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**OPINION OF THE AGENCY FOR THE COOPERATION OF ENERGY
REGULATORS No 14/2013**

of 27 June 2013

ON ENTSOG'S 2012 ANNUAL REPORT

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, Articles 6(3)(b) and 17(3) 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 12 June 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 to the Agency the 2012 Annual Report on 6 May 2013 in a digital format and published the report on its website on the same day;
- (2) Pursuant to Articles 6(3)(b) of Regulation (EC) No 713/2009 and Article 9(2) of Regulation (EC) No 715/2009, the Annual Report 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 present Opinion on ENTSOG's 2012 Annual Report, with the following main findings, comments and guidance:

1. MAIN FINDINGS

- a) The 2012 Annual Report is entitled "Securing Europe's Energy Future: Implementing the Internal Market for Gas" and consists of four chapters. The structure of the Report is consistent with ENTSOG's tasks as described in Article 8 of Regulation (EC) No 715/2009 and provides adequate reporting format for the tasks performed by ENTSOG in 2012.

¹ OJ L211, 14.8.2009, p.1.

² OJ L211, 14.8.2009, p.36.

- b) The 2012 Annual Report adequately covers ENTSOG's priorities during the reporting year, generally in line with the targets for the Internal Energy Market. These priorities specifically include tasks related to the development of network codes, the preparation of a ten-year network development plan (TYNDP), supply adequacy outlooks, and operational tools. The report also provides a briefing on ENTSOG's structure, activities, processes, business areas and the involvement of stakeholders via consultations and other avenues. The 2012 Annual Report contains information about the election of ENTSOG's Board for the term beginning on 1 January 2013 and ending on 31 December 2015, the Board's decision on the financial statements for 2012 along with the statements, lists of position papers, press releases, timelines, and other supporting information, including a list of members.
- c) ENTSOG's 2012 Annual Report highlights the fact that 2012 was the year during which ENTSOG started working at full power and delivering the products it was committed to. The Report indicates the steps taken during the reporting period to assure the delivery of the products and the challenges which ENTSOG faced.

2. COMMENTS AND GUIDANCE

- a) The Agency welcomes the submission of the Annual Report for 2012 in compliance with the first subparagraph of Article 9(2) of Regulation (EC) No 715/2009 and the Report's publishing on the day of its submission to the Agency. The Agency appreciates the timely release of the 2012 Annual Report as compared to previous annual reports and encourages ENTSOG to continue publishing its annual reports on an appropriate schedule.
- b) The Agency finds that the 2012 Annual Report is a concise and informative document which reviews ENTSOG's core activities in 2012, providing at the same time a broader perspective on tasks continuing into 2013 and targets for 2014. The Agency welcomes ENTSOG's engagement in activities covering certain requirements of Article 8(3), sub (a) and (c), of Regulation (EC) No 715/2009, regarding common network operation tools and coordination of the technical cooperation with third-country transmission system operators, respectively, two work areas which have been relatively less covered in previous Reports, and the provision of information about activities and results achieved in such areas in 2012. The Agency appreciates ENTSOG's commitment to achieving an appropriate balance between the various activities in view of the completion of the internal market for gas, the efficient management and coordinated operation of the European gas network, and the network's sound technical evolution, and to striving to assure complete coverage of all work areas and deliverables expected from ENTSOG in the framework of the Third Energy Package.
- c) The Agency acknowledges ENTSOG's effort in improving transparency, involving stakeholders and taking their views into account, and expanding ENTSOG's resource base. The Agency finds useful the inclusion in the Annual Report of a briefing on the Transparency Platform and its changing coverage, functionality and availability to the public, particularly in view of the effort to achieve full compliance of the new Transparency Platform by 1 October 2013 with all the regulatory requirements,

including those of Regulation (EC) No 1227/2011³, and the guidance issued by the Agency. In this context, the Agency invites ENTSOG to allot additional attention to highlighting transparency-related work in future reports.

- d) The Agency notes that the Annual Report addresses the cooperation with the European Network of Transmission System Operators for Electricity (hereinafter referred to as “ENTSO-E”) and reports on it in terms of creation of gas demand scenarios, assessment of the interactions between renewable energy sources and gas-based power generation, any inter-system coordination and cooperation activities that may be in place. The Agency commends the cooperative effort with ENTSO-E in view of aligning the two Networks’ targets for energy security, carbon emissions and renewable energy sources in the context of tasks in the areas of markets, system development, and system operation, and recommends the continuation of the Networks’ cooperation.
- e) The Agency appreciates the inclusion in the Report of information regarding work on tasks deriving from Regulation (EU) No 347/2013 of 17 April 2013⁴, particularly work related to the development of a methodology for a harmonised cost-benefit analysis (CBA) at Union-wide level for all the Projects of Common Interest (PCI), and ENTSOG’s performance of these tasks in coordination with ENTSO-E and with work for the development of the TYNDP. The Agency finds ENTSOG’s anticipatory approach regarding the development of the CBA methodology appropriate and in line with the approach adopted by other stakeholders for tasks deriving from Regulation (EU) No 347/2013. The Agency recommends to ENTSOG the highlighting in future reports of activities related to Regulation (EU) No 347/2013 in a separate partition, possibly in conjunction with other major infrastructure-related effort, such as the development of the TYNDP.
- f) The Agency welcomes the format of reporting, whereby work is presented in a matrix-based format by business area and functional tasks. The Agency appreciates the complete coverage of the planning and managerial work carried out by ENTSOG. The Agency invites ENTSOG to consider implementing in future reports of a more focused combined coverage of closely related infrastructure development tasks.
- g) The Agency appreciates the coverage in the Annual Report of activities which lie on the critical path to the completion of the Internal Energy Market by 2014, such as the release of network codes, along with the equally important tasks related to investment and the development of the gas infrastructure, support of gas regional investment plans, and to the Connecting Europe package legislative process.
- h) The Agency appreciates the highlighting in the Annual Report of the timeline for the execution of tasks and the provision of deliverables in 2012, an approach which allows the comparison of actual performance to schedules, and finds ENTSOG’s carrying out of its tasks well aligned to schedules.

³ Regulation (EU) No 1227/2011 of the European Parliament and of the Council of 25 October 2011 on wholesale energy market integrity and transparency (OJ L 321, 8.12.2011, p.1).

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 (OJ L115 25.4.2013, p.39).

3. CONCLUSIONS

The Agency believes that ENTSOG's 2012 Annual Report 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 present Opinion is addressed to ENTSOG.

Done at Ljubljana on 27 June 2013.

For the Agency:


Alberto Pototschnig
Director



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