

**OPINION OF THE AGENCY FOR THE COOPERATION OF ENERGY
REGULATORS No 23/2017**

of 15 December 2017

ON THE DRAFT ENTSO-E ANNUAL WORK PROGRAMME 2018

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 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 13 December 2017, delivered pursuant to Article 15(1) of Regulation (EC) No 713/2009,

WHEREAS:

- (1) On 20 October 2017, the European Network of Transmission System Operators for Electricity (ENTSO-E) submitted to the Agency for its opinion, pursuant to Article 9(2) of Regulation (EC) No 714/2009, the draft ENTSO-E annual work programme 2018 (the Work Programme) which covers a period from September 2017 through the end of 2018, a summary of the consultation process and of the observations received, and an appendix explaining how the observations have been taken into account.
- (2) The Agency assessed the Work Programme on the basis of: (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. 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

¹OJ L 211, 14.8.2009, p. 1.

²OJ L 211, 14.8.2009, p. 15.

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, 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 of 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. Grid development:

The planning of ENTSO-E activities related to the Ten-Year Network Development Plan (TYNDP) should allow sufficient time for taking into account the outcome of each activity as an input for a subsequent activity within the same TYNDP cycle (e.g. the candidate projects' submission for the TYNDP 2018, should be based on the identified needs for the same TYNDP and not the previous one).

The Agency already indicated that the development of network capacities should be based on an analysis of costs and benefits³. The recently released report of the interconnection targets expert group⁴, while proposing new metrics for future assessments and dismissing a one-size-fits-all 15% target, affirmed that the cost benefit analysis is a prerequisite for efficient development of interconnection and other cross-border relevant network capacities. The European Commission communication of 23 November 2017 supported the metrics proposed by the expert group report⁵.

ENTSO-E should therefore delete the texts (p.21) *“The suggested interconnection target of 15% by 2030 will help to achieve this objective”* and *“The electricity interconnection targets expert group, to which ENTSO-E takes part, is working on increasing electricity interconnection between EU countries by breaking down a 15% electricity interconnection target into regional, country and/or border interconnection targets, while taking costs into account”*.

³ Agency's opinion No 01/2017 on the ENTSO-E draft TYNDP 2016, p.11: “The Agency reaffirms its recommendation that the target capacities for each boundary, based solely on technical-economic assessments, should be clearly reported in the TYNDP”.

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https://ec.europa.eu/energy/sites/ener/files/documents/report_of_the_commission_expert_group_on_electricity_interconnection_targets.pdf

⁵ https://ec.europa.eu/energy/sites/ener/files/documents/communication_on_infrastructure_17.pdf

Furthermore, ENTSO-E should provide more information on its plan to work on cost benefit analysis methodology in 2018.

ENTSO-E should describe the planned activities related to the interlinked electricity gas market and network model, because, after the Opinion of the European Commission, ENTSO-E will have to propose how the interlinked model will be adapted pursuant to Commission's and Agency's Opinions and worked on in 2018.

The Agency welcomes the planned "interconnection studies with Ukraine and Moldova" (pp. 16-17). Taking into account the possible future interconnections of these power systems, a first step needed in the short term is the ENTSO-E cooperation with TSOs of these countries to expand the ENTSO-E scenario-building and market modelling activities to these systems for the TYNDP 2020.

2.2. Regional Security Coordinators:

Where the Work Programme refers to the Regional Security Coordinators as defined in the Commission Regulation (EU) No 2017/1485 on electricity transmission system operation guideline⁶ (SO GL) and their tasks listed in Article 77(3) thereof, it presents in a few instances RSCs as 'service providers'⁷. The Agency disagrees with such a presentation. Article 77(1)(a) of the SO GL prescribes the appointment, by the TSOs, of RSC(s), which will perform the tasks defined in Article 77(3) for the concerned capacity calculation region. The Agency understands the RSCs have a degree of professional independence which is reflected in Article 78(2)(a) of the SO GL prescribing recommendations by RSCs to relevant TSOs of remedial actions other than those provided by the TSOs.

Done at Ljubljana on 15 December 2017.

For the Agency:



Alberto Pototschnig
Director

⁶ <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017R1485&from=EN>

⁷ For example on pages 4, 5, 17, 21 and 22.