposing, retrofitting and refurbishment of the gas grids for the transport of hydrogen. ACER notes ENTSOG's plan to continue contributing to the development of secondary legislation following the European Energy System Integration and Hydrogen Strategy and the reopening of the TEN-E framework.
- (8) In all of the above work areas, ACER expects ENTSOG to regularly and proactively consider the views of the regulatory community, including the opinions and recommendations of ACER, whenever the work areas and activities touch on regulatory issues. ACER positively notes ENTSOG's intention to continue its contribution to the Madrid Forum and the Copenhagen Energy Infrastructure Forum, as well as to further develop its relationship with ACER, ENTSOG's members, and stakeholders.

## **2.2. Network Codes and Guidelines**

- (9) ACER appreciates ENTSOG's plan to work with it in providing joint solutions to issues posted by stakeholders on the Gas Network Codes Functionality Platform and on further improving the Functionality Process, as well as to work in close cooperation with ACER, EC, Energy Community, and stakeholders on all matters relating to Network Code and Guidelines.
- (10) ACER notes that interoperability work in 2021 includes the development, support, and maintenance of Common Network Operation Tools (CNOTs) for data exchange. In this respect, ACER notes that the AWP 2021 could include clarifications on how ENTSOG plans to take into account considerations regarding various aspects of cybersecurity.

## **2.3. REMIT**

- (11) ACER is of the view that ENTSOG's activities to be undertaken in support of REMIT topics are appropriate, being centred on reporting obligations, including TSO publications on their websites, ENTSOG Transparency Platform (TP), and data reporting to ACER REMIT Information System (ARIS).

## **2.4. Cybersecurity**

- (12) In view of the data implications under ENTSOG's role in the Transparency Platform, interoperability and data exchange, REMIT reporting, and other tasks, as well as the potential network code for the cybersecurity sector, ACER invites ENTSOG to further clarify in its AWP 2021 how cybersecurity will be addressed and maintained at a high level.

## **2.5. Scenarios and Infrastructure**

- (13) ACER notes ENTSOG's plan to work on scenarios and infrastructure on a year-rolling basis, with key activities (e.g. system assessments, cost-benefit analyses - CBA, TYNDP and PCI processes inputs) carrying over from 2020 into 2021 and then 2022. In this respect, ACER stresses its view that critically important methodologies, tools and outputs are in need of revisiting and improvement. This applies in particular to the implementation of a better approach to the sustainability dimension in the CBA methodology the interlinked electricity and gas model and the scenarios used in it, and the assumptions used in system-wide and project-level assessments.
- (14) In particular, ACER is of the view that the AWP 2021 could benefit from more precise detail on the way in which such improvements could be achieved in 2021, as well as the resource assessments accompanying such work. This is even more pressing given that the relevant methodologies, tools, and assumptions are used by ENTSOG in at least several work areas (e.g. infrastructure, security of supply, and themes of work overlapping with those in electricity).
- (15) ACER is of the view that, given that the output of ENTSOG's work serves as input to other EU-level processes where decisions are taken, including on the sustainability and on other merits of investments, improvements as already recommended by ACER in the above areas cannot be delayed any more. In this respect, ACER calls on ENTSOG to

consult ACER and consider its views in work related to the TYNDP 2022 Practical Implementation Document, the joint ENTSOG / ENTSO-E TYNDP 2022 Scenario Report, and the adaptation of their Interlinked Model. ACER considers that the Practical Implementation Document should be a tool not only to include Energy Transition Projects in ENTSOG's work, but also an instrument to reduce the number of traditional gas infrastructure projects candidates in the TYNDP to a level commensurate to the need of additional "classic" gas investments. ACER invites ENTSOG to update the methodologies and the tools used for the assessment of the merits of such "classic" projects in such a way as to enable the clear demonstration of the contribution of these projects to sustainability, or the lack thereof.

- (16) ACER expects ENTSOG to also take into account ACER's Opinions and Recommendations, as well as the results of the informal bilateral discussions with ACER's staff and the trilateral discussions involving the European Commission, in particular regarding the ability of methodologies and tools to properly assess the contribution of infrastructure to sustainability.
- (17) ENTSOG plans to finalise the TYNDP 2020 report in February 2021<sup>3</sup>. However, ACER notes that the submission of the draft TYNDP 2020 for ACER's Opinion is not expected before the end of 2020, and that ACER needs reasonable time (up to 3 months) in order to issue its Opinion, which can thus be expected by March 2021. The TYNDP then only becomes final after ACER's Opinion is taken into account by ENTSOG, by introducing adaptations to the draft TYNDP, if any. In view of these regulatory requirements and the associated time schedule, ACER calls on ENTSOG to adapt its AWP 2021 and to include work possibly resulting from ACER's Opinion on draft TYNDP 2020 in the programme of activities.
- (18) ACER advises ENTSOG to explicitly include the "Support to Regional Groups on the PCI selection process" in the activities under the programme of activities in p. 26, as in previous AWPs.

## **2.6. Security of Supply**

- (19) ACER takes note of ENTSOG's intention to continue delivering the relevant Summer and Winter Supply Outlooks and Reviews. ACER recalls its recommendation to focus these products to a greater extent on assessing supply patterns and their pertinent risks, rather than on the assessment of the gas infrastructure's ability to handle supplies, assuming that they are available.
- (20) ACER appreciates ENTSOG's plan to carry out activities deriving from Regulation 2017/1938, notably a Union-wide simulation of supply and infrastructure disruption scenarios representing a Union-wide risk assessment providing input to competent

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<sup>3</sup> Cf. p. 26 of the draft AWP 2021 as submitted to ACER.

authorities for the update of their risk assessments, preventive action plans and emergency plans.

- (21) ACER appreciates ENTSOG's plan to undertake work on the facilitation of the existing Regional Coordination System for Gas (ReCo System for Gas) and support of the EC and the Gas Coordination Group (GCG) in the implementation of the revised Security of Supply Regulation.
- (22) ACER notes that the bulk of gas in the EU is imported from non-EU countries, and that a very large share of those imports originates or crosses third-countries to the EU. For these reasons, ACER supports ENTSOG's plan to assist the Energy Community Secretariat and Contracting Parties in Network Code implementation workshops and queries. For the same reasons, ACER finds reasonable ENTSOG's intention to strengthen the cooperation between EU TSOs and the TSOs of third countries that play an important role in EU gas supplies and contributes to the preparedness on matters necessary to provide security of supply in emergencies.

## **2.7. Energy Transition**

- (23) ACER shares ENTSOG's assessment that the Energy System Integration and Hydrogen Strategies, published in July 2020, are of particular relevance and will provide guidance to which elements are important for TSOs to work on in order for gas grids to play a constructive and forward-looking role in the energy transition. For this reason, ACER appreciates ENTSOG's plan to participate in and contribute to the realisation of European Green Deal.
- (24) ACER notes that ENTSOG provides a more detailed assessment -compared to previous AWP's of activities and the relevant resources needed to address the identified emerging strategic topics such as Energy System Integration, future role of the gas TSOs, guarantees of origin/certificates, TEN-E reopening, gas quality and hydrogen transport and handling, methane emissions and regional cooperation. ACER appreciates ENTSOG's readiness to consider any applicable initiatives and proposals published by the EC, ACER or relevant stakeholders in these areas of work.

## **2.8. Other considerations**

- (25) The subsection on finance (p. 42) is actually almost devoid of essential information related to the financing of ENTSOG's work in 2021. ACER is of the view that – for the sake of transparency - this section should include at least line-item budget as foreseen by ENTSOG for its activities in 2021, a comparison with the 2020 budget, and explanations on the upwards or downward evolution in comparison to previous year. ACER expects this basic information to be included in the AWP 2021, also given that it is relevant for ascertaining the extent to which ENTSOG is adequately equipped to perform its activities.

- (26) ACER observes that the draft AWP 2021 includes under section 6<sup>4</sup> activities such as an online training for gas network codes, which may not be pertinent to this section, or conversely, the title of the section could be changed to correctly identify the content.
- (27) ACER notes the importance of thoroughly planning the rotation of seconded persons from TSOs at ENTSOG. Ensuring a smooth transition of knowledge and dossiers among ENTSOG's staff, adequate resource allocation, and efficient hand-over processes are vital for ensuring the continuity of ENTSOG's tasks and activities.
- (28) ACER finds insightful the annex to the AWP 2021 providing an overview of ENTSOG's regulatory framework. However, ACER notes that a table is repeated 10 times (cf. p. 45 to p. 55 of the version submitted to ACER for its opinion), and also that this is not the case with the version published on ENTSOG's web site<sup>5</sup>. ACER invites ENTSOG to ensure proper technical editing of the final AWP 2021.

### **3. CONCLUSIONS AND RECOMMENDATIONS**

- (29) ACER finds the content of the draft AWP 2021 appropriate. ACER welcomes the updated classification of the main tasks by work area and the clear setting of objectives, key deliverables and work schedules in each main area of activity, including the new focal area of Energy Transition. The draft AWP 2021 is consistent with ENTSOG's tasks as described in Article 8 of Regulation (EC) No 715/2009.
- (30) However, possible improvements of the draft AWP 2021 could include the stronger highlighting of critically important work areas and deliverables. Adjustments may be needed, in particular in the area of scenarios and infrastructure, security of supply, and Energy Transition.
- (31) ACER notes that the draft AWP 2021 indicates key deliverables for 2021, but generally does not indicate whether there are specific risks of not achieving the various specific objectives, tasks and deliverables. ACER reiterates its recommendation that annual work programmes indicate which objectives, activities and deliverables may be exposed to significant risks that could hinder due performance, along with the risk factors that could lead to such an outcome and any planned specific risk mitigation measures. ACER invites ENTSOG to provide a synopsis of such assessments and planned measures in the AWP 2021 itself. ACER is of the view that ENTSOG's internal evaluation of the risks that present challenges to meet its objectives, activities, and deliverables, which also

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<sup>4</sup> Research & Development, p. 37 of the version provided to ACER for its opinion.

<sup>5</sup> Cf. [https://www.entsog.eu/sites/default/files/2020-08/ENTSOG%20Draft%20Annual%20Work%20Programme%202021\\_For%20Public%20Consultation\\_%20High%20resolution.pdf](https://www.entsog.eu/sites/default/files/2020-08/ENTSOG%20Draft%20Annual%20Work%20Programme%202021_For%20Public%20Consultation_%20High%20resolution.pdf)

addresses regulatory, legal, finance and human resource aspects, should be visible in the AWP 2021 alongside the specific objectives, tasks and deliverables,

**HAS ADOPTED THIS OPINION:**

1. ENTSOG has published and submitted to ACER in a timely manner the draft Annual Work Programme for the year 2021, in compliance with the provisions of Articles 8(3)(d), 8(5) and 9(2) of Regulation (EC) No 715/2009.
2. ACER finds that the draft AWP 2021 meets the objectives of Regulation (EC) No 713/2009 and Regulation (EC) No 715/2009, in terms of contributing to non-discrimination, effective competition and the efficient and secure functioning of the internal natural gas market.
3. ACER calls on ENTSOG to give utmost consideration to this Opinion and, where needed, adapt its AWP 2021.

This Opinion is addressed to ENTSOG.

Done at Ljubljana, on 18 December 2020.

**- SIGNED -**

*For the Agency  
The Director*

C. ZINGLERSEN