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**OPINION OF THE AGENCY FOR THE COOPERATION OF ENERGY
REGULATORS No 23/2013**

of 29 November 2013

ON ENTSOG's 2014 ANNUAL WORK PROGRAMME

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 (hereinafter referred to as "the Agency"), and, in particular, Article 6(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 1775/2005², and, in particular, Article 9(2) thereof;

HAVING REGARD to the favourable opinion of the Board of Regulators of 5 November 2013, delivered pursuant to Article 15(1) of Regulation (EC) No 713/2009,

WHEREAS:

- (1) The European Network of Transmission System Operators for Gas (hereinafter referred to as "ENTSOG") submitted on 26 September 2013 the final draft Annual Work Programme 2014 and the information regarding the consultation process, by email to the Agency for its opinion.
- (2) Pursuant to Article 6(3)(b) of Regulation (EC) No 713/2009 and Article 9(2) of Regulation (EC) No 715/2009, the draft annual work programme has to be evaluated by the Agency taking into account the objectives of non-discrimination, effective competition and the efficient functioning of the market,

HAS ADOPTED the following Opinion on ENTSOG's final draft Annual Work Programme 2014:

1. MAIN FINDINGS

1. The final draft Annual Work Programme 2014 of ENTSOG is a comprehensive and informative document. It is consistent with ENTSOG's tasks as described in Article 8 of Regulation (EC) No 715/2009 and Commission Decision of 21 August 2013 on the establishment of the annual priority lists for the development of network codes and

¹OJ L 211, 14.8.2009, p. 1.

²OJ L211, 14.8.2009, p.36.

guidelines for 2014 (2013/442/EU). The Agency believes that the final draft Annual Work Programme 2014 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. The Agency also recognises the potential of the Work Programme 2014 to contribute to the achievement of a sufficient level of cross-border interconnection open to third-party access.

- 1.1. ENTSOG conducted a stakeholder consultation pursuant to Article 10 of Regulation (EC) No 715/2009 as transposed by Articles 26(2) and 27(3) of ENTSOG's Rules of Procedure. ENTSOG published the draft Annual Work Plan 2014 and Questionnaire form on its website on 15 July 2013 and allowed almost two months for submitting responses. ENTSOG submitted to the Agency four responses received and an Executive Summary of Feedback containing ENTSOG's positions regarding the comments received. According to Article 27(4) of ENTSOG's Rules of Procedure, the draft Annual Work Plan 2014 will be finalised taking into account the feedback received via the consultation process and the opinion received from the Agency.
- 1.2. Regarding ENTSOG's governance and membership, the Agency notes that ENTSOG now covers all EU Member States and that the number of transmission system operators (TSOs) from third Countries participating with the status of observer is growing. ENTSOG plans to revise the Articles of Association and Rules of Procedure according to the experience of the past four years. ENTSOG has reached a mature operational and organisational structure of 35 staff members.
- 1.3. ENTSOG's final draft Annual Work Programme 2014 includes several activities in the areas of network code, system development and TSO coordination. It also mentions supporting activities allowing the anticipation of future tasks, such as the next TYNDP.
- 1.4. The final draft Annual Work Programme 2014 includes an indicative calendar of all planned main and accompanying activities in 2014. Where relevant, it also includes 2013 and 2015 scheduling details.

2. COMMENTS

- 2.1 The Agency acknowledges that the work plan is a comprehensive description of ENTSOG's activities for 2014. However, the Agency would welcome that ENTSOG indicates more clearly the activities and deliverables which are of critical importance for gas market integration. The Agency considers that these activities and deliverables call for ENTSOG's special attention and require a deep engagement of stakeholders. The Agency welcomes ENTSOG's intention to increase cooperation with stakeholders; however, the approach to third parties involvement should be more developed to help stakeholders anticipate future work load.

- 2.2 The Agency acknowledges that ENTSOG is willing to work more closely with ENTSO-E. The areas of cooperation and the process should be presented with more details. Coordination between gas and electricity is becoming of key importance as far as infrastructure is concerned.
- 2.3 In terms of structure, the Agency notes the heterogeneity of the activity descriptions. The chapter on the system development business area is detailed and clearly highlights the nature of the work to come and its importance. However, the sections on network code activities are only descriptive and do not include elements relating to the approach and the challenges ahead. The Agency recommends improving the consistency of the document in this respect.
- 2.4 The Agency invites ENTSOG to publish feedback from the stakeholder consultation pursuant to Article 10 of Regulation (EC) No 715/2009 as transposed by Articles 26(2) and 27(3) of ENTSOG's Rules of Procedure, including ENTSOG's positions in line with Article 10(3) of Regulation (EC) No 715/2009.
- 2.5 The Agency welcomes ENTSOG's initiatives regarding network code implementation and coordination with non-EU countries, in particular work on Common Network Operation Tools, on implementation of Data Exchange rules, and on the project to develop recommendations related to the coordination of technical cooperation between Community and third country TSOs.
- 2.6 The Agency notes that ENTSOG complies with its obligation to carry out research and development (R&D) activities. The R&D activities planned for 2014 are generally identical to those planned for 2013. Most of the activities relating to market analysis and modelling are part of a continuous development process. ENTSOG should explain why some of them have been postponed (for example, the data warehouse project) from previous planning periods. The Agency recommends to ENTSOG to consider specifying R&D activities in greater detail, to the extent necessary for enabling the tracking of yearly progress and of upgrading steps in the annual work plans.
- 2.7 The Agency invites ENTSOG to consider the Agency's Opinion on the TYNDP 2013-2022³ and in particular its recommendations related to the further development of the network model. The Agency recommends upgrading the model to the level of flow and capacity assessments at individual interconnection points between entry-exit zones within the European Union, with actual flows and non-physical (commercial) barriers accounted for in the model. The Agency stresses the need to validate the modelling tool by carrying out model runs with actual historic data and by peer review of the modelling results of the actual data runs.

³ Opinion No 18/2013, adopted on 10 September 2013.

2.8 With respect to the implementation of Regulation (EU) No 347/2013⁴ and the deliverables associated with it, in particular a methodology for Cost-Benefit Analysis (CBA), the Agency encourages ENTSOG to conduct a comprehensive and interactive consultation process, including the conduct of one or more pilot project CBA assessments.

2.9 The Agency notes ENTSOG's plans for the monitoring of the implementation of network codes and the Guidelines adopted by the Commission in line with Article 8(6) of Regulation (EC) No 715/2009. The Agency emphasises the importance of assessing the effects of both implementation and non-implementation of network codes and guidelines on the harmonisation of applicable rules and the facilitation of market integration. The Agency expects that ENTSOG will report its findings to the Agency and will include the results of the analysis in its next annual report.

Done at Ljubljana on 29 November 2013.

For the Agency:


Alberto Pototschnig
Director

⁴ Regulation (EU) No 347/2013 of the European Parliament and of the Council of 17 April 2013 on guidelines for trans-European energy infrastructure and repealing Decision No 1364/2006/EC and amending Regulations (EC) No 713/2009, (EC) No 714/2009 and (EC) No 715/2009.



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