



Publishing date: 20/06/2014

Document title:

We appreciate your feedback



Please click on the icon to take a 5' online survey  
and provide your feedback about this document

**OPINION OF THE AGENCY FOR THE COOPERATION OF ENERGY  
REGULATORS No 12/2014**

**of 17 June 2014**

**ON THE ENTSO-E ANNUAL REPORT 2013**

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 Regulators<sup>1</sup>, 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 1228/2003<sup>2</sup>, and, in particular, Articles 8(3)(e) and 9(2) thereof,

HAVING REGARD to the favourable opinion of the Board of Regulators of 11 June 2014, delivered pursuant to Article 15(1) of Regulation (EC) No 713/2009,

WHEREAS:

- (1) On 14 April 2014, the European Network of Transmission System Operators for Electricity ('ENTSO-E') submitted its annual report for 2013 (the 'ENTSO-E Annual Report 2013') to the Agency for its opinion. The report is entitled 'TSO Cooperation and the Internal Energy Market – Benefitting Consumers Across Europe' and, according to ENTSO-E, is intended to provide an extensive account of ENTSO-E's work and activities in the past year, placing a special focus on cooperation amongst transmission system operators (the 'TSOs') and featuring case studies of projects on which TSOs collaborated.
- (2) Pursuant to Article 6(3)(b) of Regulation (EC) No 713/2009, the Agency shall provide an opinion to ENTSO-E in accordance with the first subparagraph of Article 9(2) of Regulation (EC) No 714/2009 on relevant documents referred to in Article 8(3) of Regulation (EC) No 714/2009. Point (e) of Article 8(3) of Regulation (EC) No 714/2009 refers to an annual report to be adopted by ENTSO-E.
- (3) According to Article 6(3)(b) of Regulation (EC) No 713/2009, the Agency shall take into account for its opinion the objectives of non-discrimination, effective competition and the efficient and secure functioning of the internal market in

---

<sup>1</sup>OJ L 211, 14.8.2009, p.1.

<sup>2</sup>OJ L 211, 14.8.2009, p.15.

electricity. Further, the Agency regards it as essential to consider for its opinion the purpose of the annual report. By its nature, such report is to provide transparent information about ENTSO-E's activities. In particular, information about the fulfilment of the various tasks of ENTSO-E under Regulation (EC) No 714/2009 is central,

#### **HAS ADOPTED THIS OPINION:**

1. The focus of the ENTSO-E Annual Report 2013 is on the cooperation between TSOs. While this may not surprise in light of the purpose of ENTSO-E, it is still useful to highlight the importance of this cooperation and to describe the various fields for which it is needed. Covering all areas of ENTSO-E's activities, the ENTSO-E Annual Report 2013 provides therefore an appropriate overview of ENTSO-E's work in 2013.
2. ENTSO-E's last year's activities are presented in the broader context of the internal energy market, and not only as a list of deliverables. The Agency welcomes this approach, which can indeed be very helpful in increasing the understanding of those deliverables, their reasons and their effects. The Agency acknowledges that such approach involves the delicate task of striking the right balance between exhaustiveness and readability. In the Agency's view, the ENTSO-E Annual Report 2013 in principle manages to cope with this task reasonably. Yet, the Agency also sees still some room for improvement, e.g. where the main text reports on deliverables in such way that they may be overlooked or be not clearly identifiable, such as the specific outcomes of ENTSO-E's work on network codes in 2013 (p. 16 et seq.). The Agency invites ENTSO-E to continue with its efforts to improve this aspect of the annual report.
3. The overall level of detail is adequate. However, in the Agency's view, some information has not been included in relevant sections of the ENTSO-E Annual Report 2013:
  - The main text of the ENTSO-E Annual Report 2013 does not report on the following relevant deliverables: the report on the Inter-Transmission System Operator Compensation, the overview of transmission tariffs, the adequacy part of the Scenario Outlook and Adequacy Forecast 2013-2030, the winter and summer outlooks, and the yearly statistics and adequacy retrospect.
  - The appendix 'ENTSO-E Work program Status' does not mention the launch of consultations for the ten-year network development plan ('TYNDP') 2014 (i.e. on the TYNDP 2014-2030 visions) and for the cost-benefit analysis ('CBA') methodology in the context of the energy infrastructure legislation, and does not clarify the specific output of the 'implementation achieved in 2013' for the 'contributions to the infrastructure regulation' (p. 62 et seq.).

4. The following statements in the ENTSO-E Annual Report 2013 deserve particular mention and comments:

- It is stated that ‘the CBA methodology is currently being used in the assessment of the projects for the TYNDP 2014’ (p. 8) and that the ‘assessment of projects for the TYNDP 2014 is already being based on the new [CBA] methodology’ (p. 26). The Agency welcomes these actions as a follow up of its previous opinions.
- Reference is made to ENTSO-E’s ‘work on ... consistency’ in the context of network codes (p. 17). In the Agency’s view, ENTSO-E should intensify its work on the cross-network codes consistency, where there is still room for improvement.
- It is mentioned that ENTSO-E does not underestimate the challenge of the network code implementation and is already looking into two of the leading topics, i.e. the definition of bidding zones and capacity calculation regions (p. 19). The Agency welcomes this work and invites ENTSO-E to start or intensify the early implementation activities also in other areas where the network codes require involvement of all TSOs in Europe. In this respect, the Agency suggests the other priorities to be the single platform for forward capacity allocation, single forward capacity allocation rules, standardisation of balancing products, coordinated redispatching, congestion income distribution arrangements and common grid model methodologies, as these are fundamental for further integration of the markets.
- It is stated that the ‘transmission and storage PCIs [projects of common interest] must be included in the preceding ENTSO-E TYNDP in order to gain PCI status’ (p. 22). While this is a necessary pre-condition, the Agency is concerned that such statement could give the false impression that an inclusion in the TYNDP is sufficient to gain PCI status.
- The TYNDP-build-up-process is depicted in a way that it does not include any explicit consultation on scenarios (p. 26). In this respect, the Agency refers to the process described in its letter to ENTSO-E of 18 July 2013 on the scenario outlook and adequacy forecast 2013-2030, on generation adequacy assessments and on scenarios for the ENTSO-E Ten-Year Network Development Plan<sup>3</sup>. The Agency reaffirms that the process for the scenario development should include the stages defined in its letter of 18 July 2013.
- Reference is made to the collaboration with the European Network of Transmission System Operators for Gas (‘ENTSOG’) in a special section (p.

---

3

[http://www.acer.europa.eu/Official\\_documents/Lists/Other%20documents/Attachments/1/Letter%20Konstantin%20Staschus\\_ENTSOE\\_SOAF\\_130718.pdf](http://www.acer.europa.eu/Official_documents/Lists/Other%20documents/Attachments/1/Letter%20Konstantin%20Staschus_ENTSOE_SOAF_130718.pdf)

28). The Agency welcomes this collaboration. Yet, it finds it confusing that the partnership to deliver common gas and electricity network models later in the year is not discussed in the special section, but only briefly mentioned in the conclusions (p. 58).

- It is reported that '[e]lectricity wholesale markets throughout Europe are steadily improving in terms of integration, competition, liquidity and transparency' (p. 30). The Agency invites ENTSO-E to substantiate such general statements with further information.
- It is explained that 'ENTSO-E's work on long term market design has focused on the identification of key policy recommendations for specific solutions' (p. 30). The Agency appreciates ENTSO-E's efforts. Given the many barriers for the implementation of pan-European solutions and with regard to the market integration process, the Agency encourages ENTSO-E to complement its work on market design with concrete actions whereby ENTSO-E and TSOs contribute to removing these barriers and propose the direction in which further harmonisation of design elements should go.
- It is suggested that the European Target Model 'should be augmented with additional elements in order to address future market challenges' (p. 31). The Agency invites ENTSO-E to provide elaborative and concrete suggestions where further improvements might be needed and explain the reasons.
- The regional projects covering the day-ahead and intraday timeframes are described in detail in the section on regional market development (p. 31 et seq.). However, there is no reference to the work for the integration of electricity balancing markets, including the pilot projects for the envisaged Electricity Balancing Network Code, or to the work on long-term transmission rights that anticipates the requirements expected under the planned Forward Capacity Allocation Network Code. The Agency suggests that information on these developments, whereby the role and contribution expected from TSOs are key, is also published.
- It is reported that 'ENTSO-E developed a set of key performance indicators (KPIs) tailored to the management of its R&D Roadmap' (p. 54). However, there is no reference to the documents which provide details on the KPIs. In the Agency's view, it would have been useful to make this information also transparently available. Further, the Agency notes in this context that these KPIs are not mentioned in the R&D Implementation Plan 2015-2017.
- A request for 'clear climate and energy targets that are aligned between Member States and the EU institutions' is expressed (p. 57). The Agency supports this request. In its view, the consistency of scenarios across countries and across sectors is extremely important for better planning and optimisation of future investments. In this respect, the Agency acknowledges the identification of areas of synergy for ENTSO-E and ENTSG, including

the necessary ‘consistency of scenarios’ for the TYNDPs and seasonal outlook reports (p. 28).

The Agency expects that, where appropriate, the above considerations and comments will be taken into account by ENTSO-E in developing its Work Programme for 2015.

5. The Agency notes that network codes and Guidelines have not yet been adopted and that therefore the ENTSO-E Annual Report 2013 could not include findings resulting from monitoring and analysing the implementation of such network codes and Guidelines.
6. The Agency welcomes that ENTSO-E has taken into account the Agency’s Opinion on the ENTSO-E Annual Report 2012.

Done at Ljubljana on 17 June 2014.

For the Agency:

  
Alberto Pototschnig  
Director



Publishing date: 20/06/2014

Document title:

We appreciate your feedback



Please click on the icon to take a 5' online survey  
and provide your feedback about this document