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**OPINION OF THE AGENCY FOR THE COOPERATION OF ENERGY
REGULATORS No 04/2013**

of 12 February 2013

ON ENTSOG's 2011 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 25 January 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") published on its web site on 9 October 2012 the 2011 Annual Report.
- (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 a favourable Opinion on ENTSOG's 2011 Annual Report, with the following main findings, comments and guidance:

1. MAIN FINDINGS

- 1.1. The 2011 Annual Report is entitled "Securing Europe's Energy Future: Implementing the Internal Market for Gas" and consists of an introduction, three chapters, and appendices. The structure of the Report is consistent with

¹ OJ L211 14.8.2009, p.1.

² OL L211, 14.8.2009, p.36.

- 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 2011.
- 1.2. The 2011 Annual Report allows good coverage of 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 outlook, seasonal supply outlooks, and operational tools, as well as the completion of the operational and functional establishment of ENTSOG under the provisions of Regulation (EC) No 715/2009.
 - 1.3. The 2011 Annual Report covers part of the so-called "interim period" (December 2009-March 2011) which includes tasks related to both the completion of ENTSOG's establishment and to the delivery on certain projects as outlined in ENTSOG's 2011 Annual Work Programme. The 2011 Annual Report indicates that the process of its establishment is now complete, with the final Articles of Association and Rules of Procedure approved on 6 March 2012. The Report provides a briefing on ENTSOG's structure, activities, processes, and business areas, being more focused and detailed on the mandated deliverables for the interim period and until the end of 2011, as well as on the involvement of stakeholders via consultations and other avenues.
 - 1.4. ENTSOG's 2011 Annual Report highlights challenges experienced during the reporting period, notably the need to meet rising expectations, to assure proper involvement of stakeholders and coordination with the Agency, to work with ENTSOG members towards the provision of the required resources, to strive towards the achievement of transparency and fairness to all stakeholders, and to establish interactive data collection and communication processes. The Report indicates steps taken during the reporting period to address these and other challenges faced by ENTSOG.
 - 1.5. The 2011 Annual Report contains ENTSOG's General Assembly decision on the financial statements, the financial statements for 2010-2011, a list of publications and position papers. The Report also provides a list of members, associated partners, and observers, and ENTSOG's secretariat and management staff.

2. COMMENTS AND GUIDANCE

- a. The Agency welcomes the publishing of ENTSOG's 2011 Annual Report, a concise and informative document which reviews ENTSOG's work and activities in 2011, providing at the same time a broader perspective on the interim period of 2009-March 2011 and on tasks continuing into 2012. The Agency reiterates its expectation that any future Annual reports by ENTSOG will be submitted to the Agency in compliance with the first subparagraph of Article 9(2) of Regulation (EC) No 715/2009. The Agency recommends to ENTSOG to consider an earlier publishing date

- for its Annual Reports, preferably during the first half of the subsequent year.
- b. The Agency appreciates ENTSOG's commitment and incessant attention to improving transparency, involving stakeholders and taking their views into account, expanding ENTSOG's resource base and striving to assure complete coverage of all work areas and deliverables expected from ENTSOG in the framework of the Third Energy Package. Nevertheless, the Agency notes that the Report does not contain reference to work under all tasks deriving from Article 8(3) of Regulation (EC) No 715/2009, and encourages ENTSOG to provide in future reports a complete review of all required work areas, independent of the character of the work done (actual, planned, or assessed).
 - c. The Agency notes that the Annual Report does not address cooperation with ENTSO-E, even though it may be beneficial for building up demand scenarios as power generation uses a major portion of gas supplied through the systems of ENTSOG members and there are inter-system (electricity and gas) effects. It recommends to ENTSOG to consider reporting on any inter-system coordination and cooperation activities that may be in place.
 - d. The Agency appreciates the reporting on relationships with associated partners and observers and encourages ENTSOG to continue the practice, while generally striving to expand its membership.
 - e. The Agency welcomes the adopted format of reporting whereby work is presented on a matrix-based format by business area, deliverables, participation in regional initiatives and the Gas Coordination Group, and functional tasks such as stakeholder involvement and the deployment of working groups. The Agency believes that a more complete coverage of the planning and managerial work carried out by ENTSOG could also be beneficial in the context of the Annual Report.
 - f. The Agency appreciates the coverage in the Annual Report of activities which constitute the critical path to the implementation 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, particularly the TYNDP, support of gas regional investment plans, and to the Connecting Europe package legislative process.
 - g. The Agency encourages ENTSOG to consider highlighting in the Annual Report the execution of tasks and the provision of deliverables in juxtaposition to the Annual Work Program, so that the actual performance can be compared to initial schedules and resource assignments, and any over- or underperformance made more visible along with the steps or corrective action taken by the management during the reporting year to assure the required results.
 - h. The Agency recommends the next Annual Report to be somewhat more expanded with precise information, in order to avoid any potential doubts about the adequacy of ENTSOG's activities. Furthermore, the Agency recommends to ENTSOG to consider including in the Annual Report a

more detailed briefing on the Transparency Platform and its changing coverage, functionality and availability to the public and stakeholders.

Done at Ljubljana on 12 February 2013.

For the Agency:


Alberto Pototschnig
Director



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