



**Publishing date:** 04/07/2016

**Document title:** ACER Annual Activity Report for the Year 2015

**We appreciate your feedback**



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

**Share this document**



# ACER



Agency for the Cooperation  
of Energy Regulators

Agency for the Cooperation  
of Energy Regulators

# Annual Activity Report 2015





# Annual Activity Report 2015

Pursuant to FR No 966/2012, FFR No 1271/2013<sup>1</sup>

<sup>1</sup> Commission Delegated Regulation (EU) No 1271/2013 of 30 September 2013 on the framework financial regulation for the bodies referred to in Article 208 of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council.

## Table of Contents

The Administrative Board's analysis and assessment	4
Foreword by the Director	5
Introduction to the Agency	8
<b>PART I Regulatory achievements of the year</b>	<b>9</b>
Statement of Lord Mogg, the Chair of the Board of Regulators	10
Summary table of activities	12
A. Completion of the internal energy market	16
B. Guidelines on trans-European energy infrastructure	31
C. Activities that are subject to specific conditions	33
D. Wholesale Market Monitoring – REMIT	35
<b>Part II(a) Management</b>	<b>38</b>
2.1 Administrative Board	39
2.2 Major developments regarding institutional relations and communication	41
2.3 Budgetary and financial management	43
2.4 Human resources management	44
2.5 Other administrative tasks	45
2.6 Assessment by management	47
2.7 Budget implementation tasks entrusted to other services and entities	48
2.8 Assessment of audit results during the reporting year	48
2.9 Follow-up of recommendations and action plans for audits	50
2.10 Follow-up of observations from the discharge authority	51
<b>Part II(b) External Evaluations</b>	<b>52</b>
Extension of the Director's mandate	53
<b>Part III Assessment of the effectiveness of the internal control systems</b>	<b>54</b>
3.1 Risk management	55
3.2 Compliance with and effectiveness of internal control standards	57
Conclusion	58
<b>Part IV Management assurance</b>	<b>59</b>
4.1 Review of the elements supporting assurance	60
4.2 Reservations	61
4.3 Overall conclusions on assurance (where applicable)	61
<b>Part V Declaration of Assurance</b>	<b>62</b>
<b>Annexes</b>	<b>64</b>
Annex I Key Performance indicators for 2015	65
Annex II Statistics on financial management	73
Annex III Organisation chart	79
Annex IV Establishment plan	80
Annex V Gender and geographical balance	81
Annex VI Results of the 2015 job-screening exercise	83
Annex VII Financial Accounts	84

## The Administrative Board's analysis and assessment

The Administrative Board examined the Annual Activity Report 2015 and, taking into consideration that

- the policies and the operational achievements were strategically aligned;

- the report correctly identifies the challenges faced by the Agency in the completion of the internal energy market (IEM), including delivering the benefits to European Union (EU) energy consumers;

- the Agency met its main objectives;

- the Agency's key achievements in 2015 were significant advances in developing and implementing the network codes; contributing to the promotion of essential energy infrastructure; and taking a giant step forward in ensuring the transparency and integrity of wholesale energy markets;

- the resources were efficiently used by the Agency in line with the activities developed in the Work Programme 2015;

- the targets for performance indicators were largely met, with the exception of the execution of payment appropriations;

- the Director has provided a clear declaration of assurance; and

- the risks threatening the achievement of key objectives were identified and mitigating measures taken, especially with respect to the resources necessary for the implementation of REMIT and the TEN-E Regulation,

it concluded that the Agency had successfully implemented the Work Programme 2015 and that the resources assigned to the activities described in the report had been used for their planned purpose in accordance with the principles of sound financial management.

For the Administrative Board:  
Dr Romana Jordan, Chair



## Foreword by the Director

I am pleased to present the Annual Activity Report of the Agency for the Cooperation of Energy Regulators (ACER) for 2015. It presents the activities that the Agency performed last year, as well as how it pursued, and the extent to which it achieved, the objectives set out in its annual work programme.

A number of developments are particularly noteworthy. In June, the Agency provided the European Commission with its recommendation on the last electricity Network Code among those in the priority areas for the completion of the internal electricity market. In August, the first electricity Network Code (the Network Code on Capacity Allocation and Congestion Management, or the CACM Guideline) entered into force, providing the legal basis for many of the developments in market coupling that had already occurred, on a voluntary basis, over the previous years. This now requires the Agency not only to support the formal implementation of the related provisions but also to start monitoring it.

In the gas sector, the Agency was unable to formulate a recommendation for the last priority Network Code. After providing, in March 2015, its reasoned opinion on the draft Network Code on Harmonised Rules for Transmission Tariff Structures submitted by the European Network of Transmission System Operators for Gas (ENTSOG), and after the submission of a revised draft by ENTSOG in July, the recommendation proposed by the Director failed to obtain the necessary favourable opinion from the Board of Regulators. The Network Code is now being finalised by the Commission.

All the remaining priority Network Codes (and Guidelines) for the gas sector had been adopted in previous years and therefore the Agency had already started to monitor their implementation. However, in 2015, the Agency published its first monitoring report covering a full year of implementation (of the Congestion Management Guidelines).

With regard to the more general monitoring of developments in the electricity and gas sectors, in November, the Agency published its fourth annual Market Monitoring Report (MMR), which includes, for the first time, a new, specifically developed indicator of the level of competition in retail energy markets across the EU, namely the ACER Retail Competition Indicator. Our intention is to continue to use this indicator to track progress in energy retail markets towards delivering the full benefits of market liberalisation to EU energy consumers.

In 2015, the Agency also issued its first two 'peer review' opinions, assessing the compliance of the decisions of national regulatory authorities (NRAs) with the relevant EU legal provisions. In July, we issued an opinion on the amendment of the methodology for the determination of national regulated prices in the natural gas sector in Lithuania, at the request of the Lithuanian NRA itself. In September, the Agency issued an opinion determining that the decisions adopted by a number of NRAs in the Central Eastern Europe region approving methods for cross-border capacity allocation did not comply with the relevant legislation, as they did not include a congestion management procedure for the congested Austrian-German border. This conclusion by the Agency was contested, inter alia, by the Austrian NRA. An application to the Agency's Board of Appeal was dismissed as inadmissible in December, but further appeals are still pending in the General Court of the European Union.

With respect to infrastructure development, in April 2015 the Agency adopted its second decision on an investment request, including for cross-border cost allocation (CBCA), related to the Lithuanian part of the 'LitPol' electricity interconnector between Poland and Lithuania. Over the year, the Agency was also involved in the definition of the second EU list of projects of common interest (PCIs), by providing support to NRAs, and, in October, by issuing its opinions on the consistent application of the selection criteria and of the cost-benefit analysis across regions. The list of PCIs was finally adopted by the Commission in November. In December, the Agency updated its 2013 CBCA Recommendation to ensure there is a consistent approach to CBCA processes.

However, the most significant event for the Agency in 2015 was, undoubtedly, the entry into force of the REMIT Implementing Acts in January, which required data on transactions and orders to trade related to wholesale energy products and executed or submitted at organised market places – as well as fundamental data contained in the transparency platforms of ENTSOG and the European Network of Transmission System Operators for Electricity (ENTSO-E), known collectively as the ENTSOs – to be submitted to the Agency from 7 October. The Agency had been preparing for this since before the entry into force of REMIT at the end of 2011 and, despite severe resource limitations, was able to receive the reported data – at a rate of up to 1 million records a day – without major problems. However, the purpose of collecting this information under REMIT is to allow the Agency to monitor trading on wholesale energy markets across Europe, to detect and deter market abuse. Therefore, since 7 October, the Agency has been mandated to analyse the submitted data to identify cases of possible market abuse, to be notified to NRAs for investigation and, if necessary, enforcement. While the Agency has procured a surveillance system to assist in the initial screening of the data it receives, much of the subsequent assessment has to be performed by energy trading analysts, whom the Agency did not have, and still does not have to the extent needed for an effective system of pan-European market monitoring. In fact, in anticipation of the start of data reporting, the Agency requested, for 3 years in a row, the necessary additional staff, but, unfortunately, the EU budgetary authorities did not authorise any additional posts until this year (2016), and, even then, only a fraction of the resources that the Agency needs was authorised. Therefore, in 2015 the Agency found itself in the very difficult situation of having to start data reporting with vastly inadequate resources. This resulted in minor problems in the acquisition of data, but, more importantly, in the inability of the Agency properly to support market participants and other stakeholders and to address their requests in the run-up to and first phase of data reporting in a timely manner. I would like to take the opportunity to apologise to those affected and inconvenienced by this situation, which is clearly beyond the control of the Agency.

With regard to administration more generally, the report from the European Court of Auditors (ECA) for 2015 once again confirmed the legality and regularity of the Agency's financial operations and identified no critical issues in the way in which the Agency has been run. However, the ECA highlighted that, despite the commitment of the Slovenian Government in the Seat Agreement to establish a European School in Ljubljana, such a school has not yet been set up. As things stand at the time this report is published, it is unlikely that the European School will be operational before the school year 2018-19, almost 8 years after the Seat Agreement was signed (on 26 November 2010). This delay is imposing an increasing financial burden on the Agency and makes Ljubljana less attractive to foreign nationals with school-age children. This also increases the challenges faced by the Agency, in a global job market, in attracting and retaining the highly specialised experts whom it needs. If the establishment of the European School were to be further delayed, one would have to conclude that the Slovenian Government was not fulfilling its obligations under the Seat Agreement.

On a more personal basis, I feel very honoured that, in July, the Administrative Board, following a proposal by the Commission and with the favourable opinion of the Board of Regulators, decided to extend my mandate as Director for a further 3-year period, as permitted under the Agency's founding regulation. I am very grateful for its trust and I shall try to do my best in the years to come, as I have done since I took office in September 2010, to run the Agency effectively and efficiently to fulfil its mandate.

The Commission is currently considering proposing legislation to improve the design of the energy market. According to the Commission, this will involve reinforcing the independence and powers of the Agency. It is clear that any enhancement of the Agency's role will require a corresponding increase in its resources.

The significant amount of work that the Agency has delivered in 2015, which is presented in this report, would not have been possible without the relentless dedication of my colleagues in the Agency, the important support of NRAs through their contributions to the Agency's working groups, the backing of the Administrative Board and constructive discussions with, and input and support from, the Board of Regulators. To all of them I extend my deepest gratitude. As in previous years, in 2015 we involved stakeholders in much of what we did, through public consultations, workshops and other similar events; I would like here to commend their engagement, contribution and support, including at difficult times. I would also like gratefully to acknowledge the attention and support for the Agency from the European Parliament, and notably its Industry, Research and Energy (ITRE) Committee, and by the Directorate-General for Energy in the European Commission. The European Commission's Vice President in charge of Energy Union, Maroš Šefčovič, and the Commissioner for Climate Action and Energy, Miguel Angel Arias Cañete, joined us for our 2015 Annual Conference on 9 July and delivered two inspirational keynote speeches. I am very grateful for the attention that they have devoted to the Agency, and I hope that we shall still be able to count on their support as the Agency embarks on new challenges within the framework of the Energy Union.

Ljubljana, 15 June 2016



Alberto Pototschnig



## Introduction to the Agency

The Agency was established by Regulation (EC) No 713/2009<sup>2</sup> to assist NRAs in exercising, at Union level, the regulatory tasks that they perform in the Member States and, where necessary, to coordinate their action.

The mission of the Agency is to:

- complement and coordinate the work of NRAs;
- participate in establishing the internal electricity and gas market and network rules, and in planning the development of the European networks;
- take, under certain conditions, binding individual decisions on terms and conditions for access to and operational security of cross-border infrastructure and on exemption requests;
- give advice on electricity and natural gas-related issues to other European institutions, at their request or on its own initiative;
- monitor the internal markets in electricity and natural gas, and report on its findings;
- submit a proposal to the Commission on the annual cross-border infrastructure compensations sum for the inter-transmission system operator compensation (ITC) mechanism;
- participate in the process of selecting PCIs, including by issuing opinions on the consistent application of the selection criteria and of the cost-benefit analysis across regions, and monitor the implementation of PCIs;
- take decisions on investment requests for PCIs, including on CBCA, if the relevant NRAs fail to reach an agreement;
- monitor trading on EU wholesale energy markets to detect and prevent market-abusive behaviour, in cooperation with NRAs, the European Securities Market Authority (ESMA), the competent financial authorities of the Member States and, where appropriate, national competition authorities;
- assess the operation and transparency of different categories of market places and ways of trading;
- make recommendations to the Commission as regards market rules, records of transactions,

orders to trade, and standards and procedures that could improve market integrity and the functioning of the internal market.

The Agency is managed by the **Director**, who is appointed by the Administrative Board, based on the favourable opinion of the Board of Regulators and on a list of candidates proposed by the Commission. The Director prepares the work of the Administrative Board. He adopts and publishes opinions, recommendations and decisions that, when required, have received a favourable opinion from the Board of Regulators.

The **Administrative Board (AB)** is composed of two members appointed by the European Parliament, five members appointed by the Council of Ministers and two members appointed by the Commission. Each member has an alternate. The AB adopts the Agency's work programme and budget. It ensures that the Agency carries out its mission and performs the tasks assigned to it in accordance with Regulation (EC) No 713/2009.

The **Board of Regulators (BoR)** is composed of a senior representative of the regulatory authority from each Member State and one non-voting representative of the Commission. Each member has an alternate. The BoR provides opinions to the Director on many of the opinions, recommendations and decisions that are considered for adoption; provides guidance, in its field of competence, to the Director in the execution of his/her tasks; delivers an opinion to the AB on the candidate to be appointed as Director; and approves the regulatory part of the Agency's work programme.

The **Board of Appeal (BoA)** is composed of six members and six alternates, selected from among the current or former senior staff of the NRAs, the competition authorities or other national or Community institutions with relevant experience in the energy sector. It is part of the Agency but is independent of its administrative and regulatory structure.

Any natural or legal person, including an NRA, can lodge an appeal against a decision taken by the Agency where it has actual decision-making powers (individual decisions).

The decisions of the BoA may themselves be subject to appeal before the European Court of Justice.

<sup>2</sup> 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 Regulators (OJ L 211, 14.8.2009, p. 1).



# PART I

## Regulatory achievements of the year

(the independent section on regulatory activities as per Article 15(4) of  
Regulation (EC) No 713/2009)

## Statement of Lord Mogg, the Chair of the Board of Regulators



In 2015, progress towards completing the IEM has continued apace. Together, the Agency and the NRAs have made significant advances in developing and implementing the Network Codes;<sup>3</sup> have contributed to the promotion of essential energy infrastructure; and taken a giant leap towards ensuring the transparency and integrity of wholesale energy markets. All this is good news for consumers, who stand to benefit substantially from a well-functioning IEM.

The strategic vision underpinning our approach will ensure that the rules we put in place today will remain relevant in an evolving energy market, and improved processes within the Agency will ensure transparency and the full involvement of stakeholders. As we pursue this work, we remain absolutely committed to ensuring that energy consumers reap the full benefits as soon as possible.

Building on the foundations of earlier work, in 2015 the Agency focused on ensuring that the keystone elements of the IEM were in place, notably the Network Codes. With one exception, the regulators gave their favourable opinion on the Director's proposal for a recommendation by the Agency on each of the remaining Network Codes, meaning that all of the Codes were passed to the European Commission by the end of 2015. The Agency and the NRAs have continued to put significant effort into ensuring early implementation before the provisions become legally binding. The Agency and the NRAs will now increasingly need to turn their attention towards monitoring implementation and ensuring the consistent application of the rules.

The year 2015 also witnessed milestones in the delivery of REMIT, the EU's framework to detect and prevent market abuse in European wholesale energy markets. In October, after 4 years of preparation, the Agency began collecting transaction data from organised wholesale energy markets – receiving an average of 1 million data points per day. Despite the major progress achieved in 2015, REMIT will remain a significant challenge for both the Agency, which must now build its capacity to monitor and analyse the data, and the NRAs, which are charged with investigation of and enforcement against any breaches of the regulation. In 2015, we published the fourth ACER-Council of European Energy Regulators (CEER)

MMR, covering market performance in 2014. This edition of the report further underlined the trend identified in earlier editions, namely that of retail prices remaining unresponsive to falling wholesale prices. The NRAs and the Agency have continued to fulfil their central roles (under the Third Package and the TEN-E Regulation) in promoting the efficient development of essential infrastructure, not least by fulfilling their responsibilities in respect of the selection and regulatory treatment of PCIs. In 2015, the Agency updated its recommendations on CBCA for PCIs on the basis of lessons learned during the first round of projects.

ACER and the NRAs have concentrated on delivering their shared strategic vision – the 'Bridge to 2025' – to identify and tackle the challenges of the IEM in the next decade. The 'Bridge' and the Commission's February 2015 Energy Union strategy are fully consistent with one another, notably in spanning the gap between wholesale and retail markets, ensuring robust governance structures and embedding consumers at the core of energy policy.

The 'Bridge' thinking continued to evolve and develop its strategic elements even as we continued the dialogue with stakeholders at the 'Bridge to 2025' anniversary event in September 2015. Furthermore, in 2015 we proposed to the Commission our ideas on the new energy market design and several aspects related to the future of the electricity sector in Europe, including a robust governance for an effective European market. During 2015 the national regulators also launched a process – under the auspices of a Board of Regulators' summit – to broaden and enhance cooperation with and within the Agency. The concrete outcomes of this process will ensure that the cooperative and working arrangements within the Agency remain suitable for the challenges ahead and as the role of the Agency itself evolves.

The Agency and regulators have continued to demonstrate their commitment to keeping consumers and other stakeholders at the centre of their work. The fourth ACER Annual Conference addressed the topic 'An Energy Union for Consumers'; in September, we held a stakeholder event to discuss progress on delivering the commitments we made in the Bridge one year earlier, and we presented the findings and recommendations from the fourth ACER-CEER joint MMR to stakeholders in November. We also continued to

<sup>3</sup> The term 'Network Codes' (NC) is used in this document in a broader sense and refers both to 'network codes' and 'Guidelines', as defined by Regulation (EC) No 714/2009.

hold quarterly public debriefing sessions after Board of Regulators meetings. In addition, a range of workshops, ad hoc expert meetings and public consultations took place – providing lots of opportunities for stakeholders to present their views.

Much remains to be done in the coming years to bridge the existing gaps and achieve our aim of a well-functioning, integrated market. We shall continue to work nationally, regionally and at European level with NRAs, policy-makers and stakeholders, to construct a framework that will allow us to reach our goal of an IEM that benefits Europe's consumers.

My thanks must go to the Director and the staff of the Agency for their tireless work. I would like to extend this also to the many staff from the NRAs who are actively involved in developing and delivering policies within the Agency. The volume of work continues to be high, not only for regulators but also for stakeholders, who provide essential and much valued input. Cooperation is at the core of the Agency's mission and is constantly evident in the collaborative work of the Agency's and the NRAs' staff, as well as in the reliably constructive engagement of the European Parliament, the Commission (particularly the Directorate-General for Energy) and all stakeholders.

These coordinated efforts are fundamental to successfully reaching our collective goals and will be all the more important as we seek to overcome future challenges.

Ljubljana, 3 May 2016



Lord Mogg

## Summary table of activities

Task	Achieved	Comments
<b>A. Completion of the internal energy market</b>		
<i>Electricity Framework Guidelines and Network Codes</i>		
<i>Framework Guidelines</i>		
Scoping to prepare for possible Framework Guidelines on Rules regarding Harmonised Electricity Transmission Tariff Structures	✓	
<i>Network Codes, their implementation and its monitoring</i>		
Reasoned Opinion and Recommendation on the Network Code on Emergency and Restoration	✓	
Advice and support on Network Codes during the comitology process, as appropriate	✓	
Preparation for monitoring of the implementation of the adopted Network Codes: <ul style="list-style-type: none"> <li>Opinion on ENTSO-E's plan for the monitoring of the implementation of the adopted Network Codes</li> <li>Determination of a list of relevant information to be communicated by ENTSO E to the Agency for the purpose of monitoring activities</li> </ul>	✓	
General activities related to the decision-making process established pursuant to adopted Network Codes: <ul style="list-style-type: none"> <li>Assistance in the decision-making process for the development of proposals for terms and conditions or methodologies to be developed pursuant to the adopted Network Codes</li> <li>Delivery of opinions on terms and conditions or methodologies developed pursuant to adopted Network Codes and to be approved by relevant NRAs</li> <li>Coordination and possible dispute resolution in the process of NRA approval of the terms and conditions or methodologies developed pursuant to adopted Network Codes;</li> <li>Assistance in the functioning and the decision-making processes of different committees established pursuant to adopted Network Codes</li> </ul>	✓	
<i>Gas Framework Guidelines and Network Codes</i>		
<i>Framework Guidelines</i>		
Preparation for the review of transparency rules, scoping potential Framework Guidelines on settlement rules and operational procedures in an emergency	✓	

Task	Achieved	Comments
<i>Network Codes, their implementation and its monitoring</i>		
Reasoned Opinion and Recommendation on the Network Code on Rules Regarding Harmonised Transmission Tariff Structures	✘	The reasoned Opinion was adopted on 26 March 2015. The Recommendation did not receive a favourable opinion at the BoR and was therefore not issued.
Advice and support on the discussions on the Network Code on Harmonised Transmission Tariff Structures and the amendment of the Network Code on Capacity Allocation Mechanisms (the CAM Network Code) regarding incremental capacity during the comitology process	✔	
Public consultation (based on Article 7 of the Gas Regulation) on the amendment of the CAM Network Code regarding incremental capacity and the preparation of reasoned proposals to the Commission on the same issue	✔	
First Agency report on progress on capacity bundling at interconnection points in accordance with the CAM Network Code due on 4 November 2015	✔	
Second Agency report on monitoring of congestion at interconnection points (including transparency platform data, conditions for firm day-ahead use-it-or-lose-it mechanisms and changes in bundled capacity at interconnection points)	✔	
Preparation for and monitoring of the implementation of the adopted Network Codes (implementation monitoring report on congestion management procedures)	✔	
Opinion(s), if sought by NRAs, on within-day obligations and annual report on interim measures in accordance with the Network Code on Balancing		No such opinions were sought from the Agency in 2015.
<i>Cross-sector issues (electricity and gas)</i>		
<i>Monitoring</i>		
<i>Monitoring of the internal markets in electricity and natural gas</i>		
The fourth MMR, covering retail prices in electricity and natural gas, barriers to entry, wholesale market integration, consumer welfare benefits or losses as a result of market integration (or lack thereof), access to networks (including electricity produced or gas sourced from renewable energy sources), compliance with consumer rights (including protection and enforcement of consumer rights) and the operation of market places	✔	
<i>Regional initiatives</i>		
<i>Support and monitoring</i>		
Coordination and monitoring of activities for the early voluntary implementation of Network Codes before they become legally binding	✔	
<i>Annual Status Review Report</i>		
Regional Initiatives Annual Status Review Report, reviewing developments in the electricity and gas regional initiatives and providing guidance for future work	✔	

Task	Achieved	Comments
<i>Transmission system operator (TSO) cooperation</i>		
<i>Electricity</i>		
Annual monitoring report on the implementation and management of the inter-TSO compensation fund		
Opinions on ENTSO-E's annual work programme and ENTSO-E's annual report	✓	
Opinions on ENTSO-E's annual summer and winter supply outlooks	✓	
Opinion on ENTSO-E's draft Ten-Year Network Development Plan (TYNDP) 2014	✓	
Opinions on ENTSO-E's common network operation tools including a common incidents classification scale <sup>4</sup>	✓	
Opinion on ENTSO-E's research and development plan	✓	
Opinion on the electricity national TYNDPs to assess their consistency with the Community-wide network development plan and (if appropriate) recommendations to amend the national TYNDPs or the Community-wide network development plan	✗	The Opinion is delayed due to the lack of resources.
Opinion on ENTSO-E's recommendations relating to the coordination of technical cooperation between Community and third-country TSOs	✗	This proposal was submitted by ENTSO E on 6 January 2016.
Opinion on monitoring the implementation of the electricity Community-wide TYNDP and the progress as regards the implementation of projects to create new interconnector capacity	✗	The Opinion is delayed due to the lack of resources.
Opinion on ENTSO-E's draft Scenario Outlook and Adequacy Forecast 2015	✓	
<i>Gas</i>		
Opinion on ENTSG's TYNDP 2015-24	✓	
Opinions on ENTSG's annual work programme and ENTSG's annual report	✓	
Opinions on ENTSG's common network operation tools including a common incidents classification scale and research plans	✗	The Agency did not receive the ENTSG document in 2015.
Opinions on ENTSG's annual summer and winter supply outlooks	✓	
Reviews and recommendations on national TYNDPs regarding their (in)consistency with the Community-wide TYNDP	✓	
Opinions on ENTSG's recommendations relating to the coordination of technical cooperation between Community and third-country TSOs	✗	The Agency did not receive the ENTSG document in 2015.
Report on monitoring the implementation of the Community-wide TYNDP and the progress as regards the implementation of projects to create new interconnector capacity	✓	
<i>Opinions and recommendations on the Agency's own initiative</i>		
Opinions and recommendations in the areas of its competence, to Member States, NRAs, the European Parliament, the Council and the European Commission, whenever this is appropriate for ensuring the proper functioning of the IEM		No such recommendations or opinions were issued, due to the lack of resources.

<sup>4</sup> ENTSO-E Network Operation Tools Report was received on 15 May 2015 and the corresponding opinion issued on 17 March 2016 in line with Article 8(3)(a) of Regulation (EC) No 714/2009, as amended by Regulation (EU) No 347/2013.

Task	Achieved	Comments
<b>B. Guidelines on trans-European energy infrastructure</b>		
<i>Electricity and gas</i>		
Annual Consolidated Report on progress on PCIs and (if appropriate) recommendations to facilitate and overcome delays or difficulties in PCI implementation	✓	
Opinion on the draft regional lists of proposed PCIs, in particular on the consistent application of the criteria and of the cost-benefit analysis across regions including assistance to NRAs regarding assessment of candidate PCIs	✓	
Recommendation regarding the CBCA requests submitted within the framework of the second Union list of electricity and gas PCIs	✓	
Support a common framework of cooperation for NRAs to establish and make publicly available a set of indicators and reference values for unit investment costs in gas and electricity	✓	
<b>C. Activities that are subject to specific conditions</b>		
Decisions on investment requests including on CBCA	✓	
Opinions on whether a decision taken by a regulatory authority complies with the guidelines referred to in Directive 2009/72/EC, Directive 2009/73/EC, Regulation (EC) No 714/2009 or Regulation (EC) No 715/2009 or with other relevant provisions of those Directives or Regulations	✓	
<b>D. Wholesale market monitoring – REMIT</b>		
Operation and further development of, and, if necessary, enhancements to, the Centralised European Register of Energy Market Participants (CEREMP) and the Agency's REMIT Information System (ARIS) for collection of trade, fundamental and other data and for data sharing with NRAs, in connection with the REMIT Implementing Acts	✓	
Market monitoring of trading activity in wholesale energy markets to detect and prevent trading based on inside information and market manipulation in accordance with Article 7 of REMIT, in cooperation with NRAs, on the basis of data collected in accordance with the REMIT Implementing Acts, and establishment, further development and operation of the Agency's market surveillance solution to perform its market monitoring activities	✓	
Coordination of NRAs and other relevant authorities, including at regional level, without prejudice to their responsibilities, aiming to promote best practices for the implementation of REMIT and to ensure that NRAs carry out their tasks under REMIT in a coordinated and consistent way, including an update to the Agency's guidance on the application of REMIT definitions, as well as coordination of NRAs' investigation activities in cases of cross-border market abuse	✓	



## A. Completion of the internal energy market

### Electricity Framework Guidelines and Network Codes

In 2015, the Agency focused on supporting the European Commission during the pre-comitology and comitology procedures for the adoption of the Network Codes and Guidelines (the three grid connection-related Network Codes and the Guideline on Forward Capacity Allocation were voted on in the second half of 2015). Following the entry into force of the first market Network Code in August 2015 (the CACM Guideline), the first Market European Stakeholder Committee was organised to support the Network Code implementation process. In addition to this, and among other activities, scoping for possible Framework Guidelines on Rules regarding Harmonised Electricity Transmission Tariff Structures in accordance with the timeline indicated in the 3-year plan was delivered by the Agency.

### Framework Guidelines

Task	Scoping to prepare for possible Framework Guidelines on Rules regarding Harmonised Electricity Transmission Tariff Structures
Legal basis	Article 6(4) of Regulation (EC) No 713/2009; Article 6(7) and (9) and Article 8(6)(k) of Regulation (EC) No 714/2009
Work programme objective for 2015	Delivery of the scoping report on possible Framework Guidelines on Rules regarding Harmonised Electricity Transmission Tariff Structures in accordance with the timeline indicated in the 3-year plan <sup>5</sup> .
Performance indicators and targets (deadlines)	Timely delivery.
Achievement against the target	The scoping report was delivered on time.  After considering the Cambridge Economic Policy Associates' findings and recommendations, and other inputs including the Frontier Economics report, stakeholder feedback and gradual convergence of stakeholder views observed during public stakeholder events and bilateral discussions, and in consultation with the European Commission and ENTSO-E, the Agency concluded that the need for a Framework Guideline and subsequent Network Code is not evident at the moment.  However, the Agency will initiate work on a common set of transmission tariff principles in 2016, with the overall goal of establishing and adopting a harmonised set of tariff principles for the relevant aspects, ensuring a balanced approach to the IEM policy goals'.

### Network Codes, their implementation and monitoring

Task	Reasoned Opinion and Recommendation on the Network Code on Emergency and Restoration
Legal basis	Article 6(4) of Regulation (EC) No 713/2009; Article 6(7) and Article 8(6)(f) of Regulation (EC) No 714/2009
Work programme objective for 2015	Delivery of the Opinion and Recommendation to the European Commission on the Network Code on Emergency and Restoration in accordance with the timeline indicated in the 3-year plan.
Performance indicators and targets (deadlines)	The timely delivery of the Opinion and Recommendation on the Network Code on Emergency and Restoration (within 3 months of its submission by ENTSO-E).
Achievement against the target	ENTSO-E submitted the draft Network Code on Emergency and Restoration on 31 March 2015. The Agency issued its reasoned Opinion and Recommendation on 23 June 2015 (i.e. within the given 3 month period). <a href="http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Recommendations/ACER%20Recommendation%2002-2015.pdf">http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Recommendations/ACER%20Recommendation%2002-2015.pdf</a>

<sup>5</sup> Progress in the development of Framework Guidelines and Network Codes is constantly monitored and regularly discussed in Planning Group meetings, which take place typically every 2 to 3 months and bring together representatives from the European Commission, ENTSO-E, ENTSOG and the Agency. The Planning Group maintains and constantly updates a 3 year plan, which assigns appropriate timelines to the activities of the four bodies participating in the FG and NC process. The latest plan is available here: [https://ec.europa.eu/energy/sites/ener/files/documents/3Year\\_Plan\\_Electricity\\_Jan%202015.pdf](https://ec.europa.eu/energy/sites/ener/files/documents/3Year_Plan_Electricity_Jan%202015.pdf)

Task	Advice and support on Network Codes during the comitology process, as appropriate
Legal basis	Article 6 and Article 8(6)(a), (b), (g) and (j) of Regulation (EC) No 714/2009
Work programme objective for 2015	The Agency has recommended the adoption, by the European Commission via the comitology procedure, of the suites of electricity grid connection Network Codes, electricity system operation Network Codes, the CACM Guideline and the Network Code on Forward Capacity Allocation. The Agency's objective for 2015 was to provide advice and support in line with the timelines determined by the Commission and the Comitology Committees.
Performance indicators and targets (deadlines)	The timely delivery of the feedback and support on the Network Codes during the course of the comitology process.
Achievement against the target	<p>In 2015, the Agency provided extensive support to the European Commission during the pre-comitology and comitology procedures for the adoption of the:</p> <ul style="list-style-type: none"> <li>• Network Code on Requirements for Grid Connection of Generators;</li> <li>• Network Code on Demand Connection;</li> <li>• Network Code on High Voltage Direct Current Connections and Direct Current-Connected Power Park Modules;</li> <li>• Guideline on Forward Capacity Allocation;</li> <li>• CACM Guideline;</li> <li>• Guideline on Electricity Balancing;</li> <li>• Network Code on Emergency and Restoration; and</li> <li>• Guideline on Electricity Transmission System Operation.</li> </ul>
Task	<b>Preparation for monitoring of the implementation of the adopted Network Codes:</b> <ul style="list-style-type: none"> <li>• <b>Opinion on ENTSO-E's plan for the monitoring of the implementation of the adopted Network Codes</b></li> <li>• <b>Determination of a list of relevant information to be communicated by ENTSO-E to the Agency for the purpose of monitoring activities pursuant to the adopted Network Codes</b></li> </ul>
Legal basis	Article 6(6) of Regulation (EC) No 713/2009, Article 9(1) of Regulation (EC) No 714/2009 and Article 82 of the forthcoming CACM Guideline.
Work programme objective for 2015	<p>The Agency is preparing for the monitoring of the implementation of the adopted Network Codes. For this purpose, it will establish (i) a suitable framework concept with the NRAs and ENTSO-E, (ii) working processes and (iii) information technology (IT) support.</p> <p>The Agency will collaborate with ENTSO-E on a plan for the monitoring of the implementation of the adopted Network Codes. The Agency may deliver the Opinion on ENTSO-E's plan for the monitoring of the implementation of the adopted Network Codes to the European Commission and/or ENTSO-E.</p> <p>The Agency will deliver the list of relevant information to be communicated by ENTSO-E to the Agency for the purpose of monitoring activities pursuant to the adopted Network Codes.</p> <p>The Agency will participate in stakeholder committees established pursuant to Network Codes.</p> <p>The Agency will prepare the monitoring of the implementation of day-ahead and intraday coupling in accordance with the CACM Guideline.</p>
Performance indicators and targets (deadlines)	The timely delivery of the Opinion on ENTSO-E's plan for the monitoring of the implementation of the adopted Network Codes and of the list of relevant information to be communicated by ENTSO-E to the Agency.
Achievement against the target	The CACM Guideline was the first regulation established pursuant to Regulation (EC) No 714/2009. It will enter into force on 14 August 2016. The deadline for submitting the list of relevant information to be communicated by ENTSO-E to the Agency for the purpose of monitoring activities is 6 months after the entry into force of the CACM Guideline. A first draft was sent in January 2016. The deadline for ENTSO-E to submit its plan for the monitoring of the implementation of the adopted Network Codes for consideration by the Agency is also 6 months after the entry into force of the CACM Guideline.

**General activities related to the decision-making process established pursuant to adopted Network Codes:**

- **Assistance in the decision-making process for the development of proposals for terms and conditions or methodologies to be developed pursuant to the adopted Network Codes**
- **Delivery of opinions on terms and conditions or methodologies developed pursuant to adopted Network Codes and to be approved by relevant NRAs**
- **Coordination and possible dispute resolution in the process of NRA approval of the terms and conditions or methodologies developed pursuant to adopted Network Codes**
- **Assistance in the functioning and the decision-making processes of different committees established pursuant to adopted Network Codes**

**Task**

Legal basis

The Network Codes specify roles for the Agency in the decision-making processes established therein. The roles include facilitating coordination between parties seeking agreement, providing opinions on issues that need coordinated decisions and, in specific cases, issuing a decision when the parties seeking agreement are unable to reach one.

Work programme objective for 2015

The objective of this task is an efficient decision-making process for the adoption of different terms and conditions or methodologies to be developed pursuant to the Network Codes, as well as in the functioning of different committees established by the Network Codes.

The expected output of this task will be the efficient and timely implementation of different elements of the Network Code that are conditional on the coordinated decisions of TSOs, NRAs or different committees established by the Network Codes.

Performance indicators and targets (deadlines)

Timely decisions related to terms and conditions and methodologies or to the tasks and responsibilities of the different committees established by the Network Codes.

Achievement against the target

The CACM Guideline was the first regulation established pursuant to Regulation (EC) No 714/2009. It entered into force on 14 August 2015. Due to the delayed entry into force of this Regulation, the first proposal, made by all TSOs, was submitted to the NRAs for approval on 17 November 2015, which resulted in the requirement that the first coordinated NRA decision be made by 17 May 2016. In 2015, the Agency was therefore not yet formally involved in any coordinated decision-making process. Nevertheless, the Agency was involved in the informal coordination process with ENTSO-E on their proposal regarding capacity calculation regions.

## Gas Framework Guidelines and Network Codes

In 2015, the Agency focused on the preparation of the Tariffs Network Code and the incremental capacity amendment proposal to the CAM Network Code, as well as on the early implementation monitoring reports on CAM and balancing. In order to facilitate stakeholders' comments and suggestions on the implementation of the Network Codes, the Agency, together with ENTSOG, developed a joint Gas Network Codes Functionality Platform (which was launched in early 2016). Also in 2015, the Agency completed work on the first stakeholder-initiated amendment request, from UK Oil & Gas, regarding the CAM Network Code (Q1 2015).

### Framework Guidelines

Task	<b>Preparation for the review of transparency rules, scoping potential Framework Guidelines on settlement rules and operational procedures in an emergency</b>
Legal basis	Article 6 and Article 8(6)(i), (d), and (f) of Regulation (EC) No 715/2009
Work programme objective for 2015	Transparency rules: ensure compatibility with the Network Codes. Settlement rules and operational procedures in an emergency: scoping document, set-up of expert groups and launch of consultations. Identification and development of input or modifications to other NCs (Rules for Trading).
Performance indicators and targets (deadlines)	Timely delivery by Q3-Q4 2015.
Achievement against the target	The Planning Group <sup>6</sup> did not envisage, and the Commission did not propose, the development of new Network Codes or the revision of the adopted ones (except for the amendment of the CAM NC in the area of incremental capacity). The Agency reviewed the transparency platform, based on the applicable legal provisions, in Q4 2015, and proposed improvements to ENTSOG and TSOs directly at the ENTSOG Transparency Workshop initially planned for 25 November 2015 but held on 4 February 2016. The Agency proposed improvements to automated data quality checks and to data integration. <a href="http://www.entsog.eu/publications/transparency/2016#ENTSOG-TRANSPARENCY-WG-EVENTS">http://www.entsog.eu/publications/transparency/2016#ENTSOG-TRANSPARENCY-WG-EVENTS</a> Additional transparency provisions are provided for in the draft Tariff Network Code, and this will have important implications for the data publication requirements relating to the transparency platform in the coming years.

## Network Codes, their implementation and its monitoring

<b>Reasoned Opinion and Recommendation on the Network Code on Rules regarding Harmonised Transmission Tariff Structures</b>	
<b>Task</b>	
Legal basis	Article 6 and Article 8(6)(k) of Regulation (EC) No 715/2009.
Work programme objective for 2015	Reasoned Opinion to ENTSOG on Network Code's compliance. Recommendation to the European Commission (if the Network Code is compliant).
Performance indicators and targets (deadlines)	The timely delivery of the Opinion (Q1 2015) and Recommendation to the European Commission (Q2 Q3 2015) on the Network Code on Harmonised Transmission Tariff Structures. Network Code in line as far as possible with the Framework Guidelines, enabling an unqualified recommendation to the Commission.
Risks	The work programme identified a high risk of the Recommendation being delayed due to the sensitivity of the topic and the complexity of the Framework Guideline.
Achievement against the target	The reasoned Opinion was adopted on 26 March 2015. After an intensive process, the Recommendation was submitted to the Board of Regulators ahead of its meeting on 13 October 2015, but did not receive the Board's favourable opinion. As a result, no recommendation was issued.  <a href="http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2002-2015.pdf">http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2002-2015.pdf</a>
<b>Advice and support for the discussions on the Network Code on Harmonised Transmission Tariff Structures and the amendment of the CAM Network Code regarding incremental capacity during the comitology process</b>	
<b>Task</b>	
Legal basis	Articles 6 and 7 of Regulation (EC) No 715/2009
Work programme objective for 2015	Technical advice and support provided for the process (at the time it takes place).
Performance indicators and targets (deadlines)	European Commission (and ENTSOG) satisfied with level of support and with communication. Target date: Q2-Q3 2015
Achievement against the target	The Agency attended the meetings scheduled by the European Commission to prepare the code for comitology. These meetings were held in Q4 2015 and in Q1 2016. According to the revised calendar for adoption, the comitology voting on both pieces of legislation is expected to take place on 29-30 June 2016.

Task	<b>Public consultation (based on Article 7 of the Gas Regulation) on the amendment of the CAM Network Code regarding incremental capacity and the preparation of reasoned proposals to the Commission on the same issue</b>
Legal basis	Article 7 of Regulation (EC) No 715/2009
Work programme objective for 2015	<p>Launch of a 1-month public consultation.</p> <p>Preparation of the reasoned proposal to the European Commission on amendments on ENTSOG's proposal.</p> <p>Ensure the amended Network Code's consistency with other relevant Network Codes.</p>
Performance indicators and targets (deadlines)	The timely organisation of the consultation (Q1 2015) and the timely delivery of the reasoned proposal to the European Commission on amendments to the Network Code (Q1-2 2015).
Achievement against the target	<p>Two consultations were held on the amendment proposal. The first consultation was launched and closed in Q1 2015 in line with the proposed timelines. The first consultation requested a review of the incremental process. The Agency therefore revised ENTSOG's proposal and held a second consultation on 17 July. This was the consequence of the responses received in the first consultation and was only possible due to delays in the Tariffs Network Code process. The processes were expected to go hand in hand, given the overlap between incremental tariffs and incremental capacity, one of which was dealt with by the Tariff Network Code, while the other was dealt with by the incremental capacity amendment. The Agency sent its proposal for amendments to the European Commission on 14 October 2015.</p> <p><a href="http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Recommendations/ACER%20Recommendation%2004-2015.pdf">http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Recommendations/ACER%20Recommendation%2004-2015.pdf</a></p>
Task	<b>First Agency report on progress on capacity bundling at interconnection points in accordance with the CAM Network Code due on 4 November 2015</b>
Legal basis	<p>Article 20(1) of Commission Regulation (EU) No 984/2013 of 14 October 2013 (NC CAM)</p> <p>Article 8(8) and (9) of Regulation (EC) No 715/2009</p>
Work programme objective for 2015	Bundling arrangements were to be reported to the relevant NRAs and national reports were to be sent to the Agency regarding the yearly progress on capacity bundling. Based on the national reports, the Agency was to publish a report on the progress made on capacity bundling (expected after November 2015).
Performance indicators and targets (deadlines)	Timely delivery of the report and data collection ahead of the report (Q4 2015)
Achievement against the target	<p>The report was prepared within the envisaged timelines and published on 3 November 2015.</p> <p><a href="http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Publication/ACER%20Bundling%20Progress%20Report%202015.pdf">http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Publication/ACER%20Bundling%20Progress%20Report%202015.pdf</a></p>

<b>Second Agency report on monitoring of congestion at interconnection points (including transparency platform data, conditions for firm day-ahead use-it-or-lose-it mechanisms and changes in bundled capacity at interconnection points)</b>	
<b>Task</b>	
Legal basis	Article 20(1) of Commission Regulation (EU) No 984/2013 of 14 October 2013 (NC CAM) Article 8(8) and (9) of Regulation (EC) No 715/2009
Work programme objective for 2015	The second report on congestion at interconnection points was to be prepared taking into account the recommendations of the first Agency report. Improved data quality and data collection.
Performance indicators and targets (deadlines)	The timely delivery of the report and the collection of data for the report, possibly in line with the amended deadlines proposed in the first Agency report. Target date: Q2 2015
Achievement against the target	The second report was prepared within the envisaged timelines and published on 29 May 2015. <a href="http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Publication/20150529_ACER%202015%20Report%20on%20Congestion%20at%20IPs%20in%202014.pdf">http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Publication/20150529_ACER%202015%20Report%20on%20Congestion%20at%20IPs%20in%202014.pdf</a>
<b>Preparation for and monitoring of the implementation of the adopted Network Codes (implementation monitoring report on congestion management procedures)</b>	
<b>Task</b>	
Legal basis	Article 8(8) and (9) and Article 9(1) of Regulation (EC) No 715/2009
Work programme objective for 2015	Preparation of the report.
Performance indicators and targets (deadlines)	Target date: Q1 2015
Achievement against the target	The report was prepared in 2014 and published on 13 January 2015. <a href="http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Publication/ACER%20CMP%20Implementation%20Monitoring%20Report%202014.pdf">http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Publication/ACER%20CMP%20Implementation%20Monitoring%20Report%202014.pdf</a>
<b>Opinion(s), if sought by NRAs, on within-day obligations and annual report on interim measures in accordance with the Network Code on Balancing</b>	
<b>Task</b>	
Legal basis	Articles 27 and 46 of Commission Regulation (EU) No 312/2014 of 26 March 2014 (NC Balancing) Article 8(8) and (9) of Regulation (EC) No 715/2009
Work programme objective for 2015	Within-day obligations and annual reports of the TSOs reviewing the situation on the need for interim measures may require the Agency to draft an opinion. Preparation of opinions sought.
Performance indicators and targets (deadlines)	Timely delivery: within 6 months of the date of receipt of the full recommendation or request.
Achievement against the target	No such opinions were sought from the Agency in 2015.

## Cross-sector issues (electricity and gas)

### Monitoring

#### Monitoring of the internal markets in electricity and natural gas

Article 11 of Regulation (EC) No 713/2009 specifies that the Agency must monitor the internal markets in electricity and natural gas, and, in particular, retail prices of electricity and natural gas, access to networks (including access of electricity produced from renewable energy sources), and compliance with consumer rights as laid down in the Third Package. This activity is carried out in close cooperation with the European Commission, NRAs and other relevant organisations.

Task	<b>The fourth MMR, covering retail prices in electricity and natural gas, barriers to entry, wholesale market integration, consumer welfare benefits or losses as a result of market integration (or lack thereof), access to networks (including electricity produced or gas sourced from renewable energy sources), compliance with consumer rights (including protection and enforcement of consumer rights) and the operation of market places</b>
Legal basis	Article 11(1) and (2) of Regulation (EC) No 713/2009 Article 7(3) of Regulation (EU) No 1227/2011
Work programme objective for 2015	Expected completion date: November 2015. Over 75 website hits within 1 month of publication. Reader survey: two-thirds of respondents were satisfied or highly satisfied.
Performance indicators and targets (deadlines)	Timely completion of the annual MMR. Positive feedback from the European Parliament, the European Commission and stakeholders on the MMR; a survey might be conducted following the publication and presentation of the report.
Achievement against the target	The fourth edition of the MMR was presented on 30 November 2015 in Brussels and the feedback received was extremely positive. Within the first month of publication, the MMR was downloaded 94 times.  The reader survey revealed that in terms of quality and usefulness all responders gave the document the highest possible score (5).



## Regional initiatives

Since its formal establishment in March 2011, the Agency has been coordinating the Electricity Regional Initiative (ERI) and the Gas Regional Initiative (GRI) and monitoring the implementation of regional and cross-regional projects developed within the ERI and GRI framework.

As regards the gas sector, in 2015 contracting parties of the Energy Community (EnC) and its Secretariat joined the GRI South-South-East, recognising the importance of the smooth functioning of the internal gas market across borders between the EU and other EnC members in the region.

In the electricity sector, with the entry into force of the CACM Guideline in August 2015, early implementation projects launched and pursued by the ERI for day-ahead and intraday timeframes, and for capacity calculation, have become formal implementation projects that must comply with the requirements and deadlines set in this new Regulation. The same will happen to early-implementation projects linked to the forward (long-term) timeframe with the entry into force of the Guideline on Forward Capacity Allocation, expected by mid-2016. Finally, in 2017, the balancing pilot projects should also become formal projects with the entry into force of the Balancing NC. In conclusion, some ERI projects became formal projects in 2015 and the others should follow soon, which will end the voluntary process in electricity.

## Support and monitoring

Task	<b>Coordination and monitoring of activities for the early voluntary implementation of Network Codes before they become legally binding</b>
Legal basis	Several articles on regional cooperation in Regulation (EC) No 713/2009, Regulation (EC) No 714/2009 and Regulation (EC) No 715/2009
Work programme objective for 2015	<p>The early implementation of Network Codes aims to promote the completion of the IEM, providing experience in sharing and exchange of best practices, raising awareness about the implications of the Network Codes and their expected impact on activities, promoting transparency and ensuring that the lessons learned during implementation are duly taken into account in future amendments to the Network Codes. Early implementation of Network Codes is ongoing in several areas in electricity and gas.</p> <p>The ERI Roadmaps covering day-ahead, intraday, forward and capacity calculation areas were endorsed by the Florence Forum in December 2011. The GRI Roadmap, covering the CAM, was developed in cooperation with ENTSOG, published on 1 March 2013 and updated in October 2013. The framework for facilitating early implementation in other areas of the upcoming Network Codes in gas (balancing, interoperability and data exchange) is in the process of being defined.</p>
Performance indicators and targets (deadlines)	Timely implementation in accordance with the milestones and deadlines set out in the roadmaps, <sup>7</sup> or still to be defined for other upcoming areas in gas.
Achievement against the target	<p>In electricity, the early implementation of the cross-regional roadmaps was broadly successful (in particular in terms of day-ahead market integration), but it also encountered significant delays, in particular regarding the cross-border intraday project and the flow-based market coupling project in Central Eastern Europe (in both cases due to external factors). In 2015, the main achievements were the successful launch of flow-based market coupling in the Central Western Europe region and the implementation of the European Harmonised Allocation Rules.</p> <p>Concerning the gas Network Codes, the Agency prepared two reports: the second report on the early implementation of the Balancing Network Code and the last update of the CAM Roadmap. Both reports were published on 9 November 2015. Because there were only 12 months between the date of publication and the date of application of the Interoperability and Data Exchange Network Code, a similarly structured approach to early implementation, involving NRAs and TSOs, was not considered a viable approach. Both NRAs and TSOs intend to use this timeline to be prepared for implementation by the date of application only. Therefore, the early implementation of this Network Code was promoted through discussions with NRAs.</p>

<sup>7</sup> [https://www.acer.europa.eu/en/Electricity/Regional\\_initiatives/Cross\\_Regional\\_Roadmaps/Pages/1-Market-Coupling.aspx](https://www.acer.europa.eu/en/Electricity/Regional_initiatives/Cross_Regional_Roadmaps/Pages/1-Market-Coupling.aspx)  
[https://www.acer.europa.eu/en/Electricity/Regional\\_initiatives/Cross\\_Regional\\_Roadmaps/Pages/2-Cross-border-Intraday.aspx](https://www.acer.europa.eu/en/Electricity/Regional_initiatives/Cross_Regional_Roadmaps/Pages/2-Cross-border-Intraday.aspx)  
[https://www.acer.europa.eu/en/Electricity/Regional\\_initiatives/Cross\\_Regional\\_Roadmaps/Pages/3-Long-Term-Transmission-Rights.aspx](https://www.acer.europa.eu/en/Electricity/Regional_initiatives/Cross_Regional_Roadmaps/Pages/3-Long-Term-Transmission-Rights.aspx)  
[https://www.acer.europa.eu/en/Electricity/Regional\\_initiatives/Cross\\_Regional\\_Roadmaps/Pages/Capacity-Calculation.aspx](https://www.acer.europa.eu/en/Electricity/Regional_initiatives/Cross_Regional_Roadmaps/Pages/Capacity-Calculation.aspx)  
[https://www.acer.europa.eu/en/Gas/Regional\\_%20Initiatives/CAM\\_roadmap/Pages/default.aspx](https://www.acer.europa.eu/en/Gas/Regional_%20Initiatives/CAM_roadmap/Pages/default.aspx)

## Annual Status Review Report

Task	<b>Regional Initiatives Annual Status Review Report, reviewing developments in the electricity and gas regional initiatives and providing guidance for future work</b>
Legal basis	Several articles on regional cooperation in Regulation (EC) No 713/2009, Regulation (EC) No 714/2009 and Regulation (EC) No 715/2009
Work programme objective for 2015	The Agency reports yearly (as well as quarterly per sector) on the progress made on the regional initiatives by providing an overview of all regional and cross-regional activities coordinated by the Agency through the ERI and GRI. The report aims to promote transparency towards stakeholders, providing information on progress achieved during the year in regional and cross-regional activities, challenges faced and guidance for the way forward.
Performance indicators and targets (deadlines)	Timely input from NRAs through ERI and GRI coordination groups and timely completion of internal drafting and revision. Expected completion date of the Regional Initiatives Annual Status Review Report 2015: December 2015.
Achievement against the target	The final version of the report was completed and endorsed at the BoR meeting on 16 December 2015. The publication of the report (following proofreading and design) took place on 9 February 2016. <a href="http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Publication/ACER%20Regional%20Initiatives%20Status%20Review%20Report%202015.pdf">http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Publication/ACER%20Regional%20Initiatives%20Status%20Review%20Report%202015.pdf</a>

## TSO cooperation

The tasks related to the Agency's work on TSO cooperation consisted in formulating opinions on the ENTSOs' draft annual work programmes and annual reports, the draft Community-wide TYNDP and other relevant ENTSO documents (e.g. the annual summer and winter supply outlooks). The Agency also published its annual monitoring report on the implementation of the ITC mechanism.

## Electricity

	<p><b>Annual monitoring report on the implementation and management of the inter-TSO compensation fund</b></p> <p><b>Opinions on ENTSO-E's annual work programme and ENTSO-E's annual report</b></p> <p><b>Opinions on ENTSO-E's annual summer and winter supply outlooks</b></p> <p><b>Opinion on the ENTSO-E draft TYNDP 2014</b></p> <p><b>Opinions on ENTSO-E's common network operation tools including a common incidents classification scale</b></p> <p><b>Opinion on ENTSO-E's research and development plan</b></p> <p><b>Opinion on the electricity national TYNDPs to assess their consistency with the Community-wide network development plan and (if appropriate) recommendations to amend the national TYNDPs or the Community-wide network development plan</b></p> <p><b>Opinion on ENTSO-E's recommendations relating to the coordination of technical cooperation between Community and third-country TSOs</b></p> <p><b>Opinion on monitoring the implementation of the electricity Community-wide TYNDP and the progress as regards the implementation of projects to create new interconnector capacity</b></p>
<b>Tasks</b>	<b>Opinion on ENTSO-E's draft Scenario Outlook and Adequacy Forecast 2015</b>
Legal basis	<p>Article 1(4) of Annex Part A, Commission Regulation (EU) No 838/2010</p> <p>Article 6(3)(b) and (4) of Regulation (EC) No 713/2009 in conjunction with Article 8(3)(d) and (e) of Regulation (EC) No 714/2009</p> <p>Article 6(3)(b) of Regulation (EC) No 713/2009 in conjunction with Article 8(3)(f) of Regulation (EC) No 714/2009</p> <p>Article 6(3)(b) of Regulation (EC) No 713/2009 in conjunction with Article 8(3)(a) of Regulation (EC) No 714/2009</p> <p>Article 6(3)(b) of Regulation (EC) No 713/2009 in conjunction with Article 8(3)(a) of Regulation (EC) No 714/2009</p> <p>Article 8(11) of Regulation (EC) No 714/2009</p> <p>Article 6(3)(b) of Regulation (EC) No 713/2009 in conjunction with Article 8(3)(c) of Regulation (EC) No 714/2009</p> <p>Article 6(7) and (8) of Regulation (EC) No 713/2009</p>
Work programme objective for 2015	Activities regarding opinions on ENTSO-E documents to be carried out upon submission of the relevant documents by ENTSO-E. Annual monitoring report on the implementation of the ITC mechanism to be carried out.
Performance indicators and targets (deadlines)	<p>Timely delivery and quality of the documents.</p> <p>Monitoring report on 2014 ITC implementation: October 2015.</p> <p>Opinion on ENTSO-E's work programme: within 2 months of receipt of the document from ENTSO-E.</p> <p>Opinion on ENTSO-E's other documents: after receipt of the documents from ENTSO-E.</p>

**Annual monitoring report on the implementation and management of the inter-TSO compensation fund**

**Opinions on ENTSO-E's annual work programme and ENTSO-E's annual report**

**Opinions on ENTSO-E's annual summer and winter supply outlooks**

**Opinion on the ENTSO-E draft TYNDP 2014**

**Opinions on ENTSO-E's common network operation tools including a common incidents classification scale**

**Opinion on ENTSO-E's research and development plan**

**Opinion on the electricity national TYNDPs to assess their consistency with the Community-wide network development plan and (if appropriate) recommendations to amend the national TYNDPs or the Community-wide network development plan**

**Opinion on ENTSO-E's recommendations relating to the coordination of technical cooperation between Community and third-country TSOs**

**Opinion on monitoring the implementation of the electricity Community-wide TYNDP and the progress as regards the implementation of projects to create new interconnector capacity**

**Tasks**

**Opinion on ENTSO-E's draft Scenario Outlook and Adequacy Forecast 2015**

Achievement against the target

With the exception of two Opinions (Opinion on the electricity national TYNDP to assess their consistency with the Community-wide network development plan and Opinion on monitoring the implementation of the electricity Community-wide TYNDP and the progress as regards the implementation of projects to create new interconnector capacity), which were delayed due to resource issues, the Agency delivered all deliverables within the planned deadlines. ENTSO-E's proposal relating to the coordination of technical cooperation between Community and third country TSOs was not submitted to the Agency in 2015.<sup>8</sup>

1. The Agency adopted its Opinion on the ENTSO-E draft TYNDP 2014 on 29 January 2015 (submission date: 31 October 2014).

[http://www.acer.europa.eu/Official\\_documents/Acts\\_of\\_the\\_Agency/Opinions/Opinions/ACER%20Opinion%2001-2015.pdf](http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2001-2015.pdf)

2. The Agency adopted its Opinion on the ENTSO-E Implementation Plan 2016-18 of the Research and Development Roadmap 2013-2022 on 20 July 2015 (submission date: 26 March 2015).

[http://www.acer.europa.eu/Official\\_documents/Acts\\_of\\_the\\_Agency/Opinions/Opinions/ACER%20Opinion%2006-2015.pdf](http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2006-2015.pdf)

3. The Agency adopted its Opinion on the ENTSO-E Annual Report 2014 on 26 October 2015 (submission date: 6 July 2015).

[http://www.acer.europa.eu/Official\\_documents/Acts\\_of\\_the\\_Agency/Opinions/Opinions/ACER%20Opinion%2012-2015.pdf](http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2012-2015.pdf)

4. The Agency published its 'Report to the European Commission on the implementation of the ITC mechanism in 2014' in November 2015.

[http://www.acer.europa.eu/Official\\_documents/Acts\\_of\\_the\\_Agency/Publication/ITC%20Monitoring%20Report%202015.pdf](http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Publication/ITC%20Monitoring%20Report%202015.pdf)

5. The Agency adopted its Opinion on the ENTSO-E Summer Outlook Report 2015 and Winter Review 2014/15 on 30 September 2015 (submission date: 3 June 2015).

[http://www.acer.europa.eu/Official\\_documents/Acts\\_of\\_the\\_Agency/Opinions/Opinions/ACER%20Opinion%2010-2015.pdf](http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2010-2015.pdf)

6. ENTSO-E submitted its work programme for the period 2015 to December 2016 to the Agency on 26 October 2015. The Agency adopted its Opinion on this work programme on 17 December 2015 (i.e. within 2 months of receipt).

[http://www.acer.europa.eu/Official\\_documents/Acts\\_of\\_the\\_Agency/Opinions/Opinions/ACER%20Opinion%2017-2015.pdf](http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2017-2015.pdf)

7. The Agency sent its review of ENTSO-E's draft Scenario Outlook and Adequacy Forecast 2015 in the form of a letter to ENTSO-E on 2 September 2015 (submission date: 8 July 2015).

8. ENTSO-E's Network Operation Tools Report was received on 15 May 2015 and the corresponding opinion issued on 17 March 2016 in line with Article 8(3)(a) of Regulation (EC) No 714/2009, as amended by Regulation (EU) No 347/2013.

[http://www.acer.europa.eu/Official\\_documents/Acts\\_of\\_the\\_Agency/Opinions/Opinions/ACER%20Opinion%2002-2016.pdf](http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2002-2016.pdf)

<sup>8</sup> This proposal was submitted on 6 January 2016.

## Gas

<b>Opinion on ENTSOG's TYNDP 2015-2024</b> <b>Opinions on ENTSOG's annual work programme and ENTSOG's annual report</b> <b>Opinions on ENTSOG's common network operation tools including a common incidents classification scale and research plans</b> <b>Opinions on ENTSOG's annual summer and winter supply outlooks</b> <b>Reviews and recommendations on national TYNDPs regarding their (in)consistency with the Community-wide TYNDP</b> <b>Opinions on ENTSOG's recommendations relating to the coordination of technical cooperation between Community and third-country TSOs</b> <b>Report on monitoring the implementation of the Community-wide TYNDP and the progress as regards the implementation of projects to create new interconnector capacity</b>	
<b>Tasks</b>	
Legal basis	<p>For all deliverables: Article 6(3)(b) of Regulation (EC) No 713/2009</p> <p>For the work programme and the TYNDP: Article 6(4) of Regulation (EC) No 713/2009 and Article 9(2) of Regulation (EC) No 715/2009</p> <p>For opinions on ENTSOG's common network operation tools including a common incidents classification scale and research plans: Article 8(3)(a) of Regulation (EC) No 715/2009</p>
Work programme objective for 2015	Opinions on documents submitted by ENTSOG were delivered in accordance with the work programme for 2015, the work being performed by the Agency staff in close cooperation with the Agency's Gas Working Group and the Gas Infrastructure Task Force.
Performance indicators and targets (deadlines)	Timely delivery of the reports and opinions.
Achievement against the target	<ol style="list-style-type: none"> <li>1. The Agency adopted its Opinion on ENTSOG's TYNDP 2015-24 on 20 October 2015 (submission date: 23 July 2015). <a href="http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2011-2015.pdf">http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2011-2015.pdf</a></li> <li>2. The Agency adopted its Opinion on ENTSOG's annual work programme on 20 November 2015 (submission date: 10 September 2015). <a href="http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2016-2015.pdf">http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2016-2015.pdf</a></li> <li>3. The Agency adopted its Opinion on ENTSOG's annual report on 26 August 2015 (submission date: 1 June 2015). <a href="http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2008-2015.pdf">http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2008-2015.pdf</a></li> <li>4. The Agency did not receive ENTSOG's common network operation tools including a common incidents classification scale and research plans.</li> <li>5. The Agency adopted its Opinion on ENTSOG's summer supply outlook on 26 August 2015 (submission date: 29 May 2015). <a href="http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2007-2015.pdf">http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2007-2015.pdf</a></li> <li>6. The Agency adopted its Opinion on ENTSOG's winter supply outlook on 18 December 2015 (submission date: 6 November 2015). <a href="http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2018-2015.pdf">http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2018-2015.pdf</a></li> <li>7. The Agency published its Opinion on the implementation of investments in gas network development plans on 5 January 2015.</li> <li>8. The Agency did not receive ENTSOG's documentation relating to the coordination of technical cooperation between Community and third-country TSOs.</li> </ol>

## Opinions and recommendations on the Agency's own initiative

<b>Task</b>	<b>Opinions and recommendations in the areas of its competence, to Member States, NRAs, the European Parliament, the Council and the European Commission, whenever this is appropriate for ensuring the proper functioning of the IEM</b>
Legal basis	Article 5 of Regulation (EC) No 713/2009
Work programme objective for 2015	<p>The Agency has a responsibility to issue opinions and recommendations on its own initiative, whenever appropriate, to ensure the proper functioning of the IEM.</p> <p>During 2014, the Agency conducted a review of the Gas Target Model to identify the aspects of the Target Model that need to be enhanced in order to promote the successful functioning of the internal gas market. The work programme indicated that the review might result in the Agency issuing a recommendation on its own initiative in 2015</p> <p>The Conclusion Paper 'Energy Regulation: A Bridge to 2025' identifies a number of areas in which the Agency is expected to provide recommendations to the European Commission:</p> <ul style="list-style-type: none"> <li>• Recommendation on the facilitation of the development of flexible response and its implication for the design of the electricity market and the operation of the electricity system.</li> <li>• Recommendation on a more coordinated and consistent approach to assessing system adequacy and on the design of interventions, in particular on capacity remuneration mechanisms.</li> <li>• Recommendation on the enhancement of the regulatory oversight of the ENTSOs.</li> </ul>
Performance indicators and targets (deadlines)	Timely delivery of a recommendation.
Risks	Completion of work by stakeholders on the target models, interaction with stakeholders, time constraints.
Achievement against the target	No such recommendations or opinions were issued, due to the lack of resources.

## B. Guidelines on trans-European energy infrastructure

The TEN-E Regulation assigned various new tasks to the Agency in the field of infrastructure development.

### Electricity and gas

Task	<b>Annual Consolidated Report on progress on PCIs and (if appropriate) recommendations to facilitate and overcome delays or difficulties in PCI implementation</b>
Legal basis	Article 5(5) of Regulation (EU) No 347/2013
Work programme objective for 2015	The first consolidated report was due in 2015, following the submission by project promoters of annual reports for each PCI. Upon receipt of the submissions from project promoters by 31 March 2015, the Agency was to deliver its consolidated report within 3 months.
Performance indicators and targets (deadlines)	Timely delivery of the report.
Achievement against the target	The Agency published its consolidated report on 30 June 2015. <a href="http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Publication/Consolidated%20report%20on%20the%20progress%20of%20electricity%20and%20gas%20Projects%20of%20Common%20Interest.pdf">http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Publication/Consolidated%20report%20on%20the%20progress%20of%20electricity%20and%20gas%20Projects%20of%20Common%20Interest.pdf</a>

Task	<b>Opinion on the draft regional lists of proposed PCIs, in particular on the consistent application of the criteria and of the cost-benefit analysis across regions including assistance to NRAs regarding assessment of candidate PCIs</b>
Legal basis	Annex III.2(12) of Regulation (EC) No 713/2013 and Annex III.2(7) of Regulation (EU) No 347/2013
Work programme objective for 2015	An opinion on the draft regional lists of proposed PCIs was delivered for the first time by the Agency in 2013. The Agency is to deliver its opinion within 3 months of receipt of the draft regional lists and the accompanying opinions of regional groups established under Article 3(1) of Regulation (EU) No 347/2013, under the procedure set out in Article 15(1) of Regulation (EC) No 713/2009. The Agency's opinion should focus in particular on the consistent application of the criteria and of the cost/benefit analysis across regions.
Performance indicators and targets (deadlines)	Timely delivery of the opinion.
Achievement against the target	The Agency published its Opinions on the draft regional lists for gas and electricity on 30 October 2015. <a href="http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2015-2015.pdf">http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2015-2015.pdf</a> <a href="http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2014-2015.pdf">http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2014-2015.pdf</a>



Task	<b>Recommendation regarding the CBCA requests submitted within the framework of the second Union list of electricity and gas PCIs</b>
Legal basis	Article 7(2) of Regulation (EU) No 713/2009
Work programme objective for 2015	In accordance with its work programme for 2013, on 25 September 2013 the Agency issued a recommendation regarding the CBCA requests submitted within the framework of the first Union list of electricity and gas PCIs. In 2015, the Agency revised and updated the recommendation. The Agency also reviewed and updated its recommendation on best practices regarding the information that it is necessary to submit with a CBCA request and the high-level principles that NRAs must follow when handling a CBCA request, by taking into consideration the practices since the adoption of Regulation (EU) No 347/2013. A revised and updated recommendation will be issued.
Performance indicators and targets (deadlines)	Timely delivery of an updated and revised recommendation.
Achievement against the target	<p>On 18 December, the Agency issued Recommendation No 05/2015 on good practices for the treatment of investment requests for electricity and gas PCIs. The Recommendation is accompanied by a summary report covering the CBCA decisions taken up to September 2015.</p> <p><a href="http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Recommendations/ACER%20Recommendation%2005-2015.pdf">http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Recommendations/ACER%20Recommendation%2005-2015.pdf</a></p> <p><a href="http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Annexes%20to%20ACER%20Recommendation%20052015/Summary%20report%20Experience%20with%20Cross-Border%20Cost%20Allocation.pdf">http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Annexes%20to%20ACER%20Recommendation%20052015/Summary%20report%20Experience%20with%20Cross-Border%20Cost%20Allocation.pdf</a></p>
Task	<b>Support a common framework of cooperation for NRAs to establish and make publicly available a set of indicators and reference values for unit investment costs in gas and electricity</b>
Legal basis	Article 11(7) of Regulation (EU) No 347/2013
Work programme objective for 2015	NRAs cooperating within the framework of the Agency must establish and make publicly available a set of indicators and corresponding reference values for the comparison of unit investment costs for comparable projects of the gas and electricity infrastructure. Those reference values may be used by ENTSOs for the cost benefit analysis carried out for the subsequent TYNDPs. The Agency was to provide support for a coordinated approach among NRAs regarding the set of indicators and the methodology used to calculate the reference values.
Performance indicators and targets (deadlines)	Timely delivery of the indicators and reference values by 16 May 2015.
Achievement against the target	<p>The report on unit investment cost indicators and corresponding reference values for electricity and gas infrastructure was published on 23 July 2015.</p> <p><a href="http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Publication/UIC%20Report%20-%20Gas%20infrastructure.pdf">http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Publication/UIC%20Report%20-%20Gas%20infrastructure.pdf</a></p> <p><a href="http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Publication/UIC%20Report%20-%20-%20Electricity%20infrastructure.pdf">http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Publication/UIC%20Report%20-%20-%20Electricity%20infrastructure.pdf</a></p>

## C. Activities that are subject to specific conditions

The tasks listed in this section were performed at the request of certain parties, as specified in the Third Package or in the TEN-E Regulation or triggered by certain external events. When necessary, additional resources were reallocated during the year from other activities. The referral of tasks to the Agency at times when this could not have been foreseen, along with the ensuing obligation to produce pre-specified deliverables to tight schedules, posed a considerable challenge to the Agency, a small institution that had to deal with demanding peak workloads at irregular intervals.

In 2015, the Agency was called upon to perform the tasks listed below.

Task	Decisions on investment requests including on CBCA
Legal basis	Article 12(6) of Regulation (EU) No 347/2013
Work programme objective for 2015	<p>For PCIs included in the first Union list, project promoters submitted their investment requests as required by Article 12(3) of Regulation (EU) No 347/2013. In 2014, approximately 20 CBCA requests were submitted. Investment/CBCA requests can be continuously submitted. New CBCA requests were expected in 2015.</p> <p>Decisions are to be delivered within 3 months of the date of referral to the Agency, with a possible 2-month extension in cases where additional information is required.</p>
Performance indicators and targets (deadlines)	Timely delivery of a decision within the prescribed period from the date of referral to the Agency.
Achievement against the target	<p>The investment request for Paldiski LNG Terminal was referred to the Agency on 19 November 2015. On 11 January 2016, the project promoter withdrew the investment request. The Agency gave public notice of the request and its withdrawal.</p> <p><a href="http://www.acer.europa.eu/official_documents/acts_of_the_agency/documents/notice%20on%20the%20investment%20request%20on%20the%20paldiski%20lng%20pci.pdf">http://www.acer.europa.eu/official_documents/acts_of_the_agency/documents/notice%20on%20the%20investment%20request%20on%20the%20paldiski%20lng%20pci.pdf</a></p> <p><a href="http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Individual%20decisions/Notice%20of%20withdrawal%20Paldiski%20LNG.pdf">http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Individual%20decisions/Notice%20of%20withdrawal%20Paldiski%20LNG.pdf</a></p> <p>In the absence of NRA agreement, the investment request for the Lithuanian part of the interconnector between Alytus (Lithuania) and the Lithuania-Poland border (PCI No 4.5.1) was referred to the Agency on 28 November 2014. Between December 2014 and April 2015, the Agency sent several requests for information to the TSOs and NRAs concerned. On 16 April 2015, the Agency adopted its decision on the investment request, including on CBCA.</p> <p><a href="http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Individual%20decisions/ACER%20Decision%2002-2015.pdf">http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Individual%20decisions/ACER%20Decision%2002-2015.pdf</a></p>

Task	<b>Opinions on whether a decision taken by a regulatory authority complies with the Guidelines referred to in Directive 2009/72/EC, Directive 2009/73/EC, Regulation (EC) No 714/2009 or Regulation (EC) No 715/2009 or with other relevant provisions of those Directives or Regulations</b>
Legal basis	Article 7(4) of Regulation (EC) No 713/2009
Work programme objective for 2015	Such opinions are to be provided upon request by an NRA or the European Commission. The opinion must be based on matters of fact.
Performance indicators and targets (deadlines)	Delivery of high-quality opinions.
Achievement against the target	<p>On 2 December 2014, the Agency received a request from the Polish NRA for an opinion on the compliance of the Central Eastern European NRAs' decisions approving the methods of allocation of cross-border transmission capacity in the Central Eastern Europe region. After a thorough assessment, the Agency issued its Opinion on 23 September 2015.<sup>9</sup></p> <p><a href="http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2009-2015.pdf">http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2009-2015.pdf</a></p> <p>On 20 November 2014, the Agency received a request from the Lithuanian NRA for an opinion on the NRA's view regarding their decision on tariff structures, and in particular whether Article 17(5) of the Methodology on Cross-Border Transit is in compliance with Article 13 of Regulation (EC) No 715/2009. After a thorough assessment, the Agency issued its Opinion on 18 June 2015.</p> <p><a href="http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2003-2015.pdf">http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2003-2015.pdf</a></p>

Opinions and recommendations in the areas of its competence, upon request by Member States, NRAs, the European Parliament, the Council and the European Commission, as per Article 5 of Regulation (EC) No 713/2009, and a decision on the terms and conditions for access and operational security of cross-border interconnectors and on exemptions, when requested jointly by the NRAs concerned or when these NRAs fail to take a decision within a predefined period (6 months, with possible extension), as per Article 8 of Regulation (EC) No 713/2009 (for decisions on terms and conditions for access and operational security of cross-border interconnectors) and on Article 36(4) of Directive 2009/73/EC (for decisions on exemptions), were not issued, as the Agency did not receive any such requests.

<sup>9</sup> The Opinion was subject to appeal before the Board of Appeal by the Austrian NRA and the Austrian TSO. On 16 December 2016, the Board of Appeal dismissed both appeals as inadmissible. Actions for the annulment of the Opinion and, later, of the decision of the Board of Appeal were filed by the Austrian NRA before the General Court of the European Union. Both cases are still pending.

## D. Wholesale Market Monitoring – REMIT

The REMIT Implementing Regulation entered into force in early January 2015 and triggered important deadlines for data reporting. Market participants and third parties reporting on their behalf had to start reporting contracts accepted for trading on so-called organised market places as of 7 October 2015. From the same date, fundamental data from the ENTSOs' central information transparency platforms had to be reported. The Agency thus entered into the operational stage of REMIT implementation in 2015.

In preparation for the beginning of this first stage of data reporting, the Agency completed the development and deployment of the IT platforms and procedures for the acquisition and centralisation of market participants' registration information from NRAs and for the collection and aggregation of reported data through ARIS.

Following the start of data reporting, the Agency began assessing trading activities to detect any instances of market abuse and activated the sharing of trade data with NRAs. The Agency continued to assess reported cases, notify suspected cases of market abuse to NRAs and coordinate cross-border investigatory groups.

During 2015, the Agency did not receive the requested additional human resources for the purpose of REMIT implementation. Therefore, it reallocated resources and reprioritised tasks, and, in some cases, reduced the scope of the implementation to ensure that the most crucial activities related to REMIT implementation were undertaken. It therefore also focused on the quality of the reported data and on compliance with the reporting obligation in accordance with Article 8 of REMIT. In particular, the most significant departure from the revised annual work programme for 2015 concerned the scope of the market monitoring of trading activity in wholesale energy markets to detect and prevent trading based on inside information and market manipulation. A revised market monitoring strategy based on the available resources was developed and a number of tasks originally anticipated in the work programme were deprioritised (e.g. the establishment of appropriate mechanisms to access emission allowances data; the publication of some trade information; making available the Agency's commercially non-sensitive trade database for scientific purposes; and the assessment of the operation and transparency of different categories of market places and ways of trading). The Agency also reduced planned activities related to close cooperation and coordination with other authorities to ensure a coordinated enforcement of REMIT and the Market Abuse Directive<sup>8</sup>.

All documentation related to REMIT implementation and mentioned in this section can be found on the REMIT Portal: <https://www.acer-remit.eu/portal/public-documentation>.

<sup>8</sup> Directive 2014/57/EU of the European Parliament and of the Council of 16 April 2014 on criminal sanctions for market abuse (market abuse directive), OJ L 173, 12.6.2014, p. 179–189, <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32014L0057>

Task	<b>Operation and further development of, and, if necessary, enhancements to, CEREMP and the ARIS system for the collection of trade, fundamental and other data and for data sharing with NRAs, in connection with the REMIT Implementing Acts</b>
Legal basis	Articles 7-10 and 12 of Regulation (EU) No 1227/2011
Work programme objective for 2015	<p>Software development and customisation was ongoing. Deployment and running of CEREMP was to be completed by the date of adoption of the Implementing Acts, in order to allow sufficient time for the NRAs and market participants to complete the first phase of registration.</p> <p>Deployment and running of ARIS and its market monitoring solution completed within 9 months of the entry into force of the Implementing Acts concerning the data to be reported within phase 1 of data reporting and within 15 months of the entry into force of the Implementing Acts concerning the data to be reported within phase 2 of data reporting.</p> <p>Sharing and dissemination of information with the entry into effect of the Implementing Acts.</p> <p>Ensuring operational reliability and professional secrecy concerning the information received by the Agency by taking all necessary measures to prevent misuse of, and unauthorised access to, the information received and maintained in the Agency's systems, by identifying sources of operational risk and by minimising them through the development of appropriate systems, controls and procedures.</p>
Performance indicators and targets (deadlines)	<p>Provide 99% of planned system availability.</p> <p>No breaches of the security system with a data leakage involved.</p> <p>Registration starting no later than 3 months after the Implementing Acts are adopted, data collection and data sharing starting no later than 9 months and 15 months, respectively, after the Implementing Acts are adopted.</p>
Achievement against the target	<p>All major components of ARIS were successfully developed and deployed in 2015. The Agency provided 99% of planned system availability and there were no breaches of the security system with a data leakage were identified.</p> <p>Registration of market participants by NRAs started in July 2014 and continued throughout 2015.</p> <p>Data collection successfully started on 7 October 2015 and the process for making data sharing available to NRAs was started shortly thereafter and is still ongoing.</p> <p>In early 2015, the Agency adopted its REMIT information security policy, which covers all relevant aspects to ensure the operational reliability, confidentiality, integrity and protection of the information received, pursuant to Article 4(2) and Articles 8 and 10 of REMIT, and takes all necessary measures to prevent any misuse of, and unauthorised access to, the information maintained in the Agency's systems.</p>

<b>Task</b>	<b>Market monitoring of trading activity in wholesale energy markets to detect and prevent trading based on inside information and market manipulation in accordance with Article 7 of REMIT, in cooperation with NRAs, on the basis of data collected in accordance with the REMIT Implementing Acts, and establishment, further development and operation of the Agency's market surveillance solution to perform its market monitoring activities</b>
Legal basis	Articles 7 and 8 of Regulation (EU) No 1227/2011
Work programme objective for 2015	Monitoring methodologies under development. Ongoing review of notified cases. Market monitoring of the data collected in accordance with Article 8 of Regulation (EU) No 1227/2011. Increased integrity and transparency of wholesale energy markets. Detection of abusive practices. A revised market monitoring strategy to be developed in line with the limited resources available to the Agency.
Performance indicators and targets (deadlines)	The performance indicators and targets will be defined once the revised market monitoring strategy is developed.
Achievement against the target	Market monitoring requires complete and accurate data. In 2015, the Agency started its market monitoring activities by evaluating the completeness and quality of the reported data. The Agency is assessing the completeness of data collected in accordance with Article 8 of REMIT. An EU-wide market monitoring strategy is still under development in collaboration with NRAs in order to ensure effective market monitoring at Union level.
<b>Task</b>	<b>Coordination of NRAs and other relevant authorities, including at regional level, without prejudice to their responsibilities, aiming to promote best practices for the implementation of REMIT and to ensure that NRAs carry out their tasks under REMIT in a coordinated and consistent way, including an update to the Agency's guidance on the application of REMIT definitions, as well as coordination of NRAs' investigation activities in cases of cross-border market abuse</b>
Legal basis	Article 16(1) of Regulation (EU) No 1227/2011
Work programme objective for 2015	Aim to ensure that NRAs and other relevant authorities carry out their tasks under REMIT in a coordinated and consistent way, including through an update to the Agency's guidance on the application of REMIT definitions and through coordination of NRAs' investigation activities in cases of cross-border market abuse.  Publication of Agency guidance as required.  Coordination of investigation of alleged cases of cross-border market abuse as required.  A revised market monitoring strategy to be developed in line with the limited resources available to the Agency.
Performance indicators and targets (deadlines)	The performance indicators and targets will be defined once the revised market monitoring strategy is developed.
Achievement against the target	In 2015, the Agency created new structures to support its coordination efforts. It established the REMIT Coordination Group with a: <ul style="list-style-type: none"> <li>• Market Monitoring Standing Committee, to cover issues relevant to the application of Articles 7 and 16 of REMIT, and, in particular, policy (not related to reporting on transactions), market surveillance and market conduct issues;</li> <li>• Market Data Reporting Standing Committee to address market data reporting issues, including data quality.</li> </ul> <p>An updated third edition of the ACER Guidance to NRAs on the Application of REMIT (the Guidance) was published by the Agency on 3 June 2015.</p> <p>This edition updated Chapter 4 concerning the deadlines for market participants' registration submissions in order to comply with the new reporting timeline defined in Article 12 of Commission Implementing Regulation (EU) No 1348/2014.</p> <p>In addition, during the course of 2015, the Agency continued to elaborate specific areas of the Guidance that could have an impact on market monitoring and coordination. This included the publication of a Guidance Note on the concept of persons professionally arranging transactions (PPATs) in March 2015, this being a core concept of REMIT and essential to the successful implementation of the Regulation.</p> <p>Both of the above documents are available at: <a href="https://www.acer-remit.eu/portal/public-documentation">https://www.acer-remit.eu/portal/public-documentation</a></p> <p>The coordination of an increasing number of cases of cross-border market abuse in 2015 (33 new cases were opened) was difficult to handle with the limited human resources available to the Agency.</p>



# Part II(a) Management

## 2.1 Administrative Board

The composition of the Administrative Board in 2015 was as follows:

Member	Alternate
<b>Members appointed by the Council</b>	
Mr Razvan Eugen Nicolescu, Chair	Mr Kristian Moller
Mr Piotr Grzegorz Woźniak, Vice-Chair	Mr Detlef Dauke, resigned on 1 September 2015
Mr Guido Bortoni, resigned on 10 August 2015	Mr Alfonso Gonzalez Finat
Mr Guy Lentz	Mr Pál Kovács
Mr Jochen Penker	Mr Romas Švedas
<b>Members appointed by the European Parliament</b>	
Mr Luis-Martin Oar	Mr Uwe Leprich
Mr Rene Tammist	Mr António Jorge Viegas de Vasconcelos
<b>Members appointed by the European Commission</b>	
Mr Dominique Ristori	Mr Klaus-Dieter Borchardt
Ms Agnieszka Kaźmierczak	Ms Paloma Aba-Garrote

In 2015, the AB met five times (on 26 March, 11 June, 8 July, 17 September and 17 December).

It adopted 27 decisions, 8 more than in 2014:

1	AB Decision on the appointment of a new BoR member*	26/01/2015
2	AB Decision laying down a policy for the prevention and management of conflicts of interest**	31/01/2015
3	AB Decision on appointment of reporting officers for the appraisal of the Director	26/03/2015
4	AB Decision on the estimate of revenue and expenditure	26/03/2015
5	AB Decision on Multi-annual staff policy plan (MSPP) 2016-2018	26/03/2015
6	AB Decision on the appointment of a new BoR member*	08/05/2015
7	AB Decision on the appointment of a new BoR member*	08/05/2015
8	AB Decision on the engagement and use of temporary staff under Article 2(f) Conditions of Employment of Other Servants of the European Union (CEOS)	11/06/2015
9	AB Decision on amending the Rules of Procedure of the AB	11/06/2015
10	AB Decision on the extension of the Director's mandate	08/07/2015
11	AB Decision on the appointment of the new BoR alternate member*	31/08/2015
12	AB Decision on the appointment of the new BoR alternate member*	01/09/2015
13	AB Decision establishing security measures and procedures in the form of a security policy and an operational security manual	17/09/2015
14	AB Decision on the adoption of transfer of appropriations in the budget of ACER for the financial year 2015	17/09/2015



15	AB Decision laying down the policy and procedure for deputising	17/09/2015
16	AB Decision on measures concerning unpaid leave for temporary and contract staff of the EU	17/09/2015
17	AB Decision on the appointment of the new BoR member*	17/09/2015
18	AB Decision on the appointment of the new BoR alternate member*	17/09/2015
19	AB Decision on the appointment of the new BoR alternate member*	12/10/2015
20	AB Decision on the appointment of the new BoR member and alternate member*	06/11/2015
21	AB Decision on the adoption of the budget for the financial year 2016 and of the establishment plan of the Agency	17/12/2015
22	AB Decision on the appraisal of contract agents (model decision)	17/12/2015
23	AB Decision on the appraisal of temporary agents (model decision)	17/12/2015
24	AB Decision on the permission to the Director to engage in academic cooperation with the FSR in 2016	17/12/2015
25	AB Decision on reclassification of the Director	17/12/2015
26	AB Decision on the appointment of a new BoR Member*	17/12/2015
27	AB Decision on the appointment of a new BoR member*	17/12/2015

\*Appointment by the Chair, acting pursuant to the delegatory powers granted by the AB by Decision AB 05bis/2010 of 21 September 2010.

\*\*Adopted by written procedure, after the Chair declared its urgency.

The AB adopted one opinion in 2015

1	AB Opinion on the approval of the financial accounts for the financial year 2014	11/06/2015
---	--	------------

The most significant risk for the Agency in 2015 was the lack of resources to implement REMIT. The level of human resources was considered a risk for the operation of CEREMP and ARIS, as well as for market monitoring of trading activity in wholesale energy markets to detect and prevent trading based on inside information and market manipulation. This risk was discussed at the AB meetings in 2015 and significant controls were implemented (meetings with decision-makers took place and presentations were made to the ITRE Committee of the European Parliament). The second most important risk for the Agency in 2015 was the need to prevent (potential) conflicts of interest. This risk led to the adoption in early 2015 of a fully fledged conflict of interest policy.

## 2.2 Major developments regarding institutional relations and communication

As regards **institutional relations**, in 2015 the Agency continued to work with the European Parliament's ITRE Committee. The ITRE Committee's ACER contact group met in Brussels on 5 May and 3 September. The Director also presented the Agency's work programme for 2016 to the ITRE Committee on 16 June 2015.

Moreover, the Agency presented the main findings of its 2015 MMR to the ITRE Committee on 30 November 2015.

The Luxembourg presidency invited the Agency to present its activities and its budgetary challenges at the Energy Working Group on 10 September. The Agency's delegation included the Director, the Vice-Chair of the Administrative Board, the Chair of the Board of Regulators and, as an invited expert, the Chair of the US Federal Energy Regulatory Commission (FERC), Mr Norman Bay.

On the **international** side, the Director and the Administrative Board Vice-Chair and the Chair of the Board of Regulators attended the 6th World Forum on Energy Regulation (WFER) in Istanbul from 24-28 May 2015.

A biannual meeting with the Swiss Federal Electricity Commission, ElCom, took place on 26 February 2015.

The Agency continued to cooperate with the EnC, especially the EnC Secretariat (EnCS). First, it started preparing a memorandum of understanding (MoU) regarding EnCS's and contracting parties' participation in the Agency and on practical arrangements regarding decisions on cross-border infrastructure (on the border of the EU and an EnC contracting party), subject to the necessary amendments to the relevant legislation. Second, the Agency actively supported the Montenegrin authorities in their process of enacting the Third Package, as adopted for the EnC, in their national law.

As **regards communication**, as in previous years, the Agency engaged stakeholders extensively in its activities through public consultations, workshops and roundtables.

### Workshops organised by the Agency in 2015:

Workshops	Date	Venue
Workshop on the launch of the updated Gas Target Model	01/01/2015	Brussels
REMIT IT implementation workshop	27/01/2015 28/01/2015	Ljubljana
Workshop on electricity transmission tariff harmonisation scoping	24/03/2015	Ljubljana
Workshop on the independence and integrity of market surveillance teams	26/03/2015	
Open house for stakeholder input on the Network Code on Rules regarding Harmonised Transmission Tariff Structures for Gas	01/04/2015	Ljubljana and Brussels
18th Baltic Electricity Market Forum	18-19/05/2015	Tallinn
Workshop and Q&A session on the ARIS data model	09/06/2015 10/06/2015	Ljubljana
2nd ACER workshop on electricity transmission tariff harmonisation	16/06/2015	Ljubljana
Public workshop on REMIT implementation	08/09/2015	Ljubljana
ARIS information security policy workshop	16/09/2015	Ljubljana
ACER-ENTSOG joint workshop on Gas Balancing	17/09/2015	Budapest
Gas Working Group workshop	10/12/2015	Ljubljana

#### Roundtables organised by the Agency in 2015:

Roundtables	Date	Venue
Roundtable with OMPs, TRS, TMS, PPAT	11/03/2015 12/03/2015	Ljubljana
Roundtable with inside information platforms	12/03/2015	Ljubljana
Roundtable with associations of energy market participants (AEMPs)	09/04/2015 10/04/2015	Ljubljana
Roundtable with trade repositories	09/04/2015	Ljubljana
Roundtable with OMPs, TRS, trade matching systems	11/06/2015 12/06/2015	Ljubljana
Roundtable with AEMPs	08/07/2015 09/07/2015	Ljubljana
Second roundtable with inside information platforms and other service providers	08/07/2015	Ljubljana
Roundtable with AEMPs	16/12/2015 17/12/2015	Ljubljana

#### ACER Annual Conference 2015 'An Energy Union for Consumers'

A total of 180 participants attended the fourth ACER Annual Conference 'An Energy Union for Consumers', which took place on 9 July in Brdo, Slovenia. The Commission Vice-President in charge of Energy Union, Maroš Šefčovič, and the Commissioner for Climate Action and Energy, Miguel Angel Arias Cañete, delivered keynote speeches at the conference.

#### Anniversary event 'Energy Regulation: A Bridge to 2025'

On 24 September 2015, ACER and CEER organised a joint event to mark the first anniversary of the presentation of the paper 'Energy Regulation: A Bridge to 2025'. The event took place in Brussels and was broadcast live via webstream.

#### Presentation of the fourth Annual Report on Market Monitoring

On 30 November 2015, ACER and CEER presented their fourth annual joint MMR, providing an in-depth analysis of developments in the IEM and on the remaining barriers to its functioning, at an event in Brussels that was broadcast live via webstream.

## 2.3 Budgetary and financial management

The Agency's budget for the financial year ending on 31 December 2015 was funded by a subsidy from the general budget of the Union amounting to EUR 11 266 000. On top of the annual subsidy, an amount of EUR 1 794.86 was recognised under the fund source IC4 as assigned revenue stemming from recovered overpaid amounts. There was no agreement reached for any contribution towards the Agency from the European Free Trade Association countries.

During the 2015 financial year, the Agency implemented 95.09% of its commitment appropriations. A total of EUR 2 277 372.47 was carried forward to 2016 to cover legal obligations that remained open at year end.

Appropriations not used at the end of the financial year 2015 amounted to EUR 752 426 and were made up of:

- unused 2015 appropriations amounting to EUR 554 918.58;
- cancelled appropriations carried over from 2014 amounting to EUR 198 293.88; and
- losses from transactions involving exchange rate operations amounting to EUR 786.46 (these will be returned to the European Commission in the course of 2016).

The cancelled appropriations carried over from 2014 and amounting to EUR 198 293.88 represent 7.25% of the total appropriations carried over from that year.

During the 2015 financial year, a number of budgetary transfers took place in order to reallocate resources from areas where budgetary savings were identified towards areas where resources were scarce to ensure the achievement of the Agency's objectives. There were eight lots of approved budgetary transfers made within and between titles, including one budget transfer above the 10% limit approved by the Administrative Board.

The Agency did not pay any interest for late payment to any of its suppliers.

Detailed information on budget implementation by funding sources is presented in Annex II.

The relevant performance indicators are as follows:<sup>11</sup>

Task	Budget implementation and audit
Work programme objective for 2015	The Agency's objectives for 2015 were to: <ul style="list-style-type: none"> <li>• achieve a high level of budget implementation for both commitment and payment appropriations;</li> <li>• receive positive evaluation results from both the Internal Audit Service (IAS) and the ECA.</li> </ul>
Performance indicators and targets (deadlines)	<ul style="list-style-type: none"> <li>• At least 95% execution of 2015 commitment appropriations by the end of Q4.</li> <li>• Minimum 75% execution of 2015 payment appropriations by the end of Q4.</li> <li>• Positive opinion of the IAS.</li> <li>• Unqualified opinion from the ECA.</li> </ul>
Achievement against the target	<ul style="list-style-type: none"> <li>• The Agency implemented 95.09% of its commitment appropriations in 2015.</li> <li>• The Agency implemented 74.88% of its payment appropriations in 2015.</li> <li>• The IAS did not perform any audits in the course of 2015.</li> <li>• The Agency received an unqualified opinion from the ECA on the 2014 financial accounts.</li> </ul>

<sup>11</sup> Key performance indicators are presented in Annex I.

## 2.4 Human resources management

At the end of 2015, the Agency employed 54 temporary agents (one of whom was employed at 80% working time), 20 contract agents, 6 seconded national experts, 9 trainees and 6 interim staff (of whom 2 were employed at 60% working time). There were no changes to the establishment plan posts in 2015.

An organisation chart and the Agency's establishment plan are presented in Annexes III and IV, respectively.

The new rules for the engagement and use of temporary agents (2(f)) and the new rules on the appraisal of temporary and contract staff were adopted by the Administrative Board in 2015, as a result of the changes brought about by the amended Staff Regulations.

The Agency carried out a benchmarking exercise for 2015 in line with the provisions of Article 29(3) of Regulation (EU) No 1271/2013.

The snapshot for the benchmarking exercise was taken on 31 December 2015. As required by the methodology for agencies' job screening, it focused on the ratio of jobs in the areas of administrative support and coordination (overheads).

In line with the methodology, the posts counted in the screening exercise included:

- all establishment plan posts (irrespective of occupied, vacant or unused job quotas);
- other types of statutory links or contracts when occupied by a jobholder – contract agents, seconded national experts, trainees;
- jobs occupied by interim staff or by external service providers.

The distribution of the total 97<sup>12</sup> FTEs (full-time equivalent staff) in the Agency as of 31 December 2015, by job category, was as follows:

**1. Administrative support and coordination:** 22.2 FTEs, representing 22.89% of the total.

**2. Operational:** 65.8 FTEs, representing 67.83% of the total.

**3. Neutral:** 8.8 FTEs, representing 9.28% of the total.

The results of the benchmarking exercise are presented in Annex VI.

Task	Human resources
Work programme objectives for 2015	The Agency's objectives for 2015 were to: <ul style="list-style-type: none"> <li>• complete the recruitment of staff needed to fulfil the tasks of the Agency;</li> <li>• successfully complete the annual performance appraisal exercise;</li> <li>• receive positive evaluation results from both the IAS and the ECA.</li> </ul>
Performance indicators and targets (deadlines) <sup>13</sup>	<ul style="list-style-type: none"> <li>• Reach 90% of the recruitment target;</li> <li>• Include 100% of the Agency's staff subject to performance appraisal in the 2015 exercise;</li> <li>• Avoid any 'critical' or 'very important' recommendations from the IAS and ECA audits.</li> </ul>
Achievement against the target	<ul style="list-style-type: none"> <li>• In 2015, the Agency implemented 100% of its recruitment plan.</li> <li>• Of those staff members subject to appraisal, 100% went through the appraisal exercise in 2015.</li> <li>• No comments from the IAS or the ECA were received in 2015.</li> </ul>

<sup>12</sup> As per the agencies' job-screening methodology, the number of FTEs includes the number of staff as of 31 December 2015, one vacant CA FG IV post and two cost-free SNEs.

<sup>13</sup> Key performance indicators are presented in Annex I.

## 2.5 Other administrative tasks

### 2.5.1. Procurement and facility management

Task	Procurement and facility management
Work programme objectives for 2015	The Agency's objectives for 2015 were to: <ul style="list-style-type: none"> <li>expand the occupancy of one of the floors in ACER's premises so that it is used solely by the Agency; this includes fitting out and equipping with furniture the additional office space and aligning the premises with the Agency's security policy;</li> <li>refurbish two of the Agency's meeting rooms to enable a more efficient use of the space;</li> <li>continue with the fitting out and maintenance of the office premises to ensure smooth continuation of the Agency's work.</li> </ul>
Performance indicators and targets (deadlines)	<ul style="list-style-type: none"> <li>Reach an agreement with the landlord on expanding occupancy on one of the floors by the end of Q2 2015.</li> <li>Finish fitting out and equip with furniture the additional office space by the end of September 2015.</li> <li>Finalise refurbishment of two meeting rooms in Q3 2015.</li> </ul>
Achievement against the target	<ul style="list-style-type: none"> <li>The agreement for expansion of occupancy of one of the floors in the Agency's premises was signed in Q1 2015.</li> <li>The additional offices were fitted out and equipped by September 2015.</li> <li>The refurbishment of the two meeting rooms was finalised in September 2015.</li> </ul>

The number, type and value of procurement procedures carried out in 2015 are as follows:

#### 1) Operational

Type of procedure	Number of procedures	Value of contracts in EUR	Total amount committed in EUR
Negotiated low-value framework contracts (FWCs)	0	0.00	Not applicable
Negotiated low-value purchase order	14	49 616.98	49 616.98
Negotiated low-value single contract	1	13 200.00	13 200.00
Open (concluded in 2015)	1	400 000.00	Not applicable
Specific contracts, following FWC	16	2 291 639.27	2 291 639.27
Order forms following FWC	128	121 769.46	121 769.46
TOTAL	160	2 876 225.71	2 476 225.71

#### 2) Administrative

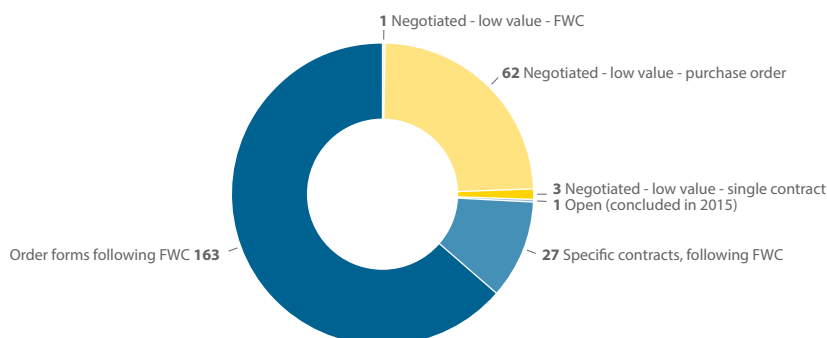
Type of procedure	Number of procedures	Value of contracts in EUR	Total amount committed in EUR
Negotiated low-value FWC	1	60 000.00	Not applicable.
Negotiated low-value purchase order	48	197 697.09	197 697.09
Negotiated low-value single contract	2	60 000.00	4 000.00
Open (concluded in 2015)	0	0.00	Not applicable
Specific contracts, following FWC	11	95 885.23	95 885.23
Order forms following FWC	35	329 688.42	329 688.42
TOTAL	97	743 270.74	627 270.74

## 3) Total (operational and administrative)

Type of procedure	Number of procedures	Value of contracts in EUR	Total amount committed in EUR
Negotiated low-value FWC	1	60 000.00	Not applicable
Negotiated low-value purchase order	62	247 314.07	247 314.07
Negotiated low-value single contract	3	73 200.00	17 200.00
Open (concluded in 2015)	1	400 000.00	Not applicable
Specific contracts, following FWC	27	2 387 524.50	2 387 524.50
Order forms following FWC	163	451 457.88	451 457.88
<b>TOTAL</b>	<b>257</b>	<b>3 619 496.45</b>	<b>3 103 496.45</b>

The figure below shows the number of procurement procedures carried out in 2015 by type:

## Number and type of procurement procedures in 2015



## 2.5.2. Information and communications technology infrastructure

Task	ICT development
Work programme objectives for 2015	<p>The Agency's objectives for 2015 were:</p> <ul style="list-style-type: none"> <li>approval of the information and communications technology (ICT) strategy by Q4 2015;</li> <li>successful and timely completion of the tasks necessary to meet the departments' needs included in the 2015 IT Action Plan;</li> <li>smooth transition between the old and the new equipment during Q1 2015;</li> <li>80% of staff satisfied or very satisfied with the IT service, based on an annual satisfaction survey.</li> </ul>
Performance indicators and targets (deadlines) <sup>14</sup>	<ul style="list-style-type: none"> <li>Approval of the ICT strategy by Q4 2015.</li> <li>Successful and timely completion of the tasks necessary to meet the departments' needs included in the 2015 IT Action Plan.</li> <li>Smooth transition between old and new equipment within Q1 2015.</li> <li>80% of staff satisfied or very satisfied with IT services on the basis of an annual satisfaction survey.</li> </ul>
Achievement against the target	<ul style="list-style-type: none"> <li>The adoption of the ICT strategy was postponed to Q1 2016.</li> <li>100% implementation of the IT Action Plan was achieved.</li> <li>The transition between the old and the new equipment has been completed without any issues in Q1 2015.</li> <li>A 99.10% satisfaction rate with the IT services was reached based on the results of the IT helpdesk satisfaction survey.</li> </ul>

<sup>14</sup> Key performance indicators are presented in Annex I.

## 2.6 Assessment by management

In 2015, the Agency continued to implement effective policies, management tools and monitoring and control procedures that aimed to ensure the achievement of objectives through the efficient use of human and financial resources.

The Agency continued to perform the well-established ex ante and ex post control procedures, under strict management supervision and with a commitment to improve the efficiency and effectiveness of the organisational processes.

The ex ante controls performed encompassed the entire system of controls and checks on both the operational and financial activities.

The ex ante controls on financial transactions involved the use of standard checklists on financial transactions and the strict application of the 'four eyes' principle, further verified by ex post controls.

The ex post controls on financial transactions in 2015 did not highlight any irregularity and, therefore, did not result in any remarks or recommendations. A transition to a paperless workflow in the accounting system (ABAC) was carried out during the year. This contributed to improving the process, making documentation more traceable and ensuring compliance of financial transactions with the relevant rules.

Revised guidelines on the financial circuits and segregation of duties at the Agency were adopted in the course of 2015. The guidelines define specific roles and responsibilities for all actors in financial transactions in the newly introduced paperless financial workflow.

An improved rate of payment appropriations was reached in 2015 – 74.88% compared with 69.84% in 2014 – but this was slightly below the proposed 75% target for the year.

Ex ante and ex post controls were further carried out on operational and administrative activities by using the checklists, consistent implementation of operational guidelines and regular reporting to the management. Management regularly reviewed the implementation of the work programme, the key performance indicators (KPIs) and the risk-management process.

Controls and supervisory checks on the Agency's departments, budget execution and human resources management, as well as monitoring of the implementation of KPIs, provided no evidence of significant and/or repeated errors. Monitoring reviews demonstrated no instances of inadequate or ineffective controls that would expose the Agency to key risks.

Based on the results achieved in 2015 (both financial and operational) and the additional assurance provided by the external and internal audits, it can be concluded that the control environment established by the Agency works as intended and provides reasonable assurance of the achievement of objectives, and of the legality and regularity of the activities and the underlying transactions.



## 2.7 Budget implementation tasks entrusted to other services and entities

No budget implementation tasks were entrusted to other services and entities.

## 2.8 Assessment of audit results during the reporting year

### 2.8.1 Internal Audit Service

In line with the IAS Strategic Internal Audit Plan 2013-15 for the Agency, in 2015 the IAS made a preliminary visit regarding the audit on the procurement process.

The audit was performed on 18-22 January 2016.

The objective of the audit was to assess the adequacy of the design and the efficiency and effectiveness of the management and internal control system put in place by the Agency for managing the procurement process.

The scope of the audit included a review of:

- the set-up, resourcing and management arrangements of the Agency's procurement function in order to ensure an efficient and effective management of the procurement process;
- the procurement plan and its adequacy to meet the Agency's needs and to support its business objectives;
- the launching of the procurement procedures in compliance with the applicable rules and regulations;
- the management of the opening, evaluation and award procedures, in compliance with the applicable rules and regulations;
- the monitoring and the reporting measures put in place by the Agency to allow a timely follow-up of the implementation of the procurement plan as well as corrective measures in case of deficiencies.

The results of the audit and the findings and recommendations drawn in the Final Audit Report (still to be issued) will be reported in the 2016 annual activity report. No critical findings and/or recommendations were communicated by the IAS in the preliminary findings.

The IAS also conducted a full risk assessment and IT risk assessment on 22-26 February 2016. The risk assessment will result in a new Strategic Audit Plan for the Agency for the period 2017-19, formulating the audit topics for the next planning period. The results of the risk assessment exercises will be reported in the 2016 annual activity report.

## 2.8.2 European Court of Auditors

### Audit of the 2014 annual accounts

The ECA performed the audit of the 2014 annual accounts in February 2015. The audit mission comprised analytical audit procedures, direct testing of transactions and an assessment of key controls of the Agency's supervisory and control systems with the aim to confirm the legality and regularity of the transactions underlying the Agency's accounts.

### Opinion on the reliability of the accounts<sup>15</sup>

In the ECA's opinion, the Agency's annual accounts present fairly, in all material respects, its financial position as of 31 December 2014 and the results of its operations and its cash flows for the year, in accordance with the provisions of its Financial Regulation and the accounting rules adopted by the Commission's accounting officer.

### Opinion on the legality and regularity of the transactions<sup>16</sup>

In the ECA's opinion, the transactions underlying the annual accounts for the financial year 2014 are legal and regular in all material respects.

The ECA made three comments that do not call the opinions above into question: two comments on the high level of appropriations carried over into the following financial year, caused mainly by the multi-annual nature of the REMIT project and the delays in approving the Implementing Regulation for this project; and one comment on the absence of a European School in Slovenia 4 years after the Agency signed its Seat Agreement, which envisaged the setting up of a European School.

In line with the provisions of Article 208 of the general Financial Regulation<sup>17</sup>, the 2014 accounts were audited by an external audit firm contracted by the Agency in March 2015. The external auditors reviewed the annual accounts (the balance sheet as of 31 December 2014 and the statement of financial performance, the cash flow statement and the statement of changes in net assets, and the notes to the financial accounts) and the report on the implementation of the budget (budgetary outturn account and annexes to the budgetary outturn account). The Final Audit Report was presented to the ECA for consideration. The auditors issued no findings or recommendations.<sup>15</sup>

### Audit of the 2015 annual accounts

The ECA performed an audit of the Agency's 2015 annual accounts in December 2015. A second audit was performed by an external audit firm, which visited the Agency on 7-11 March 2016. In May 2016 the Agency received the ECA's preliminary observations with a view to a report on the annual accounts of the Agency for the financial year 2015, adopted by Chamber IV on 19 April 2016.

### ECA audit on the security of energy supply

An audit visit was performed by the ECA on 21-23 October 2014. The audit focused on the security of energy supply (SES). The aim of the audit was to assess the effectiveness of EU measures (policy framework and funding) in establishing the IEM and financing energy infrastructure (gas and electricity interconnectors) to improve SES. It also aimed to verify whether the EU institutions and the Member States ensured proper and continuous functioning of the IEM, and whether the setup and implementation of infrastructure programmes co-financed by the EU supported the functioning of the IEM and thereby improved the SES. As a result of the audit, the ECA issued Special Report No 16/2015, 'Improving the security of energy supply by developing the internal energy market: more efforts needed'.<sup>18</sup> The Report and its recommendations were addressed to the European Commission. No findings or recommendations were issued for the Agency to implement.

<sup>15</sup> [http://www.eca.europa.eu/Lists/ECADocuments/ACER\\_2014/ACER\\_2014\\_EN.pdf](http://www.eca.europa.eu/Lists/ECADocuments/ACER_2014/ACER_2014_EN.pdf)

<sup>16</sup> See note 3.

<sup>17</sup> Regulation (EU, EURATOM) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002.

<sup>18</sup> <http://www.eca.europa.eu/en/Pages/DocItem.aspx?did=34751>

## 2.9 Follow-up of recommendations and action plans for audits

### 2.9.1 Recommendations issued by the IAS

As reported in Section 2.8.1., no audits were performed by the IAS in the course of 2015. The recommendations from the audit on the procurement process, performed on 18-22 January 2016, will be issued in the course of 2016 and reported in the 2016 annual activity report.

#### Follow-up of earlier recommendations (2014 audit)

The 2014 IAS audit on the development of Framework Guidelines and opinion on Network Codes resulted in four observations and six recommendations (one 'very important' and five 'important').<sup>19</sup> Two recommendations were implemented and closed in the course of 2014 and a further two recommendations were implemented and closed in the course of 2015.

The following two recommendations (rated as 'important') remain open, and will be implemented in the course of 2016:

- Reconsider the formal role of ACER in the working groups and project groups.
- Increase the number of NRAs involved and clarify roles and expectations of the FG/NC process participants.

#### Follow-up of earlier recommendations (2013 audit)

In 2014, the Agency completed the implementation of 10 out of the 11 recommendations issued following the 2013 IAS Audit on planning, budgeting and monitoring. The final recommendation, that is, Recommendation 11 ('important'), 'Reinforce operational and budget implementation monitoring', was implemented and closed in the course of 2015.

### 2.9.2 Recommendations issued by the ECA

The ECA issued a positive opinion on the reliability of the 2014 accounts and on the legality and regularity of the transactions underlying the accounts.

Its report contained three specific comments: two on budgetary management (related to the high level of appropriations carried over to the subsequent financial year, related mainly to the REMIT project and caused by the delays in approving the Implementing Regulation for this project) and one related to the absence of a European School in Slovenia, a commitment made by the host country in the Seat Agreement between the Republic of Slovenia and the Agency.

In its replies,<sup>20</sup> the Agency justified the level of carry-overs, as well as providing information on the state of play regarding the European School project in Slovenia. The Slovenian Ministry of Education, Science and Sport recently informed the Agency about its preparations for the establishment of an Accredited European School in Ljubljana.

#### Follow-up of earlier recommendations

All recommendations from previous years were identified as completed.

<sup>19</sup> As reported in the Agency's Annual Activity Report 2014.


<sup>20</sup> [http://www.eca.europa.eu/Lists/ECADocuments/ACER\\_2014/ACER\\_2014\\_EN.pdf](http://www.eca.europa.eu/Lists/ECADocuments/ACER_2014/ACER_2014_EN.pdf); p. 12.

## 2.10 Follow-up of observations from the discharge authority

In its Decisions and Resolution of 28 April 2016 granting discharge to the Agency in respect of the implementation of the 2014 budget and on the closure of the accounts, the European Parliament confirmed the status of recommendations from previous years as 'completed' and:

- called on the Agency to review and publish the remaining CVs and declarations of interest without delay, as provided for in its conflict of interest policy;
- called on the Agency to continue strengthening its internal controls and to ensure that the controls introduced work effectively and contribute to the achievement of its objectives;
- encouraged the Agency and the host Member State to resolve the issue with the establishment of a European School and called on the Agency to inform the discharge authority of the state of play of the negotiations;
- called on the Agency to include a standard chapter on the prevention and management of conflicts of interests and transparency in its annual report; and
- underlined the need for all EU agencies to enhance integrity and improve the ethical framework through better implementation of codes of conduct and ethical principles, so as to reinforce a common and effective culture of integrity.

The Agency has started to address the above recommendations. In particular, it has taken the necessary steps to collect and publish the remaining CVs and declarations of interest. The annual assessment of the effectiveness of the internal control standards (ICS) took place and measures were taken to improve the control environment where needed. A paragraph on the prevention and management of conflict of interest is included in Section 3.1. of this report. The Agency will inform the discharge authority of any developments with regard to the European School project in the host state.



Part II(b)  
External Evaluations

## Extension of the Director's mandate

Article 16(3) of Regulation (EC) No 713/2009 establishing the Agency stipulates that, in the 9 months preceding the end of the Director's 5-year term of office, the European Commission must undertake an assessment examining the performance of the Director and the Agency's duties and requirements in the coming years.

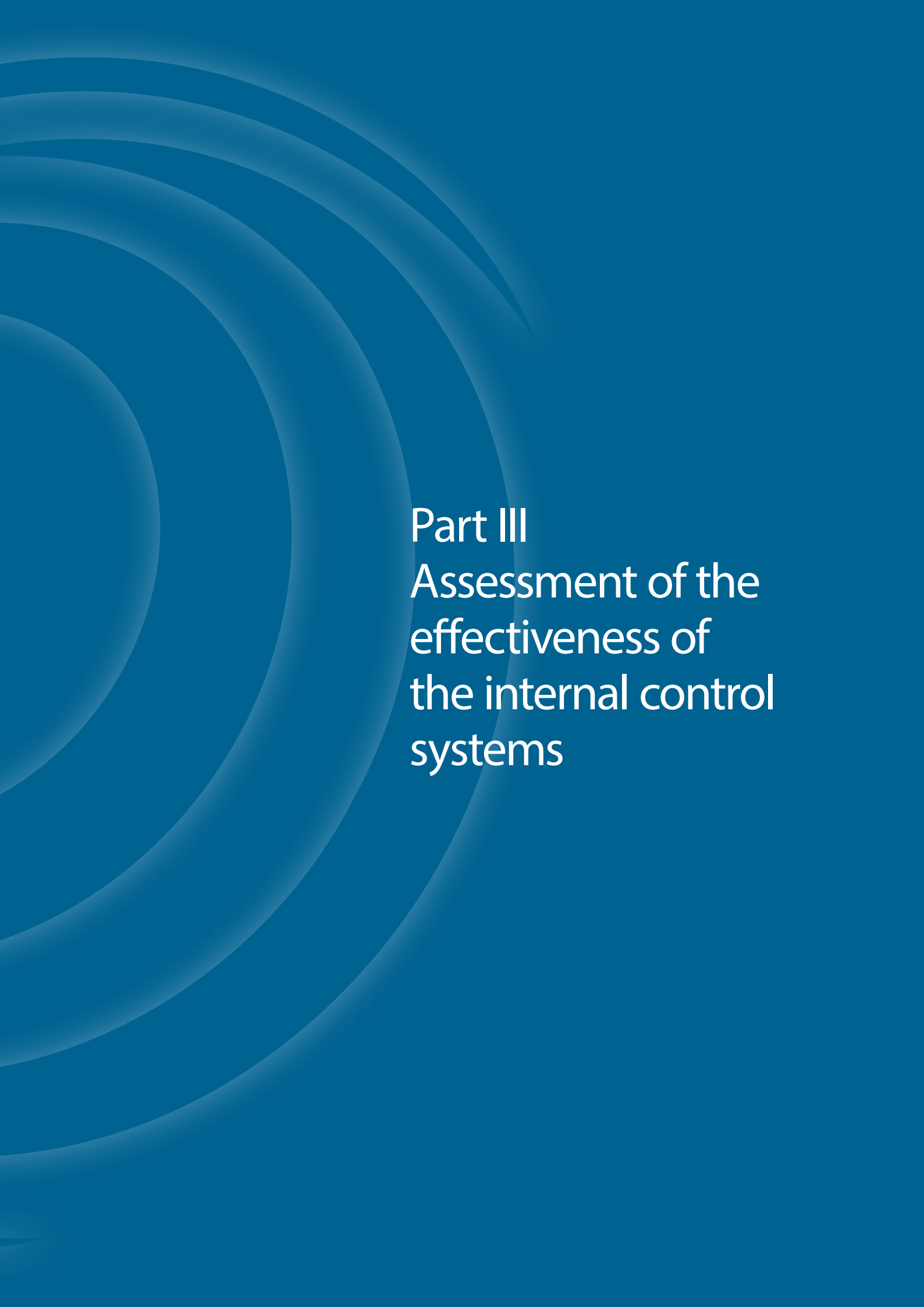
The Commission submitted its assessment to the ACER Administrative Board on 18 June 2015. The Commission concluded that the achievements of the Agency and the upcoming duties and requirements justified an extension of the Director's term. Following this assessment, and on the basis of a proposal from the Commission, the ACER Administrative Board, taking into account the opinion of the Board of Regulators, extended the term of the current Director for a further 3 years from 16 September 2015.

In assessing the Director's performance, the Commission examined the performance of the Agency itself. The Commission reaffirmed the conclusion of its January 2014 evaluation of the Agency, under Article 34 of Regulation (EC) No 713/2009, that 'since its establishment, ACER has become a credible and respected institution playing a prominent role in the EU regulatory arena.'

Pursuant to Article 16(4) of Regulation (EC) No 713/2009, the ACER Board of Regulators provided its opinion (No 02/2015) to the Agency's Administrative Board on the Commission's assessment. The Board of Regulators welcomed the assessment. Moreover, the Board fully endorsed the European Commission's conclusion that, on

the basis of the Director's performance and the future duties and requirements of the Agency, an extension of the current Director's mandate was justified. The Board underlined that the Director's high level of experience, professional expertise and competence have been instrumental to the establishment and smooth running of the Agency. The Board reiterated that the Agency had focused on the correct priorities and that its tasks had been carried out efficiently, effectively and in a timely manner. These achievements are notable in light of the tight deadlines, increasing number of tasks and challenging policy context, particularly given the limited resources the Agency has had at its disposal.

The Board also repeatedly voiced its concern that if inadequate resources are allocated by the budgetary authorities to these tasks, the Agency may not be able to fulfil its new legal responsibilities under REMIT. The BoR welcomed and confirmed the European Commission's findings that the Agency has successfully fulfilled its tasks of fostering the NRAs' coordination and has set up working methods and procedures to ensure that the NRAs cooperate to achieve the objectives specified in their work programmes. In this respect, the Board noted that the NRAs' contribution, including in the preparation of the Agency's Acts, the secondments of their staff to the Agency despite their own resources constraints, and their in-kind support to the Agency, was significant and that their cooperation within the Agency had worked well during the first years of the Agency's establishment.



Part III  
Assessment of the  
effectiveness of  
the internal control  
systems

## 3.1 Risk management

### Overall management of risks

The Agency's risks are managed at various levels. Besides the standard risks addressed through the ICS, the Agency monitors risks at the department level for specific tasks, and at the Agency level in terms of critical risks affecting the implementation of the main objectives of the Agency's work programme.

The Agency's management was aware of the importance of the Agency's key performance indicators (KPIs), and followed the achievement of the objectives set through them for 2015 closely. These were monitored by means of the Agency's traffic light system. The KPIs were discussed on a quarterly basis at the coordination and management meetings, where measures to be taken when objectives were considered to be at risk, with follow-up actions in cases of identified delays or underperformance, were also considered. These actions were also discussed at dedicated monthly bilateral meetings between the heads of department and the Director.

A comprehensive set of processes was used to monitor and report on the annual work programme and human and financial resources. Both management and staff in key functions were involved in planning, risk assessment, monitoring and reporting to ensure the alignment of activities and a common understanding of the Agency's objectives. The absorption of the Agency's budget was monitored through monthly reports, providing an overview of both commitments and payments.

The activities and tasks in the annual work programme for 2015 were planned on the basis of the draft budget approved by the Administrative Board in early 2014. Since the additional human resources initially envisaged in the annual work programme were not made available to the Agency within the framework of the budgetary procedure, in early 2015 the Agency reviewed its annual work programme, aligning the envisaged activities with the available human resources.

### Risk Register: critical risks in 2015

As in previous years, in parallel with the drafting of the annual work programme, the Agency ran its annual risk assessment exercise for 2015, covering its operational, legal and administrative areas of activity. The aim of the Risk Register, compiled as a result of the risk assessment, is to identify possible critical risks, assess their likelihood and probable impact on the achievement of the Agency's objectives, and determine the Agency's response to eliminate or mitigate potential negative effects.

As a result of the exercise, the management identified two risks considered both to be likely and to have a potential significant impact on the Agency's activities.

#### 1. The implementation of REMIT

In 2015, the Agency continued its activities for the full implementation of REMIT. When the Work Programme 2015 was first drafted there was a considerable divergence between the minimum allocation of human resources that the Agency considered necessary to fulfil its role in meeting the objectives of REMIT and the Commission's staffing proposal.

The level of human resources was considered a risk for the operation of CEREMP and ARIS, as well as for the market monitoring of trading activity in wholesale energy markets to detect and prevent trading based on inside information and market manipulation.

Ineffective application of REMIT, even if due to reasons outside the Agency's control, was considered to pose a reputational risk for the Agency (in addition to the economic damage suffered by taxpayers due to the negative effects on markets). The success of REMIT is also dependent on cooperation with NRAs, especially as concerns follow-up and investigations in cases of potential market manipulation identified by the Agency.

In order to mitigate the risks, on the one hand, the Agency strived to raise awareness among NRAs, EU institutions and stakeholders of the benefits of the proper implementation of REMIT, while, on the other hand, it revised its work programme in early 2015, aligning its priorities with the available funds.



## 2. Conflicts of interest

The management of (potential) conflicts of interests is considered crucial to ensure ACER's independence and transparency, and to maintain the trust of stakeholders and citizens in the Agency's integrity. The highest level of integrity is required to ensure the quality and credibility of regulatory action. Conflicts of interest, actual or perceived, may bring the integrity of the decision-making process into question and should be avoided or, where this is not possible, effectively managed.

In early 2015, the Agency's Administrative Board adopted the Agency's Policy for the Prevention and Management of Conflicts of Interest, applicable to the Agency's staff (with specific provisions for management), the Agency's Board (Administrative Board, Board of Regulators and Board of Appeal) and the Agency's working group chairs and co-chairs and task force convenors. In order to reduce the risks related to conflicts of interest, the Agency strived to implement the policy effectively, through the publication of declarations of interest on its website and a review of potential conflicts of interest within the panels.

## Other issues

In addition to the above, specific attention was focused on data protection matters in relation to the collection and management of information (and also in the Policy for the Prevention and Management of Conflicts of Interest).

While no cases of fraud were detected, the Agency made efforts to raise awareness among staff on anti-fraud issues, by undertaking in-house training based on the Agency's anti-fraud strategy, using guidelines and material provided by the European Anti-Fraud Office (OLAF).

## 3.2 Compliance with and effectiveness of internal control standards

Since 2011 and in line with its growth, the Agency has progressively developed and implemented a series of internal measures to ensure that its activities are controlled effectively and that reasonable assurance is provided with regard to the achievement of objectives.

This is done by the internal control system<sup>21</sup> to check that the operational activities are effective and efficient and meet all legal and regulatory requirements, that financial and management reporting is reliable and that assets and information are safeguarded.

The internal control system encompasses 16 internal control standards (ICS) structured around the following six major 'building blocks':

1. mission and values;
2. human resources;
3. planning and risk-management process;
4. operations and control activities;
5. information and financial reporting; and
6. evaluation and audit.

The Agency has established and monitors an ICS framework providing an overview of the control system; the framework identifies the minimum requirements and specific measures required to ensure compliance with the ICS and monitor their status.

An assessment of the effectiveness of the ICS, based on the guidance drafted in 2014, was performed in 2015 to evaluate the efficiency of the controls in place, and to identify and propose measures for improvement.

The results of the assessment are presented below.

### ICS 2: Ethical and organisational values

In the course of 2014, the Agency developed and adopted a major package of internal policies on ethics and integrity: a policy on the prevention and management of conflicts of interest, an anti-fraud strategy, a whistleblowing policy and guidelines on gifts and hospitality.

In 2015, a number of activities were undertaken to implement the above policies.

An awareness-raising session on the integrity package was delivered to staff. The four policies, their specific provisions and their impact on the working environment and on staff conduct were presented.

To implement the anti-fraud strategy, the Agency organised a specific awareness-raising session on anti-fraud strategies, aspects of ethics and good conduct, fraud and response plans, red flags and detection tools, and lessons learned from OLAF investigations.

The Agency also implemented the new conflicts of interest policy, collected declarations of interest and published the CVs and declarations on its website.

### ICS 3: Staff allocation and mobility

In 2015, in line with the provisions of Article 110(2) of the Staff Regulations, the Administrative Board of the Agency adopted general implementing provisions on the procedure governing the engagement and use of temporary staff under Article 2(f) of the Conditions of Employment of Other Servants of the European Union (CEOS).

The rules define a consistent staff policy for temporary staff in the Agency with a view to facilitating staff mobility both within the Agency and between agencies. The rules specify provisions with regard to selection procedures and filling of the vacancies, duration of contracts and mobility between agencies.

### ICS 4: Staff evaluation and development

At the end of 2015, the Administrative Board adopted new rules on the general implementing provisions governing the procedure for annual appraisal of temporary and contract staff of the Agency. The appraisal system intends to provide regular and structured feedback in order to improve performance and contribute to future career development. It describes the roles and responsibilities, timelines and expected outcomes of the annual performance appraisal exercise and introduces a new qualitative approach towards individual assessments.

<sup>21</sup> Established by the AB with Decision AB No 08/2011 on the Adoption of Internal Control Standards and revised by AB Decision No 10/2012.

### ICS 7: Operational structure; and ICS 8: Processes and procedures

In 2015, the Agency introduced a paperless workflow for financial transactions. It adopted revised guidelines on financial circuits and on segregation of duties. The guidelines define specific roles and responsibilities for all actors in financial transactions in the newly introduced paperless financial workflow.

The ICT policy underwent revisions during 2015 and was finally updated in January 2016. The new ICT policy aims to reflect the current practices and needs of the Agency, creating a balance between reasonable flexibility for users and prioritising business needs, while maintaining a fast, efficient, professional and secure ICT user support system and ICT environment.

In 2015, the Administrative Board adopted a security policy and an operational security manual. The policy and the manual established basic principles and minimum security standards for the protection of EU classified information, as well as an operational structure for crisis management in the form of procedures, alert states and measures to be used under envisaged security conditions.

### ICS 11: Document management

In order to further ensure that personal data was protected, the Director established the role of Data Protection Coordinator, entrusted with the role of assisting the Data Protection Officer in the performance of their duties, in line with Article 24(1) of Regulation (EC) No 45/2001.

This measure was taken so that personal data processing at the Agency would not adversely affect the rights and freedoms of data subjects and that continuity of the data protection function would be maintained in the event that the Data Protection Officer was absent or otherwise prevented from exercising their duties, or that role was temporarily vacant.

### ICS 12: Information and communication

At the end of 2015, a feedback tool, linked to all the Agency's opinions, recommendations and publications, was made available to all stakeholders, interested parties and the general public. The tool provides the possibility for stakeholders to rate the Agency's deliverables in terms of relevance and quality and to provide feedback. As of 2016, this tool will be available for all the Agency's official documents.

### ICS 15: Assessment of the internal control system

There was a general assessment of the effectiveness of the internal control system on the basis of the guidance issued in 2014. This was to show how well the 16 ICS complied with the minimum requirements underlying each standard on the basis of pre-defined questions, and to identify areas of weakness where controls needed to be strengthened.

The assessment showed that controls needed to be strengthened in the following areas:

- HR management – adoption and implementation of a competency framework (provided for in 2016).
- ICT governance and security – adoption and implementation of information security policy; measures to improve ICT planning and governance.
- Business continuity – practical implementation of the Agency's business continuity plan.
- Document management – adoption and implementation of a document management policy and related procedures: registration, classification, filing plan, retention, etc.

The assessment revealed that additional measures would be useful in the area of internal and external communication and in the development of the operational structure, processes and procedures to further strengthen existing controls.

### Conclusion

In 2015, the Agency continued to implement a comprehensive system of internal controls, undertook risk management and ensured a proportionate approach to the compliance and effectiveness of the internal procedures and systems.

Following the review of ICS implementation, the Agency is compliant with the minimum requirements underlying each control standard. The specific actions implemented and the controls introduced under each of the standards prioritised in 2015, as described above, work efficiently and show the Agency's commitment to continuous improvement. In addition to the good results achieved in previous years, no significant or material weaknesses in the Agency's ICS became evident in 2015.

The annual review of the ICS and the Agency's risk assessment exercise provided reasonable assurance with regard to the achievement of the Agency's objectives. Nevertheless, some areas for further improvement were identified and appropriate measures will be implemented accordingly.



Part IV  
Management  
assurance

## 4.1 Review of the elements supporting assurance

The building blocks of assurance underpin the reasonable assurance provided by the Authorising Officer in his declaration of assurance in the annual activity report. The reliability of the information contained in this report is supported by the building blocks of assurance listed below.

### Building block 1: Assessment by management

As described above, the Agency developed and implemented a comprehensive set of procedures and tools to prepare, manage, control and monitor its progress in the implementation of the work programme and to manage its human and financial resources.

They encompass ex ante and ex post controls, planning, monitoring and reporting tools, the control procedures performed by staff and the assurance provided by the internal and external audits, as well as the evaluations performed on the Agency's activities.

The materiality of identified weaknesses is used as a basis for defining the significance of weaknesses, both, in qualitative and quantitative terms. Qualitative criteria are linked to the failure in achieving the Agency's short term objectives, reputational risks, and significant weaknesses in the control system and repeated errors. These involve the use of resources, sound financial management, and legality and regularity of the transactions. Their significance is judged on the basis of:

- the nature and scope of the weakness;
- the duration of the weakness;
- the existence of mitigating controls that reduce the impact of the weakness; and
- the existence of effective corrective actions (action plans and financial corrections).

No significant weaknesses materialised or required special attention, resources or actions in 2015. Based on the facts presented in the previous sections, and in the light of the opinion expressed by the ECA on the reliability of the accounts and on the legality and regularity of the transactions underlying the accounts, it can be concluded that the Agency established a working environment where the risks were appropriately managed and the internal control system worked effectively and contributed to the achievement of the objectives.

This conclusion takes into consideration the need for the Agency to maintain a high level of efficiency of its internal control environment, to

constantly assess and strengthen the existing controls (considering the cost-effectiveness and the estimated added value against the additional costs to the Agency), to maintain full compliance with the requirements of the 16 ICS, and to ensure continued achievement of its work programme objectives in the years to come.

### Register of exceptions

Since 2011, the Agency has had a procedure for registering exceptions. This guarantees that all instances of over-riding of controls or deviations from established processes and procedures are documented in exception reports, are justified, are approved at the appropriate level before the action is taken, and are logged centrally.

In 2015, there were no exceptions to the established procedures. Furthermore, no procedural incidents (non-compliance) were registered, which further adds to the assurance provided by the control system.

### Building block 2: Results of audits and external evaluations during the reporting year

Since its establishment, the Agency has not received any critical recommendations from the internal and external auditors. The year 2015 was no exception in this respect, as no critical recommendations were issued. Furthermore, all recommendations from previous years were implemented as planned, reported in a timely manner and approved by the relevant authority.

### Building Block 3: Follow-up of reservations from previous years

The Authorising Officer's declaration of assurance in the Annual Activity Report 2014 did not contain any reservations.

### Building Block 4: Assurance received from other Authorising Officers in cases of crossed sub-delegations

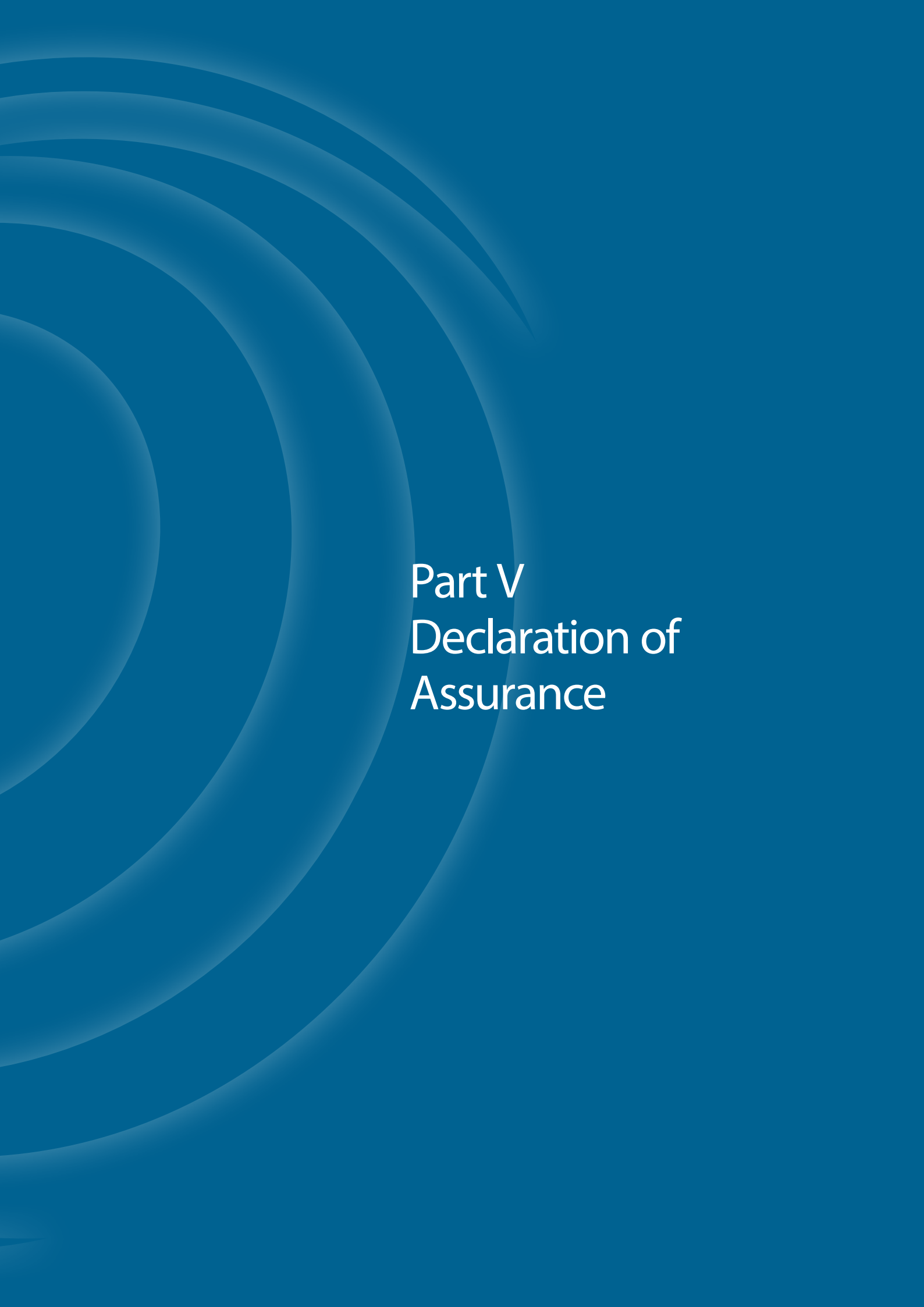
No budget implementation tasks were entrusted to other services and entities, which minimises risk with regard to the declaration of assurance.

## 4.2 Reservations

No reservations are made in this annual activity report.

## 4.3 Overall conclusions on assurance (where applicable)

Not applicable.



Part V  
Declaration of  
Assurance



I, the undersigned Director of the Agency for the Cooperation of Energy Regulators,

In my capacity as Authorising Officer,

Declare that the information contained in this report gives a true and fair view.

State that I have reasonable assurance that the resources assigned to the activities described in this report have been used for their intended purpose and in accordance with the principles of sound financial management, and that the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.

This reasonable assurance is based on my own judgment and on the information at my disposal, such as the results of the self-assessment, ex-post controls, the observations of the Internal Audit Service and the lessons learnt from the reports of the Court of Auditors for years prior to the year of this declaration.

Confirm that I am not aware of anything not reported in this report, which could harm the interests of the Agency.

Ljubljana, 7 June 2016

A handwritten signature in black ink, appearing to read 'Alberto Pototschnig'.

Alberto Pototschnig





# Annexes

## Annex I Key Performance indicators for 2015

### TRAFFIC LIGHTS (VISUAL STATE OF PLAY): LEGEND



On track: no problems foreseen



A problem occurred and/or a delay occurred or is foreseen: KPI not achieved



A problem or a delay occurred due to outside factors (e.g.: not received on time from the ENTSOs or the Commission)



There is a slight delay or an issue that still needs to be resolved, but the KPI should be achieved with a slight delay





KPI achieved: task completed






KPI achieved: task completed with a small delay/issue

### External Communication






Task	Agency website		
<b>KPI 1</b>	<b>Website hits: 5% increase with respect to the preceding year</b>		
	Percentage change compared with the same quarter in 2014	State of play (visual)	Comments
End of 2015	Total number of hits from 31 258 in 2014 to 23 644 in 2015 (-32%) - Unique website visits raised from 49 666 in 2014 to 51 035 in 2015 (+2.8%)		The improvements in the website navigation and in the links had an impact on reduced number of hits, while unique visits continued growing. ACER decided to change this KPI in 2016.
<b>KPI 2</b>	<b>Online survey: at least two thirds of respondents satisfied or highly satisfied</b>		
	Date of survey and results (%)	State of play (visual)	
End of 2015	The feedback collected through the tool accessible from ACER documents provides an 82.8% rate of satisfaction with our documents and publications.		
<b>Task</b>	<b>Relations with media/information for stakeholders</b>		
<b>KPI 3</b>	<b>Number of news items within infoflashes: &gt; 40</b>		
Total 2015	82		State of play (visual) 
<b>KPI 4</b>	<b>Number of references to the Agency in selected media included in the Agency's media monitoring (proxy for impact): 200</b>		
Total 2015	294		State of play (visual) 

Task	Review of staff engagement/satisfaction	
<b>KPI 5</b>	<b>Two-thirds of participating staff satisfied or highly satisfied</b>	
	Date of survey and results (%)	State of play (visual)
End of 2015	<p>The staff engagement survey was launched on 21 September 2015. According to the 2015 staff engagement survey, a 67% average satisfaction rate was recorded for the Agency, the second best result among the 16 agencies that underwent the benchmarking survey.</p> <p>The result marks a considerable improvement from the previous survey at the Agency in 2013. The fact that the relevant KPI was only just met, while the Agency was one of the top performers, may indicate that the result to be achieved was very ambitious.</p>	
<b>KPI 6</b>	<b>Two thirds of staff were satisfied or highly satisfied with the level of information shared by line managers</b>	
	Date of survey and results (%)	State of play (visual)
End of 2015	<p>Staff engagement survey was launched on 21 September 2015.</p> <p>The questions in the Agency's 2015 staff engagement survey related to the level of information shared by line managers indicated that over two thirds were generally satisfied or highly satisfied with the information-sharing practices. For example, 74% of staff indicated that information provided by their line manager allowed them to understand the requested tasks. Out of the nine questions in the survey related to line managers, only the question concerning the satisfaction related to personal feedback received on performance was rated under the two thirds mark.</p>	

## Administration and human resources

Task	Human resources	
<b>KPI 7</b>	<b>Average length of recruitment procedures: 4 months (including the 1-month period of publication of the vacancy notice)</b>	
	Average recruitment procedure	State of play (visual)
End of 2015	3 months (12 weeks)	
<b>KPI 8</b>	<b>100% of the Agency's staff were subject to performance appraisal on an annual basis</b>	
	Percentage of staff subject to appraisal	State of play (visual)
End of 2015	100% All staff members were subject to performance appraisal in 2015.	
<b>KPI 9</b>	<b>75% of staff were satisfied or very satisfied with the Agency's training policy</b>	
	Date of survey and results (%)	State of play (visual)
End of 2015	<p>The staff engagement survey was launched on 21 September 2015 and completed on 23 October 2015.</p> <p>The results showed an average satisfaction of 50% (based on three questions) with the Agency's training policy.</p> <ol style="list-style-type: none"> <li>Sufficient training and career development opportunities – 46% satisfaction.</li> <li>Implementation of the training policy – 43% satisfaction.</li> <li>Learning opportunities provided by the Agency to help maintain professional knowledge – 60% satisfaction.</li> </ol>	

## Budget implementation and audit

Task	Budget implementation and audit		
<b>KPI 10</b>	<b>At least 95% execution of commitment appropriations</b>		
End of 2015	95.09% implementation of the commitment appropriations on 31 December 2015.	State of play (visual) 	
<b>KPI 11</b>	<b>Minimum 75% execution of payment appropriations</b>		
End of 2015	74.88% implementation of the payment appropriations on 31 December 2015.	State of play (visual) 	
<b>KPI 12</b>	<b>Unqualified opinion received from the ECA and 75% of its recommendations implemented in accordance with the Agency's Action Plan</b>		
End of 2015	ECA report on the annual accounts of the Agency for the financial year 2014 was published on 22 October 2015 (unqualified opinion received).	State of play (visual) 	
	Percentage of recommendations implemented	State of play (visual)	Comments
End of 2015	66% of the ECA's comments were implemented		The ECA made three comments on the 2014 Agency's annual accounts. Two of them, concerning budgetary management, were addressed. The third comment refers to the establishment of a European School in Slovenia. According to the Seat Agreement, the Slovenian Government is responsible for its set-up. The Agency has addressed this issue with the Slovenian authorities on several occasions, most recently at the Assessment of the Seat Agreement meeting, held on 8 July 2015.
<b>KPI 13</b>	<b>85% of IAS recommendations implemented in line with the Agency's Action Plan</b>		
	Percentage of recommendations implemented	State of play (visual)	Comments
End of 2015	100% implementation of the IAS recommendations in the 2015 Action Plan.  66.67% implementation of the IAS recommendations in the 2014 Action Plan.		2015 Action Plan: All recommendations due were implemented and closed.  2014 Action Plan:  Two out of three recommendations were implemented and closed. One recommendation was partially implemented. The remaining action to be implemented is the following:  formal recognition, in the rules on the functioning of ACER working groups, of the role of ACER staff, and in particular of the heads of department, in ACER working groups (i.e. revision of the ACER working group rules).

## ICT Infrastructure


Task	ICT development	
<b>KPI 14</b>	<b>80% of staff were satisfied or very satisfied with IT services on the basis of an annual satisfaction survey</b>	
	Date of survey and results (%)	State of play (visual)
End of 2015	Overall satisfaction rate: 94.5% (as a % of received replies from the IT Helpdesk satisfaction survey).	

## Regulatory practice and cooperation with NRAs


Task	Regulatory cooperation
<b>KPI 15</b>	<b>70% positive feedback from an annual survey measuring stakeholders' satisfaction with the Agency's regulatory activities</b>
	Date of survey and results (%) <span style="float: right;">State of play (visual)</span>
End of 2015	<p>To assess the Agency's achievements against the KPIs, a survey, available on the Agency's website, was launched on 18 December 2015. By the end of February 2016 the Agency had received 15 responses. Of these 15 respondents, 10 were from an NRA; two were from an energy company; two were from an EU institution or body; and one was from a member of a Board of the Agency. The survey measured how stakeholders rate the Agency's performance. Over 70% of respondents agree that the documents provided by the Agency are highly reliable, that the outputs, reports and official documents (Acts) are of a high standard, that the Agency's work and decision-making is transparent, that the Agency plays an important part in the IEM and that it is an efficient organisation. Some suggestions for possible improvements were put forward by the respondents, for example, in relation to the format in which the Agency's makes documents available online. These suggestions will be considered and any actions implemented in 2016.</p> <p>Furthermore, in September 2015, the Board of Regulators decided to hold a dedicated event (BoR summit) on the topic of 'cooperation and coordination of NRAs within the Agency'. It brought together all parties concerned (the BoR members, the Director, working group chairs and heads of department) to discuss NRAs' cooperation to date; how to reinforce it in future ACER work (REMIT and implementation of codes) and how to enhance it. A key aim of this event was better to understand what barriers NRAs encounter when cooperating with the Agency and what improvements the Agency could make to better facilitate regulatory cooperation in the future.</p> <p>In the context of this exercise, NRAs were asked to rate the overall involvement of NRAs in the Agency's activities. This first survey measured past experiences, including the representation of NRAs at the BoR and the working groups; the factors that influence the NRAs' decision to get involved; the satisfaction with the overall involvement; the effectiveness and efficiency of working arrangements in order to increase involvement in the Agency's work. 80% of respondents said that they are mostly satisfied. While NRAs generally agreed that practices established previously – such as the use of video-conferencing for working group meetings and the use of an online tool for coordinating meetings – have contributed to more efficient and effective regulatory cooperation, they considered that there are still improvements to be made that would help them to engage more effectively.</p> <p>A second survey was launched after the summit. It was intended to understand more fully the level of resources committed by NRAs in European cooperation and specifically towards the delivery of Agency work (participation at the Agency's working groups, preparation of ACER deliverables, etc.) and to provide more detailed insight and comments on the resources challenges that NRAs face in order to actively participate within the Agency while simultaneously fulfilling their duties at national level.</p> <p>Following the summit discussions, the Agency has implemented a number of organisational and administrative improvements aimed at better facilitating the participation of NRAs in the BoR and the working groups. In addition to these administrative improvements, work will continue in 2016 on improving the coordination of work between the Agency, the working groups and the BoR to provide a more streamlined process.</p> <p>The NRAs engage extensively in the Agency's work – it is estimated that the equivalent of approximately 225 full-time staff across the 28 NRAs are allocated to regulatory cooperation at European level through the Agency's working groups and BoR – including attending meetings and contributing to the preparation of deliverables.</p> <p>However, despite this already significant commitment of resources to regulatory cooperation within the Agency framework, eight NRAs noted that that they are not able to participate and contribute to the Agency's work (despite their keen interest), pointing out that they would like to cooperate more actively with the Agency and with other NRAs, but that they lack the necessary resources to more actively follow and contribute.</p>





Electricity Framework Guidelines, Network Codes, opinions and recommendations

Task	<b>Agency Acts in the electricity field provided for in the work programme and in the regulations relevant for the Agency</b>	
<b>KPI 16</b>	<b>90% of Acts delivered in accordance with the timelines indicated in the work programme (i.e. in line with the 3-year plan or legal deadlines set by the regulations), as possibly updated by the Planning Group process</b>	
	Percentage of Acts on track	State of play (visual)
End of 2015	100%	
	See Part 1 of this annual activity report for more information.	

Gas Framework Guidelines, Network Codes, opinions and recommendations

Task	<b>Agency Acts in the gas field provided for in the work programme and in the regulations relevant for the Agency</b>	
<b>KPI 17</b>	<b>90% of Acts delivered in accordance with the timelines indicated in the work programme (i.e. in line with the 3-year plan or legal deadlines set by the regulations), as possibly updated by the Planning Group process.</b>	
	Percentage of Acts on track	State of play (visual)
End of 2015	70%	
	Incremental capacity amendment proposal approved on 14.10.2016 (deadline aligned with NC TAR).	
	Recommendation on NC TAR: did not receive the favourable opinion from the BoR and therefore was not adopted.	
	See Part 1 of this annual activity report for more information.	

Cross-sector issues (electricity and gas)

Tasks	<b>Key reports produced by the Agency in the gas and electricity fields: Annual Market Monitoring Report (by November) Regional Initiatives Annual Status Review Report (by January) Annual Consolidated Report on progress on PCIs (report published within 3 months of receipt of the annual reports by the project promoters)</b>	
<b>KPI 18</b>	<b>80% of the abovementioned reports published on time</b>	
	Percentage of reports on track	State of play (visual)
End of 2015	100%	
	The fourth annual MMR was issued on 30 November 2015.	
	The RI annual status review report was endorsed by the BoR in December 2015 and was published in January 2016.	
	The Annual Consolidated Report on progress on PCIs was published on 30 June 2015.	
<b>KPI 19</b>	<b>Positive feedback to selected reports based on online surveys (70% satisfied or very satisfied).</b>	
	Date of survey and results	State of play (visual)
End of 2015	N.A.	
	The online survey tool for the Agency's documents was only launched mid-December 2015; therefore, the KPI 19 is not applicable in 2015.	

## Opinion on ENTSO-E and ENTSG Relevant Documents

**ENSTO-E related opinions, reviews, recommendations and reports:**

**Annual monitoring report on the implementation and management of the inter-TSO compensation fund**

**Opinions on ENTSO-E's annual work programme and ENTSO-E's annual report**

**Opinions on ENTSO-E's annual summer and winter supply outlooks**

**Opinions on ENTSO-E's common network operation tools including a common incidents classification scale**

**Opinion on ENTSO-E's research and development plan**

**Opinion on the electricity national TYNDPs to assess their consistency with the Community-wide network development plan and (if appropriate) recommendations to amend the national TYNDPs or the Community-wide network development plan**

**Opinion on ENTSO-E's recommendations relating to the coordination of technical cooperation between Community and third-country TSOs**

**Opinion on monitoring the implementation of the electricity Community-wide TYNDP and the progress as regards the implementation of projects to create new interconnector capacity**

**Tasks**

**Opinion on ENTSO-E's draft Scenario Outlook and Adequacy Forecast 2015**

**KPI 20**

**90% of the opinions, reviews, recommendations and reports delivered on time**

End of 2015

Percentage of Acts on track

State of play (visual)

100%

See Part 1 of this annual activity report for more information.

**ENTSG related opinions, reviews, recommendations and reports:**

**Opinion on ENTSG's TYNDP 2015-2024**

**Opinions on ENTSG's annual Work Programme and ENTSG's annual report**

**Opinions on ENTSG's common network operation tools including a common incidents classification scale and research plans**

**Opinions on ENTSG's annual summer and winter supply outlooks**

**Opinions on ENTSG's recommendations relating to the coordination of technical cooperation between Community and third-country TSOs**

**Tasks**

**Report on monitoring the implementation of the Community-wide TYNDP and the progress as regards the implementation of projects to create new interconnector capacity**

**KPI 21**

**90% of the opinions, reviews, recommendations and reports delivered on time**

End of 2015

Percentage of Acts/reports on track


State of play (visual)

100%



See Part 1 of this annual activity report for more information



## Wholesale Market Monitoring – REMIT

<b>Task</b>	<b>Operation, further development of, and, if necessary, enhancements to, CEREMP and the ARIS system for collection of trade, fundamental and other data and for data sharing with NRAs, in connection with the REMIT Implementing Acts</b>	
<b>KPI 22</b>	<b>99% system availability</b>	
End of 2015	System availability in %	State of play (visual)
	The CEREMP platform was available more than 99% of the time in 2015.	
<b>KPI 23</b>	<b>0 breaches of the security system with a data leakage involved</b>	
End of 2015	No of breaches	State of play (visual)
	0	
<b>Task</b>	<b>Market monitoring of trading activity in wholesale energy markets to detect and prevent trading based on inside information and market manipulation, in cooperation with NRAs, on the basis of data collected in connection with the REMIT Implementing Acts, and establishment, further development and operation of the Agency's market surveillance solution to perform its market monitoring activity</b>	
<b>KPI 24</b>	<b>The performance indicator and target will be defined once the revised market monitoring strategy in line with the available human resources has been developed</b>	
End of 2015	Despite the absence of a defined KPI, the Agency's market surveillance software solution SMARTS was delivered by the end 2015 for Phase 1 and 2 of data collection as of 7 October 2015 and 7 April 2016. The Agency, together with the NRAs, further developed the Market Monitoring Handbook; the Agency developed Market monitoring department's (MMD) internal rules of procedure on case-handling for the MMD internal REMIT Manual of Procedures; the Agency coordinated an increasing number of cases of potential breaches of REMIT that were notified to the Agency.	
<b>Task</b>	<b>Coordination of NRAs and other relevant authorities, including at regional level, without prejudice to their responsibilities</b>	
<b>KPI 25</b>	<b>The performance indicators and targets will be defined once the revised market monitoring strategy in line with the available human resources is developed</b>	
End of 2015	Despite the absence of a defined KPI, the Agency held regular meetings with NRAs through the ACER Monitoring, Integrity and Transparency (AMIT) Working Group and its Wholesale Market Surveillance expert groups and IT Task Forces on a monthly basis, monthly REMIT Q&A sessions with NRAs to coordinate the reply of stakeholder questions and quarterly meetings of the REMIT Coordination Group and its Market Monitoring and Market Data Reporting Standing Committees.  In 2015, the Agency closed one cross-border investigatory group and opened another one. The Agency was not in the position to consider opening more cross-border investigatory groups as the coordination of such groups is a very resource intensive task and the Agency was not provided with adequate level of resources to properly fulfil this task.	



Task	<b>Cooperation with ESMA, competent national financial market authorities and other authorities and with supervisory authorities, international organisations and the administrations of third countries to promote a coordinated approach to the enforcement of market-abuse rules where actions relate to one or more wholesale energy products that are financial instruments to which Article 9 of Directive 2003/6/EC applies and also to one or more wholesale energy products to which Articles 3, 4 and 5 of REMIT apply</b>	
<b>KPI 26</b>	<b>Conclusion of MoUs with relevant authorities and implementation of the MoUs in practice through regular meetings with the relevant authorities</b>	
	Status	State of play (visual)
End of 2015	<p>At the end of 2015, the multilateral MoU for administrative arrangements between the Agency and NRAs concerning REMIT was updated, reflecting the developments of REMIT implementation.</p> <p>Planned MoUs with financial market authorities and competition authorities had to be postponed for resource reasons.</p> <p>On 6 January 2015 the Agency signed an MoU with FERC concerning the secondment of staff.</p> <p>The Agency continued its close cooperation with the national regulatory authorities. The cooperation is organisationally supported by regular meetings of the ACER Market Integrity and Transparency Working Group and the REMIT Coordination Group, both of which contain specialised task forces and standing committees that focus on specific issues.</p>	
Task	<b>Reporting on REMIT: Annual report on the Agency's activities under REMIT</b>	
<b>KPI 27</b>	<b>Publication of the Annual report on REMIT implementation by end Q3 Over 30 website hits within 1 month of the publication of the report</b>	
	Date of publication	State of play (visual)
End of 2015	<p>The report was published on 8 September 2015 and presented to the stakeholders in a public workshop the same day. The report was read online 62 times within 1 month of publication.</p>	

## Annex II Statistics on financial management

### BUDGETARY OUTTURN ACCOUNT

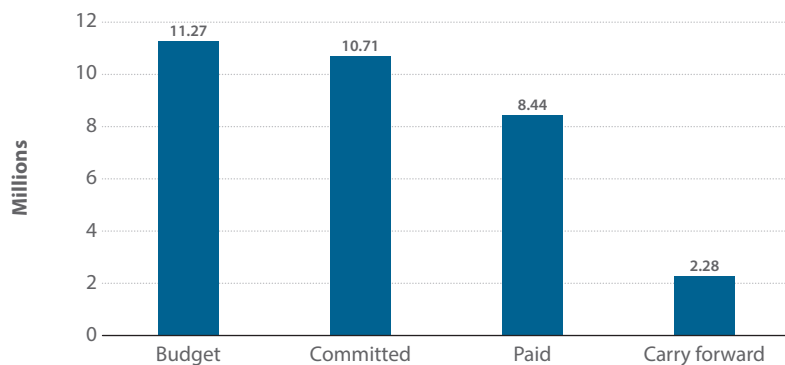
The Budgetary Outturn Account presents, on a cash basis, the actual amounts cashed as income and the amount of cash consumed to honour the payment of commitments, as well the amounts of unutilised and cancelled appropriations.

	31 December 2015 (EUR)	31 December 2014 (EUR)
<b>INCOME</b>		
Commission subsidy	11 266 000.00	10 880 000.00
Other income – assigned revenue	1 794.86	15 960.46
<b>TOTAL INCOME</b>	<b>11 267 794.86</b>	<b>10 895 960.46</b>
<b>EXPENSES</b>		
<i>Expenditure related to employees of the Agency – Title I</i>		
Payments	5 981 090.43	5 181 457.00
Carry-forwards and carry-overs	123 305.72	182 356.44
<i>Agency's building and associated expenses – Title II</i>		
Payments	1 491 093.51	1 439 745.25
Carry-forwards and carry-overs	790 520.57	984 338.30
<i>Operational expenditure – Title III</i>		
Payments	963 319.87	977 784.41
Carry-forwards and carry-overs	1 363 546.18	1 569 815.11
<b>TOTAL EXPENSES</b>	<b>10 712 876.28</b>	<b>10 335 496.51</b>
Total appropriations not utilised	554 918.58	560 463.95
<b>BUDGETARY OUTTURN BEFORE SPECIAL ITEMS</b>	<b>554 918.58</b>	<b>560 463.95</b>
Cancelled carry-overs	198 293.88	148 844.07
Exchange rate differences	(786.46)	(756.01)
<b>BUDGETARY OUTTURN</b>	<b>752 426.00</b>	<b>708 552.01</b>

The following table and figure present the budget implementation by fund source C1 (2015 budget):

	31 December 2015 (EUR)
<b>TITLE 1</b>	
Budget	6 529 935.00
Committed	6 104 396.15
Paid	5 981 090.43
Carry forward	123 305.72
Total expenditure	6 104 396.15
Appropriations not utilised	425 538.85
Executed	93.48%
<b>TITLE 2</b>	
Budget	2 361 253.00
Committed	2 281 614.08
Paid	1 491 093.51
Carry forward	790 520.57
Total expenditure	2 281 614.08
Appropriations not utilised	79 638.92
Executed	96.63%
<b>TITLE 3</b>	
Budget	2 374 812.00
Committed	2 326 866.05
Paid	963 319.87
Carry forward	1 363 546.18
Total expenditure	2 326 866.05
Appropriations not utilised	47 945.95
Executed	97.98%
<b>TOTAL</b>	
Budget	11 266 000.00
Committed	10 712 876.28
Paid	8 435 503.81
Carry forward	2 277 372.47
Total expenditure	10 712 876.28
Appropriations not utilised	553 123.72
<b>Executed</b>	<b>95.09%</b>

### Implementation of 2015 budget - fund source C1



#### Title 1

The budget allocated under Title 1 was implemented at a level of 93.48% during the financial year 2015. The slightly lower implementation of commitment appropriations level is a result of vacancy gaps during the year and the application of salary adjustments and changes to the rate of contribution to the pension scheme for officials and other servants of the EU, as well as of the correction coefficient for Slovenia. The drop in the country's correction coefficient, which was larger than the positive salaries adjustment, resulted in budgetary savings.

#### Title 2

The Agency managed to finalise most of the tender procedures launched during the financial year 2015 and this resulted in a high implementation of the allocated budget under Title 2.

The renewal of few large contracts that expired towards the year-end led to a low implementation of the payment appropriations resulting in the need to carry forward these funds into the following financial year.

#### Title 3

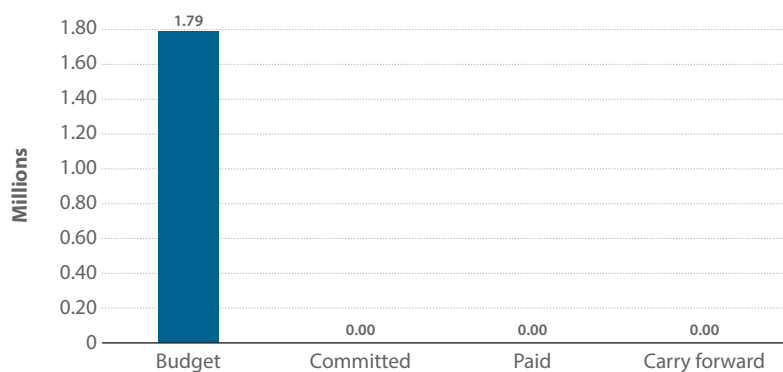
The Agency managed to place all the planned orders before the end of the year, which resulted in a high implementation of the commitment appropriations. However, the low implementation of the payment appropriations was influenced by the specific nature of the REMIT project extending over several years.

The following table and figure present the implementation of the appropriation stemming from the assigned revenue, fund source C4:

31 December 2015 (EUR)

<b>TITLE 2</b>	
Budget	164.86
Appropriations not utilised	164.86
Executed	0.00%
<b>TITLE 3</b>	
Budget	1 630.00
Appropriations not utilised	1 630.00
Executed	0.00%
<b>TOTAL</b>	
Budget	1 794.86
Appropriations not utilised	1 794.86
<b>Executed</b>	<b>0.00%</b>

#### Implementation of 2015 budget - fund source C4

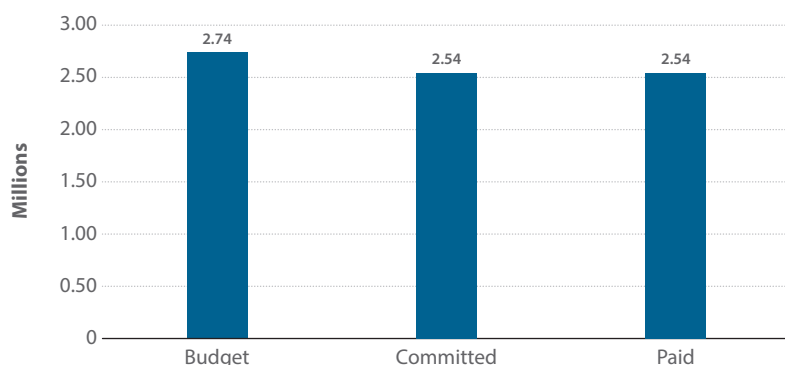


A total of EUR 1 794.86 recorded as assigned revenue for the financial year 2015 related to recovered overpaid amounts and insurance refunds was not used during the year and will be returned to the Commission during 2016 as part of the total unused funds for 2015.

The following table and figure present the implementation of the appropriations carried forward from 2014 on fund source C8:

	31 December 2015 (EUR)
<b>TITLE 1</b>	
Budget	182 356.44
Committed	116 191.02
Paid	116 191.02
Total expenditure	116 191.02
Cancelled carry-forwards	66 165.42
Executed	63.72%
<b>TITLE 2</b>	
Budget	984 338.30
Committed	861 324.29
Paid	861 324.29
Total expenditure	861 324.29
Cancelled carry-forwards	123 014.01
Executed	87.50%
<b>TITLE 3</b>	
Budget	1 569 815.11
Committed	1 560 700.66
Paid	1 560 700.66
Total expenditure	1 560 700.66
Cancelled carry-forwards	9,114.45
Executed	99.42%
<b>TOTAL</b>	
Budget	2 736 509.85
Committed	2 538 215.97
Paid	2 538 215.97
Total expenditure	2 538 215.97
Cancelled carry-forwards	198 293.88
<b>Executed</b>	<b>92.75%</b>

### Implementation of 2015 budget - fund source C8



#### Title 1

Appropriations carried forward under Title 1 related mainly to recruitment costs for the vacant positions advertised during 2014, staff training costs, schooling fees and missions expenditure. The cancelled amounts will be returned to the Commission during 2016.

#### Title 2

Most of the appropriations carried forward under this title were consumed in order to honour obligations the Agency had towards its suppliers. The unused amounts were cancelled and will be returned to the Commission.

#### Title 3

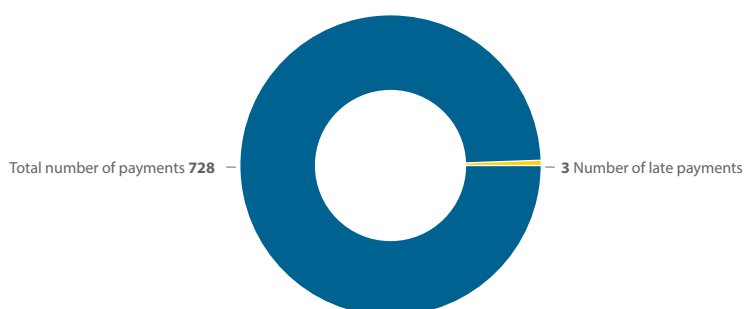
Appropriations carried forward under this title were to a large extent used to cover the contracted obligations that the Agency entered into the year before. The minor savings will be returned to the Commission during 2016.

#### Payment time limits for invoices as of 31 December 2015

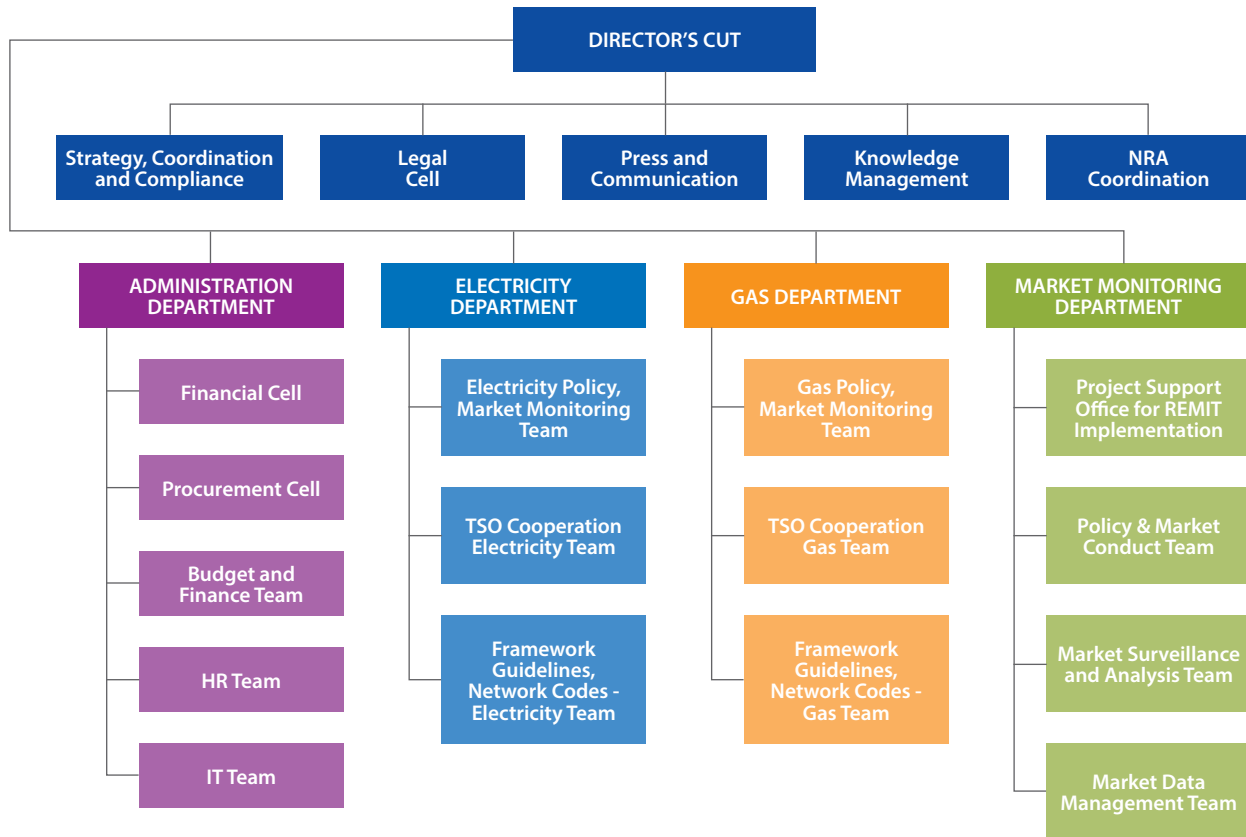
Total number of invoices	Number of late payments	Percentage of late payments
728	3	0.41%

Of a total of 728 invoices received and paid during 2015, the payment for three exceeded the time limit due by 1 day, mainly due to the complexity of the invoices and the time required for conformity checks. The Agency did not make any interest payments for late payments.

#### Payment time limits



## Annex III Organisation chart





## Annex IV Establishment plan

The Agency's establishment plan for 2015 is presented below.

Category and grade	Establishment plan in voted EU budget 2015		Posts filled as of 31 December 2015		Establishment plan in adopted EU budget 2016	
	Officials	TA	Officials	TA	Officials	TA
AD 16						
AD 15						1
AD 14		1		1		
AD 13						
AD 12						
AD 11		4		4		5
AD 10						
AD 9		2		2		2
AD 8		6		8		10
AD 7		6		4		10
AD 6		7		5		7
AD 5		13		15		19
<b>Total AD</b>		<b>39</b>		<b>39</b>		<b>54</b>
AST 11						
AST 10						
AST 9						
AST 8						
AST 7						
AST 6						
AST 5		1		1		1
AST 4		1		1		1
AST 3		13		13		13
AST 2						
AST 1						
<b>Total AST</b>		<b>15</b>		<b>15</b>		<b>15</b>
AST/SC6						
AST/SC5						
AST/SC4						
AST/SC3						
AST/SC2						
AST/SC1						
<b>Total AST/SC</b>						
<b>TOTAL</b>		<b>54</b>		<b>54</b>		<b>69</b>

## Annex V Gender and geographical balance

### 1) Gender balance

In accordance with Article 1(d) of the Staff Regulations and Articles 12(1) and 82(1) of the CEOS, the Agency applies an equal opportunities policy for its staff, adopting measures and taking actions to promote equal opportunities for men and women. The implementation of this policy can be broken down into several types of measures to:

- remove barriers to any gender discrimination in recruitment, training and career development paths;
- reconcile personal and working life (e.g. implementing provisions on teleworking were adopted with the Decision AB No 21/2012);
- raise awareness on issues of gender equality; and
- protect the dignity of the person in the workplace.

The graph below gives an overview of the Agency's staff (including temporary staff, contract staff and seconded national experts) by grade and by gender as of 31 December 2015.



## 2) Geographical balance

At the end of December 2015, the Agency employed staff members (both temporary and contract staff) and seconded national experts from 22 different EU countries: Austria, Belgium, Bulgaria, Croatia, Czech Republic, Cyprus, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Lithuania, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and the United Kingdom.

The graph below represents an overview of the Agency's staff by country of origin and gender on 31 December 2015:



## Annex VI Results of the 2015 job-screening exercise

Job type (sub) category	Year 2014 (total number*)	Year 2014 (%)	Year 2015 (total number*)	Year 2015 (%)
<b>Administrative support and coordination</b>	<b>18</b>	<b>20.93%</b>	<b>22.2</b>	<b>22.89%</b>
Administrative support	14	16.28%	16.2	16.70%
Coordination	4	4.65%	6	6.19%
<b>Operational</b>	<b>60</b>	<b>69.77%</b>	<b>65.8</b>	<b>67.83%</b>
Top-level operational coordination	9	10.47%	8.8	9.07%
Programme management and implementation				
Evaluation and impact assessment				
General operation	51	59.30%	57	58.76%
<b>Neutral</b>	<b>8</b>	<b>9.30%</b>	<b>9</b>	<b>9.28%</b>
Finance/control	8	9.30%	9	9.28%
Linguistic				
<b>Total:</b>	<b>86</b>	<b>100%</b>	<b>97*</b>	<b>100%</b>

\*Total number of FTEs (including establishment plan posts, seconded national experts, interim staff and trainees (as per the Agency's job-screening methodology guidelines)

\*\*Total number of posts – 98.<sup>22</sup> Total FTEs – 97 (two posts allocated at 60% working time, one post at 80% working time).

<sup>22</sup> Including establishment plan posts, seconded national experts, interim staff and trainees and vacant posts as per the Agency's job-screening methodology.

## Annex VII Financial Accounts

### STATEMENT OF FINANCIAL PERFORMANCE

for the year ending 31 December 2015	Notes	1 January- 31 December 2015 (EUR)	1 January- 31 December 2014 (EUR)
<b>REVENUE</b>	<b>1</b>		
European Commission subsidy		10 513 574.00	10 174 912.15
Other operating revenue		1 036.64	(219 655.35)
<b>TOTAL OPERATING REVENUE</b>		<b>10 514 610.64</b>	<b>9 955 256.80</b>
<b>ADMINISTRATIVE AND OPERATIONAL EXPENSES</b>	<b>2</b>		
Staff expenses		5 537 264.41	4 789 856.17
Fixed asset-related expenses		201 703.51	260 414.54
Other administrative expenses		2 529 149.53	2 166 182.44
Operational expenses		882 197.64	2 158 420.82
<b>TOTAL ADMINISTRATIVE AND OPERATIONAL EXPENSES</b>		<b>9 150 315.09</b>	<b>9 374 873.97</b>
<b>SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES</b>		<b>1 364 295.55</b>	<b>580 382.83</b>
<b>FINANCIAL OPERATIONS</b>	<b>3</b>		
Financial operations expenses		240.00	111.43
<b>SURPLUS/ (DEFICIT) FROM FINANCIAL ACTIVITIES</b>		<b>(240.00)</b>	<b>(111.43)</b>
<b>ECONOMIC RESULT OF THE YEAR</b>		<b>1 364 055.55</b>	<b>580 271.40</b>

## BALANCE SHEET

## ASSETS

as of 31 December 2015	Notes	1 January- 31 December 2015 (EUR)	1 January- 31 December 2014 (EUR)
<b>NON-CURRENT ASSETS</b>			
Intangible fixed assets	4	5 087 602.90	2 920 071.47
Tangible fixed assets	5	371 230.39	433 807.13
Plant and equipment		234.36	726.31
Computer hardware		189 628.36	200 981.87
Furniture and vehicles		71 451.92	64 944.27
Other fixtures and fittings		109 915.75	167 154.68
<b>TOTAL NON-CURRENT ASSETS</b>		<b>5 458 833.29</b>	<b>3 353 878.60</b>
<b>CURRENT ASSETS</b>			
Short-term receivables	6	1 807 204.42	2 156 703.33
Current receivables		1 687 541.79	2 042 113.22
Sundry receivables		37 254.62	70 831.99
Prepaid expenses and accrued income		183 188.01	43 758.12
Cash and cash equivalents	7	2 980 779.39	3 372 278.26
<b>TOTAL CURRENT ASSETS</b>		<b>4 888 763.81</b>	<b>5 528 981.59</b>
<b>TOTAL CURRENT AND NON-CURRENT ASSETS</b>		<b>10 347 597.10</b>	<b>8 882 860.19</b>

## EQUITY AND LIABILITIES

		1 January- 31 December 2015 (EUR)	1 January- 31 December 2014 (EUR)
<b>EQUITY</b>			
Accumulated surplus/(deficit)		7 685 416.43	7 105 145.03
Economic result of the year		1 364 055.55	580 271.40
<b>TOTAL EQUITY</b>		<b>9 049 471.98</b>	<b>7 685 416.43</b>
<b>CURRENT LIABILITIES</b>			
Accounts payable	8	1 298 125.12	1 197 443.76
Current payables		17.78	348.38
Accrued expenses and deferred income		545 681.34	488 543.36
Accounts payable with consolidated entities		752 426.00	708 552.02
<b>TOTAL CURRENT LIABILITIES</b>		<b>1 298 125.12</b>	<b>1 197 443.76</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>10 347 597.10</b>	<b>8 882 860.19</b>

## CASH FLOW STATEMENT

	1 January- 31 December 2015 (EUR)	1 January- 31 December 2014 (EUR)
<b>Surplus/(deficit) from operating activities</b>	<b>1 364 295.55</b>	<b>580 382.83</b>
<b>Cash Flows from Operating Activities</b>		
<i>Adjustments</i>		
Amortization (intangible fixed assets)	9.176.26	9 311.56
Depreciation (tangible fixed assets)	192 527.25	251 704.81
(Increase)/decrease in short-term receivables	248 718.91	(1 358 567.19)
(Increase)/decrease in other liabilities	57 137.98	(18 859.15)
Increase/(decrease) in current payables	(330.60)	348.38
Increase/(decrease) in liabilities related to consolidated entities	43 873.98	289 568.21
<b>Net cash flow from operating activities</b>	<b>1 915 399.33</b>	<b>246 110.55</b>
<b>Cash Flows from investing activities</b>		
Purchase of tangible and intangible fixed assets	(2 306 658.20)	(1 850 048.07)
<b>Net cash flow from investing activities</b>	<b>(2 306 658.20)</b>	<b>(1 850 048.07)</b>
<b>Financing activities</b>		
Financial operations revenues/expenses	(240.00)	(111.43)
<b>Net cash flow from financing activities</b>	<b>(240.00)</b>	<b>(111.43)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(391 498.87)</b>	<b>(2 096 270.05)</b>
Cash and cash equivalents at the beginning of the period	3 372 278.26	5 468 548.31
<b>Cash and cash equivalents at the end of the period</b>	<b>2 980 779.39</b>	<b>3 372 278.26</b>

## STATEMENT OF CHANGES IN NET ASSETS

as of 31 December 2015			
Net assets	Opening balance	Economic result of the year	Total net assets
	EUR	EUR	EUR
Balance as of 1 January 2015	7 685 416.43	0.00	7 685 416.43
Economic result of the year	0.00	1 364 055.55	1 364 055.55
<b>Balance as of 31 December 2015</b>	<b>7 685 416.43</b>	<b>1 364 055.55</b>	<b>9 049 471.98</b>

## NOTES TO THE FINANCIAL STATEMENTS

## STATEMENT OF FINANCIAL PERFORMANCE: NOTES

## 1. Revenue

The revenues of the Agency for the financial year 2015 consist of:

- the subsidy received from the general budget of the EU, and
- foreign exchange gains.

	31 December 2015 (EUR)	31 December 2014 (EUR)
European Commission subsidy	10 513 574.00	10 174 912.15
Income from fixed assets	0.00	411.62
Foreign exchange gains	1 036.64	274.95
Other operating revenue	0.00	(220,341.92)
	<b>10 514 610.64</b>	<b>9 955 256.80</b>



## 2. Expenses

Staff expenses consist of personnel-related expenses such as salaries, allowances and other welfare benefits.

All salary calculations giving the total staff expenses included in the statement of financial performance of the Agency are externalised to the Office for administration and payment of individual entitlements (also known as the Paymaster's Office (PMO)), which is a central office of the European Commission.

The PMO's mission is to manage the financial rights of permanent, temporary and contractual staff working at the Commission and to calculate and to pay their salaries and other financial entitlements. The PMO provides these services to other EU institutions and agencies as well. The PMO is also responsible for managing the health insurance fund of the institutions, together with processing and paying the claims of reimbursement from staff members. Moreover, the PMO manages the pension fund and pays the pensions of retired staff members. The PMO is being audited by the Court of Auditors.

The Agency is responsible only for the communication of reliable information allowing the calculation of the staff costs to PMO. It is also responsible for checking that this information is correctly handled in the monthly payroll report used for accounting payroll costs. It is not responsible for the calculation of the payroll costs performed by the PMO.

The fixed assets-related expenses include the charge of amortisation of intangible assets and the depreciation of tangible assets for the financial year ending on 31 December 2015.

The other administrative expenses consist of costs associated with the building, office running costs, including the cost of physical inventory that is not qualified as financial assets, as well as the cost of interim personnel.

The operational expenses include the cost of operational missions, meetings, workshops, public hearings, REMIT project-related costs and other operational expenditure incurred for the functioning of the Agency.

<b>Administrative and operational expenses</b>	<b>31 December 2015 (EUR)</b>	<b>31 December 2014 (EUR)</b>
Staff expenses	5 537 264.41	4 789 856.17
Fixed asset-related expenses	201 703.51	260 414.54
Other administrative expenses	2 529 149.53	2 166 182.44
Operational expenses	882 197.64	2 158 420.82
	<b>9 150 315.09</b>	<b>9 374 873.97</b>

### 3. Financial expense

The financial expenses relate to bank charges for operating the Agency bank accounts.

<b>Financial expenses</b>	<b>31 December 2015 (EUR)</b>	<b>31 December 2014 (EUR)</b>
Financial operations expenses	240.00	111.43

#### BALANCE SHEET: NOTES

#### NON-CURRENT ASSETS

Assets are resources controlled by the Agency as a result of past events from which the future economic benefits or service potential is expected to flow.

The fixed assets are assets with a useful life of more than one reporting period. The valuation of fixed assets in the financial statements of the Agency is based on their acquisition price. The book value of these assets is equal to their acquisition price increased or decreased by revaluations, decreased by depreciation and amounts written off.

For the record of fixed assets, the Agency uses ABAC Assets2 as inventory application, which is an integrated part of the ABAC platform. Two main categories can be distinguished: intangible and tangible assets.

### 4. Intangible fixed assets

Intangible fixed assets recorded in the inventory of the Agency consist of assets without physical substance and are represented by acquisitioned software and internally generated intangible assets still under construction at the year end. As intangible asset under construction the Agency records the relevant costs of the ICT platform build to assist with the monitoring of the wholesale energy markets.

<b>Intangible assets at book value</b>	<b>31 December 2015 (EUR)</b>	<b>31 December 2014 (EUR)</b>
Intangible assets	1 302.08	5 800.33
Intangible assets under construction	5 086 300.82	2 914 271.14
	<b>5 087 602.90</b>	<b>2 920 071.47</b>

## 5. Tangible fixed assets

Assets with a physical substance recorded in the inventory of the Agency consist mainly of furniture, computer hardware, telecommunication and audio-visual equipment and other fixtures and fittings.

<b>Tangible fixed assets at book value</b>	<b>31 December 2015 (EUR)</b>	<b>31 December 2014 (EUR)</b>
Plant and equipment	234.36	726.31
Computer hardware	189 628.36	200 981.87
Furniture and vehicles	71 451.92	64 944.27
Other fixtures and fittings	109 915.75	167 154.68
	<b>371 230.39</b>	<b>433 807.13</b>

## Amortisation and depreciation

Depreciation and amortisation as a systematic allocation of the loss in value over the useful life of an asset is calculated using the straight-line method with the following rates:

<b>Type of asset</b>	<b>Straight line depreciation and amortisation rate</b>
Computer software	25%
Furniture	10%
Transport and kitchen equipment	12.5%
Computer hardware	25%
Technical equipment	25%
Telecommunication audio-visual equipment	25%

Details on the classification and depreciation amounts of the fixed assets can be found in the following table:

## CURRENT ASSETS

### Receivables

Receivables are carried at original invoice amount minus any write-down for impairment. A write down for impairment of receivables is made only where there is objective evidence that the Agency will not be able to collect amounts due according to the original terms of the receivables, with the impaired amount being recognised in the Statement of Financial Performance.

## 6. Short-term receivables

The Agency benefits from a direct exemption for VAT from Slovenia for purchases above the threshold amount of EUR 60. For purchases where the direct exemption is impracticable to obtain, the VAT is refunded by Slovenia on a quarterly basis.

The advance payments made to contractors and recorded as short-term pre-financing relate to services derived from the long-term project of REMIT expected to be provided in the course of 2015.

Salary advances paid to staff members are processed and/or recovered by the PMO from the staff member salary in the month following that of the payment.

The deferred charges consist of pre-payments made during the year, mainly on subscriptions and insurance premiums, recovery of overpaid salaries of staff members, and a deposit made for the rental of furnished offices from Poslovni Center za Opravljanje Celovitih Pisarniskih Storitve d.o.o.

	<b>31 December 2015 (EUR)</b>	<b>31 December 2014 (EUR)</b>
VAT receivable	12 805.18	2 218.86
Short-term pre-financing	1 674 736.61	2 039 894.36
Salary advances paid to staff	37 254.62	70 831.99
Deferred charges		
Pre-payments	180 226.71	39 875.12
Accrued income	-	943.00
Deposits and guarantees	2 940.00	2 940.00
	<b>1 907 963.12</b>	<b>2 156 703.33</b>

## 7. Cash and cash equivalents

The main bank account of the Agency and the imprest account are held with UniCredit AG Germany based on a banking services contract signed between the two parties. On 31 December 2015 the balance of the main bank account contained the related cash needed to honour the Agency's financial obligations carried over into 2016.

	<b>31 December 2015 (EUR)</b>	<b>31 December 2014 (EUR)</b>
Bank account	2 976 580.17	3 359 200.55
Imprest account	3 419.39	12 427.77
Petty cash	779.83	649.94
	2 980 779.39	3 372 278.26

## EQUITY AND LIABILITIES

### 8. Current liabilities

As of 31 December 2015 the Agency settled most of its current obligations towards its suppliers, apart from one minor payment to be executed at the beginning of 2016.

Accrued expenses relate mainly to goods or services delivered at the end of the financial year but for which the invoices have not been received, amounting to EUR 468 812.21. According to the Staff Regulation (Annex V – 'Leave', Article 4), all staff members are entitled to compensation equal to one thirtieth of their monthly remuneration for each leave day due to them at the time of leaving the service. A holiday compensation amounting to EUR 108 851.98 was calculated and recognised as accrued expenses for all untaken annual leave entitlements at the end of the financial year 2015.

The budgetary outturn result belongs to the European Commission, and the Agency has an obligation to return the unused amount of the pre-financing. The budgetary outturn for 2015 will be returned during 2016 when the Commission requests it.

	<b>31 December 2015 (EUR)</b>	<b>31 December 2014 (EUR)</b>
Accounts payable	17.78	348.38
Accrued expenses	545 681.34	488 543.36
Repayable positive budgetary outturn	752 426.00	708 552.02
	<b>1 298 125.12</b>	<b>1 197 443.76</b>

## FINANCIAL INSTRUMENTS

Financial instruments held by the Agency are cash and cash equivalents, receivables and payables. The Agency has limited exposure to financial risks, and it focuses on managing the risks identified below:

### Credit risk

Credit risk arises when there is a chance of default on the contractual obligations underlying Agency receivables resulting in financial loss for the Agency.

The maximum exposure to credit risk at the end of the financial year 2015 is the carrying amount of the assets shown under note 6 'Short-term receivable', excluding the amount of short-term pre financing that is already secured by bank guarantees, and note 7 'Cash and cash equivalents'.

Credit risk associated with the Agency's financial assets is minimal, as the majority of these assets are held at institutions with an external credit rating in the upper levels of the rating scales or are with debtors who never defaulted on their debt. The table below shows the credit quality of these assets that are neither impaired nor past due, grouped into two categories, with and without external credit rating, for the current and previous financial year.

Category:	Financial assets	2015
<b>Counterparties with external credit rating</b>		
Prime and high grade		
Upper medium grade	Cash and cash equivalents	2 980 779.39
Lower medium grade	Refund of VAT from Slovenian customs office	12 805.18
<b>Counterparties without external credit rating</b>		
Debtors who never defaulted	Receivables, accruals and deferrals	220 442.63
<b>TOTAL</b>		<b>3 214 027.20</b>
<hr/>		
Category:	Financial assets	2014
<b>Counterparties with external credit rating</b>		
Prime and high grade		
Upper medium grade	Cash and cash equivalents	3 372 278.26
Lower medium grade	Refund of VAT from Slovenian customs office	2 218.86
<b>Counterparties without external credit rating</b>		
Debtors who never defaulted	Receivables, accruals and deferrals	114 590.11
<b>TOTAL</b>		<b>3 489 087.23</b>

### Liquidity risk

Liquidity risk arises when the Agency is unable to meet its financial obligations as they fall due. The Agency is exposed to liquidity risk through its trading in the normal course of business, but has appropriate treasury management procedures in place to monitor and forecast cash flows and ensure that sufficient funds are available to meet its legal commitments as they fall due.

The Agency's liabilities have remaining contractual maturities as shown in the following table:

<b>At 31 December</b>	<b>2015</b>	<b>2014</b>
Payables with third parties		
Less than one year	17.78	348.38
Payables with consolidated entities		
Less than one year	752 426.00	708 900.40
<b>TOTAL</b>	<b>752 443.78</b>	<b>709 248.78</b>

### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Agency's income or the value of its holdings of financial instruments.

The Agency does not have any borrowings and thus has no exposure to risks due to interest rate fluctuations, nor does it have any exposure to foreign exchange rates, as all its holdings of financial instruments are held in euros as the functional currency.

The following table shows a summary of all financial assets expressed in euros.

<b>Exposure to euros as of 31 December 2015</b>	<b>2015</b>	<b>2014</b>
<b>Monetary assets</b>		
Cash and cash equivalents	2 980 779.39	3 372 278.26
Receivables with Member States	12 805.18	2 218.86
<b>Monetary liabilities</b>		
Payables with third parties	17.78	348.38
Payables with consolidated entities	752 426.00	708 552.02
<b>Net position</b>	<b>2 241 140.79</b>	<b>2 665 596.72</b>

## CHANGES IN ACCOUNTING POLICIES

There were no changes in accounting policies for the financial year 2015.

## OTHER DISCLOSURE

### *Contribution in kind*

During the financial year 2015, the following contribution in kind was accepted:

From the CEER:

- office space, logistical and secretarial support for the Agency's liaison office in Brussels free of any rent, fees and charges.

Neither the legal title nor the economic ownership were passed to the Agency; therefore, the non-exchange component of these transactions is not accounted for in the Agency's accounts.

## EVENTS AFTER BALANCE SHEET DATE

The Agency has not identified any material event after its balance sheet date that would have an impact on its financial performance and position.





**Publishing date:** 04/07/2016

**Document title:** ACER Annual Activity Report for the Year 2015

**We appreciate your feedback**



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

**Share this document**

