



# **Annual Activity Report of the Agency for the Cooperation of Energy Regulators**

**Year 2014**

**[In pursuance of FR 1605/2002, FFR No 1271<sup>1</sup>/2013]**

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<sup>1</sup> 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

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## Administrative Board's analysis and assessment

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[The Administrative Board examined the Annual Activity Report for 2014 and, taking into consideration that:

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-the policy and the operational achievements were strategically aligned;

-the Agency met its key policy and operational objectives;

- the Agency's key achievement in 2014 was the progress in the completion of the internal electricity and gas markets, in the implementation of REMIT and the TEN-E Regulation .

-the resources, although scarce and inadequate in REMIT, were used by the Agency in line with the activities developed in the Work Programme;

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-on performance indicators, the targets were met;

-the internal control and management systems were working adequately;

-the building blocks of assurance (internal controls, evaluations) were in place.

-the main risk to threaten the achievement of key objectives was identified and mitigating measures taken, especially with respect to the resources necessary for the implementation of REMIT;

It concluded that

The Agency successfully implemented the Work Programme 2014 and that the resources assigned to the activities described in the report were used for their intended purpose in accordance with the principle of sound financial management, and underlined the need for adequate resources for the implementation of REMIT.]

## Indicative Executive Summary Foreword by the Director

I am pleased to present the Annual Report of the Agency for the Cooperation of Energy Regulators for 2014 ('the Agency'). It presents the activities that the Agency performed last year, as well as the objectives which were achieved. The Agency's 2014 Work Programme focused on four areas of activity: the integration of the internal energy market (IEM); the monitoring of the European wholesale energy market to detect and deter market abuse; the infrastructure challenge to develop the European energy networks efficiently; and the identification of future challenges, including those related to the integration of renewables into the electricity system. Despite a level of resources clearly inadequate to its mandate, which forced the Agency to significantly revise its Work Programme in March 2014 with the deprioritisation of a number of activities, progress was achieved in all four activity areas.

With respect to the market integration process, 2014 was the target year for the completion of the Internal Market in electricity and gas, as set by the Council of the EU in 2011. As in previous years, this market integration process has progressed in two parallel strands. On the one hand, the formal rule-making process, with the development of Framework Guidelines and Network Codes: the last of the Framework Guidelines in the eight priority areas identified by the European Commission in 2011 was delivered by the Agency at the end of 2013 and no additional Framework Guidelines have been identified as immediate priorities since then. Therefore, in 2014 the focus of the Agency (and of the other parties involved in this process, notably the European Commission and the European Networks of Transmission System Operators) was on progressing the Network Codes, with three of them being recommended by the Agency for adoption last year (bringing the total to 11, out of the planned 14 Network Codes) and an Agency's opinion being issued on a fourth one. On the other hand, the Agency has been working with stakeholders to promote the early, voluntary implementation of the Network Code provisions, so that market integration can proceed on the ground and benefits delivered to energy consumers even ahead of the rules become binding. In this respect notable progress was achieved last year in the integration of the day-ahead electricity market, with the coupling, in February, of the Central-West Europe, the Nordic region, the Baltic region and the South-West Europe region joining in May. At that point, a single day-ahead market, where the same platform determines prices in the different jurisdictions and flows across border, was established from the Strait of Gibraltar to the Barents Sea, covering 17 jurisdictions representing more than 75% of the European Union in terms of electricity consumption. Since then this market-coupled region has been further extended to the Central-South Europe region in February this year. At the same time, in Central-Eastern Europe, the coupling of the Czech, Hungarian and Slovak markets was extended, in November 2014, to Romania. While this regional market is still separate from the larger region, it operates using the same market platform, facilitating further integration in the future.

With respect to the other segments of the electricity market, progress was also achieved in the long-term timeframe and in the development of flow-based capacity calculation, even though in both cases decisive milestones envisaged in 2014 were delayed. Instead, very disappointingly, further delays occurred in the process for the integration of the intra-day market; despite the Agency issuing an informal opinion, upon the request of the project parties, on the choice of the platform vendor in May 2013, by the end of 2014 the contract with this vendor was still to be signed. This delay is particularly unfortunate, as the intra-day market is becoming more and more important with the increased penetration of renewable-based generation in the electricity system.

In gas, following the launch of the Prisma capacity booking platform in April 2013, two other platforms emerged in 2014: the GSA platform, for the allocation of capacity on the Polish borders, and the Regional Booking Platform, for the allocation of capacity on the Hungarian-Romanian border. At the same time, to identify measures to promote improvements in the functioning of gas markets in Europe, in 2014 the Agency conducted, with the involvement of stakeholders, a review of the Gas Target Model, a blueprint for the Internal Gas Market originally developed by CEER in 2011. The results of this review, including a revision of the gas wholesale market criteria and tools for regional market integration, were presented in January 2015.

In the wholesale market monitoring area, in 2014, the Agency continued with the development of the procedures and the IT platforms to support the collection and analysis of trade and fundamental data, as envisaged in Regulation (EU) No 1227/2011 (REMIT). In June 2014 the development of the Centralised European Register of Energy Market Participants (CEREMP) Platform was completed and access provided to National Regulatory Authorities (NRAs), including those which want to use a purposely-developed CEREMP module for handling the national registration process of market participants. With respect to the other parts of the REMIT-related IT system, a number of pilot projects, involving a large number of interested parties and focusing on data collection and sharing, were run during the year. In December 2014 the REMIT Implementing Acts were finally adopted. They entered into force on 7 January 2015 and the preparatory work conducted by the Agency last year led to the publication, already the following day, of a number of key documents to provide market participants and other stakeholders essential information for the preparation of trade data reporting as of October

this year. On the same date the Agency launched its new REMIT Portal, the single point for access for all REMIT-related applications and opened the registration of Registered Reporting Mechanisms. These achievements are particularly significant considering that the Agency has so far been assigned only a small part of the human resources required for the implementation and operation of REMIT and that the funds for the development of the REMIT-related IT platforms were made available to the Agency, through a transfer from DG Energy, only at the end of 2013.

In the infrastructure area, in 2014 the Agency received the first two requests for cross-border cost-allocation decisions for Projects of Common Interest, under the provisions of Regulation (EU) No 347/2013 (the TEN-E Regulation). These decisions are referred to the Agency if the relevant NRAs fail to agree on the cost allocation within a six-month period, or upon their joint request. The first request, related to the Gas Interconnection Poland Lithuania (GIPL), was received by the Agency in May 2014 and the decision was issued in August. For the first time costs of an infrastructure project were allocated also to non-hosting benefitting Member States (Latvia and Estonia, in this case). The second request was referred to the Agency in December 2014 and the decision issued in April 2015.

Finally, with respect to future challenges, in September 2014 the Agency presented the conclusions of its year-long initiative “Bridge to 2025” in which, in collaboration with the Council of European Energy Regulators (CEER) and with the involvement of stakeholders through two public consultations, European regulators identified the challenges facing the energy sector over the next ten years and proposed the necessary policy and regulatory responses. The Agency, CEER and NRAs have since been working to implement the regulatory actions identified in their respective scope of responsibility.

The significant amount of work which the Agency has delivered in 2014, including the regular contacts with EU institutions and the continuous stakeholder engagement, 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 (AB) and the constructive discussions in and input from the Board of Regulators (BoR). To all of them goes my deepest gratitude. I would also like gratefully to acknowledge the attention and support reserved to the Agency by the European Parliament, and notably its ITRE Committee, and by the Directorate-General for Energy in the European Commission. The prospect for the future is equally, if not more challenging, but I am confident that, if the Agency is given the necessary human and financial resources, it will be able to continue to deliver on its mandate and play its role in implementing the Energy Union strategy and deliver tangible benefits to European energy consumers.

Ljubljana, June 2015

## Introduction to the Agency

### Mission

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

### Tasks

In respect of its mission the Agency:

- complements and coordinates the work of NRAs;
- participates in the establishment of the internal electricity and gas market and network rules, and in the planning for the development of the European networks;
- takes, under certain conditions, binding individual decisions on terms and conditions for access to and operational security of cross-border infrastructure and on exemption requests;
- gives advice on electricity- and natural gas-related issues to other European institutions, at their request or on its own initiative;
- monitors the internal markets in electricity and natural gas, and reports on its findings;
- formulates a proposal to the European Commission on the annual cross-border infrastructure compensations sum for the ITC mechanism;
- participates in the process for the selection of Projects of Common Interest (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,
- takes decisions on investment requests for PCIs, including on cross-border cost allocation (CBCA), if the relevant NRAs fail to reach an agreement;
- monitors trading on EU wholesale energy markets, to detect and prevent market-abusive behavior, in cooperation with NRAs, ESMA, the competent financial authorities of the member States and, where appropriate, national competition authorities;
- assesses the operation and transparency of different categories of market places and ways of trading;
- makes recommendations to the European Commission as regards market rules, records of transactions, orders to trade, standards and procedures which could improve market integrity and the functioning of the internal market.

## Organisation

The Agency's governance is structured as follows (see also Annex I):

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

The **Administrative Board (AB)** is composed by two members appointed by the European Parliament, five members appointed by the Council and two members appointed by the European Commission. Each member has an alternate. It adopts the Agency's Work Programme and the budget. It ensures that the Agency carries out its mission and performs the tasks assigned to it in accordance with the Agency Regulation.

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

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

Any natural or legal person, including national regulatory authorities 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 Court of Justice of the European Communities.



## **PART 1 Policy 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**

2014 marked the deadline for the completion of the IEM. Significant progress toward that objective has been accomplished which will deliver substantial benefits to consumers. Looking ahead, we will continue to face new challenges and we have taken steps to consider how they can best be met.

Our major achievements for the year include substantial progress in supporting the development of common rules: by the end of 2014 we had proposed 11 Network Codes, three of which have already been adopted. The Agency and the NRAs have been very busy and continued to work together to finalise of the remaining Codes and secure their rapid implementation (even before their provisions become legally binding). Our objective remains a strong commitment that energy consumers will reap the benefits of a well-functioning IEM as soon as possible.

We have built on our work in 2013 when we completed Framework Guidelines in the eight priority areas identified by the European Commission. The main focus of the Agency in the last year has been to ensure that the priority elements of the IEM are in place, notably the network codes, and arrangements to monitor effectively the Union's wholesale market. We have also sought to take a strategic approach to ensure the rules we develop today will remain relevant in an evolving energy market, and to refine further the Agency's processes to ensure they are transparent and fully involve stakeholders.

The Agency continues to play its central role in promoting the efficient development of essential infrastructure. It does this by fulfilling its responsibilities under the Third Package and TEN-E Regulation in respect of the Ten Year Network Development Plans and European Network of Transmission System Operators' (ENTSOs) activities as well as the selection and regulatory treatment of Projects of Common Interest. The Agency's first decision on CBCA was taken in August 2014 on the gas interconnection Poland-Lithuania.

The Agency also has the task of monitoring EU energy markets and published its third joint ACER-CEER Market Monitoring Report (MMR) on market performance in 2013. This highlighted the lack of responsiveness of retail prices in a period when wholesale prices were falling.

In co-operation with CEER the Agency developed a strategic vision for identifying and tackling the challenges of the IEM in the 10 years beyond 2014. Following extensive and well received consultation the conclusions paper 'A Bridge to 2025' was published in September 2014. The 'Bridge' set out recommendations on the regulatory and legislative responses required to meet such challenges such as: facilitating flexibility; fostering greater interactions between electricity and gas markets; and strengthening governance arrangements. We will monitor and review the implementation of the recommendations in the 'Bridge' paper during 2015 and beyond. The 'Bridge' was never

intended to be a single event - report. It is rather a lively dynamic document that it is at the heart of a holistic process designed to help shape future energy markets policy in the interest of consumers. It is fully consistent with the objectives subsequently contained in the European Commission's new Energy Union strategy notably the linking of wholesale and retail markets and of having consumers at its heart.

The Agency and regulators have fully demonstrated their commitment to the full involvement of consumers and other stakeholders in our work. Among the many stakeholder events held in 2014 were the third annual conference (on 'REMITage: the age of REMIT') in June, the presentation of 'Bridge' conclusions paper in September; and a presentation of the ACER-CEER joint MMR in October. Quarterly public debriefing sessions are organised after the BoR Meetings; a range of workshops and ad-hoc expert meetings, and six public consultations clearly provide further evidence for our commitment to consult extensively.







Finally I want to underline the importance of the implementation and preparation of the new framework to detect and prevent market abuse in European wholesale energy markets under REMIT, which comes into operation in 2015. This policy is crucial for market integrity but it posed a major and continuing challenge to the Agency. Major progress, has, however, been achieved in the last year notably the development and deployment of a tailor-made IT infrastructure to support data collection and the market monitoring framework by both the Agency and NRAs who are charged with enforcement.

Much remains to be done to achieve our aim of a well-functioning, integrated market and many challenges lie ahead. Working nationally, regionally and at European level with NRAs, policy makers and stakeholders, we remain committed to putting the framework in place that will deliver an internal market in energy for the benefit of Europe's consumers.

As in earlier years I wish to conclude with my thanks to the work undertaken by the Director and the staff in the Agency and to the staff from many NRAs who have been involved in developing the Agency's main policies. The load continues to be heavy not only for regulators but for stakeholders in responding to the many consultations we are conducting. "Collaboration" is part of the title of the Agency. It can be no better demonstrated in the day to day work between the Director and his staff; between the Agency and NRAs; and certainly of significant importance is the cooperation with the European Commission (particularly DG ENER), the European Parliament and all stakeholders.


## Regulatory activities

### KEY PERFORMANCE INDICATORS TRAFFIC LIGHTS (VISUAL STATE OF PLAY) - LEGEND

					
On track, no problems envisaged	A problem occurred or/and a delay is actual or envisaged, KPI not achieved	A problem or a delay occurred due to outside factors (for example: not received on time from ENTSOs or the European Commission)	There is a slight delay or an issue that would still need to be completed, but the KPI is envisaged to be fulfilled, maybe with a slight delay	The KPI is fulfilled, the task completed	The KPI is fulfilled, the task completed with a small delay/issue


## 1.1 Electricity Framework Guidelines and Network codes


Deliverable	Recommendation on the Network Code on forward capacity allocation
Legal basis	Article 6(4) Reg. (EC) No 713/2009; Articles 6(7), 6(9) and 8(6)(g) Reg. (EC) No 714/2009
<b>Work Programme objective for 2014</b>	European Network of Transmission System Operators for Electricity (ENTSO-E) submitted the Network Code on Forward Capacity Allocation for opinion to the Agency in October 2013. The Agency issued an opinion on this Network Code within three months of receiving the Network Code from ENTSO-E, asking for improvements. A revised Network Code is expected in Q1 2014.
Targets and deadlines (indicative)	Delivery of the Recommendation to the European Commission on the Network Code on Forward Capacity Allocation according to the timeline indicated in the Three-Year Plan.

Performance indicators	The timely delivery to the European Commission of the Recommendation on the Network Code on Forward Capacity Allocation.
Risk assessment	Given the limited resources of the Agency, the involvement of NRAs and national experts is essential to ensure the timely delivery of the Recommendation.
<b>Achievement against the target</b>	ENTSO-E submitted the first draft Network Code on Forward Capacity Allocation on 1 October 2013. The Agency issued a Reasoned Opinion on 20 December 2013, i.e. within the given three-month period. ENTSO-E resubmitted a draft Network Code on Forward Capacity Allocation on 3 April 2014. The Agency issued its Recommendation on 22 May 2014, i.e. in less than two months after the resubmission.  <a href="http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Recommendations/ACER%20Recommendation%2002-2014.pdf">http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Recommendations/ACER%20Recommendation%2002-2014.pdf</a>
Traffic light	


<b>Deliverables</b>	<b>Opinion and Recommendation on the Network Code on Electricity Balancing</b>
Legal basis	Article 6(4) Reg. (EC) No 713/2009; Articles 6(7), 6(9) and 8(6)(h) and (j) Reg. (EC) No 714/2009
<b>Work Programme objective for 2014</b>	ENTSO-E submitted the Network Code on Electricity Balancing to the Agency in December 2013.  The Agency shall issue an Opinion on this Network Code within three months of receiving it from ENTSO-E. The Recommendation to the European Commission could be issued at the same time as the Opinion or later, depending on whether the Agency is satisfied with the compliance of the Network Code with the Framework Guideline.
Targets and deadlines (indicative)	Delivery of the Opinion and Recommendation to the European Commission on the Network Code on Electricity Balancing according to the timeline indicated in the Three-Year Plan.
Performance indicators	The timely delivery of the Opinion and of the Recommendation to the European Commission on the Network Code on Electricity Balancing.
Risk assessment	Given the limited resources of the Agency, the involvement of NRAs and national experts is essential to ensure the timely delivery of the Opinion and the Recommendation.
<b>Achievement against the target</b>	ENTSO-E submitted a first draft Network Code on Electricity Balancing on 23 December 2013. The Agency issued a Reasoned Opinion on this Network Code on 21 March 2014, i.e. within the given three-month period. ENTSO-E resubmitted a revised draft Network Code on Electricity Balancing on 16 September 2014. The Agency will issue its Qualified Recommendation in Q2 2015.

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Deliverables	Opinion and Recommendation on the Network Code on High-Voltage Direct Current (HVDC) Connections
Legal basis	Article 6(4) Reg. (EC) No 713/2009; Articles 6(7), 6(9) and 8(6)(b) Reg. (EC) No 714/2009
<b>Work Programme objective for 2014</b>	<p>The Framework Guidelines on Electricity System Operation were submitted to the European Commission in July 2011. The European Commission invited ENTSO-E to develop a Network Code on HVDC Connections and to submit it to the Agency by 1 May 2014.</p> <p>The Agency shall issue an Opinion on this Network Code within three months of receiving it from ENTSO-E.</p> <p>The Recommendation to the European Commission could be issued at the same time as the Opinion or later, depending on whether the Agency is satisfied or not with the compliance of the Network Code with the Framework Guideline.</p>
Targets and deadlines (indicative)	Delivery of the Opinion and Recommendation on the Network Code on HVDC Connections according to the timeline indicated in the Three-Year Plan.
Performance indicators	The timely delivery of the Opinion and of the Recommendation to the European Commission on the Network Code on HVDC Connections.
Risk assessment	Given the limited resources of the Agency, the involvement of NRAs and national experts is essential to ensure the timely delivery of the Opinion and the Recommendation.
<b>Achievement against the target</b>	<p>ENTSO-E submitted a draft Network Code on HVDC Connections on 30 April 2014. The Agency issued a Reasoned Opinion and a Recommendation on this Network Code on 24 July 2014, i.e. within the given three-month period.</p> <p><a href="http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2014-2014.pdf">http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2014-2014.pdf</a></p> <p><a href="http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Recommendations/ACER%20Recommendation%2004-2014.pdf">http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Recommendations/ACER%20Recommendation%2004-2014.pdf</a></p>
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Activity	<b>Opinion and Recommendation on the Network Code on Operational Procedures in Emergency</b>
Legal basis	Article 6(4) Reg. (EC) No 713/2009; Articles 6(7), 6(9) and 8(6)(a) and (f) Reg. (EC) No 714/2009
<b>Work Programme objective for 2014</b>	<p>The Framework Guidelines on Electricity System Operation were submitted to the European Commission in December 2011. The European Commission is expected in 2014 to invite ENTSO-E to develop the Network Code on Operational Procedures in Emergency.</p> <p>The Agency shall issue an Opinion on this Network Code within three months of receiving it from ENTSO-E, probably in 2015, however activities conducive to the Opinion will be on-going in 2014.</p> <p>The Recommendation to the European Commission could be issued at the same time as the Opinion or later, depending on whether the Agency is satisfied or not with the compliance of the network code with the Framework Guideline.</p>
Targets and deadlines (indicative)	Delivery of the Opinion and Recommendation on the Network Code on Operational Procedures in Emergency according to the timeline indicated in the Three-Year Plan.
Performance indicators	The timely delivery of the Opinion and of the Recommendation to the European Commission on the Network Code on Operational Procedures in Emergency.
Risk assessment	Given the limited resources of the Agency, the involvement of NRAs and national experts is essential to ensure the timely delivery of the Opinion and the Recommendation.
<b>Achievement against the target</b>	The European Commission invited ENTSO-E to submit a draft Network Code on Operational Procedures in Emergency by 1 April 2015.
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Activity	<b>Advice and support on network codes during the comitology procedure, as appropriate</b>
Legal basis	Article 6 and Article 8(6)(a)(b)(g) and (j) of the (EC) Regulation 714/2009
<b>Work Programme objective for 2014</b>	The Agency recommended the Electricity Grid Connection Network Codes and the Network Code on Capacity Allocation and Congestion Management for adoption by the European Commission via the comitology procedure. Recommendations for the Electricity System Operation Network Codes were delivered in 2013.

Targets and deadlines (indicative)	Advice and support to be provided along the timelines determined by the European Commission and the Comitology Committees.
Performance indicators	The timely delivery of the feedback on the network codes in due course of comitology.
Risk assessment	No appreciable risk.
<b>Achievement against the target</b>	In 2014, the Agency has provided extensive support to the European Commission during the pre-comitology and comitology procedure for the adoption of the Network Code on Capacity Allocation and Congestion Management, which was later transformed into a Guideline. No other electricity network code entered into the comitology procedure in 2014.
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<b>Activity</b>	<b>Preparation for and monitoring of the implementation of the adopted network codes</b>
Legal basis	Article 6(6) of Regulation (EC) No 713/2009 and Article 9(1) of Regulation (EC) No 714/2009
<b>Work Programme objective for 2014</b>	The Agency recommended the Electricity Grid Connection Network Codes and the Capacity Allocation and Congestion Management Network Codes for adoption by the European Commission via the comitology procedure. Recommendations for the Electricity System Operation Network Codes were delivered in 2013.
Targets and deadlines (indicative)	The Agency is required to prepare 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 the ENTSO-E, (ii) working processes and (iii) IT support.  This activity will also promote a consistent interpretation by NRAs of the provisions contained in the Network Codes.
Performance indicators	No deliverable expected in 2014.
Risk assessment	No appreciable risk.
<b>Achievement against the target</b>	None of the draft network codes were adopted or scheduled for implementation in 2014. In 2015, the Agency shall prepare a list of necessary data to be delivered by ENTSO-E for reporting on the implementation of the adopted network codes in 2016.


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## 1.2 Gas Framework Guidelines and Network Codes


<b>Deliverable</b>	<b>Scoping of Rules for trading related to technical and operational provisions of network access services and system balancing</b>
Legal basis	Article 6 and Article 8(6)(h) of the (EC) Regulation 715/2009
<b>Work Programme objective for 2014</b>	Begin scoping process to identify whether binding EU rules for the further harmonisation of the design of capacity products and contracts as regards, firmness, restrictions to allocation or secondary market are needed, taking into account the implementation of the guideline on congestion management procedures and the network codes on capacity allocation mechanisms and balancing.
Targets and deadlines (indicative)	Delivery of Scoping for Framework Guidelines on Rules for trading related to technical and operational provisions of network access services and system balancing according to the timeline indicated in the Three-Year Plan.
Performance indicators	The timely delivery of the Scoping for Framework Guidelines on Rules for trading related to technical and operational provisions of network access services and system balancing.
Risk assessment	<p>The topic is less clearly defined than others, which may lead to different expectations.</p> <p>Given the limited resources of the Agency, the involvement of NRAs is essential to ensure the timely delivery of the Opinion and the Recommendation.</p>
<b>Achievement against the target</b>	<p>The Scoping exercise was carried out. On 3 July 2015 the Agency informed the European Commission that no market interest was recorded for a Network Code on Rules for trading and that the Agency has not identified the need for such a Network Code. The evaluation of responses was published 3 October, 2014.</p> <p>Link to the Evaluation of responses in the scoping phase of the project: <a href="http://www.acer.europa.eu/Gas/Framework%20guidelines_and_network%20codes/Documents/2014_10_3_%20EoR%20RfT%20consultation.pdf">http://www.acer.europa.eu/Gas/Framework%20guidelines_and_network%20codes/Documents/2014_10_3_%20EoR%20RfT%20consultation.pdf</a></p>



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<b>Activity</b>	<b>Opinion and Recommendation on the Network Code on Rules regarding Harmonised Gas Transmission Tariff Structure</b>
Legal basis	Article 6 and Article 8(6)(k) of the (EC) Regulation 715/2009
<b>Work Programme objective for 2014</b>	The Framework Guidelines on Rules regarding Harmonised Gas Transmission Tariff Structure were published in November 2013. The European Commission invited European Network of Transmission System Operators for Gas (ENTSOG) to develop the Network Code within a period of 12 months. The Network Code was delivered to the Agency in December 2014 and the Opinion and Recommendation will be issued in 2015.
Targets and deadlines (indicative)	Delivery of the Opinion and Recommendation on the Network Code on Rules regarding Harmonised Gas Transmission Tariff Structure according to the timeline indicated in the Three-Year Plan.
Performance indicators	The timely delivery of the Opinion and of the Recommendation to the European Commission on the Network Code Rules regarding Harmonised Gas Transmission Tariff Structure.
Risk assessment	Given the limited resources of the Agency, the involvement of NRAs is essential to ensure the timely delivery of the Opinion and the Recommendation.
<b>Achievement against the target</b>	ENTSOG delivered the code on 26 December 2014, the expected timeline foreseen in the letter of the European Commission to ENTSOG. The Agency will follow that up with a Reasoned Opinion and a Recommendation based on Articles 6(7) and 6(9) of the Gas regulation. By the end of 2014 the project was on track.  Link to the ENTSOG NC, as submitted to the Agency: <a href="http://www.entsog.eu/public/uploads/files/publications/Tariffs/2014/TAR04_50_141226_TAR%20NC_Final.pdf">http://www.entsog.eu/public/uploads/files/publications/Tariffs/2014/TAR04_50_141226_TAR%20NC_Final.pdf</a>
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<b>Deliverable</b>	<b>Follow-up to the amendments for the network codes related to the allocation of 'new build' incremental gas transmission capacity</b>
Legal basis	Article 7 of the (EC) Regulation 715/2009

<b>Work Programme objective for 2014</b>	Follow up the Network Code amendment process in relation to Capacity Allocation Mechanisms in 2014.
Targets and deadlines (indicative)	Agency's follow-up the amendment proposals of ENTOG
Performance indicators	Delivery of the Proposal for the amendment of the Network Code on Capacity Allocation Mechanisms according to the timeline indicated in the Three-Year Plan.
Risk assessment	Given the limited resources of the Agency, the involvement of NRAs is essential to ensure the timely delivery of the Proposal.
<b>Achievement against the target</b>	<p>ENTSOG delivered its amendment proposal on 26 December 2014. The Agency launched its public consultation on 4 February 2015 based on Article 7(2) of the Gas Regulation and follows up on it. At the end of 2014 the project was on track.</p> <p>Link to the public consultation launched by the Agency:  <a href="http://www.acer.europa.eu/Official_documents/Public_consultations/Pages/PC_2015_G_02.aspx">http://www.acer.europa.eu/Official_documents/Public_consultations/Pages/PC_2015_G_02.aspx</a></p>
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<b>Activity</b>	<b>Advice and support on network codes during the comitology procedure, as appropriate (Interoperability and Data NC)</b>
Legal basis	Article 6 and Article 8(6)(e)(d) of the (EC) Regulation 715/2009
<b>Work Programme objective for 2014</b>	Start of the comitology procedure in Q2/2014. The Agency to provide advice and support on network codes during comitology procedure.
Targets and deadlines (indicative)	Advise the European Commission during the comitology procedure.
Performance indicators	The timely delivery of the feedback on the network codes in due course of comitology.
Risk assessment	No appreciable risk.
<b>Achievement against the target</b>	<p>The Agency provided advice and support to the European Commission throughout the comitology process. The Gas Committee voted on the text on 4 November 2014.</p> <p>No links can be provided.</p>

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Activity	Preparation for and monitoring of the implementation of the adopted Congestion Management Procedures (CMP) Guidelines
Legal basis	Article 9(1) of the (EC) Regulation 715/2009
<b>Work Programme objective for 2014</b>	The Network Code on Capacity Allocation Mechanism came into force in October 2013. It will have to be implemented by November 2015. Other Network Codes are not expected to be implemented in 2014; however the CMP Guidelines are applicable as of October 2013.
Targets and deadlines (indicative)	<p>The Agency is required to prepare for the monitoring of the implementation of the adopted Network Codes and Guidelines. The Agency took steps to monitor the national implementation of the CMP Guidelines. As a pilot the Agency will establish (i) a suitable framework concept with the NRAs and the ENTSOG, (ii) working processes and (iii) IT support.</p> <p>This activity will also promote a consistent interpretation by NRAs of the provisions contained in the Network Codes and Guidelines.</p> <p>In particular the Agency will monitor the Guidelines on congestion management procedures.</p> <p>The Agency will facilitate the work by ENTSOG, TSO's, NRA's and others, as the need may be, relating to capacity platforms.</p> <p>Annual Monitoring Report on contractual congestion at IPs: 1 March 2014.</p>
Performance indicators	Timely delivery of the Monitoring Report on congestion management.
Risk assessment	NRA/ENTSOG involvement and support in the process is needed but not guaranteed. NRAs shall participate via the Regional Initiative and the working groups to ensure compliant and timely implementation. The Agency will not be in a position to meet the deadlines without sufficient support from NRAs, especially for the delivery of the CMP Monitoring Report, as the timeline is extremely tight. Availability of quality data is also a risk.
<b>Achievement against the target</b>	<p>Two reports were delivered as part of the Agency efforts to monitor the implementation of the adopted CMP Guidelines:</p> <p>The Agency's annual report on contractual congestion at interconnection points was published on 28 February 2014:</p>

	<p><a href="http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Publication/ACER%20Gas%20Contractual%20Congestion%20Report%202014.pdf">http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Publication/ACER%20Gas%20Contractual%20Congestion%20Report%202014.pdf</a></p> <p>The Implementation Monitoring Report on Congestion Management Procedures in 2014 was published on 13 January 2015:</p> <p><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></p>
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### 1.3 Cross-Sector Issues (Electricity and Gas)


Monitoring of the internal markets in electricity and natural gas

Deliverable	Annual Market Monitoring Report (MMR)
Legal basis	Articles 11 (1) and (2) of Regulation (EC) 713/2009
<b>Work Programme objective for 2014</b>	<p>In 2014 the MMR will focus on the functioning of energy markets and ways to improve their efficiency, in order to make energy more affordable for European consumers. More specifically, the MMR will analyse the evolution of retail prices for electricity and natural gas, wholesale market integration, access to networks (including electricity produced or gas sourced from renewable energy sources), and compliance with consumer rights.</p> <p>In line with previous issues, the MMR will provide in-depth analysis of barriers to integration and give recommendations to the European Parliament and the European Commission on how to remove them.</p> <p>The Agency's policy and market monitoring teams for gas and electricity will coordinate the substance of the MMR with the Directorate-General for Energy of the European Commission in order to avoid duplication of work.</p> <p>The Agency will also cooperate and coordinate with the CEER.</p>
Targets and deadlines (indicative)	<p>Annual Market Monitoring Report:</p> <p>Expected completion date: November 2014.</p>
Performance indicators	<p>Timely completion of the Annual Market Monitoring Report.</p> <p>Positive feedback by the European Parliament, the European Commission and stakeholders on the MMR, including the possibility of a survey following</p>

	<p>the publication and presentation of the report.</p> <p>Number of downloads on the Agency's website and on EU Publications Office: &gt;10% increase with respect to 2013.</p> <p>Reader survey: 2/3 majority of respondents satisfied or highly satisfied.</p>
Risk assessment	<p>The quality of the report depends on the quality and accessibility of the data received by the Agency. Human resource constraints may impact the timely delivery and quality of the report. The integrity of all data sources needs to be secured electronically and, in some cases, to be coordinated with REMIT.</p>
<b>Achievement against the target</b>	<p>The Market Monitoring Report was published in October 2014:</p> <p><a href="http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Publication/ACER_Market_Monitoring_Report_2014.pdf">http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Publication/ACER_Market_Monitoring_Report_2014.pdf</a></p> <p>The number of downloads increased by 45% when compared with the previous year. Survey's implementation was delayed due to limited resources.</p>
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#### Regional Initiatives- Support and Monitoring

<b>Activity</b>	<b>Coordination and monitoring of activities for the early implementation of Network Codes</b>
Legal Basis	Several articles on regional dimension of Regulations (EC) No 713/2009, (EC) No 714/2009 and (EC) No 715/2009
<b>Work Programme objective for 2014</b>	<p>The Electricity Regional Initiative (ERI) Roadmaps were endorsed by the Florence Forum in December 2011 and are under implementation.</p> <p>The first Gas Regional Initiatives (GRI) Roadmap on Capacity Allocation Mechanisms, endorsed by the Madrid Forum in October 2012, is under implementation.</p>
Targets and deadlines (indicative)	On-going process. Progress in roadmaps implementation is reviewed regularly through the Status Review and online Progress Reports.
Performance indicator	The timely implementation of the cross-regional Roadmaps.

Risk assessment	Strong commitment is required from all parties involved in order to ensure early implementation, especially from TSOs, PXs and NRAs.
<b>Achievement against the target</b>	<p>In electricity, the early implementation of the cross-regional roadmaps experienced important successes (in particular in terms of Day-Ahead market integration), but also significant delays in particular regarding the Cross-Border Intraday project and the Flow-Based Market Coupling Project in Central West Europe (in both cases due to external factors).</p> <p>In Gas, the Capacity Allocation Mechanism Roadmap was published, jointly with ENTSOG, in October 2014, documenting progress in its implementation. By the end of 2014, 3 capacity platforms are operational; next to Prisma, also GSA and the Regional Booking Platform. The vast majority of the auctions took place on Prisma. A number of auctions also took place on the Virtual Interconnection points (VIPs) between Portugal and Spain and between Spain and France. However, not all pilot projects delivered during 2014.</p> <p><a href="http://www.acer.europa.eu/Gas/Regional_%20Initiatives/CAM_roadmap/Documents/CAM_Roadmap_Update_Oct_2014_FINAL.pdf">http://www.acer.europa.eu/Gas/Regional_%20Initiatives/CAM_roadmap/Documents/CAM_Roadmap_Update_Oct_2014_FINAL.pdf</a></p>
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## Regional Initiatives - Annual Status Review Report

Deliverable	Regional Initiatives Annual Status Review Report
Legal Basis	Several articles on regional dimension of Regulations (EC) No 713/2009, (EC) No 714/2009 and (EC) No 715/2009
<b>Work Programme objective for 2014</b>	The report promotes transparency towards stakeholders, informing them on progress achieved in RIs, obstacles faced during the year and indicates the way forward.
Targets and deadlines (indicative)	Expected completion date of the Regional Initiatives Status Review Report 2014: December 2014.
Performance indicators	<p>Number of downloads on the Agency's website and on EU Publications Office: &gt;10% increase with respect to 2013.</p> <p>Reader survey: 2/3 majority of respondents satisfied or highly satisfied.</p>
Risk assessment	Given the limited resources of the Agency, the involvement of NRAs and national experts is essential to ensure the timely delivery of the Reports.

<b>Achievement against the target</b>	<p>The final version of the report was completed and endorsed at the December BoR meeting. The publication of the report which followed proof-reading and the design of the report took place on 10 February.</p> <p><a href="http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Publication/ACER%20Regional%20Initiatives%20Status%20Review%20Report%202014.pdf">http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Publication/ACER%20Regional%20Initiatives%20Status%20Review%20Report%202014.pdf</a></p> <p>The number of downloads increased by 64% when compared with the previous year. Survey's implementation delayed due to limited resources.</p>
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### Regional Initiatives- Quarterly Progress Reports

<b>Deliverables</b>	<p><b>On-line quarterly reports on the activities of the Electricity Regional Initiative (ERI)</b></p> <p><b>On-line progress reports on the activities of the Gas Regional Initiative (GRI)</b></p>
Legal basis	Several articles on regional dimension of Regulations (EC) No 713/2009, (EC) No 714/2009 and (EC) No 715/2009
<b>Work Programme objective for 2014</b>	The on-line ERI and GRI reports are complementary to the Regional Initiatives Annual Status Review Report, allowing for a more regular tracking of updated regional developments on a quarterly basis.
Targets and deadlines (indicative)	Expected time frames: January, April, July and October 2014.
Performance indicators	Timely publication of the reports.
Risk assessment	Given the limited resources of the Agency, the involvement of NRAs and national experts is essential to ensure the timely delivery of the Reports.
<b>Achievement against the target</b>	<p>The quarterly reports on the ERI and on the GRI were published, but with one month delay compared to the expected deadlines due to late receipt of contributions.</p> <p>For information, in the course of the year, it was agreed to change the frequency of the report from quarterly to semi-annually.</p>

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## 1.4 TSO Cooperation


The Agency will monitor the activities of ENTSO-E and ENTSOG and report on it in the various specific opinions which it is required to issue on individual documents as specified in the following subsections. Such reporting will be considered as fulfilling the mandate to report on the execution of the tasks referred to in articles 8(1), (2) and (3) of Regulations (EC) 714/2009 and 715/2009.

### Electricity

<b>Deliverables</b>	<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 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 Community-wide Ten-Year Network Development Plan (TYNDP)</b></p> <p><b>Opinion on ENTSO-E's Recommendations relating to the coordination of technical cooperation between Community and third-country transmission system operators</b></p> <p><b>Report 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> <p><b>Opinion on ENTSO-E's draft Scenario Outlook &amp; Adequacy Forecast</b></p>
<b>Legal basis</b>	<p>Article 1(4) of Annex Part A, European Commission Regulation (EU) No 838/2010</p> <p>Articles 6(3)(b) and 6(4) of Regulation (EC) No 713/2009 in conjunction with Articles 8(3)(d) and 8(3)(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</p>




	<p>8(3)(a) of Regulation (EC) No 714/2009</p> <p>Articles 6(3)(b) and 6(4) of Regulation (EC) No 713/2009 in conjunction with Article 8(3)(b) 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>Articles 6(7) and 6(8) of Regulation (EC) No 713/2009</p> <p>Article 6(3)(b) of Regulation (EC) No 713/2009 in conjunction with Article 8(3)(b) of Regulation (EC) No 714/2009</p>
<b>Work Programme objective for 2014</b>	Activities to be carried out upon submission of the relevant documents by ENTSO-E.
Targets and deadlines (indicative)	<p>Monitoring report on 2013 ITC implementation: September 2014.</p> <p>Opinion on ENTSO-E's Work Programme: within two months after receipt of the document by ENTSO-E.</p> <p>Opinion on ENTSO-E's TYNDP: within two months after receipt of the document by ENTSO-E.</p> <p>Opinion on ENTSO-E's other documents: after receipt of the document by ENTSO-E.</p>
Performance indicators	Timely delivery of the reports and opinions.
Risk assessment	The delivery is subject to the release of the corresponding documents by ENTSO-E and to the availability of resources (taking into account the possible reprioritisation of activities for the tasks of Regulation (EU) No 347/2013).
<b>Achievement against the target</b>	<p>The Agency delivered all deliverables within or close to the foreseen deadlines (Monitoring report on 2013 ITC Implementation was delivered 2 months later). ENTSO-E's proposal relating to the coordination of technical cooperation between Community and third-country transmission system operators was not submitted to the Agency.</p> <p>1- The Agency published its "Report to the European Commission on the implementation of the ITC mechanism in 2013" in November 2014.</p> <p><a href="http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Publication/ITC%20Monitoring%20Report%202013.pdf">http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Publication/ITC%20Monitoring%20Report%202013.pdf</a></p> <p>2- ENTSO-E submitted its Work Programme for the period 2014 through December 2015 to the Agency on 27 October 2014. The Agency adopted its Opinion on this Work Programme on 18 December 2014, i.e. within two months of receipt.</p> <p><a href="http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2020-2014.pdf">http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2020-2014.pdf</a></p> <p>3- The Agency adopted its Opinion on the ENTSO-E Annual Report 2013 on 17 June 2014.</p> <p><a href="http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2012-2014.pdf">http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2012-2014.pdf</a></p> <p>4- The Agency adopted its Opinion on the ENTSO-E Winter Outlook Report 2013/14 and Summer Review 2013 on 25 February 2014.</p> <p><a href="http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opini">http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opini</a></p>


	<p><a href="http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2005-2014.pdf">ons/Opinions/ACER%20Opinion%2005-2014.pdf</a></p> <p>5- The Agency adopted its Opinion on the ENTSO-E Summer Outlook Report 2014 and Winter Review 2013/14 on 24 July 2014.</p> <p><a href="http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2015-2014.pdf">http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2015-2014.pdf</a></p> <p>6- The Agency adopted its Opinion on the ENTSO-E Incident Classification Scale – Methodology 2014 on 19 September 2014.</p> <p><a href="http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2017-2014.pdf">http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2017-2014.pdf</a></p> <p>7- The Agency adopted its Opinion on the ENTSO-E Implementation Plan 2015-2017 of the Research and Development Roadmap 2013-2022 on 16 May 2014.</p> <p><a href="http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2011-2014.pdf">http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2011-2014.pdf</a></p> <p>8- The Agency adopted its Opinion on the ENTSO-E draft Ten Year Network Development Plan 2014 on 29 January 2015.</p> <p><a href="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</a></p> <p>9- The Agency did not receive ENTSO-E's recommendations relating to the coordination of technical cooperation between Community and third-country transmission system operators.</p> <p>10- The Agency adopted its Opinion on the implementation of investments in electricity transmission networks on 30 July 2014.</p> <p><a href="http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2016-2014.pdf">http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2016-2014.pdf</a></p> <p>11- The Agency adopted its Opinion on the draft ENTSO-E Scenario Outlook and Adequacy Forecast 2014-2030 on 19 December 2014.</p> <p><a href="http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2021-2014.pdf">http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2021-2014.pdf</a></p> <p>The following two deliverables were delayed from the 2013 Work Programme and executed in 2014:</p> <p>12- The Agency's Opinion on the National Electricity TYNDP, adopted on 4 April 2014;</p> <p><a href="http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2008-2014.pdf">http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2008-2014.pdf</a></p> <p>13- The Agency's Opinion on the appropriate range of transmission charges paid by electricity producers, adopted on 15 April 2014.</p> <p><a href="http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2009-2014.pdf">http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2009-2014.pdf</a></p>
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## Gas


<b>Deliverables</b>	<p>Opinions on ENTSOG's annual Work Programme and ENTSOG's Annual Report</p> <p>Opinions on ENTSOG's common network operation tools including a common incidents classification scale and research plans</p> <p>Opinions on ENTSOG's annual Summer and Winter supply outlooks</p> <p>Reviews and Recommendations on national TYNDP regarding their (in)consistency with the Community-wide TYNDP</p> <p>Opinions on ENTSOG's Recommendations relating to the coordination of technical cooperation between Community and third-country transmission system operators</p> <p>Report on monitoring the implementation of the Community-wide TYNDP and the progress as regards the implementation of projects to create new interconnector capacity</p>
Legal basis	For all deliverables: Article 6(3)(b) Regulation (EC) 713/2009 For Work Programme: Article 6(4) Regulation (EC) 713/2009 and Article 9(2) Regulation (EC) 715/2009
<b>Work Programme objective for 2014</b>	<p>Opinions on the submitted documents were regularly delivered during the previous years, except for Opinion on network operation tools, including a common incidents classification scale and research plans and the Recommendation relating to the coordination of technical cooperation between Community and third-country transmission system operators, which were not submitted to the Agency.</p> <p>Activities to be carried out upon submission of the relevant documents by ENTSO-E.</p>
Targets and deadlines (indicative)	<p>Upon receipt of the 2014 Work Programme from ENTSOG, the Agency will deliver its opinion within two months from the day of receipt (the work will be performed by the Agency's staff in close cooperation with the relevant Agency's working group).</p> <p>Other opinions will be provided upon receipt from ENTSOG of the relevant documents, within a reasonable time (usually two to three months).</p>
Performance indicators	Timely delivery of the reports and opinions.
Risk assessment	The delivery is subject to the release of corresponding documents by ENTSOG and to the availability of resources (taking into account the possible reprioritisation of activities for the tasks of Regulation (EU) No 347/2013).

<p><b>Achievement against the target</b></p>	<p>The Agency delivered all deliverables within the foreseen deadlines. No opinion was required on network operation tools, including a common incidents classification scale and research plans and recommendations relating to the coordination of technical cooperation between Community and third-country transmission system operators, as these were not submitted to the Agency by ENTSOG.</p> <ol style="list-style-type: none"> <li>1. The Agency adopted its Opinion No 02/2014 on ENTSOG's Winter Supply Outlook 2013-2014 on 30 January 2014. <a href="http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2002-2014.pdf">http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2002-2014.pdf</a></li> <li>2. The Agency adopted its Opinion on the ENTSOG's Statutes and Rules of Procedure on the basis of the proposed amendments to the ENTSOG's Articles of Association on 14 March 2014. <a href="http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2006-2014.pdf">http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2006-2014.pdf</a></li> <li>3. The Agency adopted its Opinion on ENTSOG's Annual Report 2013 on 16 May 2014. <a href="http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2010-2014.pdf">http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2010-2014.pdf</a></li> <li>4. The Agency adopted its Opinion on ENTSOG's Summer Supply Outlook 2014 on 17 June 2014. <a href="http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2013-2014.pdf">http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2013-2014.pdf</a></li> <li>5. The Agency adopted its Opinion on ENTSOG's Annual Work Programme 2015 on 20 November 2014. <a href="http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2018-2014.pdf">http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2018-2014.pdf</a></li> <li>6. The Agency adopted its Opinion on the ENTSOG's Winter Supply Outlook 2014-2015 on 18 December 2014. <a href="http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2019-2014.pdf">http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2019-2014.pdf</a></li> <li>7. The Agency adopted its Opinion on the Implementation of the Investments in Gas Network Development Plans, including Recommendations on national TYNDP regarding their (in)consistency with the Community-wide TYNDP and Monitoring the implementation of the Community-wide TYNDP and Progress as regards the implementation of projects to create the new interconnector capacity on 23 December 2014. <a href="http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2022-2014.pdf">http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2022-2014.pdf</a></li> </ol>
<p>Traffic light</p>	

## 1.5 Guidelines for Trans-European energy infrastructure

<b>Deliverable</b>	<b>Opinions on the (electricity and gas) methodologies for the cost-benefit analysis (CBA) of infrastructure projects</b>
Legal basis	Article 11(2) of Regulation (EU) No 347/2013
<b>Work Programme objective for 2014</b>	<p>Preparatory activities were carried out in 2012-2013. Close collaboration with the ENTSOs was established for the purpose of preparing the CBA methodologies.</p> <p>In electricity, the Agency published on 30 January 2013 a position on ENTSO-E's "Guideline to Cost Benefit Analysis of Grid Development Projects."</p>
Targets and deadlines (indicative)	The Agency's Opinions regarding CBA methodology should be delivered within three months of receipt of the methodologies from the ENTSOs. The CBA methodologies were submitted by the ENTSOs to the Agency on 15 November 2013. The opinions are therefore due by 15 February 2014.
Performance indicators	Opinion delivered within three months of receiving the CBA methodology from the ENTSOs.
Risk assessment	Activity subject to additional human resources being assigned to the Agency. However, even in this case, the involvement of NRAs is essential to ensure the timely delivery of the Opinion.
<b>Achievement against the target</b>	<p>The Agency adopted its Opinion on the ENTSO-E Guideline for cost benefit analysis of grid development projects on 30 January 2014.</p> <p><a href="http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2001-2014.pdf">http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2001-2014.pdf</a></p> <p>Opinion on ENTSOG's Methodology for a harmonised cost-benefit analysis was delivered on 13 February 2014.</p> <p><a href="http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2004-2014.pdf">http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2004-2014.pdf</a></p>
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<b>Activity</b>	<b>Sharing of good practices and recommendations on incentives on the basis of benchmarking of best practice by the NRAs and common methodology to evaluate the incurred higher risks of investments in electricity and gas projects</b>
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Legal basis	Article 7(2) of Reg. 713/2009 and Article 13(5) of Reg 347/2013
<b>Work Programme objective for 2014</b>	Preparatory activities carried out in 2013 regarding methods of risk assessment and ensuring consistency between investment risk analysis and other infrastructure project-related work.
Targets and deadlines (indicative)	This deliverable was already included in the Agency's Work Programme for 2013, which indicated the deadline as December 2013. However, the delivery of the document was postponed in the Mid-term review of the 2013 Work Programme due to the limited resources of the Agency.
Performance indicators	Delivery of the good practice document.
Risk assessment	The delivery of the Recommendation was already postponed from 2013 to 2014. The involvement of NRAs is essential to ensure the timely delivery of the Opinion.
<b>Achievement against the target</b>	The Good practice document was delivered on June 2014. <a href="http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Recommendations/ACER%20Recommendation%2003-2014.pdf">http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Recommendations/ACER%20Recommendation%2003-2014.pdf</a> (Recommendation on incentives and common risk evaluation methodology)
Traffic light	

## 1.6 Activities which are Subject to Specific Conditions

The activities listed in this Section were either performed upon request from certain parties, as specified in the Third Package or in the TEN-E Regulation, or were triggered by certain external events. When these activities had to be performed, resources were re-allocated during the year from other activities.


### Decisions on Cross-Border Cost Allocation

<b>Deliverable</b>	<b>Decisions on investment requests including on CBCA decisions and notifications to the European Commission</b>
Legal basis	Regulation (EU) 347/2013, Article 12(6) and (7)
<b>Work Programme</b>	When required - i.e. when the concerned NRAs jointly request such a decision, or when they fail to reach an agreement within a predefined

<b>objective for 2014</b>	period (6 months).
Targets and deadlines (indicative)	Expected completion date: up to three months from the date of referral; in case of incomplete information the period can be further extended by two months, following receipt of the complete information.
Performance indicators	Timely delivery and notification of the decision.
Risk assessment	The delivery is subject to constraints on available resources. The Agency has not taken such decisions in the past; as a result the first ones could be more time-consuming.
<b>Achievement against the target</b>	<p>The investment request for Gas Interconnector Poland Lithuania (GIPL) was referred to the Agency on 1 May 2014. Additional information was requested by the Agency in June-July and the Decision on the GIPL investment request, including the CBCA, was delivered on 11 August 2014, i.e. within the expected completion deadline.</p> <p><a href="http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Individual%20decisions/ACER%20Individual%20Decision%202001-2014.pdf">http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Individual%20decisions/ACER%20Individual%20Decision%202001-2014.pdf</a> (CBCA Decision on GIPL)</p> <p>CBCA decisions adopted by NRAs were notified to the European Commission without delay.</p>
Traffic light	

#### Opinions and Recommendations on the Agency's own Initiative


<b>Deliverable</b>	<b>Opinions and Recommendations of its own initiative, whenever appropriate, for ensuring the proper functioning of the European Internal Energy Market (IEM)</b>
Legal basis	Regulation (EC) No 713/2009, Article 5
<b>Work Programme objective for 2014</b>	<p>The Agency has the responsibility of issuing Opinions and Recommendations of its own initiative, whenever appropriate, for ensuring the proper functioning of the European IEM.</p> <p>During 2013 the Agency has initiated a review of the "Electricity Target Model" and of the "Gas Target Model", the "blueprints" for the design of the Internal electricity and gas markets respectively. This review aims at identifying those aspects of these Target Models which need to be enhanced in response to and to support, inter alia, the increased penetration of renewable-based electricity generation and the recent development related to unconventional gas. This activity will continue in 2014 and may result in the Agency issuing a recommendation on its own initiative.</p>


Targets and deadlines (indicative)	To be initiated when necessary or appropriate. A recommendation following the review of the Electricity and Gas Target Models may be issued, depending on the results emerging from the review.
Performance indicators:	Delivery of Opinion or Recommendation.
Risk assessment	This activity, not being in response to specific legal requirements, may need to be deprioritised as a result of binding constraints on available resources.
<b>Achievement against the target</b>	During 2014 the Agency developed the “Bridge to 2025” initiative, looking at the trends and challenges facing the energy sector over the next ten years and the most appropriate regulatory response. After a pre-consultation in 2013, the Agency run a public consultation in April-June 2014 and, on 18 September 2014, issued a Recommendation on the Conclusions from this initiative. <a href="http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Recommendations/ACER%20Recommendation%2005-2014.pdf">http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Recommendations/ACER%20Recommendation%2005-2014.pdf</a>
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## 1.7 Wholesale Market Monitoring – REMIT


Deliverable	Establishment and administration of a European register of market participants
Legal basis	Article 9 of REMIT
<b>Work Programme objective for 2014</b>	Finalisation of CEREMP development in 2014.
Targets and deadlines (indicative)	Registration shall start no later than 3 months after the implementing acts are adopted.
Performance indicators	Full deployment and running of the IT-system for registration completed by the date of adoption of the Implementing Acts, in order to allow sufficient time to the NRAs and market participants for completing the first phase of the registration.
Risk assessment	The registration process takes place at a national level. The NRAs may not have sufficient resources for managing the strict deadline of 3 months for completing the first phase of registration, especially in countries with a high number of market participants. Practical solutions have to be adopted for ensuring the completion of the registration



	process in the timeframe envisaged by REMIT.
<b>Achievement against the target</b>	The Agency's registration system CEREMP was made available by the summer 2014, The REMIT Implementing Acts were adopted on 17 December 2014.
Traffic light	


<b>Activity</b>	<b>Further development and maintenance of IT solutions for market surveillance, data collection, and data sharing of wholesale energy markets</b>
Legal basis	Articles 7, 8 and 10 of Reg. (EU) 1227/2011
<b>Work Programme objective for 2014</b>	Development of the IT platform for market surveillance, data collection, and data sharing of wholesale energy markets started in 2013 and is to continue in 2014.
Targets and deadlines (indicative)	Market monitoring, data collection and data sharing shall start 6 months after the Implementing Acts are adopted.
Performance indicators	The timely availability and operation of the IT solutions.
Risk assessment	Data collection will be extremely complex due to the large amount of data to be gathered and the diversity of sources. Many operational aspects have to be defined through the Implementing Acts; however it is not possible to wait until the formal approval of the Implementing Acts, as the IT-system would not be ready on time. Consequently adjustments will be needed during the course of 2014 and requests for changes may be necessary.
<b>Achievement against the target</b>	REMIT implementation was on track in 2014. The Implementing Acts were adopted by the European Commission on 17 December 2014.
Traffic light	

<b>Activity</b>	<b>Preparation for the collection of trade, fundamental and other data, in connection with the REMIT implementing acts, as well as market surveillance activities</b>
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Legal basis	Articles 7 and 8 of Reg. (EU) 1227/2011
<b>Work Programme objective for 2014</b>	Delivery of Recommendations in 2012 and 2013. In 2014 awaiting Implementing Acts to start data collection.
Targets and deadlines (indicative)	Data collection shall start 6 months after the implementing acts are adopted.
Performance indicators	Successful and timely data collection.
Risk assessment	Data collection will be extremely complex due to the huge amount of data to be gathered and the diversity of sources. Many operational aspects have to be defined through the implementing acts; however it is not possible to wait until the formal approval of the implementing acts, as the IT-system would not be ready on time. Consequently adjustments will be needed during the course of 2014 and requests for changes may be necessary.
<b>Achievement against the target</b>	The Implementing Acts were adopted by the European Commission on 17 December 2014. REMIT implementation was on track in 2014.
Traffic light	

<b>Activity</b>	<b>Preparation for the sharing of data with the NRAs and other authorities and dissemination of information on the basis of transparent rules for such dissemination</b>
Legal basis	Articles 10 and 12 of Reg. (EU) 1227/2011
<b>Work Programme objective for 2014</b>	Agreement on data sharing concept to be signed with the NRAs in 2014.
Targets and deadlines (indicative)	Sharing and dissemination of information with the entry into effect of the Implementing Acts.
Performance indicators	Operational reliability.
Risk assessment	Delays in establishing protocols and common security standards with the NRAs. Limited resources for market monitoring in the NRAs.
<b>Achievement against the target</b>	The agreement on the data sharing concept was reached with NRAs in June 2014 and the IT implementation continued throughout 2014.


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<b>Activity</b>	<b>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</b>
Legal basis	Article 12 of Reg. (EU) 1227/2011
<b>Work Programme objective for 2014</b>	Ensuring operational reliability and professional secrecy concerning the information received by the Agency
Targets and deadlines (indicative)	Operational Reliability Policy in place before data collection starts.
Performance indicators	Ensuring operational reliability.
Risk assessment	Risk of leakage of highly sensitive trade data if adequate security measures are not in place.
<b>Achievement against the target</b>	A consultancy contract was put in place in April 2014 to provide the Agency with IT consultancy services, including on operational reliability: <a href="http://www.acer.europa.eu/The_agency/Public_Procurement/Documents/ACER%20OP%20MMD%2009%202013%20Contract%20Award%20Notice.pdf">http://www.acer.europa.eu/The_agency/Public_Procurement/Documents/ACER%20OP%20MMD%2009%202013%20Contract%20Award%20Notice.pdf</a>
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<b>Activity</b>	<b>Coordination of market monitoring activities of the NRAs, including at the regional level, without prejudice to their responsibilities, aiming to ensure that the NRAs carry out their tasks under REMIT in</b>
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	<b>a coordinated and consistent way, including guidance to the NRAs and coordination of NRAs' investigation activities on cross-border market abuse instances, including the promotion of best practices.</b>
Legal basis	Article 16(1) of Reg. (EU) 1227/2011
<b>Work Programme objective for 2014</b>	Coordination of market monitoring activities of the NRAs, including at the regional level
Targets and deadlines (indicative)	Coordination of investigation of alleged cross-border market abuse instances as required.
Performance indicators	Timely guidance, if needed (the 4th edition of the Agency Guidance will not be published during 2014) Effective coordination of investigation of alleged cross-border market abuse instances.
Risk assessment	Risk of leakage of highly sensitive trade data if adequate security measures are not in place.
<b>Achievement against the target</b>	The Market monitoring handbook was finalised on 7 October 2014. The coordination of an increasing number of cases in 2014 (33 new cases were opened in 2014) was difficult to handle with limited human resources available to the Agency.
Traffic light	

<b>Activity</b>	<b>Cooperation with ESMA, competent national financial market authorities and other authorities and with supervisory authorities, international organisations and the administrations of third countries</b>
Legal basis	Article 1(3), 10, 16 of Reg. (EU) 1227/2011
<b>Work Programme objective for 2014</b>	Cooperation with ESMA, competent national financial market authorities and other authorities and with supervisory authorities, international organisations and the administrations of third countries
Targets and deadlines (indicative)	Good cooperation practices with relevant authorities.
Performance indicators	Memorandum of Understanding concluded with relevant authorities.
Risk assessment	Risk of leakage of highly sensitive trade data if adequate security measures are not in place.

<b>Achievement against the target</b>	<p>In 2014 the Agency agreed on the Memorandum of Understanding (MoU) with the US Federal Energy Regulatory Commission (FERC), the signature took place in early January 2015:</p> <p><a href="http://www.acer.europa.eu/Documents/REMIT_MoU_ACER_FERC.pdf">http://www.acer.europa.eu/Documents/REMIT_MoU_ACER_FERC.pdf</a></p> <p>The conclusion of other MoUs was postponed to 2015.</p>
Traffic light	

<b>Activity</b>	<p><b>Contributions to implementing acts and potential reviews of REMIT, in particular according to Article 6 of REMIT, in view of potential needs to align REMIT definitions with new relevant Union legislation in the fields of financial services and energy, or in view of new developments on wholesale energy markets or of REMIT implementing acts</b></p>
Legal basis	Article 7(3) of Reg. (EU) 1227/2011
<b>Work Programme objective for 2014</b>	Contributions to implementing acts and potential reviews of REMIT
Targets and deadlines (indicative)	<p>Contributions to implementing acts and potential reviews of REMIT, in particular according to Article 6 of REMIT, in view of potential needs to align REMIT definitions with new relevant Union legislation in the fields of financial services and energy, or in view of new developments on wholesale energy markets or of REMIT implementing acts to be initiated when necessary or appropriate.</p>
Performance indicators	Timely contributions to the European Commission.
Risk assessment	No appreciable risk.
<b>Achievement against the target</b>	<p>Contributions to the implementing acts were provided to DG Energy at technical level, including through several public consultations in 2014:</p> <p><a href="http://www.acer.europa.eu/Official_documents/Public_consultations/Pages/PC_2014_R_05.aspx">http://www.acer.europa.eu/Official_documents/Public_consultations/Pages/PC_2014_R_05.aspx</a></p> <p><a href="http://www.acer.europa.eu/Official_documents/Public_consultations/Pages/PC_2014_R_04.aspx">http://www.acer.europa.eu/Official_documents/Public_consultations/Pages/PC_2014_R_04.aspx</a></p> <p><a href="http://www.acer.europa.eu/Official_documents/Public_consultations/Pages/PC_2014_R_02.aspx">http://www.acer.europa.eu/Official_documents/Public_consultations/Pages/PC_2014_R_02.aspx</a></p> <p>The Implementing Acts were adopted by the European Commission on 17 December 2014.</p>

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Deliverable	Annual Report on the Agency activities under REMIT
Legal basis	Article 7(3) of Reg. (EU) 1227/2011
<b>Work Programme objective for 2014</b>	The Agency shall submit at least on an annual basis a Report to the European Commission in which the Agency shall assess the operation and transparency of different categories of market places and ways of trading and may make recommendations to the European Commission as regards market rules, standards, and procedures which could improve market integrity and the functioning of the internal market. It may also evaluate whether any minimum requirements for organised markets could contribute to enhanced market transparency.
Targets and deadlines (indicative)	Expected submission of the 2 <sup>nd</sup> Annual Report of REMIT: Q3/Q4 2014. Number of downloads on the Agency's website and on EU Publications Office: >10% increase with respect to 2013.  Reader survey: 2/3 majority of respondents satisfied or highly satisfied.
Performance indicators	Timely submission of the Annual Report on REMIT implementation and of the above referred public consultations.
Risk assessment	No appreciable risk.
<b>Achievement against the target</b>	The Annual Report on the Agency activities under REMIT was published on 10 June 2014. <a href="http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Publication/REMIT%20Annual%20Report%202014.pdf">http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Publication/REMIT%20Annual%20Report%202014.pdf</a>  The number of downloads increased by 27% when compared with the previous year. Survey's implementation was delayed due to limited resources.
Traffic light	

## 1.8 Regulatory Cooperation

Deliverable	Regulatory Cooperation
<b>Work Programme objective for 2014</b>	<ol style="list-style-type: none"> <li>1.) Maintain high efficiency in the working method of the BoR, the Agency's Working Groups (AWGs), to facilitate their overall operation with a view to promoting regulatory cooperation.</li> <li>2.) Increase awareness of the BoR operations by the public through debriefings. Improve the format of meetings and agendas, facilitate the exchange of information through dedicated folders, and provide Secretariat debriefings on the items in the agenda included for information.</li> <li>3.) Develop, where appropriate, beyond the existing working arrangements, the tools for the cooperation of the NRAs (including at regional level) and their strong links with the Agency in new areas such as monitoring of the markets for the effective implementation of the network codes.</li> <li>4.) Contribute to developing the regional cooperation further through the dedicated ERI and GRI Groups, in line with the agreed objectives set out in the cross-regional plans in electricity and in gas, with a new focus on new pilot projects.</li> <li>5.) Allow the sharing of best practices between the NRAs and the Agency on issues of common interest.</li> <li>6.) Foster exchange of experience with the regulatory associations outside the EU, where necessary, and on areas of mutual interest (e.g. FERC on market monitoring activities).</li> <li>7.) Consolidate regulatory cooperation and working arrangements in the context of the Energy Infrastructure work and a consistent framework across the regions and corridors in undertaking the Agency's new tasks under the proposed TEN-E Regulation.</li> <li>8.) Reinforce cooperation between the NRAs under REMIT, both at EU and regional level, through MOUs, and potential synergies in services to avoid duplication.</li> </ol>
Targets and deadlines (indicative)	Throughout the year.
Performance indicators	Positive feedback from a survey measuring the NRA satisfaction with the Agency's work in these areas.
Risk assessment	<p>The Agency relies on the voluntary participation of the NRAs in the Agency Working Groups, in the coordination Groups for the Regional Initiatives, focusing primarily on the early implementation of the network codes, and in the regional priority corridors of the TEN-E Regulation. Furthermore, as a result of the Third Energy Package and REMIT, the Agency and the NRAs are under an obligation to mutually cooperate. Without this cooperation, the Agency would lack the expertise of the NRAs, which have extensive knowledge of their national markets, and would be obliged to outstretch its own resources. It would also not be able to ensure consistency from the early stages. The Agency would thus run the concrete risk of not delivering on its Work Programme, which has been prepared taking into account the support of the NRAs through the</p>

	above platforms of cooperation.
<b>Achievement against the target</b>	<p><b>1.) <i>Maintain high efficiency in the working methods of the BoR, AWGs, to facilitate their overall operation and contribution to the Agency's work with a view to promoting regulatory cooperation.</i></b></p> <p>During 2014, the BoR, AWGs and task forces provided an efficient platform for cooperation of NRAs within the Agency, bringing together 230 experts and senior officials in the 28 NRAs.</p> <p>The Agency undertook organisational improvements to increase efficiency, such as streamlining the agendas to allow more time for discussions on key initiatives (including EU initiatives) and providing Secretariat debriefings on the items in the agenda included for information. Awareness of members on key EU initiatives and work was supported through dedicated meeting folders/libraries which gather documents of interest to the BoR members.</p> <p>A revision of the BoR Rules of Procedure came into effect in February 2014 to clarify and improve aspects of the electronic approval process.</p> <p>During 2014, four AWGs, on Electricity (AEWG), on Gas (AGWG), on Market Integrity and Transparency (AMIT WG), and on Implementation, Monitoring and Procedures (AIMP WG), continued their work. Each of them met typically on a monthly basis, with 27 meetings in total held over the course of 2014. Also, over 20 different task forces, work streams and project teams brought together experts and reported to the AWGs. This collaboration facilitated a common understanding on the issues at stake and provided a valuable contribution to the timely and qualitative preparation of the Agency's acts.</p> <p><b>2.) <i>Contribute to developing the regional cooperation further through the dedicated Electricity Regional Initiative (ERI) and Gas Regional Initiative (GRI) Groups, in line with the agreed objectives set out in the cross-regional plans in electricity and in gas, with a new focus on new pilot projects.</i></b></p> <p>In 2014 the Agency cooperated with NRAs at regional level in order to ensure the compatibility of regulatory frameworks within and between regions with the aim to achieve a competitive IEM. The work of the Agency under the regional initiatives (RIs) focused on the early implementation of the Network Codes, on fostering market integration by monitoring and facilitating market integration projects, as well as other projects and activities at national and regional level, and in line with the regional work plans. Since its creation, the Agency coordinated the regional frameworks with two dedicated Regional Coordination Groups, ERI and GRI, composed by European Commission, NRAs and Agency representatives, and led by the Heads of Department in the Agency. They aimed specifically at coordinating regional cooperation and, in particular, monitoring progress in the cross-regional roadmaps on the early implementation of network codes to foster integration at regional and cross-regional level and to ensure that the activities and projects undertaken in the different regions were consistent. These include the four cross-regional roadmaps for electricity (implementation of the Target Models for CACM) and the roadmap for the early implementation of the Capacity Allocation Mechanisms in gas. In 2014, these groups met on a frequent basis, and provided regular reports to the Director and to the BoR. The most important achievement in 2014 was the implementation of the European Price Coupling.</p> <p><b>3.) <i>Foster exchange of experience with the regulatory associations outside the EU, where necessary, and on areas of mutual interest (e.g. FERC on market monitoring activities).</i></b></p>



In 2014 the Agency maintained links for cooperation with third countries outside of the EU. During the course of 2014 it participated in the EU-US Energy Roundtable in Boston on 13-14 May 2014. This annual event gathers representatives from the Agency, CEER, NARUC, and FERC for approximately two days to discuss topics of common interest from a regulatory perspective.

In 2014 the Agency continued fostering close links with the NRAs from the Energy Community (EnC) (the latter has also been reflected in an EC Recommendation<sup>2</sup>) and from Norway, without prejudice to the legal requirements of the Agency's founding Regulation regarding the formal participation of third countries in the Agency. The Agency also participated in the Electricity and Gas Regulatory Fora of the EnC.

**4.) Consolidate regulatory cooperation and working arrangements in the context of the Energy Infrastructure work and a consistent framework across the regions and corridors in undertaking the Agency's new tasks under the proposed TEN-E Regulation.**

An AWG leader's away day was organised on 11-12 June 2014 in Bled. It provided an opportunity for AWG leaders and senior Agency staff to reflect on the overall role of the AWGs, the functioning of the AWGs and their integration into the Agency's activities, as well as to brainstorm ideas for improvements to reinforce collaboration and participation of all NRAs in the AWGs and their substructures. The results of the Internal Audit Service (IAS) audit of Agency in 2014 were discussed with a view to assess the efficiency and effectiveness of the internal working practices set-up by the Agency in cooperation with the NRAs, in particular on development of framework guidelines and opinions on network codes. Preliminary interviews were conducted in January 2014 and a survey was subsequently conducted in February 2014 with the NRAs' representatives in the Agency's Gas and Electricity WGs & TFs, and Electricity Work Streams. 34 replies were received.


The results of the survey indicated an overall positive assessment of the cooperation between the NRAs and the Agency, as well as some suggestions for improvement of the efficiency and effectiveness in the preparation of the Agency's work, including regarding: more comprehensive project management (lead drafters, project plans with milestones, timelines, next steps; communication, transparency and work sharing); common understanding of respective roles and responsibilities; better involvement of as many NRAs as possible; and other improvements which would benefit from a regular exchange of experience sharing between Agency's departments. These results and discussion at the Away day led to a renewal of the joint commitment and mutual expectations by the Agency and NRAs' experts, which were subsequently reflected in an action plan on improvements of their cooperation. The proposed actions related to: the cooperation between the NRAs, their experts, Agency's staff, Heads of Department (HoDs) and the Director; enhancements of the work planning and project management process; and the reporting of the outcomes of the meetings. These improvements were agreed to be followed up throughout 2015, including through a high-level workshop dedicated to NRA cooperation.

<sup>2</sup> European Commission Recommendation of the application of the IEM between the EU MS and the ENC Contracting parties (2014/71/EU)

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## 1.9 Stakeholder involvement

The Agency regularly responded to questions and requests it received from stakeholders.

Deliverable	Relations with stakeholders
<b>Work Programme objective for 2014</b>	Part of stakeholders' involvement in the Agency is their input and replies to the Agency's public consultations. In addition, the Agency receives requests for information or is informed on specific issues, usually related to their market situation or even asking the Agency to act. As part of good administrative behaviour Agency aims at responding to these requests within 15 days.
Targets and deadlines (indicative)	Requests from stakeholders. On-going
Performance indicators	Responses to stakeholders provided within 15 working days.
Risk assessment	No appreciable risk.
<b>Achievement against the target</b>	<p>In 2014 all requests for information or clarifications stemming from energy companies, other entities (e.g. law firms) or academics were answered within 15 days.</p> <p>Requests related to specific market issues in a Member State were also answered within 15 days. In one case the stakeholder received a holding reply, and the reply was received with minimal delay due to internal coordination.</p> <p>Requests related to REMIT were dealt with by the IT helpdesk under the conditions specified by REMIT. Due to a large number of questions (135 received in the REMIT inbox and 189 to the established Central Service Desk in 2014) a regularly updated Q&amp;A folder was published on the web site.</p>
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## Part 2 (a) Management

### 2.1 Administrative Board

The composition of the Administrative Board in 2014 was as follows:

<u>Members appointed by the Council</u>	
<u>Member</u>	<u>Alternate</u>
<a href="#">Mr Razvan Eugen Nicolescu, Chair</a>	<a href="#">Mr Kristian Moller</a>
<a href="#">Mr Piotr Grzegorz Woźniak, Vice-Chair</a>	<a href="#">Mr Detlef Dauke</a>
<a href="#">Mr Guido Bortoni</a>	<a href="#">Mr Alfonso Gonzalez Finat</a>
<a href="#">Mr Guy Lentz</a>	<a href="#">Mr Pál Kovács</a>
<a href="#">Mr Jochen Penker</a>	<a href="#">Mr Romas Švedas</a>
<u>Members appointed by the EP</u>	
<a href="#">Mr Luis-Martin Oar</a>	<a href="#">Mr Uwe Leprich</a>
<a href="#">Mr Rene Tammist</a>	<a href="#">Mr António Jorge Viegas de Vasconcelos</a>
<u>Members appointed by the EC</u>	
<a href="#">Mr Dominique Ristori</a>	<a href="#">Mr Klaus-Dieter Borchardt</a>
<a href="#">Ms Agnieszka Kazmierczak</a>	<a href="#">Ms Aba-Garotte Paloma</a>

In 2014 the AB met 4 times (on 19 March, 10 June, 18 September, and 18 December).

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It adopted 19 decisions:

1	AB Decision on the appointment of a new BoR member*	14/01/2014
2	AB Decision amending AB decision No 01/2011 on the support granted to ACER staff members in respect to kindergarten and school fees**	13/02/2014
3	AB Decision on the appointment of a new BoR member and alternate*	28/02/2014
4	AB Decision on the estimate and expenditure for 2015	19/03/2014
5	AB Decision on the MSPP 2015-2017	19/03/2014
6	AB Decision on the appointment of a new BoR member and alternate*	11/04/2014
7	AB Decision on the appointment of a new BoR member*	13/06/2014
8	AB Decision on the appointment of a new BoR alternate member*	30/06/2014
9	AB Decision on the appointment of a new BoR member*	05/09/2014
10	AB Decision on the support granted to ACER staff members in respect to kindergarten and school fees and repealing AB Decision No 01/2011	18/09/2014
11	AB Decision on the appointment of a new BoR alternate member*	14/10/2014
12	AB Decision on the adoption of transfer of appropriations in the budget of the Agency for the Cooperation of Energy Regulators for the Financial Year 2014**	15/11/2014
13	AB Decision on the ACER Anti-fraud strategy	18/12/2014
14	AB Decision on the ACER Whistleblowing Strategy	18/12/2014
15	AB Decision on the language regime of the Agency	18/12/2014
16	AB Decision on the adoption of the Implementing Rules to the Financial Regulation of ACER	18/12/2014
17	AB Decision on the modification of the establishment plan of ACER	18/12/2014
18	AB Decision on the permission to the Director to engage in academic cooperation with the Florence School of Regulation in 2015	18/12/2014
19	AB Decision on the adoption of the Budget for the financial year 2015 of the Agency for the Cooperation of Energy Regulators	18/12/2014

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

\*\*Adopted by written procedure, following a declared urgency by the Chairman.

The AB adopted one Opinion:

1	AB Opinion on the approval of the Financial Accounts for the financial year 2013	10/06/2014
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The most significant risks for the Agency in 2014 were the lack of resources for the implementation of REMIT. This risk was discussed at all 4 AB meetings in 2014 and important controls were implemented (letters were sent to the institutions, meetings with decision-makers took place and presentations were made in the ITRE Committee of the European Parliament and in the Council at Working group level). The second most important risk for the Agency in 2014 was the need to prevent (potential) conflicts of interest. This risk was discussed in 3 out of the 4 meetings of the AB and led to the adoption (in early 2015) of a fully- fledged conflict of interest policy.

## 2.2 Institutional Relations and Communication

As regards institutional relations, in 2014 the Agency continued working with the EP ITRE Committee, where a delegation visited the Agency on 19-20 March 2014. Also, the Agency presented its activities at the Energy Working Party on 26 May, during the Greek Presidency.

Towards the end of the year, the new European Commission and Parliament brought new impetus to the EU Energy policy. Therefore the Agency reinforced its communication effort vis-à-vis these Institutions to build a constructive relationship with the new institutional actors to ensure a common vision on the future of the EU energy market. In particular, with regard to the European Parliament, the Agency presented the main findings of its 2014 MMR to the ITRE Committee on 5 November 2014. Moreover, the Director and the BoR Chair introduced the Agency's ongoing work and forthcoming challenges to the newly elected MEPs of the ITRE Committee in November and to the reformed Contact Group with an opening meeting on 9 December 2014.

The most important international development was the participation of the Director at the EU-US Energy Regulators Roundtable in Boston on 12-15 May 2014. Also, the Agency participated in the EnC Electricity Forum in Athens on 3 June 2014 and in the EnC

Gas Forum in Ljubljana on 7 October 2014. The Agency also continued to work with the EnC Secretariat, with which a meeting took place on 3 November 2014.

The external communication of the Agency takes two main forms: involving the NRAs and stakeholders in its work and communicating with the general public directly or through the media.

As in previous years, the Agency has extensively engaged stakeholders in its activities, including through public consultations and workshops.

### **Public Consultations**

The Agency consulted stakeholders in respect to many of its activities, well beyond the legal requirement laid down by legislation<sup>3</sup>. In 2014 all public consultations were carried out online.

**Public consultations run by the Agency in 2014:**

TITLE	START DATE	END DATE
Public consultation on ACER's Trade Reporting User Manual (TRUM) for trade reporting under REMIT	27/03/2014	05/05/2014
Public Consultation on the preliminary scoping on potential Framework Guidelines on Rules for Trading	14/04/2014	12/05/2014
Public Consultation on European Energy Regulation: A Bridge to 2025	29/04/2014	16/05/2014
Consultation on ACER's Manual of Procedures on Fundamental Data Reporting under REMIT	24/06/2014	05/08/2014
Public consultation on ACER's Transaction Reporting User Manual (TRUM) and RRM Requirements for transaction reporting under REMIT	22/06/2014	02/09/2014
Public Consultation on the provisional REMIT list of organised market places	14/11/2014	11/12/2014
Joint Public Consultation ACER/ENTSO-E on the establishment of European Network Code Stakeholder Committees	12/12/2014	23/01/2015

**Workshops**

In 2014 the Agency continued promoting the involvement of stakeholders in its activities through workshops. They are usually organised in conjunction with public consultations or in the process of developing opinions on Network Codes. In this latter role, they are organised during the scoping phase of official documents and they represent an occasion for the Agency to present its views on the main policy options under consideration, as well as for the Agency to collect, at an early stage, opinions from stakeholders on essential topics. Most of the workshops were organised in Ljubljana. Whenever possible, workshops were web streamed in order to include as many participants as possible.

**Workshops organised by the Agency in 2014:**

Workshop	No of	Web streaming	Date
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<sup>3</sup> Article 10 of the Regulation (EC) No 713/2009

	registrations		
Public workshop on the Network Code on Electricity Balancing	53	YES	30/01/2014
2nd ACER Gas Target Model Stakeholder Workshop	69	YES	19/03/2014
ENTSO-E and ACER workshop on the Bidding Zones Review Process	N.A. Logistics run by ENTSO-E	/	21/03/2014
7 <sup>th</sup> Workshop on REMIT implementation	125	YES	03/04/2014
3rd Gas Target Model Stakeholders Workshop	90	YES	15/05/2014
Workshop on the Network Code on High Voltage Direct Current Connections and DC-connected Power Park Modules	19	YES	19/05/2014
8th ACER Workshop on REMIT implementation	97	YES	16/07/2014
9th Public Workshop on REMIT implementation	112	YES	10/12/2014

On average around 100 stakeholders participated in each workshop.

In addition, the Agency organised three roundtable meetings on REMIT implementation in Ljubljana:


- Roundtable meeting on REMIT (23/09/2014)
- Roundtable meeting on REMIT (24/09/2014)
- Technical roundtable meeting on REMIT (26/11/2014)

Three stakeholder groups were organised to discuss questions on data collection:

- Third party reporting entities
- Organised market places
- Associations of market places

#### **REMIT specific formats: the Pilot project progress meetings, public workshops and roundtables**


In order to prepare the data collection for assessing and monitoring wholesale energy markets according to REMIT, the Agency initiated in 2013 the REMIT implementation pilot project. Its main purpose was to gather valuable input from parties that were involved in data collection under REMIT. In 2014 three REMIT Pilot Project progress meetings were held at the Agency and gathered more than 20 participants each.

<b>Work Programme Objective</b>	The Workshops for the presentation of the Work Programme Outline held in Ljubljana on 6 June 2012 and on 6 June 2013 were attended by 3 and 1 participant, respectively. The Work Program objective for 2014 was therefore to raise the level of participation.
Targets and deadlines (indicative)	June 2014
Performance indicators	Number of participants > 5.
Risk assessment	Low participation of stakeholders due to difficulties in accessing Ljubljana, where the event is held.
<b>Achievement against the target</b>	30 participants attended the presentation through webstreaming.
Traffic light	

### Website

Activity	Agency Website
<b>Work programme objective for 2014</b>	Improving the website
Targets and deadlines (indicative)	Enhance the capability of the website in the following areas: <ul style="list-style-type: none"> <li>- Online surveys</li> <li>- Dedicated workspace for meetings/workshops</li> <li>- More dynamic features for news and announcements</li> <li>- Improve user-friendliness</li> </ul> Completion of the migration from ACERnet to the new Website launched in 2012.
Performance indicators	Website hits: 5% increase with respect to 2013. Online survey: 2/3 majority of respondents satisfied or highly satisfied.
Risk assessment	Timely delivery by external contractors of outputs related to the website.




<b>Achievement against the target</b>	<p>The old Agency's website was finally decommissioned by 1 July 2014, and all Agency's activities are now hosted on the new website. All content was migrated and the taxonomy was updated to include new emerging topics and new Agency Activities.</p> <p>A new template for Working Group and Task Force meetings was developed and deployed to the system, in order to allow better use of the system. A new call for tender was launched for the maintenance of the websites in the third quarter of 2014 and awarded in early 2015.</p> <p>In 2014, the Agency compiled a list of more than 40 new functionalities for the website, including on the basis of stakeholders' feedback, to be developed under the new Framework Contract and rolled out into production in 2015.</p> <p>There was a 473.11% increase in the number of hits with respect to 2013 (Number of hits in 2013: 31,636, Number of hits in 2014: 181,311). Online surveys were not carried out due to the lack of resources.</p>
<b>Traffic light</b>	

**Infoflashes, press releases and the media**

Activity	Relations with Journalists
<b>Work Programme Objective</b>	<p>Another of the Agency's most useful communication tools are infoflashes. The Agency informs the stakeholders and interested parties of the official documents published online by the Agency as well as reports, workshops and conferences organised by the Agency. The objective in 2014 was to raise the number of infoflashes and the number of subscribers</p>
Targets and deadlines (indicative)	<p>Infoflashes, request from journalists. On-going</p>
Performance indicators	<p>Number of Infoflashes: &gt;40. Subscribers to Infoflashes: 5% increase with respect to 2013.</p>
Risk assessment	<p>No appreciable risk.</p>
<b>Achievement against the target</b>	<p>In 2014 over 2750 stakeholders were subscribed to the Agency's infoflash. This represents a 16.5% increase from the previous year. A total of 69 infoflashes containing 92 news items were issued in 2014.</p>

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#### Agency's major events in Ljubljana and Brussels

<b>Deliverable</b>		<b>Events: Annual Conference</b>	
<b>Work Programme Objective</b>	Organising the 3rd annual conference in Ljubljana		
Targets and deadlines (indicative)	March - May 2014		
Performance indicators	Number of participants: > 150. Participants satisfaction survey: 2/3 majority satisfied or highly satisfied.		
Risk assessment	Potential difficulties in attracting quality speakers, which may reduce the interest of the event and the level of participation.		
<b>Achievement against the target</b>	"REMITage: The age of REMIT" was the main theme of the 3 <sup>rd</sup> Annual Conference of the Agency, held on 10 June 2014 in Ljubljana. The event, gathered key representatives from the EU institutions, energy sector stakeholders and market players. It focused on effective implementation of REMIT that constitutes an integral part of the creation of a well-functioning IEM. Around 180 participants attended. 90% were satisfied with the event.		
Traffic light			

In addition to the Annual conference, the Agency, in cooperation with CEER, organised a presentation of its Conclusions Paper "Energy Regulation: A Bridge to 2025", which took place on 23 September at the Auditorium of the Royal Museums of Art and History in Brussels. The event was also broadcast live via webstream. The Paper contained European energy regulators' conclusions on challenges facing the electricity and gas sectors over the coming decade and on the appropriate regulatory response within the framework of the Europe's IEM.


The Conclusions Paper covered a wide range of aspects of the gas and electricity sectors, including the changing face of electricity generation in the EU, the changing role of Distribution System Operators, the consumer empowerment and protection, the achievement of retail markets, and a chapter on governance of the internal European gas and electricity markets.


## Other publications

<b>Deliverable</b>		<b>Print publications: Annual Activity Report 2013</b>
<b>Work Programme objective</b>	To submit the Annual Activity Report 2013 in time with a high level of satisfaction	
Targets and deadlines (indicative)	By 15 July 2014	
Performance indicators	Number of downloads on the Agency website and on EU Publications Office: >10% increase with respect to 2013. Reader survey: 2/3 majority of respondents satisfied or highly satisfied.	
Risk assessment	No appreciable risk.	
<b>Achievement against the target</b>	The Annual Activity Report of the Agency for 2013 was adopted by its AB on 10 June 2014 and submitted to the EU institutions by 15 June. None of the AB members had any remark on the report. Moreover, the Internal Audit Service considered one of its parts (reporting on the building blocks) as best practice. There were 126 downloads (of which 4 from the extranet) from publication until 31 December 2014. This is 17% lower than in 2013 (153 downloads).	
Traffic light		

## Internal communication

<b>Deliverable</b>		<b>Improvement of the Agency's intranet as a tool to support internal communication</b>
<b>Work Programme objective</b>	Improvement of the Agency's intranet	
Targets and deadlines (indicative)	New features and services according to staff needs and demands.	
Performance indicators	Question included in the annual staff survey on the level of information shared by line managers. 2/3 of participating staff satisfied or highly satisfied.	


<b>Achievement against the target</b>	The overall outcome of the 2014 survey indicated a 61% satisfaction with the information shared by the line managers. As a consequence 2 staff meetings were dedicated to the results of the engagement survey. Only minor improvements were identified as necessary. The staff wanted to be informed of upcoming Directors' decisions- it was agreed that a list of forthcoming Director' decisions will be available on the intranet, which was implemented.
Traffic light	

Deliverable	Internal newsletter
<b>Work Programme objective</b>	Improving internal communication with the publishing of the internal newsletter
Targets and deadlines (indicative)	On a monthly basis.
Performance indicators	Staff satisfaction measured through question on the internal newsletter in the staff survey. 2/3 of participating staff satisfied or highly satisfied.
<b>Achievement against the target</b>	100% positive feedback regarding the internal newsletter was received.
Traffic light	

## 2.3 Budgetary and Financial management

Deliverable	Budget Implementation
<b>Work Programme objective</b>	The Agency's operations are fully funded from the general EU budget through an annual subsidy. For the 2014 financial year this subsidy amounted to 10 880 000 euro (11 930 220 Euro in 2013).

	<p>An amount of <del>4 249 629</del> <u>12 469.29</u> euro stem mainly from recovered allowances, as a result of retrospective application of remuneration adjustments from July 2011 and was recognised as assigned revenue. In addition, the interests on the bank account balance received during the year amounting to <del>346 417</del> <u>3 464.17</u> Euro were recorded as revenue. No agreement was reached for any contribution from the EFTA states towards the Agency. The Agency's internal processes and accounts were regularly audited by the Internal Audit Service (IAS) of the European Commission and the European Court of Auditors (ECA).</p>
Targets and deadlines (indicative)	<p>The Agency's targets for 2014 are to achieve:  A high level of budget implementation for both commitment and payment appropriations.  Positive evaluation results from both IAS and ECA.</p>
Performance indicator(s)	<p>At least 95% execution of 2014 commitment appropriations.  Minimum 75% execution of 2014 payment appropriation.  Positive opinion of the IAS.  Non-qualified opinion from ECA.</p>
<b>Achievement against the target</b>	<p>To ensure the achievement of the Work Programme objectives, a number of budgetary transfers took place during the 2014 financial year to reallocate resources from areas where budgetary savings were identified towards areas of scarce resources. There were three lots of approved budgetary transfers made both within and between titles, including one budget transfer above the 10% limit, which was approved by the AB.</p> <p>From the appropriations carried-over from the previous year (5 075 003 Euro) 97.07% were implemented by the end of 2014 and the difference was returned to the general EU budget.</p> <p>The level of execution of payment appropriations was 69.84% lower than the 75% target. Within Title 2 this was due to the renewal/negotiation of the Agency's annual contracts towards the end of the year; within Title 3 this was due to the complexity and multiannual REMIT project, which made it difficult to apply the budget implementation annuality principle.</p> <p>Appropriations amounting to 2 736 510 Euro from the 2014 allocated budget were carried forward into 2015 to cover the legal obligations the Agency had towards its suppliers that were open at year-end, with the majority of them being REMIT- related expenditure.</p> <p>No interest for late payments were paid by the Agency during 2014.</p> <p>The 2014 IAS audit resulted in 6 recommendations, which were agreed to be implemented in an action plan.</p> <p>In 2014 ECA made three comments on the 2013 annual accounts. The Agency addressed <u>all recommendations and reported their</u></p>

	<del>implementation to the ECA them and expects all of them to be closed.</del>
Traffic light	

More details on the budget 2014 implementation for all fund sources are presented in Annex III.

## 2.4 Human Resources Management (HR)

The Agency carried out its first benchmarking exercise for 2014 in line with the provisions of Article 29(3) of the Framework Financial Regulation (FFR), and applied the Methodology for agencies' job screening, adopted by the Heads of Administration of EU Agencies Network, as well as the 2014 Methodology for the European Commission job screening of 19 December 2013.

The snapshot for the screening exercise was taken on 31 December 2014. As prescribed by the Methodology for agencies' job screening, it focused on the ratio of jobs in the area of administrative support and in the area of coordination (overheads).

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


- All establishment plan posts (irrespective if occupied, vacant, or even if unused job quota).
- Other types of statutory links or contracts when occupied by a jobholder: contract agents, seconded national experts, trainees, and
- Jobs occupied by interim staff or by external service providers.

The distribution of the total 86 job posts in the Agency at the snapshot on 31 December 2014 according to the three job type categories was as follows:

1. **Administrative support and coordination** – 18 job posts, representing 20.93% of the total posts.
2. **Operational** – 60 job posts, representing 69.77% of the total posts.
3. **Neutral** – 8 job posts, representing 9.30% of the total posts.

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

Activity	Human Resources
<b>Work Programme objective</b>	<p>In addition to the performance of the first benchmarking exercise, a number of major HR events took place, resulting in changes to the Agency's establishment plan and the introduction of major new HR policies and procedures.</p> <p>In particular, in 2014 following the approval by the AB, the Establishment plan of the Agency was modified within the 10% limit</p>

	<p>in order to further align the grades of Team Leaders across the operational departments.</p> <p>In attempt to mitigate the risks related to human resources, the Agency decided to further support its staff and to increase the Agency's attractiveness on the job market by fully covering the school fees and by other measures. This was achieved by the AB's decision on the support granted to the Agency's staff regarding kindergarten and school fees, and by the Director's Decision on Personal initiative training.</p>
Targets and deadlines (indicative)	<p>Agency's targets for 2014 were to:</p> <p>Complete the recruitment of the additional resources in 2014 required to fulfil the new tasks assigned under the TEN-E Regulation.</p> <p>Successfully complete the Annual performance appraisal exercise to be carried out in 2014.</p>
Performance indicator(s)	<p>Achievement of at least 90% of the recruitment goals on time.</p> <p>100% of Agency's staff subject to performance appraisal in the 2014 exercise.</p>
Potential risks	<p>Attractiveness of the positions at the Agency was significantly downgraded due to the reduction of the correction coefficient for Slovenia. Due to that fact the package offered by the Agency did not appear competitive against the industry standards, a high number of applications came from lower qualified or junior candidates. In addition, some staff members left the Agency for other EU institutions by indicating that despite lower grades they receive higher salaries in other EU institutions, better reflecting the cost of living.</p> <p>Furthermore, the delay of fulfilment of the Seat Agreement's provisions by the Slovenian government to establish European School pushes the responsibility to put in place adequate solutions for schooling for children of staff members on the Agency.</p> <p>Moreover, the limited range of international education opportunities for children of prospective applicants and the difficulties of finding suitable employment for their spouses/partners, proved to be a major barrier in attracting suitably-qualified staff to Ljubljana.</p>
<b>Achievement of the target</b>	<p>In 2014 sixteen selection procedures were launched to meet the target of recruiting the additional resources. The overall recruitment target at the end of the year was 94.81%.</p> <p>100% of the eligible staff members took part in the 2014 annual appraisal exercise.</p>
Traffic light	

## 2.5 Assessment by management

In 2014 the Agency continued to further strengthen its existing tools, policies and procedures to manage, control and monitor the achievement of its strategic objectives and key milestones, and the efficient use of human and financial resources.

Considering the significant progress in the development of the Agency's functioning, and in particular:

- the upgrading of the planning, monitoring and reporting processes;
- the extension of the Agency's risk assessment process to cover the conflict of interest and fraud risks identification and management, and
- the efficiency of the Agency's control procedures,

the control environment in place is working and provides reasonable assurance that risks are considered and adequately controlled.

The newly introduced specific *ex-ante* controls provide reasonable assurance on the legality and regularity of the Agency's activities. They encompass the entire system of controls and checks performed on both the operational and financial activities. The Agency's financial management was strengthened following the established guidelines for major processes and clear definition of the roles and responsibilities in the financial workflow.

In addition, stricter management supervision was performed through regular reviews of the Work Programme implementation, including the risk assessment and the definition of preventive measures.

The management met on a monthly basis and discussed statutory deadlines and requirements, internal processes and operational milestones, including the procurement action plan, HR statistics, budget monitoring, implementation and forecasts. The outcomes of these meetings were recorded and actions followed-up.

The *ex-ante* controls were complemented by regular performance of *ex-post* checks and controls on financial and operational activities. The results from 2014 *ex-post* controls on financial transactions resulted in very few remarks of minor importance, and no remarks nor recommendations following the *ex-post* control on the sample taken towards the year-end. This was a good indication of the improvement in the 2014 performance compared to previous years.

The above controls and supervisory checks provided no evidence of significant and/or repetitive errors in the reporting by the Agency departments, reporting on budget execution and on human resources, as well on the key performance indicators. Monitoring reviews showed no instances of inadequate or ineffective controls that exposed the Agency to key risks.

Based on the results achieved in 2014 and the assurance received by the external and internal audits, and considering major developments in the Agency's tasks and responsibilities, affecting both its operational structure and resources, it can be concluded that the control system provided reasonable assurance to the authorising officer and the authorising officers by delegation in their areas of responsibility.

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

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



## 2.7 Other administrative tasks

### 2.7.1 The Agency's premises

The Agency is currently renting office premises, located at Trg republike 3, 1000 Ljubljana, Slovenia, for a period of five (5) years, starting 1 February 2014 till 31 January 2019, with a possibility for an extension for an additional period of up to five (5) years. The building is located in the city centre next to the National Assembly and the Slovenian cultural and congress centre Cankarjev dom. The Ministry of Foreign Affairs, Ministry of Finance, the Presidential Palace and the Prime Minister Office are all in the immediate vicinity.

The premises are owned by CEEREF NALOŽBE, real-estate and construction projects, d.o.o., Dunajska cesta 9, 1000 Ljubljana, Slovenia.


The total surface area of the building (above and below ground level) is 16,990 m<sup>2</sup>. It has 17 floors above ground level and 2 floors below ground level. The building is also occupied by other tenants (the Agency is not a sole occupant) which include a number of embassies, private companies, notary, and a branch of a bank. The building also provides conference rooms, canteen and a coffee shop. There are no shops in the building.

Under the current rental contract the Agency is renting 2,871.22 m<sup>2</sup> which includes a net area for offices measuring 2,670.50 m<sup>2</sup> and space in the basement measuring 200.72 m<sup>2</sup>. The percentage of capacity usage is 100 %.

The rental contract includes all running costs such as electricity, security, cleaning, sewerage and refuse collection, charges for water, heating and cooling, maintenance, maintenance of the environment etc.

In 2014 the Agency also maintained its liaison office in Brussels with two staff members (one temporary agent (TA) and one "cost-free" seconded national expert (SNE) assigned to it. The office is hosted in the premises made available, free of charge, by the CEER, as a contribution in kind to the working of the Agency. CEER also provided secretarial support to the Agency's activities in Brussels. The IT and information resources are shared with the liaison office, which makes it an integral part of the Agency's structure.

Activity	Premises and facility management
<b>Work programme objective</b>	In 2012 the Agency launched a procurement procedure for the selection of permanent premises.  The procedure resulted in selection of the same premises, as occupied by the Agency at the time. Additional office space was foreseen to be rented to accommodate any further needs for office


	<p>space and meeting rooms in view of the Agency's growing staff.</p> <p>The removals planned to occupy the additional office space were finalised in early 2014.</p> <p>The Agency already had had most of the furniture and appliances for its daily activities. Due to additional office space and meeting rooms capacity and due to the additional activities foreseen under REMIT a procurement procedure for additional furniture was planned in the first half of 2014.</p>
Targets and deadlines (indicative)	<p>Successfully move to its permanent premises in Ljubljana by 1 February 2014 (subject to the timely finalisation of the procurement procedure as well as timely completion of the fitting-out of the premises).</p> <p>Finalise the procurement procedure in view of the delivery of additional equipment required for the new premises by 1 June 2014, or, in the case of equipment required by additional staff being recruited by the Agency, by the time such staff joins the Agency.</p> <p>Finalise the procurement procedure(s) for additional facility management related services that are needed in the new premises by 1 April 2014.</p>
Performance indicators	<p>New premises occupied by 1 February 2014.</p> <p>Delivery of additional equipment required for the new premises as well as all related services needed for the normal functioning of the new premises in place by 1 August 2014, or, in the case of equipment required by additional staff being recruited by the Agency later in the year, by the time such staff joins the Agency.</p>
Risk assessment	<p>Unforeseen delays in the finalisation of the procurement procedure for the Agency's permanent premises, which might result in delays in the removal of the Agency.</p> <p>Unforeseen delays in the fitting-out of the Agency's permanent premises, which might result in delays in the removal of the Agency. Delay in the related tenders and arrangements for additional furniture, appliances, IT infrastructure and related services.</p>
<b>Achievement of the target</b>	<p>The procurement procedure was successfully completed on time. As the same tenant won the tender, the Agency staff remained in the same premises. The removals to occupy extra space took place in February 2014. The Agency joined the framework contract of the European Commission /OIB for delivery of any additional equipment/furniture.</p>
KPI status	

## 2.7.2 ICT Infrastructure

Maintenance support and further development of the IT infrastructure, as well as ensuring that the IT systems worked effectively were the priorities for 2014. New users, in view of the occupation of the additional office space in 2014, had to be accommodated and the Agency's business continuity in performing its tasks and duties without significant interruption of the ICT services ensured.

Additionally, the additional IT services, ensuring their functioning in line with the European Commission standards, were set-up. In 2014 the Agency followed-up and implemented the recommendations of the IAS resulting from the IAS 2013 audit.

Activity	ICT Development
<b>Work programme objective</b>	<p>In 2014 the Agency had to ensure the continuity of ICT services and the security of information in view of the occupation of the additional office space acquired by the Agency in 2013.</p> <p>Further developments and acquisition of applications and services took place to cover the Agency's departments' needs and the maintenance or renewal of the existing ones: as the Agency's departments were reinforced, their needs for ICT services and products also increased.</p> <p>In 2014 the Agency entered its fourth year of operation; since the retention period for ICT equipment was set to four years, the ICT software and hardware infrastructure had to be upgraded or renewed.</p>
<b>Targets and deadlines (indicative)</b>	<p>Perform the transition of the ICT infrastructure from the old to the new premises whilst ensuring an acceptable level of business continuity and within the time frame indicated by the Agency's needs.</p> <p>Follow and implement the recommendations of the IAS that took place in 2013.</p> <p>Ensure the further development and acquisition of applications and services to cover the Agency's departments' needs and the maintenance or renewal of those already in place.</p> <p>Where needed, upgrade or renew the ICT equipment, software and hardware infrastructure of the Agency.</p>
<b>Performance indicators</b>	<p>Successful transition of the ICT infrastructure from the old to the new premises, within the time frame indicated by the Agency's needs.</p> <p>Implementation of the most important recommendations of the IAS in 2013 according to the agreed Action Plan.</p> <p>Further development and acquisition of new applications, maintenance or renewal of the existing ones in order to cover the</p>

	<p>Agency's departments' needs in 2014.</p> <p>Accurate identification of ICT equipment to be upgraded / renewed and successful integration of the new equipment.</p>
Potential risks	<p>Short time-frame between the delivery of the new premises and the date for execution of the removal; potential problems with the new building's existing infrastructure to be used for ICT purposes.</p> <p>IT Team internal resources availability and adequate staffing.</p> <p>Having in place the necessary contracts that will enable the ordering of the software/hardware and IT services needed.</p> <p>Budget availability, possible problems with integration of new ICT equipment, hardware/software with existing ones.</p>
<b>Achievement of the target</b>	<p>The Agency effectively ensured the extension of the ICT network and IT services to the newly occupied office space, as well as ensured a smooth removal of the equipment for staff occupying new offices.</p> <p>The recommendations from the 2013 IAS visit were addressed in a timely manner and closed by the IAS.</p> <p>The development and acquisition of applications and services to cover the Agency's departments' needs and the maintenance or renewal of those already in place were performed in line with the ICT Action Plan and needs assessment.</p> <p>ICT equipment, software and hardware infrastructure of the Agency were renewed or upgraded, as necessary.</p>
KPI status	

## 2.8 Assessment of audit results during the reporting year

### 2.8.1 Internal Audit Service (IAS)

In 2014 the IAS carried out an audit on the topic "Development of Framework Guidelines and Opinion on Network Codes", as foreseen in the IAS Strategic Audit Plan<sup>4</sup> for the Agency for 2013-2015. The objective of this audit was to assess whether the management and control systems set up by the Agency in cooperation with the NRAs ensured that the Framework Guidelines and the Opinions on NCs were prepared in an efficient and effective manner.

The scope of the audit covered the following four sub-processes<sup>5</sup> of the Development of Framework Guidelines and Opinion on NCs:

<sup>4</sup> IAS Strategic Audit Plan 2013-2015 for the Agency, 2 May 2012.

<sup>5</sup> With a focus on sub-processes 2 and 4.

*Sub-process 1:* Scoping of the Framework Guidelines;  
*Sub-process 2:* Preparation of the Framework Guidelines;  
*Sub-process 3:* Preparation of the Network Codes by the ENTSOs and the interactions with the Agency;  
*Sub-process 4:* The Agency's review of the Network Codes.

In particular, the audit assessed how the Agency's management ensures:

- the Agency's compliance with the legal deadlines for the FG preparation and for the opinion on NC;
- the efficiency of the internal working practices;
- the effectiveness of the internal working practices;
- the stakeholders consultations for both (i) the development of the FG and (ii) the opinion on NC are properly executed (i.e. well announced and organised, stakeholders' feedback adequately taken on board, etc.).

### **Audit Opinion**

Based on the results of the audit the IAS concluded that overall the process of developing FG and Opinions on NC was managed effectively. The IAS based this conclusion on the fact that the legal deadlines were met, by making note of the proactive approach to the scoping of FG, as well as by the continuous improvement of the process of FG and Opinions on NC development.

The IAS also identified areas for improvement and provided 6 recommendations (5 rated as Important and 1 rated as Very Important) on ways to improve the audited processes. The IAS findings, recommendations and the implementation of the Agency's follow-up action plan are described in Section 2.9.1.

## **2.8.2 European Court of Auditors (ECA)**

In March 2014 ECA carried out an audit on the 2013 annual accounts. 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.

As a result of the audit, ECA considered that the Agency's annual accounts presented fairly, in all material respects, taking into consideration its financial position on 31 December 2013 and the results of its operations and its cash flows for 2013, were in accordance with the provisions of its Financial Regulation and the accounting rules adopted by the European Commission's accounting officer.

### **Opinion on the legality and regularity of the transactions**

In the Court's opinion, the transactions underlying the annual accounts for the year that ended on 31 December 2013 were legal and regular in all material respects.

The audit on the 2013 annual accounts resulted in 3 comments, issued by ECA in its Report<sup>6</sup>. The comments, described under Section 2.9.2., do not call the Court's opinion in question.

A second audit visit was performed by ECA from 21-23 October 2014 regarding an audit in the field of „Security of Energy Supply“. The aim of the audit was to assess the effectiveness of EU measures

<sup>6</sup> [http://www.eca.europa.eu/Lists/ECADocuments/ACER\\_2013/ACER\\_2013\\_EN.pdf](http://www.eca.europa.eu/Lists/ECADocuments/ACER_2013/ACER_2013_EN.pdf), page 5.

(policy framework and funding) in establishing the IEM and financing energy infrastructure (gas and electricity interconnectors) in order to improve security of energy supply (SES). It also aimed at verifying whether the EU institutions and the Member States ensured proper and continuous functioning of the IEM, and whether the set-up and implementation of infrastructure programmes co-financed by the EU supported the functioning of the IEM and thereby improved the SES.

A Fact Clearing Letter<sup>7</sup> has been communicated by ECA to the Agency, summarising the facts obtained during the audit visit. The letter describes the main operational activities of the Agency, the key stakeholders, the main deliverables, etc. It presents the challenges and considerations of the Agency in view of the implementation of REMIT and the infrastructure and market monitoring tasks. No findings or recommendations have been issued in the letter.

The ECA Final Report on the results from the performance audit will be issued later in 2015 and reported in next year's annual activity report.

### **Audit of the 2014 annual accounts**

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The audit on the 2014 annual accounts took place in February 2015. ECA audited the legality and regularity of the transactions underlying the accounts whereas the reliability of the accounts was has been audited in March 2015 by an external audit firm contracted by the Agency, the work of which has been reviewed by ECA. This resulted in 3 No observations or recommendations have been issued by the external auditors. Three findings and related recommendations were issued by ECA highlighting the fact that the high level of appropriation carried over into the following financial year related mainly to the REMIT project and delays in the approval of the Implementing Regulation for this project as well as the absence of an European School in Slovenia four years after the Agency signed the Seat Agreement envisaging the European school set-up was founded... The Agency prepared and transmitted its replies to the findings. The ECA's Report on the Agency's 2014 accounts will be made available later in 2015 and reported in next year's annual activity report.

As a result, ECA issued its preliminary observations with a view to a report on the annual accounts of the Agency<sup>8</sup>. The preliminary observations present that in the Court's opinion, the Agency's annual accounts present fairly, in all material respects, its financial position as at 31 December 2014 and the results of its operations and its cash flows for 2014. Furthermore, in the Court's opinion, the transactions underlying the annual accounts for the year ended 31 December 2014 are legal and regular in all material respects.

All recommendations from previous years were have been marked as completed in the preliminary observations.

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

### 2.9.1 Recommendations issued by the IAS

The 2014 IAS audit resulted in four observations and six recommendations (one rated as Very Important and five rated as Important). The observations and recommendations were formulated as follows:

- |   |  |
|---|--|
| A. Agency's role and internal organisation of the FG/NC process | <i>Rec. 1 Clarify roles and responsibilities and improve project management in the FG/NC process (Very Important)</i><br><i>Rec.2 Reconsider the formal role of the Agency in the WGs and project groups (Important)</i> |
|---|--|

<sup>7</sup> Reference: PF 6854, 17 December 2014

<sup>8</sup> Adopted by chamber IV at its meeting of 28 April 2015.

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	<i>Rec. 3 Increase the number of NRAs involved and clarify roles and expectations of the FG/NC process 'participants (Important)</i>
B. Hierarchical organisation of the electricity domain	<i>Rec. 4 Optimise the hierarchical set-up in the electricity domain (Important)</i>
C. Changes of texts agreed at WG level	<i>Rec. 5 Incorporate the Agency's view early in the FG/NC preparation process (Important)</i>
D. Exchange of experience between the Agency's departments	<i>Rec. 6 Ensure regular exchange of FG/NC process experiences and practices between the Gas and Electricity departments (Important)</i>

The Agency acknowledged the observations and respective recommendations and devised an action plan for their implementation. It was endorsed by the IAS with a view to adequately address and mitigate the risks. The action plan is currently being implemented as planned (with two recommendations closed and remaining actions to be implemented and reported by the end of 2016), with no delays.

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

In 2014, the Agency completed the implementation of the 10 out of the 11 recommendations, issued after the IAS 2013 audit visit. ~~All recommendations were implemented and reported on time.~~ At present, all 10 recommendations have been closed and ~~4~~ the following recommendation is marked as partially implemented and remains open, to be completed ~~by Q2~~ in 2015:-

- Recommendation 11 (Important) – Reinforce operational and budget implementation monitoring. Remaining action (implemented and pending approval of the IAS): Alignment of the approaches of KPI and PI monitoring and reporting in individual departments, in order to improve the reporting package for monitoring of the operational activities at department level.

No critical recommendations were received in 2013, neither in 2014.

## **2.9.2 Recommendations issued by the ECA**

ECA issued a positive opinion on the reliability of the 2013 accounts and on the legality and regularity of the transactions underlying the accounts. Its report contained three specific comments: two on budgetary management (the amount of carried-over appropriations related to the implementation of REMIT - a shortcoming which was rectified in subsequent commitment appropriations) and to the amounts in cash at year-end (related to the late budget amendment in 2013). The Agency took note of these findings and related recommendations, and undertook appropriate measures to address them.

#### **Follow-up of earlier recommendations**

All recommendations received in 2013 with regards the 2012 annual accounts were implemented by the Agency. Three recommendations were closed, two are still open. The documentation to close the latter was sent to ECA and is expected to appear in the next ECA report.

## 2.10 Follow up of observations from the discharge authority

ECA made three comments with regards to the Agency's 2013 annual accounts, all of which were followed-up and implemented by the Agency. In its ~~draft~~ Report on the <Titre> discharge in respect to the implementation of the budget for the financial year 2013<sup>9</sup>, the discharge authority made no further recommendations to the Agency.

The following actions were implemented in 2014 and reported to the discharge authority with regards the 2012 discharge:

### </Titre>Budgetary and financial management

The Agency implemented a series of measures to improve the budget planning processes by developing and implementing a set of guidelines for the actors involved in budget planning, as well as by conducting regular exercises of appropriations consumption forecast and review, including monthly monitoring and reporting on budget implementation. The monitoring of appropriation consumption forecasts combined with the planned procurement resulted in a more efficient treasury management giving the Agency a better overview of its resources and consumption patterns.

### Recruitment procedures

Since October 2013, following the recommendation of ECA, the Agency ~~was~~ has been implementing a revised policy<sup>10</sup> on the recruitment procedures and the work of the Selection Panels (including specific conditions for interviews and written tests, as well as strict provisions to ensure the anonymity of candidates).

### Prevention and management of conflicts of interest

In 2014 the Agency reviewed its policy on the prevention and management of conflicts of interest on the basis of the European Commission's Guidelines on the Prevention and Management of Conflict of Interest in decentralised Agencies of December 2013. As a result of that review, the Agency drafted a new policy which was subject to the Agency's internal consultation process in the course of 2014 and was adopted by the AB on 30 January 2015<sup>11</sup>.

In line with the European Commission's guidelines, the policy was extended to members of the BoR. In line with the EP's observations, the CVs and declarations of interests of the BoR's members, the Director, senior management, as well as the CVs of the AB's and BoA's members were made publicly available on the Agency's website. The publication of CVs and declarations of interest was being addressed in the framework of the Agency's new Policy for the Prevention and Management of Conflicts of Interest.

<sup>9</sup> <RefProc>2014/2123</RefProc><RefTypeProc>(DEC); [28.1.30.03.2015.](http://www.europarl.europa.eu/sides/getdoc.do?pubref=-//EP//TEXT+TA+P8-TA-2015-0131+0+DOC+XML+V0//EN)  
[HTTP://WWW.EUROPARL.EUROPA.EU/SIDES/GETDOC.DO?PUBREF=-//EP//TEXT+TA+P8-TA-2015-0131+0+DOC+XML+V0//EN](http://www.europarl.europa.eu/sides/getdoc.do?pubref=-//EP//TEXT+TA+P8-TA-2015-0131+0+DOC+XML+V0//EN)</RefTypeProc>

<sup>10</sup> Director Decision 2014-06 of 4 April 2014 "Guidelines on recruitment procedures and work of the Selection Committees for the Selection of Temporary Staff and Contract Staff".

<sup>11</sup> Decision AB 02/2015 of 30 January 2015.

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## Part 2 (b) External Evaluations

Article 34(1) of the Regulation (EC) No 713/2009 establishing the Agency, stipulates that the European Commission carries out an evaluation on the activities of the Agency. The evaluation covers the results achieved by the Agency and its working methods, in relation with its objective, mandate and tasks and in its annual work programmes. It is based on extensive consultation. The European Commission submits the evaluation to the Agency's BoR. The BoR issues recommendations regarding changes to this Regulation, the Agency and its working methods to the European Commission, which may forward those recommendations, together with its own opinion as well as any appropriate proposal, to the European Parliament and the Council.

The European Commission issued its first evaluation on the Agency's activities on 22 January 2014 after it carried out a public consultation from 18 June 2013 to 18 September 2013 where it received 16 responses. As the Agency formally assumed its role and responsibilities on 3 March 2011, the European Commission's assessment mainly focused on the period from March 2011 to November 2013. The Recommendations of the BoR were adopted and released on 19 February 2014.

A key element of the European Commission's Evaluation Report and of the BoR Recommendations was the recognition of the Agency becoming a credible and respected institution and of the efficient, effective and timely conduct of its tasks. Going forward, the European Commission encouraged the Agency to further strengthen its regulatory control over the ENTSOs, and to play an active role as an arbiter when NRAs disagree or adopt incompatible approaches on cross-border issues, which impede a smooth functioning of the IEM.

The European Commission welcomed the positive contribution made by the NRAs whilst encouraged some of them to take a more active role in the valuable work undertaken by the Agency' Working Groups. Also, as they gain experience, the Agency's staff could play a more prominent role in its Working Groups. As regards the Agency's communication and transparency, the European Commission noted positive results of the public consultations, however in terms of potential improvements it recommended that the Agency's website needed to become more informative and user-friendly. The BoR Recommendations highlighted that the Agency was essential for further strengthening the cooperation and coordination across national borders, including through its working arrangements, for introducing effective regulatory oversight at EU level, and for supporting the emergence of a pan-EU perspective and the continuation of a cooperative European culture between the NRAs themselves in order to develop the IEM.

## Part 3 Assessment of the effectiveness of the internal control systems

### 3.1 Risk Management

#### Overall management of risks

Besides the standard risks inherent to the Agency's operations and addressed also through the Internal Control Standards, the Agency's reporting framework ensured that management was aware and followed closely the achievement of the objectives set for 2014. At the regular coordination and

management meetings the results achieved and deadlines met in relation to the objectives and the related tasks and deliverables were monitored through the Agency's traffic lights system.

In line with one of the recommendations received from the Internal Audit Service, the Agency upgraded its monitoring tool to include follow-up actions in cases of identified delays or underperformance. These actions were regularly discussed at specifically dedicated bilateral discussions between the heads of departments and the Director, as well as at the management meetings on a quarterly basis.

At the same time the Agency reviewed its system of Key Performance Indicators (KPIs), by which it introduced a distinction between performance indicators and KPIs intended to give management a clearer indication of whether the Agency's overall objectives were being met. The new system will be applied in 2015, within the new structure of the Agency's Work Programme, which was prepared in line with the Single Programming Document for Agencies due to become mandatory in the coming years.

The Agency's 2014 Work Programme outlined the activities and deliverables that contributed to the set objectives. A comprehensive set of processes was used to monitor and report on the Work Programme and human and financial resources. Both management and staff in key functions were involved in the 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 weekly reports providing an overview on both commitments and payments.

The activities and tasks foreseen in the Work Programme 2014 were planned on the basis of the draft budget approved by the AB in early 2013. However a considerable share of human resources foreseen in the Work Programme were not made available to the Agency in the framework of the budgetary procedure. In early 2014 the Agency therefore reviewed its Work Programme, with a number of activities being deprioritised, thus aligning the foreseen activities to the available human resources.

#### **Risk Register – critical risks in 2014**

The Agency's annual risk assessment exercise for 2014 covered its operational, legal and administrative areas of activity. The aim of the Risk Register compiled as a result of the risk assessment was to identify possible critical risks, assess their likelihood and impact on the achievement of the Agency's objectives, and determine the Agency's response to eliminate or mitigate the potential negative effects.

As a result of the exercise, management identified five main risks considered to be both likely and with a potential significant impact over the Agency activities. These risks related to:

1. The implementation of REMIT

In 2014 the Agency continued its activities for the full implementation of REMIT. These depended on the progress made in 2013 with respect to the market participants' registration process and the development of the data collection and monitoring systems. The Agency estimated that in 2013 these activities would require an investment in IT infrastructure in the order of € 3 million. However, the budget for 2013 envisaged financial resources for the Agency supporting investment in IT systems in the order of € 110,000. At the time in which the 2014 Work Programme was planned the additional

financial resources were not yet available to the Agency, putting at risk the fulfilment of the activities foreseen in the Work Programme.

On 29 October 2013 the Agency received the additional funds through a transfer from DG Energy and was able, albeit with a modified schedule of activities, to implement its 2014 Work Programme. As foreseen in the Risk Register, the limited human resources foreseen in the Agency's approved staffing plan remained a problem, which was partly overcome also thanks to the fact that the adoption of the REMIT Implementing Acts was delayed to the end of the year and through the aforementioned revision of the Work Programme.

## 2. The TEN-E Regulation

In 2014 the Agency was called to perform activities assigned to it by the TEN-E Regulation, which entered into force in mid-2013. The Agency had assessed that the additional activities envisaged for the Agency, mainly in the area of the selection of PCIs, would require additional 12-14 expert staff members, ~~but~~ only 5 of them were authorised. With the revision of the Work Programme a partial reprioritisation of activities took place, mitigating the effects of the lack of additional human resources.

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

The main risks stemmed from the unavailability of data (for network access monitoring) and the potential unreliability of national data on retail markets from different sources, as well as the consistency of data sources.

## 4. Framework Guidelines, Opinions on Network Codes, Recommendations, Decisions

The process for the preparation of Framework Guidelines and Reasoned Opinions on Network Codes is subject to the risk linked to the availability and engagement of experts from the NRAs. Given the limited resources of the Agency, the process heavily involves experts from the NRAs contributing to the Agency Working Groups on an entirely voluntary basis.

## 5. Relocation to final premises

Following the unsuccessful tender for the selection of the Agency's permanent premises in Ljubljana, in 2012 and the selection of the Agency's final premises in 2013, the Agency completed its relocation in early 2014. Thanks to the mitigating measures taken, the relocation did not negatively impact the Agency's work process and attainment of objectives.

The above risks were successfully managed in the course of the year. The risk related to the implementation of REMIT proved to be, as expected, the major threat to the implementation of the Agency's objectives.

### **Other risk assessment exercises**

Striving to address recommendations of the European Court of Auditors and the Internal Audit Service, the Agency ran two additional risk assessment exercises: prior to the development of the policy on the prevention and management of conflicts of interest and the drafting of the Agency's Anti-Fraud Strategy 2015-2017. From the risk assessment on conflicts of interest, it emerged in particular that a major upgrading of the Agency's policy was necessary and, as a consequence, a new Policy was elaborated to address risks of Conflicts of Interest affecting the Agency's work and reputation.

## 3.2 Compliance and effectiveness of Internal Control Standards

Since its official establishment in 2011, and in pace with the growth of the tasks assigned to it, the Agency progressively developed and implemented a series of internal measures to ensure that its activities are controlled effectively and that they provide reasonable assurance with regards to the achievement of objectives.

This is ensured in particular by the established internal control system<sup>12</sup> that aims to provide assurance on the effectiveness and efficiency of the operational activities, as well as to meet all legal and regulatory requirements, to ensure that financial and management reporting is reliable and that assets and information are safeguarded.

To that end, a set of 16 Internal Control Standards (ICS) and minimum requirements, defining the Agency's internal control environment, were implemented. These control standards were structured around the following 6 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;
6. Evaluation and Audit.

Whereas compliance with the minimum requirements of the ICS in place was achieved, the Agency's Internal Control Framework was constantly monitored to ensure that the controls in place not only worked effectively, but that they drove performance towards continuous improvement.

To ensure that in 2014 the Agency continued to further strengthen the internal controls, specific ICS in key areas were prioritised. Furthermore, the Agency continued taking into account the recommendations from internal and external audits and assessments in order to improve the Agency's control environment.

An overview of the key implemented specific actions, which add to the continuous development of the Agency's ICS Framework, is provided below.

### **ICS 2: Ethical and Organisational Values**

The Agency made significant progress towards ensuring full compliance with the revised requirements of the EC ICS.

In the course of 2014 it developed and adopted a number of internal policies and instructions, formulating a comprehensive step towards the strengthening of the Agency's integrity package. Those include:

#### **(1) Policy on the Prevention and Management of Conflict of Interest**

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<sup>12</sup> Established by the AB with Decision AB n° 08/2011 on the Adoption of Internal Control Standards and, and revised with AB Decision No 10/2012.

As described under Section 2.10. above, in order to facilitate the prevention and management of conflict of interest, in the course of 2014 the Agency developed a comprehensive, fully-fledged Policy for the prevention and management of conflicts of interest, which substituted the Agency's existing guidelines. The policy followed the European Commission's Guidelines on the Prevention and Management of Conflict of Interest in decentralised Agencies of December 2013, went through an extensive internal consultation process and was adopted by the AB on 30 January 2015.

## **(2) Fraud and irregularities**

In order to ensure a proactive approach towards fraud risk management, the Agency introduced a number of tools and control systems to reduce potential fraud risks and to create an Agency environment that discourages any fraudulent behaviour. A comprehensive Anti-fraud Strategy, valid for the period of 2015-2017, together with an action plan for its implementation, was developed and adopted by the AB in December 2014. It supported the Agency's commitment to take strong measures to address and mitigate any fraud, corruption and other illegal activity affecting the financial interests of the European Union.

## **(3) Whistleblowing**

In order to detect and investigate any serious concerns about fraud, corruption or other serious wrongdoing, and to take appropriate actions to protect its assets, integrity and reputation, in December 2014 the AB adopted internal rules on whistleblowing.

The rules aim to encourage staff to report concerns, while providing assurance for their own position, which will facilitate the detection of any potential or actual instances of fraud, corruption and serious irregularities. The guidelines further strengthened the Agency's overall policy towards ethics and professional conduct.

## **ICS 3: Staff Allocation and Mobility**

### **(1) Policy on the recruitment procedures and the work of the Selection Committees**

Following the recommendations of the ECA, in 2014 the Agency adopted its revised policy on recruitment procedures and the work of the Selection Panels. The policy, implemented since October 2013, ensured a step forward the Agency's commitment in transparency and equal treatment in the staff engagement.

## **ICS 4: Staff Evaluation and Development**

### **(1) Personal Initiative Training**

In order to further facilitate training and to better address personal training needs, in 2014 the Agency took a decision to grant, under certain conditions, additional financial support towards participation of individual staff members and SNEs in training activities offered by external providers.

The decision was formalised by Director's Decision 04/2015 on the Policy and procedure for personal initiative training, which extended the scope of possible routes for personal development and training and became part of the Learning and Development Framework at the Agency.

Going forward, in 2014 the Agency also updated and adopted the 2014 Learning and Development Framework, which provides direction for the needs for professional and personal development of all staff members and contributes significantly to an efficient HR policy.

## **(2) PM2 methodology - training offered to staff**

In the course of 2014 the Agency provided a comprehensive training on PM<sup>2</sup>@EC - the European Commission's official Project Management Methodology for all Project Managers and IT staff of the Agency. The course covered all aspects of the PM<sup>2</sup> methodology, the governance framework and project roles, best practices, project planning, project logs and project reports. The training accommodated the Agency's project management methodologies, using a single methodology, with the aim to ensure coherence in the management of projects and to facilitate the effective contribution of the project team.

## **ICS 10: Business Continuity**

### **(1) Disaster Recovery Site (DSR) project**

A major step towards ensuring business continuity of the Agency's activities, and in particular the ability of the Agency to continue its critical operations and to use the standard ICT services, was achieved by the accomplishment of the Disaster Recovery Site project in 2014. The project was accomplished to mirror the ICT infrastructure hosted in the Agency's data center in Ljubljana to a remote data center outside Ljubljana. In the case of a natural disaster happening in Ljubljana's data center (i.e. fire, flood, earthquake etc.) or a serious problem (i.e. power failure, or any other extensive failure that could cause damages to critical ICT systems), the Agency would be able to resume its normal operation and use the standard ICT services and stored data from the remote site located outside Ljubljana.

## **ICS 12: Information and Communication**

### **(1) The Agency's Communication Strategy 2014-2015**

The first communication strategy was adopted in 2014 with the aim to assist the Agency in fulfilling its overall mission and objectives through effective communication. It outlined key communication objectives, target audiences the Agency aimed to reach and key messages it strived to communicate with in the period 2014-2015.

The strategy supports the Agency's objectives to increase transparency of its activities, enhance visibility vis-à-vis target audiences and to ensure a two-way communication through regular feedback, while presenting the Agency as an independent, credible, transparent, service-oriented and efficient expert EU body in energy regulation.

## **ICS 15: Assessment of ICS**

### **(1) Guidance on the assessment of the effectiveness of the ICS**

In order to further support and strengthen the objective assessment of the effectiveness of the ICS, introduced by the Agency, and to identify areas where weaknesses exist and where controls should be

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strengthened, in 2014 the Agency developed internal guidelines to be followed when assessing the effectiveness of the ICS. The guidelines establish specific requirements and information sources to be used when assessing and verifying the effectiveness of the ICS as presented in the Agency's annual activity reports. The guidelines, subject to management approval in 2015, will be applied regularly, and as a minimum once per year in the framework of the annual activity report, to contribute to the assurance, provided by the Authorising officer in the Declaration of Assurance.

## Conclusions

In 2014 the Agency continued to implement a comprehensive system of internal controls, performance and results-oriented management embedding risk management and ensuring a proportional approach to compliance and effectiveness of internal procedures and systems. The annual review of the ICS and the risk assessment exercise of the Agency generate assurance on the correct functioning of the systems in place, verify results, identify potential concerns and support corrective action planning.

Following a review of the implementation of the ICS, the Agency considers itself compliant with the minimum requirements underlying each control standard. Nevertheless, it works constantly towards ensuring that the introduced controls work effectively and that they contribute to the achievement of objectives. The specific actions implemented and the controls introduced under each of the prioritised ICS key areas in 2014, as described above, proved to work efficiently and to contributed to the Agency's commitment to continuous improvement.

Additionally, in continuation of the good results achieved in previous years, no significant or material weaknesses of the Agency ICS became evident in 2014. The results of the ICS status review provide reasonable assurance for a positive assessment on the level of compliance with all ICS and on the organisational performance. Taking into consideration the main developments which took place, and in particular:

- introduction of a comprehensive integrity package;
- improved processes and procedures with regards staff allocation, mobility, evaluation and development;
- introduced provisions regarding business continuity and disaster recovery;
- adoption of a comprehensive communication strategy;
- results of the annual risk management process; and
- results of the financial, procurement and human resources management processes,

the ICS can be considered as providing reasonable assurance for controlling the risks related to the Agency performance on the achievement of objectives and to the objectives concerning staff, as well to safeguard assets and information.

## Part 4 Management assurance

### 4.1 Review of the elements supporting assurance

The building blocks of assurance, as described in Part II and Part III, underpin the reasonable assurance provided by the authorising officer in his Declaration of Assurance of the Annual Activity Report. The following main conclusions support the declaration of assurance:

## Building block 1: Assessment by Management

As presented above, the Agency developed and implements a comprehensive set of procedures and tools to prepare, manage, control and monitor its Work Programme progress and its human and financial resources.

Those encompass the whole set of *ex-ante* and *ex-post* controls, planning, monitoring and reporting tools, the control procedures performed by staff and the assurance provided by the internal, external audits and the evaluations performed on the Agency's activities.

Based on the facts presented in the previous sections, and in the light of the opinion expressed by ECA on the reliability of the accounts and on the legality and regularity of the transactions underlying the accounts, a conclusion can be drawn that the Agency has established a working environment where the risks are appropriately managed and where the internal control system works effectively and contributes 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 for the Agency) in order to maintain full compliance with the requirements of the 16 ICS, and to ensure the continuous achievement of the objectives of its Work Programmes (Single Programming Documents) in the years to come.

### Register of exceptions

Since 2011 the Agency has a procedure in place for registering exceptions. Its overall objective is to establish appropriate arrangements to ensure that any exceptional circumstances of significant instances of overriding controls or deviations from the established regulatory framework are well explained, registered and reported in accordance with the principle of transparency. An exception must be documented, justified and approved at the appropriate level before any action is taken.

In 2014 one exception was registered. The exception concerned a reimbursement of mission costs to a staff member at the amount of € 357.40. The reason for the exception was attributed to technical reasons (missing signature in the Agency's Mission management tool for approval of the mission, while the staff member received a confirmatory message, and post-signature in the tool by the AO) and the amount was considered as insignificant.

No procedural incidents were registered in 2014, which further adds to the provided assurance.

### Building block 2: Results from audits and external evaluations ~~Audit results~~ during the reporting year

Since its establishment, the Agency has not received any critical recommendations from the internal and external auditors. 2014 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 respective authority.

### External evaluation



As presented under Part 2 (b) of this Report, the European Commission issued its first evaluation of the Agency's activities on 22 January 2014<sup>13</sup>, following a public consultation from 18 June 2013 to 18 September 2013, where it received 16 replies. As the Agency assumed its role and responsibilities on 3 March 2011, the assessment mainly focused on the period from March 2011 to November 2013. The key elements of the Evaluation Report (the recognition of the Agency as a credible and respected institution; and the conclusion that its tasks have been carried out efficiently, effectively and in a timely manner) further add to the assurance provided by the authorising officer. The European Commission's Evaluation Report provides a generally positive assessment and perception of the Agency as a credible and respected institution playing a prominent role in the EU regulatory arena, and provides valuable feedback on areas for improvement.

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

The declaration of assurance of the authorising officer in the Annual Activity Report 2013 did not contain any reservations.

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

Not applicable.

## 4.2 Reservations (if applicable)

No reservations are to be made in the current Annual Activity Report.

## 4.3 Overall conclusions on assurance (where applicable)

~~Not applicable.~~

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<sup>13</sup> 22.1.2014 C (2014) 242 final.

## Part 5 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 here which could harm the interests of the Agency.

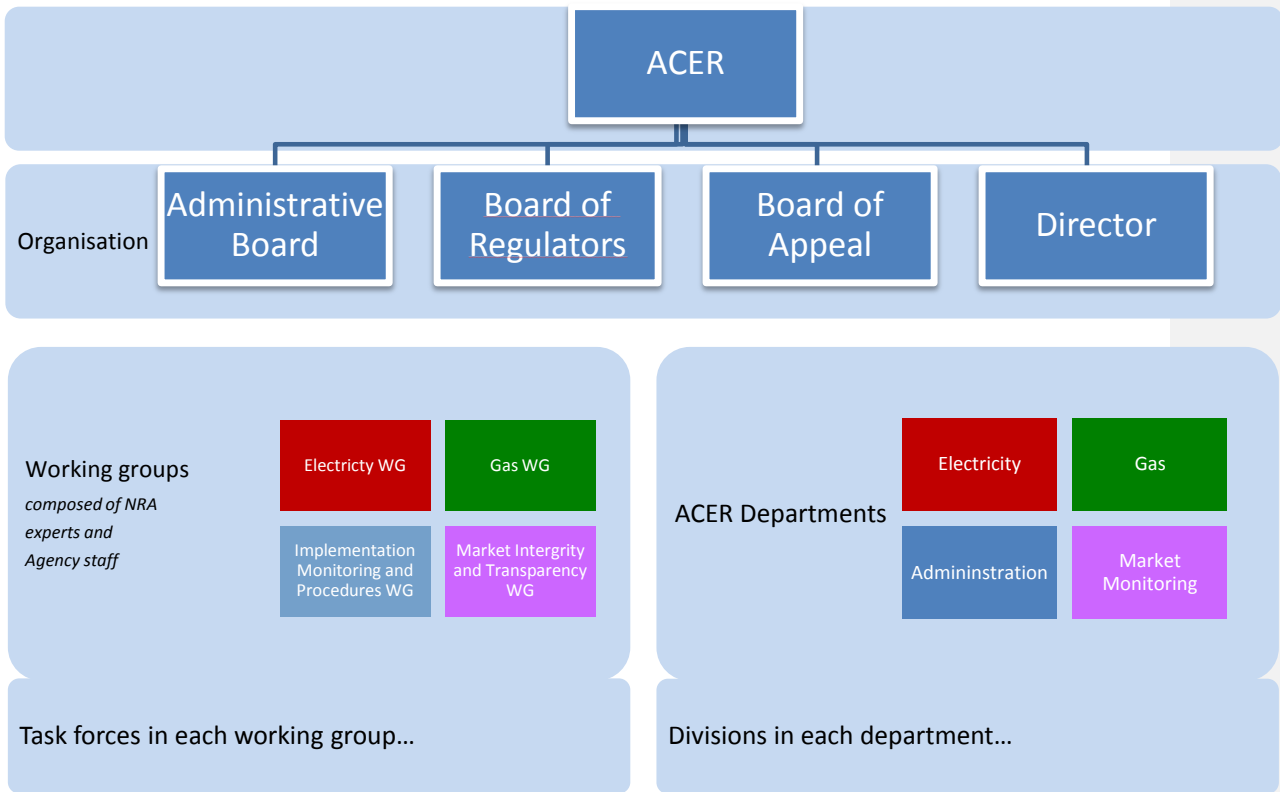
Ljubljana, June 2015

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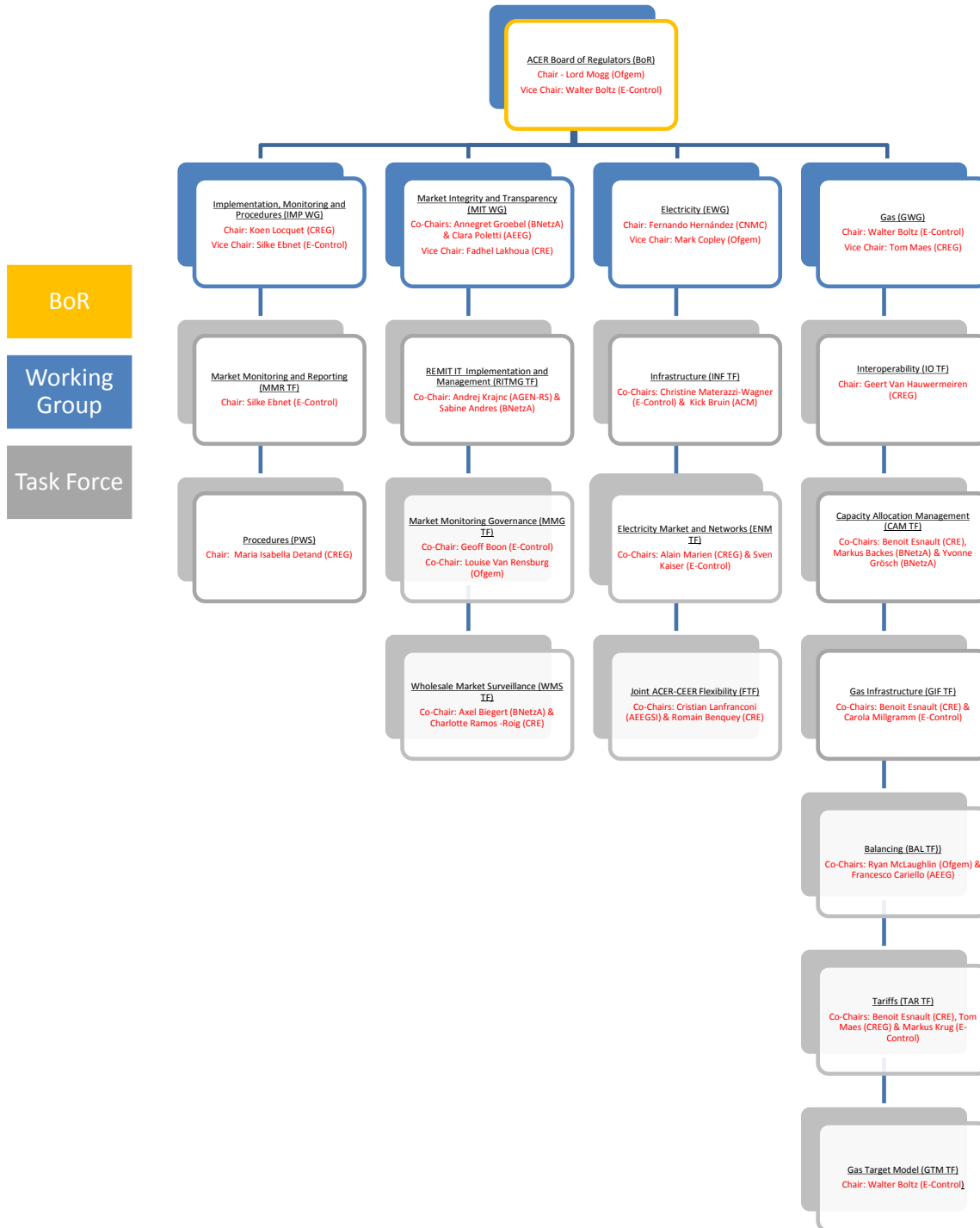
Alberto Pototschnig ▲

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## ANNEX I: The Agency's structure

# ANNEX II: AGENCY WORKING GROUPS AND TASK FORCES



## ANNEX III: Statistics on financial management

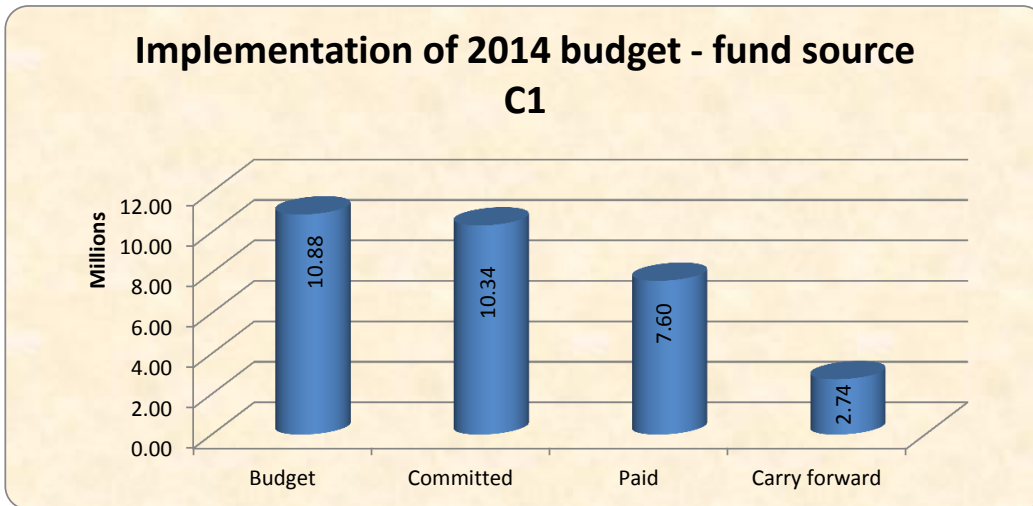
### Budgetary Outturn Account

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.

	<b>31 December 2014</b>	<b>31 December 2013</b>
	<b>€</b>	<b>€</b>
<b>INCOME</b>		
European Commission subsidy	10,880,000.00	11,930,220.00
Other income - assigned revenue	15,960.46	4,198.52
<b>TOTAL INCOME</b>	<b>10,895,960.46</b>	<b>11,934,418.52</b>
<b>EXPENSES</b>		
<b>Expenditure related to employees of the agency - Title I</b>		
Payments	5,181,457.00	4,762,240.75
Carry-forwards and carry-overs	182,356.44	102,093.10
<b>Agency's building and associated expenses - Title II</b>		
Payments	1,439,745.25	1,495,346.94
Carry-forwards and carry-overs	984,338.30	1,871,815.48
<b>Operational expenditure - Title III</b>		
Payments	977,784.41	304,246.59
Carry-forwards and carry-overs	1,569,815.11	3,101,094.17
<b>TOTAL EXPENSES</b>	<b>10,335,496.51</b>	<b>11,636,837.03</b>
Total appropriations not utilised	560,463.95	297,581.49
<b>BUDGETARY OUTTURN BEFORE SPECIAL ITEMS</b>	<b>560,463.95</b>	<b>297,581.49</b>
Cancelled carry-overs	148,844.07	118,814.39
Exchange rate differences	(756.01)	(472.10)
<b>BUDGETARY OUTTURN</b>	<b>708,552.01</b>	<b>415,923.78</b>
Interest generated by the end of the financial year to be returned to the European Commission	0.00	3,060.03
<b>Total to be returned to the European Commission</b>	<b>708,552.01</b>	<b>418,983.81</b>

The following table and chart present the budget implementation by fund source C1 (2014 budget):

	<b>31 December 2014 €</b>
<b>TITLE 1</b>	
Budget	5,804,191.00
Committed	5,363,813.44
Paid	5,181,457.00
Carry forward	182,356.44
Carry over	0.00
Total expenditure	5,363,813.44
Appropriations not utilized	440,377.56
Executed	92.41%
<b>TITLE 2</b>	
Budget	2,467,255.00
Committed	2,424,083.55
Paid	1,439,745.25
Carry forward	984,338.30
Carry over	0.00
Total expenditure	2,424,083.55
Appropriations not utilized	43,171.45
Executed	98.25%
<b>TITLE 3</b>	
Budget	2,608,554.00
Committed	2,547,599.52
Paid	977,784.41
Carry forward	1,569,815.11
Carry over	0.00
Total expenditure	2,547,599.52
Appropriations not utilized	60,954.48
Executed	97.66%
<b>TOTAL</b>	
Budget	10,880,000.00
Committed	10,335,496.51
Paid	7,598,986.66
Carry forward	2,736,509.85
Carry over	0.00
Total expenditure	10,335,496.51
Appropriations not utilized	544,503.49
Executed	<b>95.00%</b>



#### Title 1

During the financial year 2014 the budget allocated under Title 1 was implemented at a level of 92.41%. The slightly low level of implementation of commitment appropriations is a result of vacancy gaps during the year and the retrospective applications of:

- Regulation (EU) No 422/2014 of the European Parliament and of the Council of 16 April 2014 adjusting, with effect from 1 July 2011, the remuneration and pensions of officials and other servants of the European Union and the correction coefficients, and,
- Regulation (EU) No 423/2014 of the European Parliament and of the Council of 16 April 2014 adjusting, with effect from 1 July 2012, the remuneration and pensions of officials and other servants of the European Union and the correction coefficients.

The correction coefficients applied for Slovenia from these regulations resulted in budgetary savings.

#### Title 2

The Agency managed to finalise most of the tender procedures launched during the financial year 2014 and this resulted in a high implementation of the allocated budget under Title 2.

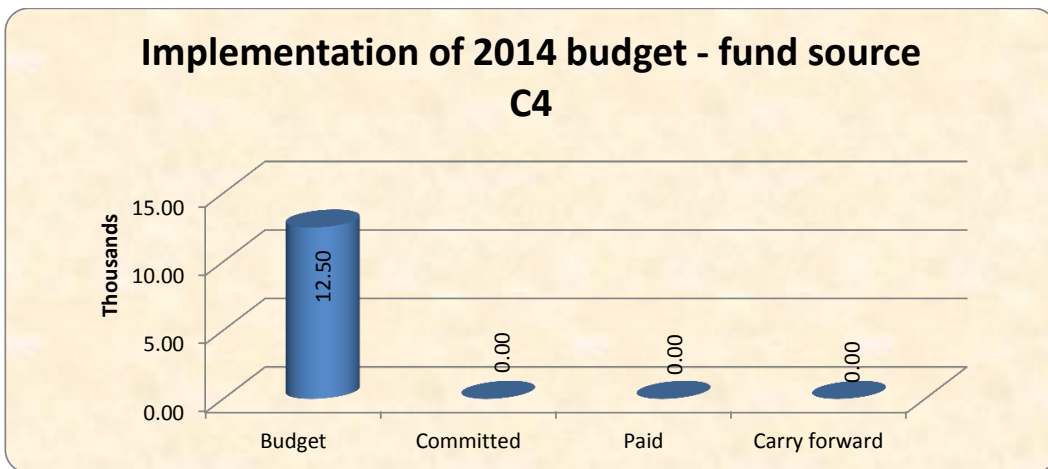
The renewal of a few large contracts that expired towards the end of the year led to a low implementation of the payment appropriations, resulting in the need to carry forward these funds into the following financial year.

#### 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 nature of the REMIT project that extends over several years, whereas the IT infrastructure and user licences needed to be contracted in advance to ensure a smooth transition to the go-live stage expected during 2015.

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

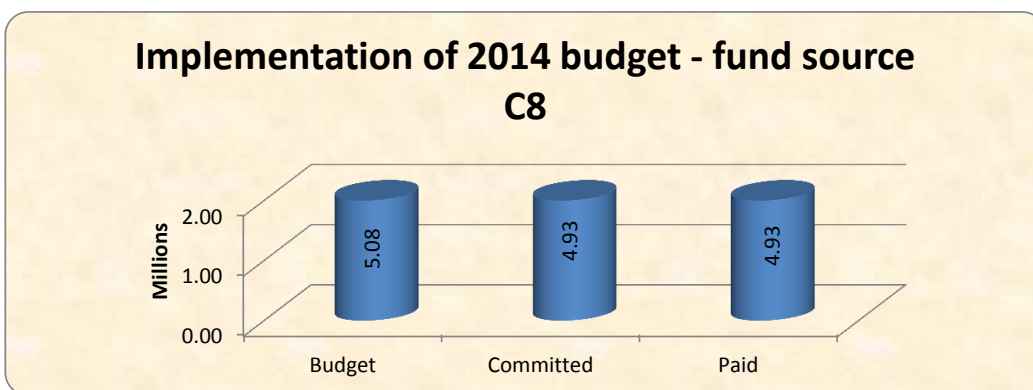
	<b>31 December 2014 €</b>
<b>TITLE 1</b>	
Budget	11,345.06
Appropriations not utilized	11,345.06
Executed	0.00%
<b>TITLE 2</b>	
Budget	1,151.23
Appropriations not utilized	1,151.23
Executed	0.00%





The following table and chart present the implementation of the appropriation carried forward from the year 2013 on fund source C8:

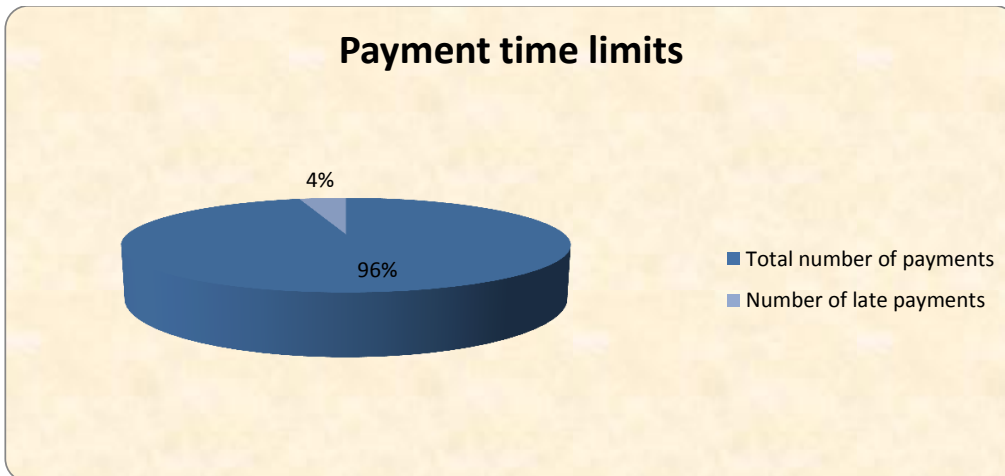
	<b>31 December 2014 €</b>
<b>TITLE 1</b>	
Budget	102,093.10
Committed	81,861.27
Paid	81,861.27
Total expenditure	81,861.27
Cancelled carry-forwards	20,231.83
Executed	80.18%
<b>TITLE 2</b>	
Budget	488,215.66
Committed	392,600.89
Paid	392,600.89
Total expenditure	392,600.89
Cancelled carry-forwards	95,614.77
Executed	80.42%
<b>TITLE 3</b>	
Budget	4,484,693.99
Committed	4,451,696.52
Paid	4,451,696.52
Total expenditure	4,451,696.52
Cancelled carry-forwards	32,997.47
Executed	99.26%
<b>TOTAL</b>	
Budget	5,075,002.75
Committed	4,926,158.68
Paid	4,926,158.68
Total expenditure	4,926,158.68
Cancelled carry-forwards	148,844.07
Executed	<b>97.07%</b>



**Payment time limits for invoices as at 31 December 2014**

<b>Total number of payments</b>	<b>Number of late payments</b>	<b>Percentage of late payments</b>
2,125	93	4.38%

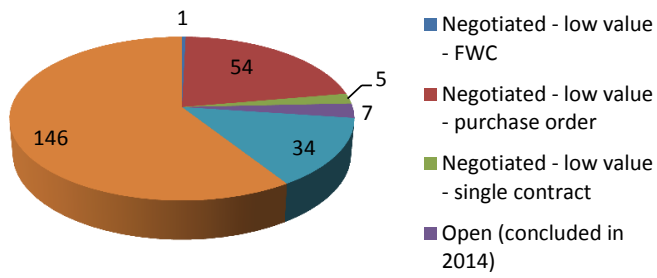
From a total number of 2,125 payments executed during 2014, 93 payments exceeded the time limit due to suspensions applied mainly for missing documents from suppliers. The Agency did not make any interest payments for the suspended payments.



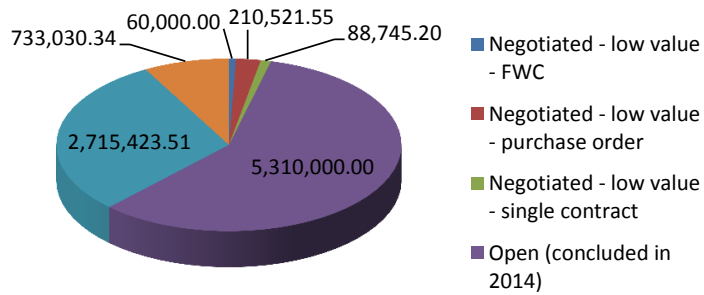
The number and values of procurement procedures and contracts implemented in 2014 is presented below:

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	54	210,521.55	210,521.55
Negotiated - low value - single contract	5	88,745.20	88,745.20
Open (concluded in 2014)	7	5,310,000.00	Not applicable.
Specific contracts, following FWC	34	2,715,423.51	2,715,423.51
Order forms following FWC	146	733,030.34	733,030.34
<b>TOTAL</b>	<b>247</b>	<b>Not applicable.</b>	<b>3,747,720.60</b>

### Number of procedures

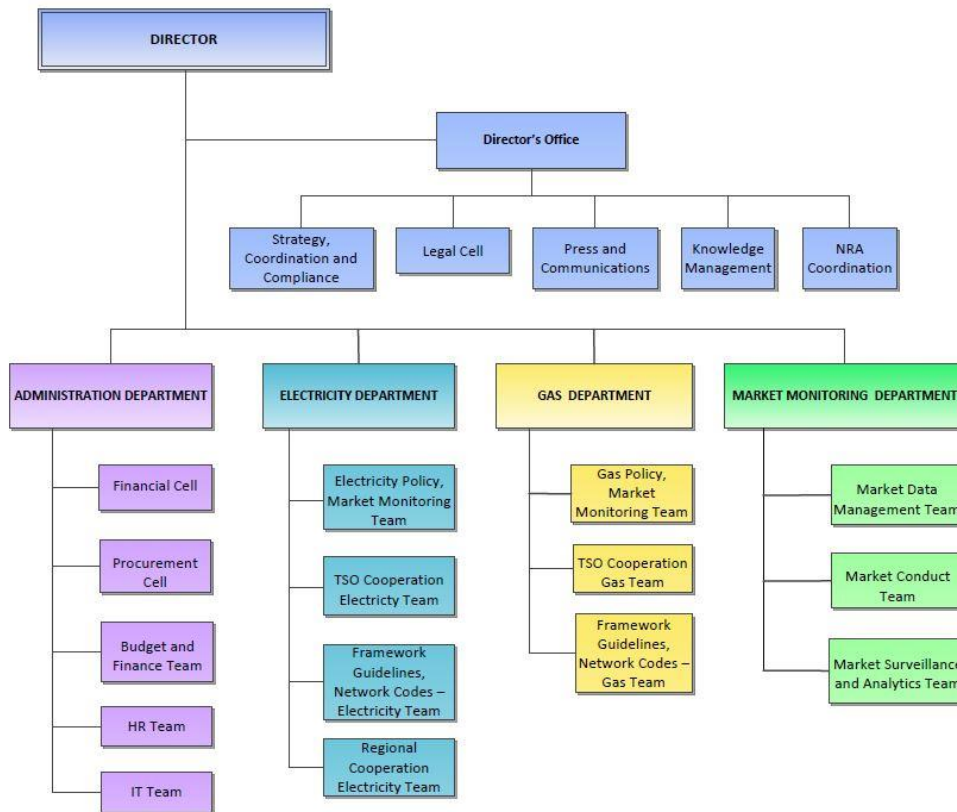


### Value of contracts in EUR



## ANNEX IV: Organisational chart

The Agency's organisational chart on 31 December 2014 is presented below:



## ANNEX V: Establishment plan

The Agency's establishment plan for 2014 is presented below:

Category and grade	Establishment plan in <u>voted</u> EU Budget 2014 <sup>14</sup>		<u>Posts filled at 31 December 2014</u> <sup>15</sup>		Establishment plan in voted EU Budget 2015 <sup>16</sup>	
	officials	TA	officials	TA	officials	TA
AD 16						
AD 15						
AD 14		1		<u>1</u>		1
AD 13						
AD 12				<u>1</u>		4
AD 11		4		<u>3</u>		<u>43</u>
AD 10				<u>1</u>		4
AD 9		2		<u>4</u>		<u>24</u>
AD 8		<u>67</u>		<u>85</u>		<u>66</u>
AD 7		<u>66</u>		<u>54</u>		<u>65</u>
AD 6		<u>45</u>		<u>47</u>		<u>75</u>
AD 5		<u>1644</u>		<u>4511</u>		13
<b>Total AD</b>		<b>39</b>		<b><u>37</u></b>		<b>39</b>
AST 11						
AST 10						
AST 9						
AST 8						
AST 7						
AST 6						
AST 5		1		<u>1</u>		1
AST 4		4		<u>3</u>		<u>31</u>

<sup>14</sup> Establishment plan grades (EU Budget 2014).

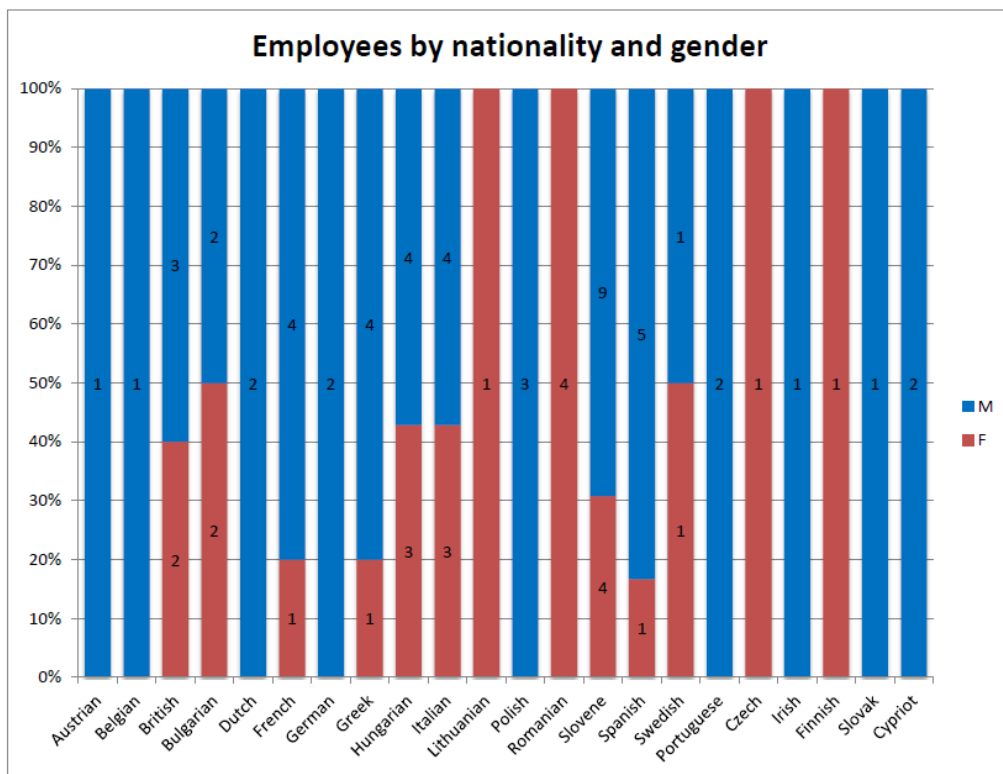
<sup>15</sup> Establishment plan grades (EU Budget 2014), including promotions and modification of the establishment plan in application of Article 32 (1) of the framework Financial Regulation).

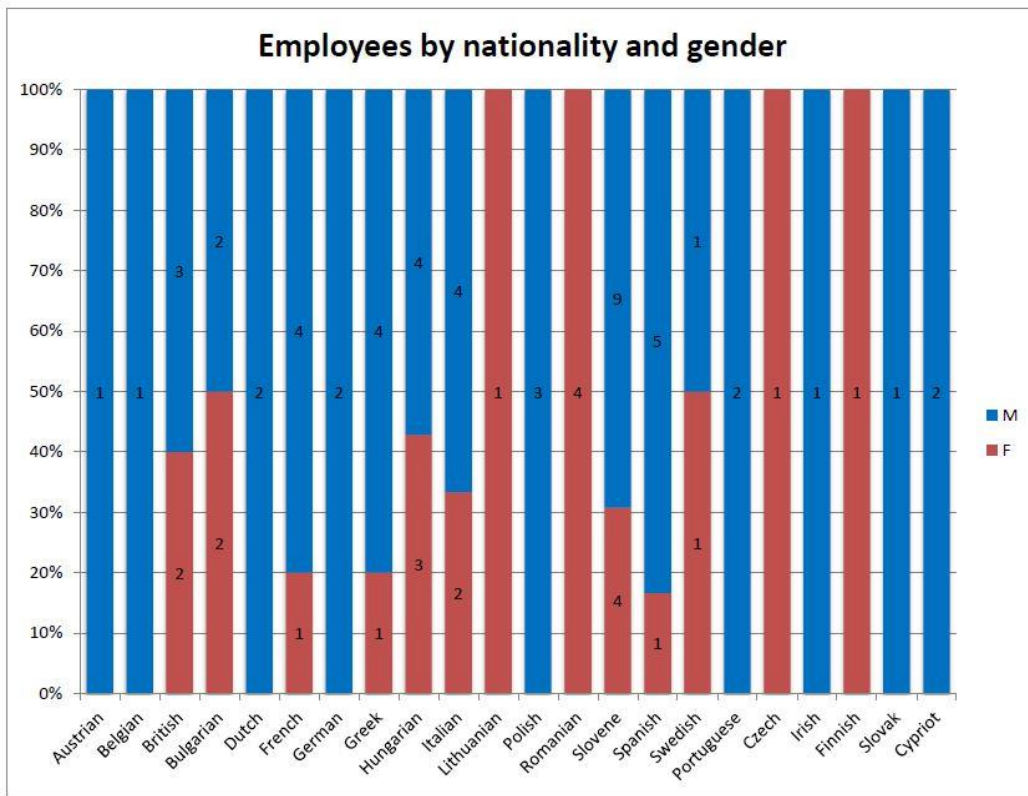
<sup>16</sup> Establishment plan grades (EU Budget 2015).

AST 3		<del>143</del>		<del>11</del>		<del>4413</del>
AST 2						
AST 1						
<b>Total AST</b>		<b>15</b>		<b><u>15</u></b>		<b>15</b>
AST/SC 6						
AST/SC5						
AST/SC4						
AST/SC3						
AST/SC2						
AST/SC1						
<b>Total AST/SC</b>						
<b>TOTAL</b>		<b>54</b>		<b><u>524</u></b>		<b>54</b>

### Geographical balance

On 31 December 2014 the Agency employed 53 staff members and had 13 SNEs of different geographical origin. Staff and SNEs come from 22 different EU countries (in alphabetical order): Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Lithuania, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, The Netherlands and the United Kingdom.





Employees by nationality and gender as of 31 December 2014

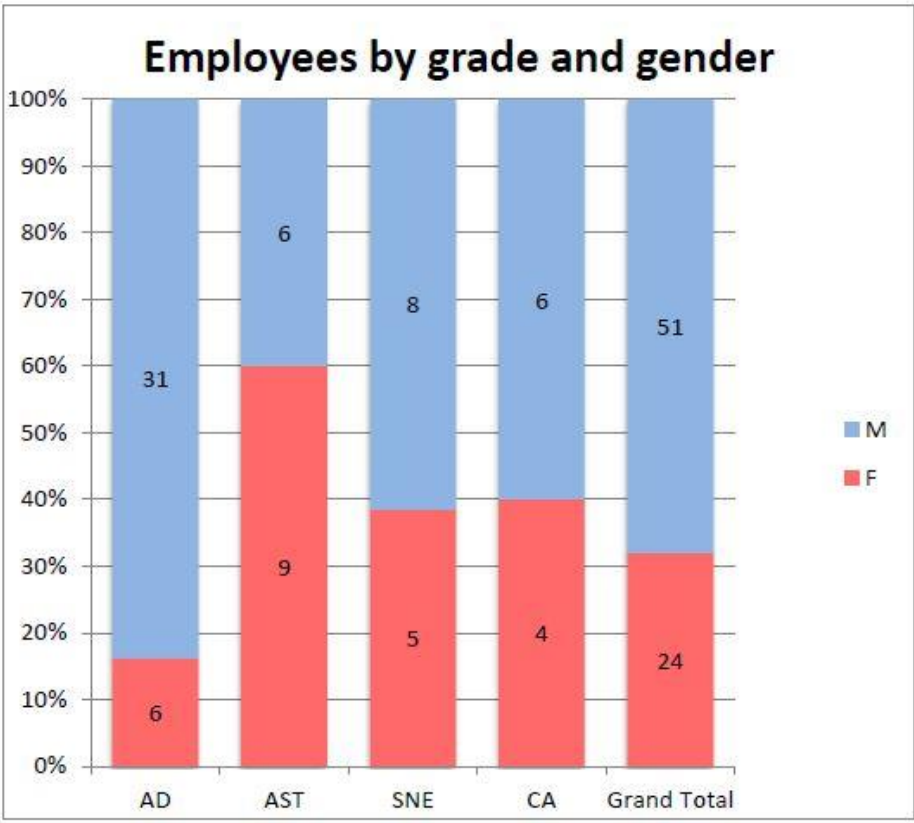
**Gender balance**

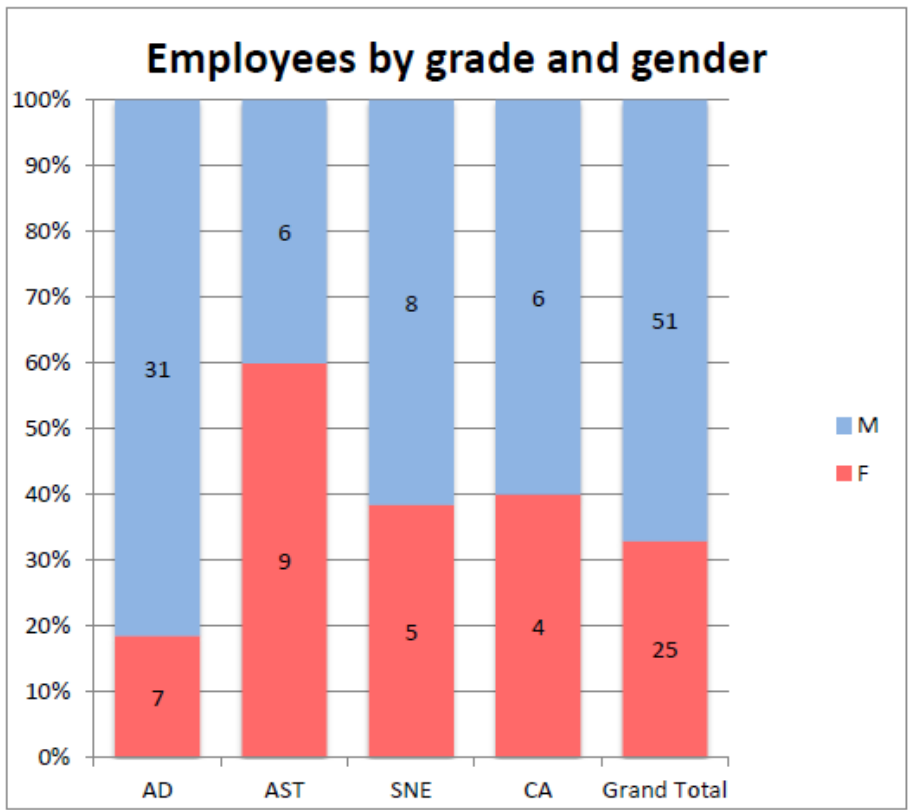
In accordance with Article 1d of the Staff Regulations and Articles 12(1) and 82(1) of the CEOS, the Agency applies an equal opportunities policy for its staff, adopting measures and taking actions to promote equal opportunities for men and women.

The graph below presents an overview of the Agency's staff by grade and gender as of 31 December 2014, including those to whom offer letters were sent and offers accepted and SNEs whose secondment was agreed with the sending institution.

Employees by grade and gender as of 31 December 2014 *(\* including two cost free SNE's)*







## ANNEX VI: Results of the 2014 job screening exercise

Job Type (sub) category	Year N (total number)	Year N (%)
<b>Administrative Support and Coordination</b>	<b>18</b>	<b>20.93%</b>
Administrative Support	14	16.28%
Coordination	4	4.65%
<b>Operational</b>	<b>60</b>	<b>69.77%</b>
Top Level Operational Coordination	9	10.47%
Programme Management & Implementation		
Evaluation & Impact Assessment		
General operation	51	59.30%
<b>Neutral</b>	<b>8</b>	<b>9.30%</b>
Finance/Control	8	9.30%
Linguistic		
<b>Total:</b>	<b>86*</b>	<b>100%</b>

\*Total number of establishment plan posts + Seconded national experts, Interim staff and Trainees (as per the Agencies Job screening Methodology guidelines)

## Annex VII: ~~Draft~~ Financial Accounts

### Statement of Financial Performance

for the year ending 31 December 2014

	Notes	1 January - 31 December 2014 €	1 January - 31 December 2013 €
<b>REVENUE</b>	1		
European Commission subsidy		10,174,912.15	11,514,296.22
Other operating revenue		(219,655.35)	222,373.08
<b>TOTAL OPERATING REVENUE</b>		<b>9,955,256.80</b>	<b>11,736,669.30</b>
<b>ADMINISTRATIVE AND OPERATIONAL EXPENSES</b>	2		
Staff expenses		4,789,856.17	4,474,523.55
Fixed asset related expenses		260,414.54	193,198.48
Other administrative expenses		2,166,182.44	1,524,328.50
Operational expenses		2,158,420.82	574,308.30
<b>TOTAL ADMINISTRATIVE AND OPERATIONAL EXPENSES</b>		<b>9,374,873.97</b>	<b>6,766,358.83</b>
<b>SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES</b>		<b>580,382.83</b>	<b>4,970,310.47</b>
<b>FINANCIAL OPERATIONS</b>	3		
Financial operations expenses		111.43	52.29
<b>SURPLUS/ (DEFICIT) FROM FINANCIAL ACTIVITIES</b>		<b>(111.43)</b>	<b>(52.29)</b>
<b>ECONOMIC RESULT OF THE YEAR</b>		<b>580,271.40</b>	<b>4,970,258.18</b>

## Balance Sheet

		<b>ASSETS</b>		
<i>as of 31 December 2014</i>		Notes	1 January - 31 December 2014 €	1 January - 31 December 2013 €
<b>NON-CURRENT ASSETS</b>				
<b>Intangible fixed assets</b>	4		<b>2,920,071.47</b>	<b>1,324,759.39</b>
<b>Tangible fixed assets</b>	5		<b>433,807.13</b>	<b>440,087.51</b>
Plant and equipment			726.31	1,218.27
Computer hardware			200,981.87	300,897.86
Furniture and vehicles			64,944.27	56,963.92
Other fixtures and fittings			167,154.68	81,007.46
<b>TOTAL NON-CURRENT ASSETS</b>			<b>3,353,878.60</b>	<b>1,764,846.90</b>
<b>CURRENT ASSETS</b>				
<b>Short-term receivables</b>	6		<b>2,156,703.33</b>	<b>798,136.14</b>
Current receivables			2,042,113.22	475,901.55
Sundry receivables			70,831.99	23,014.50
Prepaid expenses and accrued income			43,758.12	299,220.09
<b>Cash and cash equivalents</b>	7		<b>3,372,278.26</b>	<b>5,468,548.31</b>
<b>TOTAL CURRENT ASSETS</b>			<b>5,528,981.59</b>	<b>6,266,684.45</b>
<b>TOTAL CURRENT AND NON-CURRENT ASSETS</b>			<b>8,882,860.19</b>	<b>8,031,531.35</b>
<b>EQUITY AND LIABILITIES</b>				
			1 January - 31 December 2014 €	1 January - 31 December 2013 €
<b>EQUITY</b>				
Accumulated surplus/(deficit)			7,105,145.03	2,134,886.85
Economic result of the year			580,271.40	4,970,258.18
<b>TOTAL EQUITY</b>			<b>7,685,416.43</b>	<b>7,105,145.03</b>
<b>CURRENT LIABILITIES</b>				
<b>Accounts payable</b>	8		<b>1,197,443.76</b>	<b>926,386.32</b>
Current payables			348.38	0.00
Accrued expenses and deferred income			488,543.36	507,402.51
Accounts payable with consolidated entities			708,552.02	418,983.81
<b>TOTAL CURRENT LIABILITIES</b>			<b>1,197,443.76</b>	<b>926,386.32</b>
<b>TOTAL EQUITY AND LIABILITIES</b>			<b>8,882,860.19</b>	<b>8,031,531.35</b>

## Cash Flow Statement

	1 January - 31 December 2014 €	1 January - 31 December 2013 €
<b>Surplus/(deficit) from operating activities</b>	<b>580,382.83</b>	<b>4,970,310.47</b>
<b>Cash Flows from Operating Activities</b>		
<u>Adjustments</u>		
Amortization (intangible fixed assets)	9,311.56	8,932.22
Depreciation (tangible fixed assets)	251,704.81	184,266.26
Depreciation (transferred fixed assets)	0.00	748.96
Amount written off (tangible fixed assets)	0.00	0.00
(Increase)/decrease in Short term Receivables	(1,358,567.19)	(739,949.89)
(Increase)/decrease in Other Liabilities	(18,859.15)	238,152.05
Increase/(decrease) in Current payables	348.38	(8,948.77)
Increase/(decrease) in Liabilities related to consolidated entities	289,568.21	(1,862,588.74)
<b>Net Cash Flow from Operating Activities</b>	<b>246,110.55</b>	<b>2,790,922.56</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of tangible and intangible fixed assets	(1,850,048.07)	(1,537,327.21)
<b>Net Cash Flow from Investing Activities</b>	<b>(1,850,048.07)</b>	<b>(1,537,327.21)</b>
<b>Financing Activities</b>		
Financial operations revenues/expenses	(111.43)	(52.29)
<b>Net Cash Flow from Financing Activities</b>	<b>(111.43)</b>	<b>(52.29)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(2,096,270.05)</b>	<b>1,253,543.06</b>
Cash and cash equivalents at the beginning of the period	5,468,548.31	4,215,005.25
<b>Cash and cash equivalents at the end of the period</b>	<b>3,372,278.26</b>	<b>5,468,548.31</b>

## Statement of Changes in Net Assets

as at 31 December 2014

Net Assets	Opening balance €	Economic result of the year €	Total Net Assets €
<b>Balance as of 1 January 2014</b>	7,105,145.03	0.00	7,105,145.03
Economic result of the year	0.00	580,271.40	580,271.40
<b>Balance as of 31 December 2014</b>	<b>7,105,145.03</b>	<b>580,271.40</b>	<b>7,685,416.43</b>

## Notes to the Financial Statements

## –NOTES TO THE FINANCIAL STATEMENTS

### 1. Revenue

The revenues of the Agency for the financial year 2014 consist of:

- the subsidy received from the general budget of the European Union;
- income on fixed assets returned by the insurance for lost items;
- reversal of 2013 recognised income as a result of applied salary and country coefficient adjustments; and
- foreign exchange realised gains.

	<b>31 December 2014</b>	<b>31 December 2013</b>
	€	€
European Commission subsidy	10,174,912.15	11,514,296.22
Fixed assets income	411.62	962.99
Exchange rate gains	274.95	125.17
Other operating revenue	(220,341.92)	221,284.92
	<b>9,955,256.80</b>	<b>11,736,669.30</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 externalized 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, 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. The PMO also manages the pension fund and pays the pensions of retired staff members. PMO is being audited by the Court of Auditors.

The Agency is only responsible for the communication to the PMO of reliable information allowing the calculation of the staff costs. It is also responsible to check that this information has been 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 PMO.

Fixed assets-related expenses contain the charge of amortisation of intangible assets and the depreciation of tangible assets for the financial year ending 31 December 2014.

Other administrative expenses consist of costs associated with the building, office running costs, including the cost of physical inventory that does not qualify as financial assets, as well as the cost of interim personnel.

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 2014</b>	<b>31 December 2013</b>
	€	€

Staff expenses	4,789,856.17	4,474,523.55
Fixed asset related expenses	260,414.54	193,198.48
Other administrative expenses	2,166,182.44	1,524,328.50
Operational expenses	2,158,420.82	574,308.30
	<b>9,374,873.97</b>	<b>6,766,358.83</b>

### 3. Financial expense

Financial expenses relate to bank charges for operating the Agency bank accounts.

<b>Financial expenses</b>	<b>31 December 2014</b>	<b>31 December 2013</b>
	€	€
Financial operations expenses	111.43	52.29

### 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 year end. As intangible asset under construction the Agency records the relevant costs of the IT platform build to assist the Agency with the monitoring of the wholesale energy markets.

<b>Intangible assets at book value</b>	<b>31 December 2014</b>	<b>31 December 2013</b>
	€	€
Intangible assets	5,800.33	15,111.89
Intangible assets under construction	2,914,271.14	1,309,647.50
	<b>2,920,071.47</b>	<b>1,324,759.39</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 2014</b>	<b>31 December 2013</b>
	€	€
Plant and equipment	726.31	1,218.27
Computer hardware	200,981.87	300,897.86
Furniture and vehicles	64,944.27	56,963.92
Other fixtures and fittings	167,154.68	81,007.46
	<b>433,807.13</b>	<b>440,087.51</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:



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

## 6. Short-term receivables

The Agency benefited from a direct exemption for VAT from the Slovenian state for purchases above the threshold amount of €60. For purchases where the direct exemption was impracticable to obtain, the VAT was refunded by the Slovenian state on a quarterly basis.

The advance payments made to contractors and recorded as short-term pre-financing related 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 were processed and/or recovered by the Pay Master Office (PMO) from the staff member salary in the month following that of the payment.

Deferred charges consisted 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 2014</b>	<b>31 December 2013</b>
	€	€
VAT receivable	2,218.86	901.55
Short term pre-financing	2,039,894.36	475,000.00
Salary advances paid to staff	70,831.99	23,014.50
Deferred charges		
<i>Prepayments</i>	39,875.12	74,985.27
<i>Accrued income</i>	943	221,284.92
<i>Bank charges</i>	-	9.90
<i>Deposits and guarantees</i>	2,940.00	2,940.00
	<b>2,156,703.33</b>	<b>798,136.14</b>

## 7. Cash and cash equivalents

The main bank account of the Agency and the imprest account were held with UniCredit AG Germany based on a banking services contract signed between the two parties. At 31 December 2014 the balance of the main bank account contained the related cash needed to honour the Agency's financial obligations carried over into 2015.

	<b>31 December 2014</b>	<b>31 December 2013</b>
	€	€
Bank account	3,359,200.55	5,458,261.60
Imprest account	12,427.77	10,006.98

Petty cash	649.94	279.73
	<b>3,372,278.26</b>	<b>5,468,548.31</b>

## 8. Current liabilities

As of 31 December 2014 the Agency settled most of its current obligations towards its suppliers, apart from one minor payment to be executed at the beginning of 2015.

Accrued expenses related mainly to goods or service delivered at the end of the financial year but for which the invoices were not received, amounting to €389,797.65. According to Staff Regulation (Annex V – Leave, Article 4) the staff members are entitled to a compensation equal to one thirtieth of his/her monthly remuneration for each leave day due to him/her at the time of leaving the service. A holiday compensation amounting to €98,745.71 was calculated and recognised as accrued expenses for all untaken annual leave entitlements as at the end of the 2014 financial year.

The budgetary outturn result remains the property of the European Commission and the Agency has an obligation to return the unused amount of the pre-financing. The 2014 related budgetary outturn will be returned during 2015, on the request of the European Commission.

	31 December 2014	31 December 2013
	€	€
Accounts payable	348.38	0.00
Accrued expenses	488,543.36	507,402.51
Repayable positive budgetary outturn	708,552.02	418,983.81
	<b>1,197,443.76</b>	<b>926,386.32</b>

## FINANCIAL INSTRUMENTS

The 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 the possibility of the Agency's receivables defaulting on their contractual obligations resulting in financial loss for the Agency.

The maximum exposure to credit risk at the end of the financial year 2014 is the carrying amount of the assets shown under the notes 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 them are held with institutions having an external credit rating within the upper classes of the scale or are with debtors who never defaulted on their debt. The table below presents the credit quality of these assets that are neither impaired nor past due and were grouped into two categories, with and without external credit rating, for the current and previous financial year.

Category:	Financial Assets	2014
<b>Counterparties with external credit rating</b>		
<i>Prime and high grade</i>		
<i>Upper medium grade</i>	Cash and cash equivalents	3,372,278.26
<i>Lower medium grade</i>	Refund of VAT from Slovenian customs office	2,218.86

<b>Counterparties without external credit rating</b>		
<i>Debtors who never defaulted</i>	Receivables, accruals and deferrals	114,590.11
<b>TOTAL</b>		<b>3,489,087.23</b>

<b>Category:</b>	<b>Financial Assets</b>	<b>2013</b>
<b>Counterparties with external credit rating</b>		
<i>Prime and high grade</i>	Cash and cash equivalents	5,468,548.31
<i>Upper medium grade</i>	Refund of VAT from Slovenian customs office	901.55
<i>Lower medium grade</i>		
<b>Counterparties without external credit rating</b>		
<i>Debtors who never defaulted</i>	Receivables, accruals and deferrals	322,234.59
<b>TOTAL</b>		<b>5,791,684.45</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 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>2014</b>	<b>2013</b>
Payables with third parties		
<i>Less than one year</i>	348.38	0.00
Payables with consolidated entities		
<i>Less than one year</i>	708,900.40	418,983.81
<b>TOTAL</b>	<b>709,248.78</b>	<b>418,983.81</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 as such 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 the functional currency of Euro.

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

<b>Exposure to Euro at 31 December</b>	<b>2014</b>	<b>2013</b>
<b>Monetary assets</b>		
<i>Cash and cash equivalents</i>	3,372,278.26	5,468,548.31
<i>Receivables with member States</i>	2,218.86	901.55

<b>Monetary liabilities</b>		
<i>Payables with third parties</i>	348.38	0.00
<i>Payables with consolidated entities</i>	708,552.02	418,983.81
<b>Net position</b>	<b>2,780,186.83</b>	<b>5,050,466.05</b>

#### **CHANGES IN ACCOUNTING POLICIES**

There have been no changes in accounting policies for the financial year 2014.

#### **OTHER DISCLOSURE**

##### **Contribution in kind**

During the financial year 2014 the following contribution in kind were 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 passed to the Agency, therefore the non-exchange component of these transactions is not accounted for in the accounts of the Agency.

#### **EVENTS AFTER BALANCE SHEET DATE**

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