



Publishing date: 28/10/2015

Document title: ACER Opinion on the ENTSO-E Annual Report 2014

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 12/2015**

Of 26 October 2015

ON THE ENTSO-E ANNUAL REPORT 2014

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, 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 13 October 2015, delivered pursuant to Article 15(1) of Regulation (EC) No 713/2009,

WHEREAS:

- (1) On 6 July 2015, the European Network of Transmission System Operators for Electricity ('ENTSO-E') submitted its annual report for 2014, entitled 'Security of Supply in 2015: Looking Ahead' (the 'ENTSO-E Annual Report 2014'), to the Agency for its opinion. According to ENTSO-E, the report intends to highlight the work in the areas of network codes, infrastructure development, market integration as well as research, development and innovation, while placing a special focus on security of supply.
- (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 Agency regards it as essential to consider for its opinion the purpose of the annual report. By its nature, such a 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 key.

¹OJ L 211, 14.8.2009, p. 1.

²OJ L 211, 14.8.2009, p. 15.

HAS ADOPTED THIS OPINION:

1. The ENTSO-E Annual Report 2014 covers all areas of ENTSO-E's activities. Despite its forward-looking title ('Security of Supply in 2015: looking ahead'), it presents an informative, well-readable overview of ENTSO-E's work in the past year. Overall, the level of detail is balanced.

2. The following parts of the ENTSO-E Annual Report 2014 deserve particular mention:

- Regarding progress on network codes, it is mentioned that in September, ACER issued a positive opinion and recommendation to adopt the Load Frequency Control and Reserves code (NC LFCR)' (p. 29).

Given the scope of the ENTSO-E Annual Report 2014, one would assume that the Agency's opinion and recommendation were issued in 2014. However, in fact, they date from September 2013. To avoid such misunderstandings, relevant events which did not occur during the reported year should be clearly identified as such.

- In the context of transmission investments, it is concluded that in most EU countries, current regulatory frameworks largely focus on cost-efficiency. But without serious consideration of the long-term infrastructure investment finance issue, Europe may find itself unable to meet EU policy goals' (p. 36).

This assumption raises the question of why and how the current regulatory frameworks and cost-efficiency would actually endanger long-term financing. To ensure that conclusions, whose underlying reasoning may not be obvious, can be understood, ENTSO-E should also disclose such reasoning.

- With respect to the TYNDP 2016, improvements are reported such as greater direct interaction with stakeholders will permit a more fluent exchange of information' and to answer stakeholder request, ENTSO-E has also prepared a 2020 scenario representing an intermediate stage' (p. 37).

The Agency considers this as important developments in the right direction.

- A separate section ('Time to Fast-Track Infrastructure', p. 39) is devoted to the delayed completion of infrastructure projects, including a figure on the projects' status.

While it is important to address the risks involved in the delayed completion of projects, it is equally important to inform about what has been realised. The Agency therefore regrets that no clear account has been given of the positive developments in 2014. The

figure on the projects' status lacks description and shows different percentage amounts in comparison to the '2015 Monitoring update of the TYNDP 2014 Table of Projects'³.

- For the Cross-border European Intraday platform it is reported that in 2014, TSOs increased their participation in the project and, although there have been several delays in the contract with the provider of the Europe-wide platform, the project is now in its final stage with delivery of the platform expected in 2015' (p. 47).

The Agency notes that this timeline is not up-to-date as the provider of the Europe-wide platform is expected to have completed the development phase by March 2016, to proceed to the testing phase by April 2017 and to go live by the 3rd quarter of 2018.

- In connection with the development of ENTSO-E's Transparency Platform, it is stated that data providers and ENTSO-E are working constantly to improve the processes and systems to ensure timely and consistent publication of data, with regular maintenance fixes implemented as required' (p. 47).

The Agency welcomes these efforts, which indeed will be necessary to fully achieve the transparency envisaged by Regulation (EU) No 543/2013. Recently, users of the Transparency Platform raised serious concerns about data quality, the completeness of data and difficulties to automatically download data from the platform. ENTSO-E's subsequent launch of an initiative to gather all these requests through an ENTSO-E Transparency Platform user group is certainly an import positive signal. Nevertheless, further work is needed in particular on guaranteeing an adequate data quality level, on publishing on the Transparency Platform a detailed overview of the data exactly available on the Platform and on providing more clarity with regard to when and how a user-friendly (bulk) download from the Platform will be available.

- A separate section is dedicated to the Common Grid Model which briefly lists major activities in this area (p. 52).

Information with regard to the Common Grid Model activities is important. In the Agency's view, clarifications of the benefits of the Common Grid Model for TSOs in comparison to the existing model sharing could have been provided. ENTSO-E should therefore aim at explaining its achievements also in the context of their practical consequences.

- With regard to the development of the methodology of the Incident Classification Scale (ICS), it is reported that according to ACER, the methodology meets the objectives of non-discrimination, effective competition, and the secure functioning of the internal market. The Agency also stated that, in addition to network performance, the ICSM ensures effective monitoring of the efficiency and appropriateness of the majority of the provisions of the system operation network codes' (p. 57).

3

https://www.entsoe.eu/Documents/TYNDP%20documents/TYNDP%202014/TYNDP%202014%20monitoring%20update_statistics%20and%20table_FINAL.PDF

While this description is correct, it does not give an appropriate account of the relevant Agency's Opinion No 17/2014 on the ENTSO-E Incidents Classification Scale – Methodology 2014, which also emphasises the need for clarifications and improvements. In the interest of transparent and balanced information, relevant critical aspects should also be reported.

- Regarding the regulatory framework for research and development (R&D) it is mentioned that based on a survey at the end of 2013 and earlier studies on the regulatory framework for TSO R&D, ENTSO-E has worked on an advocacy paper that covers development of the European R&D landscape' (p. 66).

The Agency encourages ENTSO-E to gather best R&D practices from TSOs, to summarise the advantages and drawbacks of individual frameworks and to come up with suggestions for future framework developments.

- In the Appendix on the 'ENTSO-E Work Program Status – End 2014' a reference is made to 'Research and Development towards stronger and smarter grids including the e-Highway2050 project' (p. 72).

The achievements for the e-Highway2050 project are not described. In the Agency's view, this is a shortcoming as the e-Highway2050 project is one of the main R&D projects, involving 15 TSOs, which is set to develop a top-down methodology for the expansion of the pan-European electricity grid from 2020 to 2050. Meaningful information on such major projects should be included.

3. The Agency notes that network codes and Guidelines have not been adopted by the end of 2014 and that therefore the ENTSO-E Annual Report 2014 could not include findings resulting from monitoring and analysing the implementation of such network codes and Guidelines.
4. The Agency welcomes ENTSO-E taking into account the Agency's Opinion No 12/2014 on the ENTSO-E Annual Report 2013.

Done at Ljubljana, on 26 October 2015

For the Agency:


Alberto Pototschnig
Director



Publishing date: 28/10/2015

Document title: ACER Opinion on the ENTSO-E Annual Report 2014

We appreciate your feedback



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