

**OPINION OF THE AGENCY FOR THE COOPERATION OF ENERGY
REGULATORS No 15/2016**

of 16 December 2016

**ON THE DRAFT ENTSO-E WORK PROGRAMME 2016 THROUGH
DECEMBER 2017**

THE AGENCY FOR THE COOPERATION OF ENERGY REGULATORS,

HAVING REGARD to Regulation (EC) No 713/2009 of the European Parliament and of the Council of 13 July 2009 establishing an Agency for the Cooperation of Energy Regulators¹, and, in particular, Articles 6(3)(b) and 17(3) thereof,

HAVING REGARD to Regulation (EC) No 714/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the network for cross-border exchanges in electricity and repealing Regulation (EC) No 1228/2003², and, in particular, Articles 8(3)(d), 8(5) and 9(2) thereof,

HAVING REGARD to the favourable opinion of the Board of Regulators of 14 December 2016, issued pursuant to Article 15(1) of Regulation (EC) 713/2009,

WHEREAS:

- (1) On 7 October 2016, the European Network of Transmission System Operators for Electricity (ENTSO-E) submitted, with reference to Article 9(2) of Regulation (EC) No 714/2009, the draft ENTSO-E annual work programme for the period 2016 through December 2017 (the Work Programme), a summary of the consultation process and of the observations received, and an appendix explaining how the observations have been taken into account, to the Agency for its opinion.
- (2) The Agency assessed the Work Programme on the basis of the following main criteria: (i) the annual work programme's essentials, as specified in Article 8(5) of Regulation (EC) No 714/2009, and (ii) the objectives set out in Article 6(3)(b) of Regulation (EC) No 713/2009 and Article 9(2) of Regulation (EC) No 714/2009,

HAS ADOPTED THIS OPINION:

¹ OJ L 211, 14.8.2009, p.1.

² OJ L 211, 14.8.2009, p.15.

1. General remarks

The focus of the Work Programme is on the implementation of network codes, enhanced cooperation and co-creation with stakeholders, enhanced transparency, contributions to new EU policy and legislative initiatives, the retail-wholesale interface and TSO-DSO co-operation, and the regional co-operation.

The Work Programme contains a list and a description of the network codes to be prepared, observations with regard to the envisaged coordination of the network operation, a plan of the research and development (R&D) activities to be realised, and indicative calendars for the deliverables.

The Work Programme does not appear to not contribute to non-discrimination, effective competition, efficient and secure functioning of the market, or a sufficient level of cross-border interconnection open to third party access.

On that basis, the Agency considers the Work Programme as well focused and in line with the requirements of Article 8(5) of Regulation (EC) No 714/2009, as well as with the objectives of Article 6(3)(b) of Regulation (EC) No 713/2009 and Article 9(2) of Regulation (EC) No 714/2009.

2. Specific remarks

2.1 Ten-Year Network Development Plan (TYNDP) 2018

The Work Programme (p. 21) indicates that *“the ‘identification of system needs’ package (...) will be compiled and consulted by the end of 2017”* and that *“subject to the dedicated EC guidelines, ENTSO-E will organise two windows for project promoters to ask for TYNDP assessment: one in mid-2017 (based on which the reference grid will be set up), and one at the end of 2017”*.

In that regard, it should be considered that a proper time planning of the above activities is critical. In fact, as already indicated in the Agency’s letter regarding the third PCI selection process³, the initial step for the assessment of the needs should be followed by the identification of projects which can technically fulfil these needs. Similarly, the ENTSO-E system needs package should be published early enough before the submission of TYNDP projects’ candidatedship and precede the call for projects, so as to allow project promoters to explain how a candidate project contributes to one or more needs

The reasons why ENTSO-E is planning to organise two calls for project submission (instead of one) should be clarified. The Agency considers that the “baseline networks” for the TYNDP market models and network models should be mostly based on the results of the “needs assessment” (namely, on the techno-economical target capacities), rather than being based on

³ Agency’s letter “Proposal to establish a Cooperation Platform to support the work of the Regional Groups and to facilitate the third PCI selection process”, 2 February 2016, p. 2.

project submissions (and related reference capacities), which bears a risk of under-estimating or over-estimating the baseline networks.

The statement quoted above seems to imply that the - potentially competing - projects submitted in different windows will not have the same handling (i.e. the projects submitted within the second window will not be part of the reference grid, with a possible impact on their assessment). Therefore, the Agency reaffirms its long-standing position that equal treatment of all projects (from TSOs and third parties) must be ensured.

2.2 Cost-benefit analysis

The Work Programme (p. 23) explains that *'[s]takeholders' previous feedback and ENTSO-E's experience with the current CBA 1.0 (used in the TYNDP 2014 and 2016) has clearly shown the need for improving the European project assessment methodology, which resulted in the current version of the CBA methodology.'*

The wording *'the current version of the CBA methodology'* should be amended to refer to the "current draft version", as the newly developed CBA 2.0, planned to be used for the TYNDP 2018, has not yet been approved by the European Commission.

Done at Ljubljana on 16 December 2016.

For the Agency:



Alberto Pototschnig
Director