

**Mid-term review of the Agency's Work Programme for 2013
as adopted by the Administrative Board on 5 September 2012**

The 2013 Work Programme was adopted by the Administrative Board on 5 September 2012, after being approved by the Board of Regulators on 4 September and following consultation with the Commission.

The 2013 Work Programme envisages, *inter alia*, activities related to the implementation of Regulation (EU) No 1227/2011 on wholesale energy market integrity and transparency (REMIT) and of Regulation (EU) No 347/2013 on guidelines for trans-European energy infrastructure and repealing Decision No 1364/2006/EC and amending Regulations (EC) No 713/2009, (EC) No 714/2009 and (EC) No 715/2009 (TEN-E Regulation), which entered into force on 15 May 2013.

Uncertainty and risks regarding the ability of the Agency to deliver on its Work Programme were already highlighted in chapter 6.3 on pages 74-76.

With respect to the REMIT-related activities, the 2013 Work Programme refers to the Agency's estimate that the full implementation of REMIT, in particular with respect to the development of the data collection and monitoring systems, will require "an investment in IT infrastructure in the order of € 3 million" in 2013. It also notes that "the Draft Budget for 2013 presented by the European Commission on 25 April 2012 envisages financial resources for the Agency which will only support investment in [REMIT-related] IT systems in 2013 in the order of € 100,000". In this respect it clearly states that "if additional financial resources were not to be made available to the Agency, the fulfilment of its tasks in this area as planned in this Work Programme would prove impossible".

With respect to the activities related to the TEN-E Regulation, the Work Programme highlights the risks of the Agency having to undertake such activities in 2013, mainly in the area of the identification of the Projects of Common Interest, without being assigned the required additional human resources, estimated in 12-14 staff. Such situation would necessarily lead to "underperforming or [the Agency] not being able to deliver on its Work Programme (in the TEN-E Regulation area or in other areas, if reprioritisation of activities were to take place)".

The EU Budget for 2013 was adopted on 12 December 2012. For the Agency the allocated amounts mirror the Commission's draft budget and envisage a contribution to the Agency of € 7,369,795 which, together with the assigned revenues from the 2011 surplus, will lead to a total budget of € 8,941,220. This is approximately € 3 million lower than the draft Agency Budget adopted by the Administrative Board on 5 March 2012. On 19 December 2012, the

Administrative Board adopted the 2013 Budget of the Agency in line with the contribution from the EU Budget.

Therefore, the 2013 Agency Budget, as adopted, does not provide the Agency with the financial resources required for the implementation of all the activities currently planned for next year in the area of REMIT. Moreover, no additional human resources for the Agency are envisaged this year for the implementation of the TEN-E Regulation.

In view of the above constraints:

- 1) unless additional financial resources are made available for the implementation of REMIT, the Agency will be forced to postpone to subsequent years part of the:

Development of IT solutions for market surveillance, data collection, and data sharing between the Agency and NRAs of wholesale energy markets¹. In 2012 the Agency has already awarded the framework contracts for “Web applications development services” and for the “Market monitoring system” and has issued the first orders for the development of the market participants’ registration system and for the market monitoring tool. However, the effective implementation of REMIT also requires the development of IT solutions for data collection and data sharing. The severe limitation in the financial resources available for the REMIT-related IT development in 2013 implies that the order for IT solutions for data collection and data sharing will have to be postponed².

- 2) the Agency has had and will have to reprioritise its activities this year in order to be able to perform some of the tasks assigned to it by the TEN-E Regulation. This will be done while preserving those tasks instrumental to the completion of the internal energy market by 2014 and the removal of energy islands by 2015. However, given that most of the activities of the Agency for 2013 fulfil legal obligations, in many cases with strict deadlines, the scope for such a reprioritisation is fairly limited and the Agency will be forced to postpone at least one of the tasks assigned to it by the TEN-E Regulation.

In particular, it is envisaged that the following tasks may have to be postponed to future years:

Scoping for the Framework Guidelines on harmonisation of national tariff structures and regulatory framework for investments³.

Proposal to the European Commission on the annual Cross-Border infrastructure compensation sum, and an opinion as to suitability of using long run average incremental costs for the assessment⁴.

¹ Page 117 of the 2013 Work Programme adopted by the Administrative Board.

² This will make it impossible for the Agency to be ready fully to implement market monitoring under REMIT by the end of the first quarter of 2014, as currently planned.

³ Page 76-77 of the 2013 Work Programme adopted by the Administrative Board.

⁴ Page 83-84 of the 2013 Work Programme adopted by the Administrative Board.

Best Practices Guidelines on Exemptions for Major New Gas Infrastructure (practical recommendations and policies directed towards the NRAs for their exemption decisions under Article 36 of the Gas Directive)⁵.

*Facilitate the sharing of good practices and make recommendations on incentives and risk assessment methodology*⁶.

Ljubljana, 1 June 2013

⁵ Page 90-91 of the 2013 Work Programme adopted by the Administrative Board.

⁶ Page 104-105 of the 2013 Work Programme adopted by the Administrative Board.