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**OPINION OF THE AGENCY FOR THE COOPERATION OF ENERGY
REGULATORS No 17/2013**

of 1 August 2013

ON THE ENTSO-E ANNUAL REPORT 2012

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 (the 'Agency'), and, in particular, Article 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)(e) and 9(2) thereof;

HAVING REGARD to the favourable opinion of the Board of Regulators of 17 July 2013, delivered pursuant to Article 15(1) of Regulation (EC) No 713/2009,

WHEREAS:

- (1) On 7 May 2013, the European Network of Transmission System Operators for Electricity ('ENTSO-E'), with reference to Article 8(3)(e) and Article 9(2) of Regulation (EC) No 714/2009, submitted its annual report for 2012 (the 'ENTSO-E Annual Report 2012') to the Agency for its opinion. The report is entitled 'Europe's Low-carbon Challenge and the Electricity Network' and, according to ENTSO-E, is intended to provide an extensive account of ENTSO-E's work and activities in the past year, while highlighting the efforts of transmission system operators (the 'TSOs') in contributing to the achievement of Europe's renewable energy sources and climate policy objectives.
- (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 electricity. Further, the

¹OJ L 211, 14.8.2009, p.1.

²OJ L 211, 14.8.2009, p.15.

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. With its focus on Europe's low-carbon challenge, the ENTSO-E Annual Report 2012 takes on an increasingly important theme of EU energy policy. Moreover, it illustrates very well how EU climate change and carbon reduction objectives concern transmission systems in a multitude of aspects and how relevant for those objectives the various activities of TSOs are. The ENTSO-E Annual Report 2012 also covers all areas of ENTSO-E's activities and, as such, provides a good overview of ENTSO-E's work in 2012.
2. The ENTSO-E Annual Report 2012 includes many details of ENTSO-E's activities. In the Agency's view, the report strikes in principle a good balance between presenting essential information and offering a detailed account of activities. In the following areas the level of detail could however have been more balanced:
 - Adequacy forecasts are an important task of ENTSO-E. While a whole section and other references concern the Scenario Outlook and Adequacy Forecast ('SOAF') report, there is only a rather limited description of the summer and winter outlooks in the ENTSO-E Annual Report 2012, and only in a section 'Enhancing TSO cooperation'. In the Agency's opinion it would have been useful to put more focus on the short-term adequacy outlooks and to provide more information on the respective ENTSO-E activities.
 - Another important task of ENTSO is technical cooperation with third countries. In this context the ENTSO-E Annual Report 2012, for good reasons, mentions the work on the procedure for the inclusion of third party projects (which include those in third countries) in the TYNDP as well as on the interconnection of the Turkish and Albanian power system. On the other hand, the ENTSO-E Annual Report 2012 is silent on the works on ENTSO-E's recommendations pursuant to Article 8(3)(c) of Regulation (EC) No 714/2009, i.e. relating to the coordination of technical cooperation between Community and third-country TSOs. With the first network codes to be adopted soon, those recommendations and the coordination of third countries appear increasingly relevant (see also the Agency's Opinion No 2/2013 of 28 January 2013 on the ENTSO-E Draft Annual Work Programme 2012 through 2013, p.6³). In the Agency's view, an update on the status of the recommendations under Article 8(3)(c) of Regulation (EC) No 714/2009 should have been provided.

³http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2002-2013.pdf

- The detailed record of ENTSO-E's 'Reports & Publications 2012' in the appendix provides useful information on the specific documents. However, some documents do not appear to be fully reflected in the main sections of the annual report so their relevance is not explained. In this respect, in the Agency's view, more consideration should have been given in particular to the ENTSO-E Memo 2011, the ENTSO-E overview of transmission tariffs in Europe 2012, the ENTSO-E System Adequacy Retrospect 2011, and the ENTSO-E Statistical Yearbook 2011.
3. Given the numerous activities of ENTSO-E, it is important that the ENTSO-E Annual Report 2012 provides a clear inventory of ENTSO-E's achievements against the ENTSO-E's work programme for the relevant year. In this respect, the appendix 'Work Program Status – End 2012' is a very useful succinct summary. There are a few specific aspects that appear lacking or incorrect:
- The 'Indicative Schedule' of the ENTSO-E Work Programme 2011-2012 listed a specific item 'Renewable Energy Sources (RES)', defining the relevant goal and deliverables of ENTSO-E. In contrast, the ENTSO-E Annual Report 2012 is not explicitly clear on the corresponding RES activities.
 - The 'Indicative Schedule' of the ENTSO-E Work Programme 2011-2012 included a 'survey on the R&D support in the various implementations of the 3rd Energy Package at national level' in Q4/2012. Although many activities have been positively carried out by ENTSO-E in the R&D field, as described in the ENTSO-E Annual Report 2012, the status of this survey is not mentioned despite the importance of R&D for the transmission sector.
 - The 'Work Program Status – End 2012' indicates that ENTSO-E submitted the Network Code on the Requirements for Generators to the Agency on 26 June 2012. In fact, this network code was submitted to the Agency on 13 July 2012.
4. The ENTSO-E Annual Report 2012 is not confined strictly to the past year, but also embeds future developments. In the Agency's view those forward looking considerations are a positive element and beneficial for a better understanding of ENTSO-E's activities. However, the Agency questions whether the timing envisaged for the Network Code on Connection Procedures, which the ENTSO-E Annual Report 2012 suggests being mandated in 2013, is consistent with current plans.

Regarding some specific developments envisaged in the ENTSO-E Annual Report 2012, the Agency believes that the following aspects should be taken into account:

- According to the ENTSO-E Annual Report 2012 'the long-term visions, once they are quantified and turned into scenarios, will enable common input data sets with a 2030 horizon to be established, in line with the n+20 planning perspective of the Energy Infrastructure Regulation' (p. 28). This '2030 horizon' represents a commendable and paramount effort by ENTSO-E towards meeting the provisions of Regulation (EU) No 347/2013. In the Agency's opinion, ENTSO-E should also endeavour to develop generation adequacy assessments for the same timeline as used for the Ten-year Network Development Plan ('TYNDP') scenarios.

- According to the ENTSO-E Annual Report 2012, ‘the TYNDP 2014 will also include cost-benefit analysis of projects of common interest (PCIs), in line with the requirements of the new Energy Infrastructure Regulation’ (p. 7) and ‘for the TYNDP 2014, ENTSO-E is developing this CBA based on a multi-criteria assessment of projects of European interest’ (p. 29). Further, the ENTSO-E Annual Report 2012 states that ‘this methodology is being built on the current multi-criteria approach in the TYNDP and will be incorporated fully in the TYNDP 2016’ (p. 61). In the Agency’s view, ENTSO-E should undertake a cost-benefit analysis for all transmission projects of the TYNDP 2014.
 - According to the ENTSO-E Annual Report 2012, ENTSO-E consulted on the TYNDP 2014 scenarios with regard to the delivery of the SOAF for 2013 to 2027. This consultation took place via workshops on ‘visions 2030’ and in the frame of a ‘Long Term Network Development Stakeholder Group’ which will continue to meet throughout 2013. In the Agency’s view the scope of the consultation on TYNDP scenarios and their underlying assumptions should be enlarged towards a fully-fledged public consultation so as to (a) satisfy the level of importance of defining the scenarios and their underlying assumptions and (b) allow ENTSO-E to incorporate any changes to the scenarios well in advance of the TYNDP market and network studies.
5. With regard to the monitoring and analysing of the implementation of network codes and Guidelines under Article 6(11) of Regulation (EC) No 714/2009, the Agency notes that network codes and Guidelines have not yet been adopted and that therefore the ENTSO-E Annual Report 2012 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 2011.

Done at Ljubljana on 1 August 2013.

For the Agency:



Alberto Pototschnig
Director



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