



European Union Agency for the Cooperation  
of Energy Regulators

# Consolidated annual activity report 2023



# Consolidated annual activity report 2023

June 2024

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## The analysis and assessment of the Administrative Board

The Administrative Board has examined the Consolidated Annual Activity Report for the year 2023 of the European Union Agency for the Cooperation of Energy Regulators and notes that:

- The Agency aligned its policies and operational achievements with the EU broader priorities in the field of energy (market integration, decarbonization and transition to a sustainable energy future, consumer protection) as outlined in ACER's 2023 work programme.
- Although the exceptional energy market circumstances of 2022 have passed, the energy market in 2023 remained characterized by a complex interplay of geopolitical, economic, and technological factors. This has resulted in a volatile and rapidly changing environment that has significantly impacted the work of the Agency. Consequently, ACER's role and expertise has become recognized as increasingly prominent in achieving the key EU near and mid-term objectives.
- At the beginning of 2023, the Agency began implementing two emergency measures assigned by the Council in late 2022. These measures introduced new tasks for the Agency, requiring the collection of new data, market analysis, and daily external reporting/publication (the LNG price assessment/benchmark and the Market Correction Mechanism). Despite the challenge of establishing a system for these new deliverables in a short period of time, ACER successfully rose to the occasion.
- Furthermore, the Agency significantly increased its monitoring activities to track the energy crisis aftermath (e.g. price drivers; security of EU electricity supply) and especially to provide its expertise, data and insights to the EU institutions and Member States on a wide range of topical issues (inter alia by providing an assessment of the 400+ measures adopted by Member States to cope with the energy crisis, as well as by providing input to the three legislative processes reviewing the EU electricity market design, the framework for decarbonising gas, as well as that for energy market integrity and transparency to remain fit for purpose). Moreover, in 2023, ACER joined forces with two other EU agencies; ESMA and EEA, to publish joint reports that represent a new level of increased cooperation among the agencies.
- It is to be stressed that all these additional tasks and policy contributions were delivered in parallel to the mandated regulatory work – described in the regulatory part of the report. However, it is important to note that the Agency's workload in 2023 was not sustainable and needs to be reduced to ensure continued high performance.
- The ACER's evolving mandate and tasks were accompanied by increased communication and outreach activities. Towards the end of 2023, the Administrative Board endorsed the Agency's Communications Strategy (2024-2026) aiming to further maximize the impact of ACER's work in external communications and engagement with stakeholders in the upcoming period.
- These examples prove that 2023 was a rather unusual year for the Agency: on one hand very demanding in terms of additional tasks and monitoring activities, but also providing to the Agency many new avenues to showcase its expertise and the pivotal role it plays in Europe's uniquely integrated energy market.



- It is to be noted that most of these tasks were implemented with the existing resources, as per usual practice the new posts that were assigned could be filled with a bit of delay. Nevertheless, the recruitment for the new posts was implemented in a record time as it was considered the priority.



- The increased workload required from the Agency to shift priorities and to display a high level of organisational agility and flexibility, as well as to work strongly across different departments and to optimise internal structures. Despite that, the human resources constraints had an impact on the extent to which the Agency was able to contribute to the completion of the internal energy market, since some of the Agency's work could not be done to the extent initially planned.
- The Administrative Board endorsed the Agency's updated policy on working time and hybrid working.
- The 2023 budget was amended four times; budget amendments were adopted on time. The Agency reached the overall budgetary targets, in particular, the two mandatory ones. In 2023 the execution of commitment appropriations was 99.43%, while the budget implementation rate of the payment appropriations carried over from 2022 was achieved with the rate of 97.55% (both targets should be above 95%). The Agency did make a certain progress in the execution of payment appropriations that, in 2023 stood at 70,69%, but still remained below the internal target of 75%.
- The Agency concluded 305 procurement procedures – almost one third more than originally anticipated.
- The Key Performance Indicator (KPI) targets were largely met, the only exception being the appropriation payments mentioned above.
- The Director has provided a clear declaration of assurance.
- The controls and supervisory checks performed in 2023 provided no evidence of significant or repetitive errors in reporting by Agency departments, budget execution, human resources management or KPI implementation.
- The Director shall take further actions to address the comments made by the European Court of Auditors in its preliminary observations and to report, in due course, on the actions taken.

The Administrative Board has concluded that:

The Agency has implemented the 2023 work programme despite the very challenging context in which it operated. With the widely recognized performance of the Agency and its pivotal role in a quickly changing energy environment, ACER delivered on more complex cross-cutting tasks.

For the Administrative Board

The Chair

Edit HERCZOG

19 June 2024

## Director's foreword

Reflecting on the past year, it is evident that 2023 has provided a much-needed break from the turmoil of 2022 whilst with important lessons for our future energy system. The energy crisis triggered by Russia's invasion of Ukraine tested the robustness of our energy markets and highlighted the necessity of swift, coordinated action and stronger integration. In 2023, we saw energy prices declining towards pre-crisis levels and supply lines stabilise. However, we remained vigilant as price volatility continues, posing potential risks to our economies.

In 2023, gas supply to Europe remained below the pre-invasion baseline. Yet, with consumption also substantially lower, storage levels stayed at historic highs, leading to a drop in wholesale prices. The gas market stabilised with improved price convergence, aided by new LNG infrastructure and enhanced logistics.

The Agency played a crucial role in addressing the spillover challenges of 2022 into 2023, working closely with national regulatory authorities (NRAs). The swift and successful implementation of tools, such as the Gas Market Correction Mechanism and the LNG benchmark, showcases our strategic flexibility and adaptability in the face of evolving energy landscapes. Our support for legislative initiatives, such as the REMIT revision and the Electricity Market Design proposal, underscores our dedication to enhancing market transparency and integrity and a market design suitable for the changing energy system.

In 2023, electricity from renewable energy sources (RES) reached record heights, 45% of overall electricity generation, surpassing and gradually phasing out fossil fuels. The EU faced record negative wholesale prices due to the rapid advancement of renewables to meet sustainability goals. Achieving a net-zero emissions future necessitates significant changes in our energy systems, including doubling power system flexibility by 2030 to accommodate the growing share of variable renewables.

As part of the Agency's 2023 Market Monitoring Report series, the Report on barriers to demand response highlighted the need to prioritise demand response, a crucial form of flexibility, despite existing obstacles. The Report provided specific recommendations for governments, regulators, and network operators to remove these barriers. Ongoing efforts across the EU, such as new regulations and grid code revisions, are essential to unlocking flexibility. ACER, through its new tasks on EU flexibility assessment, is committed to increasing its focus on demand response and system flexibility, ensuring the regulatory framework adapts to these evolving needs.

Further interconnectivity and enhanced EU electricity market integration are still needed, including tackling barriers to cross-zonal trade and reinforcing the EU grid. The benefits of regional integration, which proved invaluable during the energy crisis, will remain a key component of our strategy, promoting mutual support among Member States.

The landscape in which ACER works and communicates has radically changed in recent years.

Firstly, the rapid technological shift towards digitalisation following the Covid-19 pandemic has reshaped our operational playbook. Organisationally, the Agency began preparing for its expanded role in line with its evolving mandate and tasks due to the EU electricity market design legislative reforms,

the revision of the Regulation on Energy Market Integrity and Transparency (REMIT), and the EU gas decarbonization and hydrogen gas legislative package.

Secondly, our commitment to strengthening IT systems and addressing cybersecurity is steadfast, ensuring we can respond promptly to new challenges. Organisational agility, teamwork, and engagement with EU institutions and stakeholders continued to guide us as we move forward.

Furthermore, the major achievements of 2023, including the political agreement on REMIT II, represent significant progress in shaping the EU's energy regulatory landscape. These accomplishments reflect our collective efforts and the vital support of our Administrative Board, Board of Regulators, NRAs, the European Commission, the European Parliament, Member State governments, and numerous stakeholders.

Lastly, I extend my deepest thanks to my colleagues at ACER for their dedication and teamwork. It is through our collective expertise and cooperation that we continue to deliver excellent input to advance EU energy market integration, ensuring security, affordability, and a resilient transition to a climate-neutral Europe.

Thank you for your ongoing support as we face the challenges and opportunities ahead.

Ljubljana, 3 June 2024

A handwritten signature in blue ink, appearing to read 'C. Pilgaard Zinglensen', with a long horizontal stroke extending to the right.

Christian Pilgaard Zinglensen

Director

## The Agency in brief

### Mission



ACER fosters a fully integrated and well-functioning Internal Energy Market, where electricity and gas are traded and supplied according to the highest integrity and transparency standards, so that EU consumers can benefit from a wider choice, fair prices and greater protection. To achieve this, we work closely with the European Institutions, National Regulatory Authorities (NRAs), national governments and market players.

### Vision



Our vision is to be a leading agency for independent, high-quality regulation in Europe to implement the Internal Energy Market and the Energy Union.

### Governance



- The [Director](#) manages and represents the Agency.
- The [Administrative Board](#) (AB) is responsible for the Agency's governance as well as all administrative and budgetary activities. The AB members are appointed by the European Commission, the European Parliament and the Council of the European Union.
- The [Board of Regulators](#) (BoR) is in charge of the regulatory policy and overseeing all the activities connected. The BoR is composed by senior representatives of the National Regulatory Authorities (NRAs) for energy of the 27 Member States.
- The [Board of Appeal](#) (BoA) deals with complaints lodged against [ACER decisions](#). It is independent from the administrative and regulatory boards.
- The [ACER Working Groups](#) advise the ACER Director and the Board of Regulators on the regulatory activities of the Agency. The Working Groups are composed of representatives of ACER, national regulators, and the European Commission.
- ACER can also count on the support of over a hundred committed employees, both permanent staff and experts seconded by national regulatory authorities (NRAs). ACER staff is organised in [departments](#), and is responsible for running the daily operations and effectively fulfilling the Agency's mandate.

### Multiannual objectives



1. Facilitate the completion of the internal energy market and the monitoring its functioning
2. Tackle challenges in infrastructure and security of supply
3. Enhance the integrity and transparency of wholesale energy markets
4. Contribute to addressing longer-term regulatory challenges
5. Ensure the resilience, efficiency, and agility of the Agency





## The year in brief

### Main achievements in the internal electricity market:

- [ACER policy paper on the further development of the EU electricity forward market](#)
- [ACER Decision No 03-2023 on the long-term capacity calculation methodology of the Core capacity calculation region](#)
- [ACER Recommendation 03-2023 on reasoned proposals for amendments to the network codes on requirements for grid connection of generators and on demand connection](#)
- Development and introduction of the MONOCLE tool for monitoring, notifications and compliance assessment
- ACER published: [High-level Analysis of Energy Emergency Measures and ACER's interactive dashboard on emergency measures](#)
- [Demand response and other distributed energy resources: what barriers are holding them back? - 2023 Market Monitoring Report](#)
- ACER led an agreement reached among ENTSO-E, the EC and ACER towards robust results for the European Resource Adequacy Assessment (ERAA) for 2023. Following two rejections of ERAA in the preceding years, the agreement paved the way for its approval in 2024.
- ACER published its 2023 [Security of EU electricity supply report](#). The report, second of its kind, included lessons learnt from a winter of crisis and the associated webinar attracted a very large audience.

### Main achievements in the internal gas market:

- Significantly increased monitoring activity has been delivered as a consequence of the energy crisis and exploring its aftermath, involving two additional reports on market correction mechanism aligned with a similar ESMA reporting, another report focused on the energy price drivers and additional analyses on congestion and its management in the most congested part of the EU.
- In a joint effort with CEER, ACER has mapped the national storage filling regulations and its impacts by relying on two consultancy studies. The studies assess the gas stocking effort and its impact, calling for design options with less market fragmentation.
- Looking forward, ACER reviews elements of the gas regulatory design in particular follows up on the amendment of the Network Code on Capacity Allocation Mechanisms, based on the recently agreed Hydrogen and decarbonized gas market package and prepares for the implementation of the package.

### Main cross-sectoral achievements (electricity and gas):

- The emergency measures and retail market and consumer protection monitoring reports called for a more targeted, tailored energy crisis management across the EU.
- Keeping abreast the latest developments in the field of infrastructure developments in relation to public engagement and to act as a technical resource to externals, ACER has commenced to build up greater communications skills and stakeholder reach-out to both expert audiences and the public. This includes the anticipated roll-out of a digital public engagement space in which stakeholders from a wide range will be able to exchange with ACER on infrastructure-related regulations.

### Main achievements in the regulation on wholesale market monitoring and integrity (REMIT):

- ACER established daily LNG price assessments and benchmarks as energy crisis response to enhance market transparency.
- Collection of more than 8.3m records of transaction from more than 130 reporting parties registered by ACER for the purpose of market monitoring by ACER and NRAs to prevent and detect market abuse.
- ACER's coordination of market abuse cases investigated by NRAs resulted in fines amounting to 5.5 m EUR issued by national authorities and/or national courts to sanction and deter illegal behaviour.
- ACER successfully implemented the Market Correction Mechanism (MCM), ensuring the daily dissemination of the EU gas reference price, thereby fostering transparency and stability within the market.
- Through meticulous analysis and screening of REMIT data, ACER detected instances of suspected market abuse and notified these instances to the relevant national regulatory authorities for their investigation and enforcement follow-up.
- Moreover, ACER played a pivotal role in promoting consistency in REMIT's application, providing guidance and organizing impactful events such as the Energy Market Integrity forum and REMIT trainings in collaboration with CEER and FSR.
- Lastly, ACER has been supportive to the European Commission in preparing the REMIT Revision.

### Overall achievement of 2023 operational objectives and KPIs



Figure 1: Overall achievement of objectives

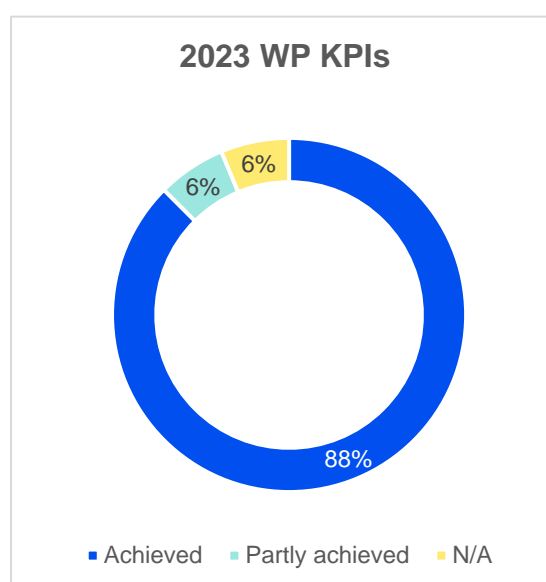


Figure 2: Overall achievement of KPIs

# PART I: REGULATORY ACHIEVEMENTS IN 2023



The independent section on regulatory activities as per Article 22(5) (e) of Regulation (EC) No (EC) No 942/2019 received the approval of the BoR at its session held on 5 June 2024



## Statement by Clara Poletti, Chair of the Board of Regulators

After the turbulent developments of 2022, I am glad to observe that the energy markets gradually recovered in 2023. With the energy crisis that followed Russia's invasion of Ukraine, the energy transition had faced a setback in 2022; 2023 witnessed an accelerated shift to renewables coupled with reduced demand, rerouting energy markets towards the clean energy transition. In 2023, energy prices also stabilised despite remaining higher than in 2021, highlighting the critical need for efficient risk-hedging solutions as well as the need to pursue market integration and resource sharing across the European Union.

Within this context, the Agency in collaboration with national regulatory authorities (NRAs) contributed to a number of important legislative initiatives in 2023: first, the reform of the electricity market design, for which enhancing consumer protection through forward market hedging was a key focus. The Agency initiated these discussions in February 2023 with its policy paper on the further development of the electricity forward market design.

Second, the revision of Regulation (EU) No 1227/2011 of the European Parliament and of the Council of 25 October 2011 on wholesale energy market integrity and transparency (REMIT Regulation), to further enhance protection against market manipulation. Importantly, the revised REMIT Regulation creates a new enforcement system for cross-border cases where at least two member states are affected, giving the Agency the right to investigate cross-border cases in close cooperation and coordination with NRAs using new tools including on-site inspections and the power to impose periodic penalty payments to ensure compliance with on-site inspection decisions and requests for information, while the power to impose fines for breaches of the substantive obligations under the REMIT Regulation remains in the hands of the NRAs. Market transparency is also enhanced by making the Liquefied Natural Gas (LNG) price assessment and benchmark permanent.

Third, towards the end of 2023, the Council and the Parliament also reached provisional political agreement on a regulation establishing common internal market rules for renewable and natural gases and hydrogen, in respect of which the Agency and the Council of European Energy Regulators had issued joint recommendations for gradual and flexible regulation of hydrogen; ensuring a level playing field in a decarbonised and integrated energy system and empowering and protecting consumers for the energy transition.

Discussions within the Agency also focused on the pressing infrastructure challenge and how regulation can best incentivise the efficient deployment of grid capacity, interconnected and stable energy networks being the backbone of the EU's internal energy market. These discussions led to public consultation - carried out jointly with the Florence School of Regulation - during the last quarter of 2023, about a scheme for an incentive-based regulation to promote efficiency and innovation. These key discussions continue today. The EU Action Plan for Grids published in November 2023 reminds us of the energy regulatory community's decisive role, alongside the Member States, transmission and distribution system operators, project promoters and civil society, in ensuring early and regular public participation in grid development projects that will enable the green transition.

Additionally, in parallel with the more 'traditional' opinions on electricity and gas Ten Year Network Development Plans and the June 2023 recommendation for identifying good practices for the treatment of investment requests for Projects of Common Interest (PCIs), the Agency also issued opinions concerning hydrogen infrastructure, which was included as an eligible PCI category for the first time and has significant potential for shaping the future energy landscape. In September 2023, the Agency published its opinion on the draft cost-benefit analysis methodology for hydrogen infrastructure submitted by the European Network of Transmission System Operators for Gas, and an opinion on the draft regional lists of proposed hydrogen PCIs and projects of mutual interest in the following month, noting how identifying hydrogen infrastructure needs poses its own specific challenges and making recommendations for an effective selection methodology.

On equally forward-looking challenges, in December 2023, the Agency submitted to the European Commission its recommendation on the amendments to the network codes on requirements for grid connection of generators (RfG Regulation) and on demand connection (DC Regulation), which are the electricity grid connection codes. The amendments aimed to 'futureproof' these codes, notably by updating the definitions and expanding their scope and requirements to include new electricity storage and electric vehicles.

With its report monitoring the barriers to demand response and other distributed energy resources published in December as part of the 2023 Market Monitoring Report (MMR) series, the Agency also issued specific recommendations to help governments, regulators and network operators remove barriers that are holding back demand response and distributed energy resources, which are key elements of the future energy system. Removing these barriers would enable consumers and small players to actively participate in the electricity markets and help system operators solve imbalances and network congestions, providing the much needed flexibility in support of the energy transition.

As I write, the energy regulatory community is engaged in a challenging debate on the long-term electricity market design, reflecting on the challenges likely to be faced by the electricity system well beyond 2030. This essential work will remain our core focus for some time to come. With this, we have come full circle in the Agency and NRAs' continuous efforts over the past year to improve market functioning and to accompany citizens on the transition to a climate neutral Europe.

Ljubljana, 24 April 2024



# 1. Achievements per activity

## 1.1. Internal electricity market

The Agency continued to support the implementation of the adopted Network Codes and Guidelines, as well as of the Electricity Regulation, to monitor their effective implementation and impact on the functioning of the internal electricity market and to assess the need for amendments of the existing Network Codes and Guidelines. With the adoption of the “Clean energy for all Europeans” package, the Agency was assigned new tasks and responsibilities in the areas of cybersecurity, tariff methodologies and use of congestion income.

Objective 1: Ensuring the timely adoption of legal acts (decisions, recommendations, opinions)	
Result	Achieved
<b>Main tasks performed</b>	<p><b>Adoption of new Network Codes or Guidelines</b></p> <ul style="list-style-type: none"> <li>Issuing opinions and recommendations to the European Commission on new network codes and guidelines.</li> </ul> <p><b>Amendment of existing Network Codes and Guidelines</b></p> <ul style="list-style-type: none"> <li>Issuing opinions and recommendations to the European Commission on amendments of existing network codes and guidelines.</li> </ul> <p><b>Decisions</b></p> <ul style="list-style-type: none"> <li>Assisting NRAs for the approval of amended regional-wide terms and conditions or methodologies developed by TSOs, NEMOs or other entities, pursuant to the adopted Network Codes and Guidelines. Issuing decisions on these regional terms and conditions or methodologies in case NRAs fail to agree or upon their joint request.</li> <li>Issuing decisions on the amended European-wide terms and conditions or methodologies.</li> <li>Issuing a decision on ENTSO-E’s annual European Resource Adequacy Assessment (ERAA).</li> </ul> <p><b>Opinions</b></p> <ul style="list-style-type: none"> <li>Issuing opinions on ENTSO-E’s annual work programme and ENTSOE’s annual report.</li> </ul> <p><b>Other tasks subject to specific conditions:</b></p> <ul style="list-style-type: none"> <li>Issuing opinions and recommendations in the areas of its competence, to the European Parliament, the Council and the Commission.</li> <li>Issuing opinions and recommendations in the areas of its competence, upon request by the European Parliament, the Council or the European Commission.</li> <li>Issuing opinions on potential updates to ENTSO-E’s common network operation tools and common incidents classification scale.</li> <li>Issuing opinions on potential ENTSO-E’s recommendations relating to the coordination of technical cooperation between the Union and third-country transmission system operators.</li> <li>Issuing opinions and recommendations on its own initiative with regard to its areas of competence.</li> <li>Issuing “peer review” opinions as requested pursuant to Article 6(5) of Regulation (EU) No 2019/942.</li> <li>Issuing opinions on the application of Union energy legislation upon request by an NRA pursuant to Article 6(5) of Regulation (EU) 2019/942.</li> <li>Issuing decisions on terms and conditions and operational security of cross-border interconnectors and on exemptions.</li> </ul>

<b>Main outputs</b>	<p>Adoption of new Network Codes or Guidelines</p> <ul style="list-style-type: none"> <li><a href="#">ACER policy paper on the further development of the EU electricity forward market</a></li> </ul> <p>Amendment of existing Network Codes and Guidelines</p> <ul style="list-style-type: none"> <li><a href="#">ACER Recommendation 03-2023 on reasoned proposals for amendments to the network codes on requirements for grid connection of generators and on demand connection</a></li> </ul> <p>Decisions</p> <ul style="list-style-type: none"> <li><a href="#">ACER Decision 01/2023 on the Nominated Electricity Market Operators proposal for the harmonised maximum and minimum clearing price methodology for the single day-ahead coupling</a></li> <li><a href="#">ACER Decision 02-2023 on the Nominated Electricity Market Operators proposal for the harmonised maximum and minimum clearing price methodology for the single intraday coupling</a></li> <li><a href="#">ACER Decision No 03-2023 on the long-term capacity calculation methodology of the Core capacity calculation region</a></li> <li><a href="#">ACER Decision No 04-2023 on the European Resource Adequacy Assessment (ERAA) for 2022</a></li> <li><a href="#">ACER Decision 05-2023 on the TSOs' proposal for amendments to the requirements for the Single Allocation Platform (SAP) and the SAP cost sharing methodology</a></li> <li><a href="#">ACER Decision 06-2023 on the TSOs' proposal for amendments to the Congestion Income Distribution (CID) methodology (FCA)</a></li> <li><a href="#">ACER Decision 07-2023 on the TSOs' proposal for amendments to the methodology for sharing Firmness and Remuneration Costs (FRC) of long-term transmission rights</a></li> <li><a href="#">ACER Decision 08-2023 on the amendment to the determination of capacity calculation regions</a></li> <li><a href="#">ACER Decision 09-2023 on the extension request for Nordic CCR</a></li> <li><a href="#">ACER Decision 10-2023 on the amendment of the methodology for calculating scheduled exchanges resulting from single day-ahead coupling</a></li> <li><a href="#">ACER Decision No 11-2023 on the TSOs' proposal for the harmonised cross-zonal capacity allocation methodology</a></li> <li><a href="#">ACER Decision No 12-2023 on the Regional Coordination Centre Regional Sizing of Reserve Capacity Methodology</a></li> <li><a href="#">ACER Decision No 13-2023 on the Regional Coordination Centre Regional Procurement of Balancing Capacity Methodology</a></li> <li><a href="#">ACER Decision No 15-2023 on the extension request of the Core capacity calculation region regulatory authorities to amend the day-ahead capacity calculation methodology</a></li> <li><a href="#">ACER Decision No 16-2023 on the TSOs' proposal for amendment of the congestion income distribution methodology (CACM)</a></li> <li><a href="#">ACER Decision No 17-2023 on the alternative bidding zone configurations to be considered in the bidding zone review process for the Baltic region</a></li> <li><a href="#">ACER Decision No 18-2023 on the TSO's proposal for amendment of the harmonised allocation rules for long-term transmission rights</a></li> <li><a href="#">ACER Decision No 03-2024 on the second and third amendment of the intraday capacity calculation methodology of the Core capacity calculation region</a> (this decision was referred in 2023 but only decided upon with delay in 2024)</li> </ul> <p>Opinions</p> <ul style="list-style-type: none"> <li><a href="#">ACER Opinion 01-2023 on the ENTSO-E Winter Outlook 2022-2023</a></li> </ul>		
	<b>Indicators</b>	<b>Target 2023</b>	<b>Result 2023</b>
Timely adoption of decisions	100%	94.4%	ACER's website
Timely adoption of the opinions and recommendations	100%	100%	ACER's website

Objective 2: Implementation and Monitoring	
Result	Achieved
Main tasks performed	<p><b>Data Collection</b></p> <ul style="list-style-type: none"> <li>Collecting the required data and information to perform all the monitoring activities. If necessary, issuing recommendations and/or decisions to get these data and information.</li> </ul>
	<p><b>Implementation</b></p> <ul style="list-style-type: none"> <li>Facilitating the implementation of projects established pursuant to the Network Codes and Guidelines or, where relevant, pursuant to the Electricity Regulation.</li> </ul>
	<p><b>Implementation Monitoring</b></p> <ul style="list-style-type: none"> <li>Monitoring the implementation of the obligations resulting from the adoption of the Network Codes, Guidelines, the different terms and conditions and methodologies and the Electricity Regulation. Investigating the reasons for delays and/or non-compliance and issuing recommendations and/or decisions to address these issues.</li> </ul>
	<p><b>Monitoring the Internal Electricity Market</b></p> <ul style="list-style-type: none"> <li>Monitoring the barriers to efficient price formation and barriers for new and small market entrants.</li> <li>Monitoring the implementation of the 70% target for cross-zonal capacity.</li> <li>Monitoring the effects of the market-related NC and more broadly monitoring the functioning of the Internal Electricity Market.</li> </ul>
	<p><b>Stakeholders Involvement</b></p> <ul style="list-style-type: none"> <li>Promoting the involvement of stakeholders in monitoring the implementation of network codes and guidelines, in particular through the European Stakeholder Committees.</li> </ul>
	<p><b>Adequacy</b></p> <ul style="list-style-type: none"> <li>Monitoring the implementation of the adequacy related methodologies.</li> <li>Monitoring the performance of MSs in the area of security of supply.</li> </ul>
	<p><b>Tariffs</b></p> <ul style="list-style-type: none"> <li>Monitoring and promoting the implementation of best practices in Member States.</li> <li>Monitoring transmission charges paid by generators.</li> </ul>
	<p><b>Use of Congestion Income</b></p> <ul style="list-style-type: none"> <li>Making available to the NRAs of a standard template and support for the consistent submission of their reports on the use of congestion income collected in 2022 pursuant to Article 19(5) of Regulation (EU) 2019/943 and validation of the data received.</li> </ul>
	<p><b>Regional Coordination Centres</b></p> <ul style="list-style-type: none"> <li>Monitoring and analysing the performance of RCCs with NRAs and ENTSO-E, through submitted data resulting from their continuous monitoring. ACER is monitoring the regular reporting obligations of the RCCs and issues annual reports on the submissions made by each of them, in accordance with their reporting obligations under the Regulation (EU) 2019/943. Moreover, where relevant, issuing a decision to RCCs to provide the relevant information necessary for carrying out monitoring and issuing opinions and recommendations to the RCCs to improve their performance.</li> </ul>
	<p><b>ENTSO-E</b></p> <p>Monitoring ENTSO-E's tasks - this activity includes:</p> <ul style="list-style-type: none"> <li>the annual monitoring report on the implementation and management of the inter-TSO compensation fund; and</li> <li>all Opinions on ENTSO-E's mandatory deliverables (e.g. annual work programme, annual report, etc.).</li> </ul>
<p><b>EU DSO Entity</b></p> <ul style="list-style-type: none"> <li>Monitoring the execution of tasks of EU DSO entity. ACER may provide an opinion on the EU DSO entity on the annual work programme and other relevant documents and can issue decisions for DSOs to provide relevant information necessary for carrying out monitoring.</li> </ul>	

<b>Main outputs</b>	<p><b>Data Collection</b></p> <ul style="list-style-type: none"> <li>All data needed to perform the below-mentioned monitoring reports were received from various sources (NRAs, TSOs, public sources), processed and used in monitoring reports. For the first time, aggregated REMIT data were used in monitoring reports.</li> </ul> <p><b>Implementation</b></p> <ul style="list-style-type: none"> <li>IGCC Platform implementation - EU TSO accession was completed in 2023.</li> </ul> <p><b>Implementation Monitoring</b></p> <ul style="list-style-type: none"> <li>Development and introduction of the MONOCLE tool for monitoring, notifications and compliance assessment.</li> </ul> <p><b>Monitoring the Internal Electricity Market</b></p> <ul style="list-style-type: none"> <li>ACER published its monitoring strategy.</li> <li>ACER published: Key Developments – 2023 Market Monitoring report.</li> <li>ACER published: <a href="#">High-level Analysis of Energy Emergency Measures and ACER's interactive dashboard on emergency measures</a>.</li> <li>ACER published: <a href="#">Assessment of emergency measures in electricity markets - 2023 Market Monitoring Report</a>, followed by a webinar.</li> <li>ACER published: <a href="#">Cross-zonal capacities and the 70% margin available for cross-zonal electricity trade (MACZT) - 2023 Market Monitoring Report, followed by a webinar</a></li> <li>ACER published: <a href="#">Progress of EU electricity wholesale market integration - 2023 Market Monitoring Report</a>.</li> <li>ACER published: <a href="#">Demand response and other distributed energy resources: what barriers are holding them back? - 2023 Market Monitoring Report</a></li> </ul> <p><b>Stakeholders Involvement</b></p> <ul style="list-style-type: none"> <li>The European Stakeholder Committees are the main tool to involve stakeholders in the implementation of network codes and guidelines.</li> <li>ACER also organised a number of webinars or workshops for each of our decisions and other major topics to inform and get feedback from stakeholders.</li> <li>ACER and Stakeholders agreed on a guidance for Project Prioritisation of implementation projects.</li> </ul> <p><b>Adequacy</b></p> <ul style="list-style-type: none"> <li><a href="#">Report on Security of EU electricity supply in 2022</a></li> </ul> <p><b>Tariffs</b></p> <ul style="list-style-type: none"> <li><a href="#">ACER Report on Electricity Transmission and Distribution Tariff Methodologies in Europe</a></li> </ul> <p><b>ENTSO-E</b></p> <ul style="list-style-type: none"> <li><a href="#">ACER Opinion 02-2023 on ENTSO-E's statutory documents</a></li> <li>ACER did not issue an Opinion (optional) on ENTSO-E's annual work programme and on ENTSO-E's annual activity report.</li> <li>ACER was unable to deliver the ITC monitoring report by end 2023 in lack of the necessary data on the ITC implementation in 2022 from ENTSO-E.</li> </ul> <p><b>EU DSO Entity</b></p> <ul style="list-style-type: none"> <li>ACER did not issue an Opinion (optional) on EU DSO Entity's annual work programme and on ENTSO-E's annual activity report.</li> </ul> <p><b>Other tasks subject to specific conditions</b></p> <ul style="list-style-type: none"> <li>ACER Informal opinion on Assessment of MRLVC with UK</li> <li><a href="#">ACER and EEA published: Flexibility solutions to support a decarbonised and secure EU electricity system</a></li> </ul>		
	<b>Indicators</b>	<b>Target 2023</b>	<b>Result 2023</b>
Timely completion of the monitoring activity	Depending on reports	100%	ACER's website

## 1.2. Internal gas market

In 2023 while the impact of the decreased Russian pipeline gas deliveries to the EU markets remain the markets gradually replaced the missing volumes through demand reduction and new LNG deliveries. Gas prices recovered and winter storage filling has been established to manage the higher seasonal needs under these tighter market conditions.

In 2023 the Agency continued to engage with the EU Institutions and stakeholders in the discussions on the finalisation of the Hydrogen and Decarbonised Gas Market Package. In a joint effort with CEER, the regulatory community closely followed and advised policy makers on key regulatory requirements for gas decarbonisation, sector integration and hydrogen network regulation.

By 2023, the Network Codes implementation process in gas was well under way, most Network Codes were implemented in most Member States hence ACER published an updated gas balancing dashboard, delivered its annual congestion monitoring report and a special report addressing congestion in North-West European gas markets: the latter took stock of the new congestion patterns, and respective revenues, occurring after the changed gas flows in Europe to adjust to new supply dynamics. Finally, ACER delivered its reports each time when the national tariffs methodology in the Member States were consulted for a new tariff decision. Some preparatory steps were made in relation to amend the Network Code on Gas Capacity Allocation Mechanisms. Moreover, the Agency continued meeting the deliverables related to Council Regulation (EU) 2022/2576, namely the calculation of the Market Correction Mechanism price and the publishing of the LNG price assessment and benchmark.

Objective 1: Decisions, Recommendations, Opinions, Assistance to NRAs and advocacy			
<b>Result</b>	<b>Partly achieved</b>		
<b>Main tasks performed</b>	<ul style="list-style-type: none"> <li>Joint requests from the Functionality Platform: the Agency will interpret and provide solutions in a joint process with ENTSOG.</li> </ul>		
<b>Main outputs</b>	<ul style="list-style-type: none"> <li>Modification of the ascending-clock auction algorithm: <a href="https://www.gasncfunc.eu/gas-func/issues/01/2022/view">https://www.gasncfunc.eu/gas-func/issues/01/2022/view</a></li> <li>Greater flexibility to book firm capacity at IPs: <a href="https://www.gasncfunc.eu/gas-func/issues/01/2020/view">https://www.gasncfunc.eu/gas-func/issues/01/2020/view</a></li> </ul>		
<b>Indicators</b>	<b>Target 2023</b>	<b>Result 2023</b>	<b>Source of data</b>
Number and complexity of the Joint solutions on the Functionality platform	5-6	2	FUNC platform
Number and complexity of the Decisions and NRA-ACER advocacy	1-2	n/a (0)	ACER's website

Objective 2: Implementation and monitoring	
<b>Result</b>	<b>Achieved</b>
<b>Main tasks performed</b>	<ul style="list-style-type: none"> <li>Targeted monitoring and reporting with a view to achieve full implementation in Member States, to provide the reporting obligations imposed on the Agency by Union law and to review the functioning of the implemented market design triggered by new national rules or the market development.</li> </ul>



<b>Main outputs</b>	<ul style="list-style-type: none"> <li>• <a href="#">Energy retail and consumer protection - ACER-CEER 2023 Market Monitoring Report</a></li> <li>• <a href="#">ACER Report on Analysis of the Consultation Document on the Gas Transmission Tariff Structure for Lithuania</a></li> <li>• <a href="#">ACER Report on Analysis of the Consultation Document on the Gas Transmission Tariff Structure for Latvia</a></li> <li>• <a href="#">ACER Report on Analysis of the Consultation Document on the Gas Transmission Tariff Structure for Belgium</a></li> <li>• <a href="#">ACER Report on Analysis of the Consultation Document on the Gas Transmission Tariff Structure for Italy</a></li> <li>• <a href="#">ACER Report on Analysis of the Consultation Document on the Gas Transmission Tariff Structure for Greece</a></li> <li>• <a href="#">ACER report on the analysis of the consultation document on the gas transmission tariff structure for France</a></li> <li>• <a href="#">ACER report on the analysis of the consultation document on the gas transmission tariff structure for the Transit Gas Pipeline System in Poland</a></li> <li>• <a href="#">Key developments in EU gas wholesale markets - 2023 Market Monitoring Report</a></li> <li>• <a href="#">European gas market trends and price drivers - ACER-CEER 2023 Market Monitoring Report</a></li> <li>• <a href="#">10th ACER Report on Congestion in the EU Gas Markets and How it is Managed</a></li> <li>• <a href="#">Special Report: Addressing congestion in North-West European gas markets</a></li> <li>• <a href="#">ACER gas balancing dashboard</a></li> <li>• <a href="#">ACER gas balancing monitoring highlights</a></li> </ul>		
<b>Indicators</b>	<b>Target 2023</b>	<b>Result 2023</b>	<b>Source of data</b>
Number and complexity of the reports mentioned above	10-14	14	ACER's website
Some improvements for the automation projects will take place for Congestion Report and Balancing reporting. Reaping benefits from the automation as of 2023	n/a	achieved	ACER's website

<b>Objective 3:</b>	<b>Tasks initiated by the European Commission or at the Agency's initiative and developing regulatory policies</b>		
<b>Result</b>	<b>Achieved</b>		
<b>Main tasks performed</b>	<ul style="list-style-type: none"> <li>• Amendment of Network Codes and adoption of new ones based on the priority plan of the European Commission (based on Article 6 and 7 of Regulation (EC) 715/2009).</li> <li>• Issuing opinions and recommendations under own initiative (based on Article 24(2) of Regulation 2019/942).</li> </ul>		
<b>Main outputs</b>	<ul style="list-style-type: none"> <li>• Public consultation on the Capacity Allocation Mechanisms Network Code: achievements and the way forward <ul style="list-style-type: none"> <li>○ Related <a href="#">Scoping document</a></li> </ul> </li> </ul>		
<b>Indicators</b>	<b>Target 2023</b>	<b>Result 2023</b>	<b>Source of data</b>
Number of legislative changes and timeline for implementation	n/a	1 started and ongoing	ACER's website
Number and complexity of own initiative opinions and recommendations	n/a	n/a	ACER's website
Development of policy papers	n/a	1	ACER's website

Objective 4: Contribute to the implementation of Union energy legislation by NRAs and to the activities of EU level institutions			
Result	Achieved		
<b>Main tasks performed</b>	<ul style="list-style-type: none"> <li>• Coordination of the Gas Regional Initiatives.</li> <li>• Organisation of 3 meetings where the various regions share their achievements and work in progress.</li> </ul>		
<b>Main outputs</b>	The GRI activity has no publications but coordination meetings fostering cooperation among NRAs.		
<b>Indicators</b>	<b>Target 2023</b>	<b>Result 2023</b>	<b>Source of data</b>
Organisation of meetings to coordinate the activities of the GRIs	3	3	ACER's website

### 1.3. Infrastructure and security of supply<sup>1</sup>

In 2023, the Agency and NRAs cooperated in implementing the tasks assigned by the revised TEN-E Regulation. The revised TEN-E Regulation aims to facilitate infrastructure development with the objective of supporting the European energy transition, including rapid electrification, scaling up of renewable and fossil fuel free electricity generation, the increased use of renewable and low-carbon gases, energy system integration and a higher uptake of innovative solutions.

In 2023, in the area of TEN-E Regulation, the Agency delivered Opinions on ENTSOs cost-benefit analysis methodologies for electricity and hydrogen infrastructure projects, a monitoring report on the progress of Projects of Common Interest (PCI), a Unit Investment Costs Indicators report, a recommendation on the treatment of investment requests and cross-border cost allocation for PCIs and a report on risks and regulatory incentives. In the areas of electricity and gas TSOs cooperation, the Agency issued Opinions on ENTSOs ten-year network development plans (TYNDPs), a Recommendation on the Treatment of Losses for the Purpose of the ITC Mechanism, and Opinions on ENTSOG's summer and winter supply outlooks.

Objective 1: Ensuring the proper implementation of the TEN-E Regulation	
Result	Achieved
<b>Main tasks performed</b>	<ul style="list-style-type: none"> <li>• Issuing the annual consolidated report on progress of projects of common interest and (if appropriate) recommendations to facilitate the implementation and overcome delays/difficulties in PCI implementation.</li> <li>• Issuing requests of updates and Opinion(s) on ENTSO-E's and/or ENTSOG's methodologies for cost-benefit analysis, if updated.</li> <li>• Issuing opinions on the draft regional lists of proposed projects of common interest, in particular on the consistent application of the criteria and the cost-benefit analysis across regions.</li> <li>• Issuing decisions on investment requests including on cross-border cost allocation under Article 12(6) of Regulation (EU) 347/2013.</li> <li>• Issuing the Unit Investment Cost Report and reference values.</li> <li>• Framework Guidelines for the joint Scenarios for the electricity and gas TYNDPs.</li> <li>• Issuing an opinion on the draft joint Scenarios Report.</li> <li>• Issuing opinions on the Infrastructure Gaps Reports.</li> </ul>

<sup>1</sup> It is worth noting that within this chapter security of supply encompasses only gas security of supply. Electricity security of supply is dealt with within the internal electricity market chapter, due to the links between electricity security of supply and associated measures affecting the internal electricity market.

	<ul style="list-style-type: none"> <li>• Issuing the ACER Recommendation on CBCA.</li> <li>• Issuing the ACER Recommendation on incentives and risk methodology.</li> </ul>		
<b>Main outputs</b>	<ul style="list-style-type: none"> <li>• <a href="#">ACER Opinion 07-2023 on the draft 4th ENTSO-E Guideline for Cost Benefit Analysis of Grid Development Projects</a></li> <li>• <a href="#">ACER Opinion 08-2023 on the draft ENTSG cost-benefit analysis methodology of hydrogen infrastructure projects</a></li> <li>• <a href="#">ACER Opinion 10-2023 on the draft regional lists of proposed electricity PCIs and PMIs</a></li> <li>• <a href="#">ACER Opinion 09-2023 on the draft regional lists of proposed hydrogen PCIs and PMIs</a></li> <li>• <a href="#">ACER Consolidated report on the progress of electricity and gas Projects of Common Interest (PCIs)</a></li> <li>• <a href="#">ACER Recommendation 02-2023 on good practices for the treatment of the investment requests, including CBCA requests, for PCIs</a></li> <li>• <a href="#">ACER's Position Paper towards greater consistency of cost benefit analysis methodologies</a></li> <li>• <a href="#">Final report on Unit Investment Cost Indicators - 2023</a></li> <li>• <a href="#">ACER Report on investment evaluation, risk assessment and regulatory incentives for energy network projects - 2023</a></li> </ul>		
<b>Indicators</b>	<b>Target 2023</b>	<b>Result 2023</b>	<b>Source of data</b>
Timely publication of the decisions/opinions/recommendations/reports	100%	100%	ACER's website

<b>Objective 2:</b>	<b>Monitoring the TSOs' cooperation in the Electricity Sector</b>		
<b>Result</b>	<b>Achieved</b>		
<b>Main tasks performed</b>	<ul style="list-style-type: none"> <li>• Issuing an opinion on the draft Union-wide electricity infrastructure 10-Year Network Development Plan 2022.</li> <li>• Issuing an opinion on the implementation of the Union-wide electricity infrastructure 10-Year Network Development Plan and investments to create new interconnector capacity.</li> <li>• Issuing an opinion on the national 10-Year Network Development Plans to assess their consistency with the Union-wide 10-Year Network Development Plans (if appropriate) recommendations to amend the national 10-year network development plans or the Union-wide network development plan.</li> </ul>		
<b>Main outputs</b>	<ul style="list-style-type: none"> <li>• <a href="#">ACER Opinion 03-2023 on the methodological aspects of the ENTSO-E TYNDP 2022</a></li> <li>• <a href="#">ACER Opinion 04-2023 on electricity projects in the draft ENTSO-E TYNDP 2022 and in the National Development Plans (NDPs)</a></li> <li>• <a href="#">ACER Recommendation 01-2023 on the Treatment of Losses for the Purpose of the ITC Mechanism</a></li> </ul>		
<b>Indicators</b>	<b>Target 2023</b>	<b>Result 2023</b>	<b>Source of data</b>
Timely adoption and publication of the deliverables	Timely	Timely	ACER's website

<b>Objective 3:</b>	<b>Monitoring the TSOs' cooperation in the Gas Sector</b>		
<b>Result</b>	<b>Achieved</b>		
<b>Main tasks performed</b>	<ul style="list-style-type: none"> <li>• Issuing an opinion on the draft Union-wide gas infrastructure 10-Year Network Development Plan 2022 and its implementation.</li> <li>• Issuing opinions on ENTSG's annual Summer and Winter supply outlooks.</li> </ul>		

<b>Main outputs</b>	<ul style="list-style-type: none"> <li>• <a href="#">ACER Opinion 05-2023 on ENTSOG's Summer Supply Outlook 2023</a></li> <li>• <a href="#">ACER Opinion 06-2023 on ENTSOG draft Ten-Year Network Development Plan 2022</a></li> <li>• <a href="#">ACER Opinion 11-2023 on ENTSOG's Winter Supply Outlook 2023-2024</a></li> </ul>		
<b>Indicators</b>	<b>Target 2023</b>	<b>Result 2023</b>	<b>Source of data</b>
Timely adoption and publication of the deliverables	Timely adoption	Timely adoption	ACER's website

<b>Objective 4: Ensuring the proper implementation of measures to safeguard the security of gas supply</b>			
<b>Result</b>	<b>Not applicable</b>		
<b>Main tasks performed</b>	The tasks envisaged in the 2023 Work Programme were not performed during 2023.		
<b>Main outputs</b>	No related outputs in 2023.		
<b>Indicators</b>	<b>Target 2023</b>	<b>Result 2023</b>	<b>Source of data</b>
n/a	n/a	n/a	n/a

## 1.4. Market information and transparency

The Agency's market information and transparency work is an ongoing activity under REMIT which involves the promotion of regulatory cooperation and data excellence as well as REMIT analytics and information management tasks. The latter tasks are financed through REMIT fees on the basis of Article 32(1)(b) of Regulation (EU) 2019/942 as of 2021.

In 2023, ACER, in close cooperation with NRAs, provided guidance on the application of REMIT and on data reporting, collected in total more than 8.3 billion number of records, performed data quality analysis and provided this information for ACER's market monitoring and shared it with NRAs for their market monitoring, investigation and enforcement tasks.

The introduction and application of REMIT fees as of 2021 enabled ACER to improve its funding and to cover its costs related to collecting, handling, processing and analysing of information reported under REMIT.

### 1.4.1. Promoting regulatory cooperation

In 2023, ACER took an active role in assisting NRAs and in building a common regulatory culture among NRAs to promote the sound, efficient, and consistent exercise of their regulatory tasks under REMIT at Union level. Since wholesale energy markets encompass both commodity markets and derivatives markets and as price formation in both sectors is interlinked, ACER also cooperated with the European Securities and Markets Authority (ESMA) and national financial market authorities as well as with competition authorities, to ensure that a coordinated approach is taken on market integrity and transparency at Union level. In addition, ACER cooperated with competent supervisory authorities, international organisations and the administrations of third countries, in particular with those impacting

the Union wholesale energy markets, in order to promote the harmonisation of the regulatory market integrity and transparency framework.

Objective 1: Promoting regulatory cooperation			
Result	Partly achieved		
<b>Main tasks performed</b>	<ul style="list-style-type: none"> <li>Assisting NRAs in exercising, at Union level, their regulatory tasks under REMIT performed in the Member States.</li> <li>Policy cooperation with NRAs and, where necessary, their coordination to aim at ensuring the coordinated and consistent application of REMIT.</li> <li>Policy cooperation with ESMA, competent national financial market authorities and other authorities at Union level, supervisory authorities, international organisations and the administrations of third countries to promote the harmonisation of the regulatory framework.</li> </ul>		
<b>Main outputs</b>	<ul style="list-style-type: none"> <li>Providing <a href="#">CEREMP</a> for NRAs' national registers of market participants</li> <li><a href="#">ACER Guidance to NRAs on the application of REMIT</a></li> <li>Coordination of stakeholder queries with NRAs</li> <li><a href="#">REMIT Q&amp;As</a> (29<sup>th</sup> edition)</li> <li>Potential coordinated policy documents</li> <li>Memoranda of Understanding (MoUs)</li> <li>Exchange of information and/or meetings on the basis of existing MoUs.</li> </ul>		
Indicators	Target 2023	Result 2023	Source of data
99% Availability of the provided IT solutions to NRAs	99%	98%	Monthly performance monitoring
Continued measurement of % planned vs. delivered projects	YoY improvement	95%	Monthly performance monitoring
Implementation of the MoUs in practice through regular exchange of information and/or meetings with the relevant authorities.	At least 1 meeting per cooperating authority per year	11	Monthly performance monitoring

#### 1.4.2. REMIT data and information management

REMIT data and information management have become an enabler which supports ACER's and NRAs' market monitoring activities and case-work according to Article 7(1) and (2) of REMIT to promote wholesale energy market integrity and transparency, but also ACER's wholesale energy monitoring and reporting activities according to Article 15 of Regulation (EU) 2019/942 ('Market Monitoring Report') and the Agency's monitoring of the implementation of network codes to promote market integration. It has the potential to support the monitoring activities and case-work of financial market authorities under EU financial market legislation and competition authorities under EU competition law and may foster sound policy-making.

REMIT data and information management activities aim to establish and manage information as a key asset to support market monitoring and provide reliable information on wholesale energy markets for the promotion of market integrity and transparency as a major pre-requisite for efficient market integration and the security of energy supply. This involves the delivery and operation of efficient and effective data and information-management services and increasing the Agency's information processing capacity, and requires management of in-house and outsourced information and technology services.



## I. Regulatory cooperation, reporting guidance and policy activity to support the REMIT reporting mandate

In 2023, ACER closely cooperated with NRAs on collecting, handling, processing and analysing of information collected pursuant to Article 8 of REMIT on an ongoing basis to foster regulatory convergence and to avoid regulatory arbitrage resulting from different regulatory practices under REMIT.

The Agency provided guidance to reporting parties on data collection (Requirements for registered reporting parties, Manual of Procedures on data collection, Transaction Reporting User Manual, FAQs on data collection) according to Article 8 of REMIT and Articles 3(2), 5(2), 10(3) and 11(1) of Commission Implementing Regulation (EU) No 1348/2014. This required updates of the guidance in the light of market developments (e.g. in case of new products admitted to trading at organised market places) and included providing regular updates to the list of organised market places and to the list of standard contracts.

The Agency published four REMIT Quarterly reports in 2023 to fulfil its obligation to report at least on an annual basis on its activities under REMIT according to Article 7(3) of REMIT. In such reports, ACER assessed the operation and transparency of different categories of market places and ways of trading and made recommendations to the Commission as regards market rules, standards, and procedures which could improve market integrity and the functioning of the internal market as considered necessary.

The Agency also informed stakeholders on different aspects of the implementation and operation of REMIT data collection according to Article 14 of Regulation (EU) 2019/942. Material updates of ACER's REMIT reporting guidance were consulted with relevant parties according to Article 8 of REMIT and Articles 5(2), 10(3) and 11(1) of Commission Implementing Regulation (EU) No 1348/2014. Such involvement of stakeholders ensured wider acceptance of REMIT data collection and the effectiveness of any potential update of REMIT data collection.

Objective 1:	Contribute to a coordinated, consistent and robust REMIT data reporting framework
<b>Result</b>	<b>Partly achieved</b>
<b>Main tasks performed</b>	<ul style="list-style-type: none"> <li>• Continue to contribute to a coordinated, consistent and robust REMIT data reporting regulatory framework for the purpose of market monitoring and promote supervisory convergence in the area of data reporting.</li> <li>• Enable reporting parties to report data pursuant to Article 8 of REMIT in an efficient, effective and safe manner to the Agency.</li> <li>• Collecting, handling, processing and analysing of REMIT information collected according to Article 8 of REMIT.</li> </ul>
<b>Main outputs</b>	<ul style="list-style-type: none"> <li>• Close cooperation with the Commission services on the development of REMIT II</li> <li>• Coordination of potential breaches of Articles 8 and 9 of REMIT with NRAs</li> <li>• Joint ACER-NRA projects on collecting, handling, processing and analysing of information, with the SIDC data collection project as key deliverable</li> <li>• Revised <a href="#">Transaction Reporting User Manual (TRUM)</a></li> <li>• Revised <a href="#">Manual of Procedures on transaction data, fundamental data and inside information reporting</a></li> <li>• Review of the Requirements for Registered Reporting Parties</li> <li>• Provision of additional FAQs on data collection</li> <li>• <a href="#">FAQs on transaction reporting</a></li> <li>• Published and regularly updated <a href="#">list of organised market places</a></li> <li>• Published and regularly updated <a href="#">list of standard contracts</a></li> <li>• Contribution to the Agency's Consolidated Annual Activity Report</li> <li>• Contribution to the Agency's Market Monitoring Report</li> </ul>

	<ul style="list-style-type: none"> <li>• <a href="#">REMIT Quarterly reports</a></li> <li>• <a href="#">REMIT Portal</a></li> <li>• Public consultations</li> <li>• Targeted consultations of relevant parties</li> <li>• Stakeholder roundtable meetings and webinars</li> <li>• Ad-hoc expert group meetings</li> <li>• REMIT Forum.</li> </ul>		
Indicators	Target 2023	Result 2023	Source of data
Number of relevant coordination meetings with NRAs	8	12	Monthly performance monitoring
Update of TRUM as key achievement	At least 1 update	1	<a href="#">Dedicated webpage</a>
Update of FAQs on data collection	At least 1 update	1	Monthly performance monitoring
Update of MoP on data collection as required	As required	1	Monthly performance monitoring
Update of the RRM requirements	As required	1	Monthly performance monitoring
Updates of the List of OMPs	4 updates	4	<a href="#">REMIT PORTAL</a>
Updates of the List of Standard Contracts	4 updates	4	<a href="#">REMIT PORTAL</a>
Percentage of REMIT stakeholder queries on REMIT data collection answered	100%	98%	Monthly performance monitoring
% planned vs. delivered projects	Yoy improvement of % planned vs. delivered	100%	Monthly performance monitoring

## II. Regulatory registration and supervision of reporting parties

ACER's European register of market participants was established for the purpose of data collection under REMIT and is based on the information provided by NRAs on an ongoing basis (Articles 8 and 9 of REMIT; Article 10(2) of Commission Implementing Regulation (EU) No 1348/2014). The Agency has made publicly available parts of the European register of market participants to facilitate reporting according to Article 8 of REMIT, in particular the market participants registered and their ACER registration and other unique identification codes which are a prerequisite to identify the reporting parties when reporting data to ACER pursuant to Article 8 of REMIT.

ACER assessed registration applications under REMIT and its Implementing Regulation and monitored the compliance of registered reporting parties which involve day-to-day supervision through a risk-based approach with a particular focus on data quality and technical and operational requirements to ensure operational reliability pursuant to Article 8 of REMIT and Article 11(1) of Commission Implementing Regulation (EU) No 1348/2014.

ACER was also registering Inside Information Platforms and Transparency Platforms disclosing inside information on behalf of market participants for the efficient, effective and safe collection of inside information through web feeds (Article 8 of REMIT; Articles 10(1) and 11(1) of Commission Implementing Regulation (EU) No 1348/2014).

Objective 1: Regulatory registration and supervision of reporting parties to ensure efficient, effective and safe exchange and handling of information			
Result	Achieved		
<b>Main tasks performed</b>	<ul style="list-style-type: none"> <li>• Enable reporting parties to report data pursuant to Article 8 of REMIT in an efficient, effective and safe manner to the Agency.</li> <li>• Ensuring efficient, effective and safe exchange and handling of information.</li> <li>• Collecting, handling, processing and analysing of REMIT information collected according to Article 8 of REMIT.</li> </ul>		
<b>Main outputs</b>	<ul style="list-style-type: none"> <li>• Publication of the <a href="#">European register of market participants</a> and continuous updates on the basis of the information provided through the national registers of market participants maintained by NRAs</li> <li>• Processed new registration applications</li> <li>• Assessment of whether changes to the current RRM registrations (structural changes of entities, changes in technical and organisational requirements etc.) are compliant with Article 11 (1) of REMIT Implementing Regulation and facilitate the changes by bilateral communication with the RRM and related amendments in the system</li> <li>• Engagement with individual registered reporting parties, audits, thematic reports and letters addressed to registered reporting parties identifying risks and requesting remediation in alignment with key supervisory priorities.</li> </ul>		
Indicators	Target 2023	Result 2023	Source of data
99% Availability of the publicly made available parts of the European register of market participants on the Agency's REMIT portal	99% service availability	100%	Monthly performance monitoring
Implementation of the RRM compliance monitoring strategy according to plan	Yoy improvement of % planned vs. delivered	100%	Monthly performance monitoring
Completeness of information	Yoy improvement	95%	Monthly performance monitoring
Accuracy of information	Yoy improvement	98%	Monthly performance monitoring
Timeliness of information	Yoy improvement	98%	Monthly performance monitoring
The time a reporting party takes to proceed to remedial actions following ACER's supervisory action	Yoy improvement	7.1 d	Monthly performance monitoring

### III. Data analysis and dissemination

Against the background of its legal mandate under Articles 7(3) and 8 of REMIT and Article 11 of Commission Implementing Regulation (EU) No 1348/2014, ACER continued performing data analysis and giving attention to the quality of reported data under REMIT, as a precondition to data-driven monitoring, through action plans and methodologies and worked on the implementation of the data strategy. This task was identified as a continued priority for market monitoring and is decisive for all REMIT data users. This is a task the Market Surveillance and Conduct Department contributes to.

According to Article 12(2) of REMIT, ACER may publish parts of the information it possesses to enhance transparency in wholesale energy markets pursuant to Article 12(2) of REMIT. Transparency has the power to create a level playing field, reduce the scope for anti-competitive practices and more generally, increase market participants' confidence in fair pricing mechanisms. REMIT regulates not only integrity, but also transparency of wholesale energy markets in order to guarantee that the relevant information is available to market operators.-The disclosure of the information that is deemed relevant in light of the efficient functioning of the market, affects the possibility for market participants to receive efficient

market signals before making their choices. Current experiences indicate that there is still a need to further promote transparency in wholesale energy markets.

The Agency is also tasked to make its non-sensitive trade database available for scientific purposes pursuant to Article 12(2) of REMIT. In the past, this activity was limited to the Agency's cooperation with the European Commission's Joint Research Centre. In 2022 and beyond, the Agency aims at establishing and making available a dataset which will allow cooperating with universities and research institutes at Union level.

<b>Objective 1: Data analysis and dissemination to assure data quality, integrity, transparency and usability of information</b>			
<b>Result</b>	<b>Partly achieved</b>		
<b>Main tasks performed</b>	<ul style="list-style-type: none"> <li>Perform market data analysis in order to assure data quality, integrity and usability in close coordination with NRAs.</li> <li>Making available REMIT data for scientific and transparency purposes.</li> <li>Collecting, handling, processing and analysing of information collected according to Article 8 of REMIT.</li> </ul>		
<b>Main outputs</b>	<ul style="list-style-type: none"> <li>Data processes to support market monitoring and data analysis</li> <li>Ongoing data analysis projects/reports</li> <li>Assess the operation and transparency of different categories of market places and ways of trading and, if necessary, make recommendations to the Commission as regards market rules, standards, and procedures which could improve market integrity and the functioning of the internal market</li> <li>Evaluate whether any minimum requirements for organised markets could contribute to enhanced market transparency</li> <li>Making available of REMIT data sets to researchers from universities and research institutes for scientific purposes</li> <li>Making publicly available parts of the information the Agency possesses, provided that commercially sensitive information on individual market participants or individual transactions or individual market places is not disclosed and cannot be inferred.</li> </ul>		
<b>Indicators</b>	<b>Target 2023</b>	<b>Result 2023</b>	<b>Source of data</b>
Delivery and implementation of REMIT data strategy according to plan	Yoy improvement of % planned vs. delivered	100%	Monthly performance monitoring
Continued measurement of % planned vs. delivered data projects	Yoy improvement of % planned vs. delivered	100%	Monthly performance monitoring
Integrity of information	Yoy improvement	98%	Monthly performance monitoring
Consistency of information	Yoy improvement	94%	Monthly performance monitoring
Contribution to ACER publications using REMIT market data	At least 1	2	Monthly performance monitoring
Engagement in scientific data sharing project	At least 1	1	Monthly performance monitoring
Publication of ACER's assessment of the operation and transparency of different categories of market places and ways of trading and evaluation whether any minimum requirements for organised markets could contribute to enhanced market transparency	At least 1 publication	4	Monthly performance monitoring

#### IV. Data collection, data management and data sharing

This deliverable comprises the tasks data collection and data sharing and the operation and enhancement of the Agency's REMIT Information Systems ensuring operational reliability. The Agency is tasked to collect records of wholesale energy market transactions, including orders to trade from EU market participants at pan-European level.

The Agency shall also establish mechanisms to share information it receives in accordance with Articles 7(1) and 8 of REMIT with NRAs competent financial market authorities of the Member States, national competition authorities, ESMA and other relevant authorities. For the purpose of carrying out their market monitoring of wholesale energy markets at national level according to Article 7(2) of REMIT, NRAs shall have access to relevant information held by the Agency which it has collected in accordance with Article 7(1) of REMIT, subject to Article 10(2) of REMIT. The Agency is currently sharing relevant REMIT information with NRAs on an ongoing basis and with other authorities at Union level on an ad hoc request basis. Other authorities from the Member States are asked to refer to the relevant NRA at national level.

For the purpose of collecting, handling, processing and analysing information, ACER operates its REMIT Information Systems ARIS. According to Article 12(1) of REMIT, the Agency shall ensure the confidentiality, integrity and protection of the information received pursuant to Article 4(2) and Articles 8 and 10 of REMIT. The Agency shall take all necessary measures to prevent any misuse of, and unauthorised access to, the information maintained in its systems. In addition, the Agency has to fulfil data protection obligations relating to the processing of personal data under relevant EU data protection legislation.

Objective 1:		Data collection, data management and data sharing to increase integrity and transparency in wholesale energy markets	
Result		Partly achieved	
Main tasks performed	<ul style="list-style-type: none"> <li>Collecting of information reported by reporting parties in an efficient, effective and safe manner.</li> <li>Providing high-quality REMIT data for monitoring purposes of ACER, NRAs and other relevant authorities.</li> <li>Operate the Agency's REMIT Information Systems operationally reliable.</li> <li>Collecting, handling, processing and analysing of information collected according to Article 8 of REMIT.</li> </ul>		
Main outputs	<ul style="list-style-type: none"> <li>Continuous management of records of wholesale energy market transactions, including orders to trade, derivatives, fundamental data and inside information collected</li> <li>Provision of REMIT information services to internal ACER users, NRAs and reporting parties</li> <li>Projects to enhance data collection, data processing and data sharing</li> <li>Sharing of relevant REMIT data with NRAs through ARIS on an ongoing basis and with other authorities on an ad hoc basis;</li> <li>Maintenance and continuous operations of the Agency's REMIT Information Systems</li> <li>Enhancements of the Agency's REMIT Information Systems, or components thereof</li> <li>Application and IT service management</li> <li>Identify sources of operational risk and minimise them through the development of appropriate systems, controls and procedures.</li> </ul>		
Indicators	Target 2023	Result 2023	Source of data
Service availability of data collection, data management and data sharing services	99% service availability	98%	Monthly performance monitoring
% of open tickets versus closed	Yoy improvement	77%	Monthly performance monitoring

Continued measurement of % planned vs. delivered projects	Yoy improvement of % planned vs. delivered	100%	Monthly performance monitoring
Time from discovery of an information security incident/issue until resolution	Yoy improvement	75 h	Monthly performance monitoring

### 1.4.3. ACER data and information management

Data and information that the Agency collects, manages and provides to the users is a key enabler to the Agency's success, supporting the drive to be a forward-looking and data-driven EU Agency that operates efficiently. Good quality data and information, handled well and available quickly allows the Agency to gain deeper insight into the subject matter and to be more efficient at identifying and tackling risks.

The Agency continued to implement technical and organisational requirements to ensure data excellence. The activities related to data excellence continued to provide both internal and external customers with services related to data collection, data quality, and data management in the field of electricity and natural gas markets. Data collection and data management for the electricity and gas departments is a general task and an enabler for providing ACER with the information necessary for the purpose of carrying out ACER's tasks under Regulation (EU) 2019/942.

The Agency's tasks in the field of data and information management continued to be financed by the Union budget and/or other funding sources made available, insofar as they did not relate to collecting, handling, processing and analysing of information collected according to Article 8 of REMIT.

Objective 1: Data excellence			
Result	Achieved		
<b>Main tasks performed</b>	<ul style="list-style-type: none"> <li>ACER data management</li> </ul>		
<b>Main outputs</b>	<ul style="list-style-type: none"> <li>Implementation of the ACER data strategy</li> <li>Implementation of ACER data governance and policies</li> <li>Development and maintenance of new data marts and make information and tools available</li> <li>Implement ACER information security policy for business IT systems and data</li> </ul>		
Indicators	Target 2023	Result 2023	Source of data
Implementation of the ACER data strategy	Continued measurement of % planned vs. delivered	100%	Monthly performance monitoring
Implementation of Data governance and policies according to plan	Continued measurement of % planned vs. delivered	100%	Monthly performance monitoring



#### 1.4.4. Establish an LNG price assessment/benchmark as energy crisis response to enhance market transparency

In 2023, ACER established an LNG price assessment and benchmark as energy crisis response to enhance market transparency on the basis of Council Regulation (EU) 2022/2576 “Enhancing solidarity through better coordination of gas purchases, reliable price benchmarks and exchanges of gas across borders”. The Regulation tasks ACER with producing and publishing:

- a new daily Liquefied Natural Gas (LNG) price assessment starting no later than 13 January 2023;
- a daily LNG benchmark from 31 March 2023.

The Regulation granted ACER the necessary powers to collect the data needed for the establishment of the LNG benchmark.

These new ACER tasks are financed by the Union budget and/or other funding sources made available.

Objective 1: LNG price assessments/benchmarks			
<b>Result</b>	<b>Achieved</b>		
<b>Main tasks performed</b>	<ul style="list-style-type: none"> <li>• LNG price assessments/benchmarks</li> </ul>		
<b>Main outputs</b>	<ul style="list-style-type: none"> <li>• Development and maintenance of IT solution for collection and publication of information</li> <li>• Data collection</li> <li>• Assessment and publication of daily LNG price assessments once applicable</li> <li>• Assessment and publication of daily LNG benchmark once applicable</li> <li>• Implementation of ACER information security policy for business IT systems and data</li> </ul>		
<b>Indicators</b>	<b>Target 2023</b>	<b>Result 2023</b>	<b>Source of data</b>
Implementation of data collection according to plan	Daily data collection as of 20 days following the entry into application of the regulation	100%	Monitoring of delivery
Publication of price assessments/benchmarks according to plan	Daily publications	100%	Monthly performance monitoring

## 1.5. Market surveillance and conduct

Since 2017, the Agency performs effective and efficient EU-wide market surveillance of wholesale energy markets to detect market manipulation and insider trading on the basis of an agreed market surveillance strategy with NRAs based on collected 'REMIT data'. With this activity the Agency contributes to the trust in wholesale energy market price formation and protects EU consumers from unfair prices as a result of market manipulation and insider trading. This activity has to be carried out in close cooperation with NRAs and other authorities.

The Agency's market surveillance and conduct work promotes the integrity of wholesale energy market through these main activities:

- i. on a daily basis, assessing gas and electricity market data on anomalous instances and for this purpose implementing surveillance tools to detect potential instances of market abuse;
- ii. notifying and referring suspected market abuse instances to NRAs and other relevant authorities;
- iii. requesting and coordinating investigations performed by NRAs;
- iv. providing guidance to NRAs on market abuse definitions; and
- v. providing operational assistance to a requesting NRA on their REMIT investigation (deprioritised).

The Agency aims to ensure that all NRAs and other relevant authorities carry out their tasks under REMIT in a coordinated and consistent manner, which is done mainly through case coordination and publishing Guidance to NRAs on the application of market abuse prohibitions. It is worth mentioning that the Agency also monitors wholesale energy derivatives i.e. financial products and hence notifies the appropriate financial authorities should it detect potential instances of market abuse.

Following the year 2022 which was characterised by scarce electricity and gas supplies, unprecedentedly high prices and price volatility, the Agency continued its vigilance in detecting market manipulation and insider trading to ensure confidence in the integrity of the EU wholesale energy markets.

The following activities were performed by the Market Surveillance and Conduct Department:

- implement Market Correction Mechanism (MCM) which included the daily publication of the EU gas reference price;
- analysing the available collected and validated REMIT data to detect suspected instances of market abuse;
- contributing to improving the available collected REMIT data;
- preparing detailed assessments with factual analyses including an economic and legal assessment to be notified in a secure way to national authorities for their investigation;
- screening, registering and assessing notifications on suspicious trading instances reported by national authorities, persons professionally arranging transactions, market parties and other entities;
- notifying ESMA and other relevant supervisory authorities on potential cases of market abuse;
- coordinating and cooperating with NRAs on REMIT cases reviews, investigations and enforcement actions;
- taking actions to ensure consistency in the application of REMIT by NRAs;
- establishing and managing cross-border investigatory groups;
- providing guidance on the application of REMIT on the market abuse provisions;
- organising the online Energy Market Integrity forum, a large-scale public event;
- providing trainings on REMIT in cooperation with CEER and FSR;

- developing and enhancing of specific IT tools that can support its surveillance and conduct tasks; and, a new task for the Agency.

Concretely, ACER's market surveillance shared in 2023 over 900 manually assessed alerts and 10 initial assessments with the relevant NRAs for their investigation and enforcement follow-up. In order to further strengthen its market surveillance oversight, the Agency has introduced new alerts that efficiently and effectively screen the REMIT data and triggered if suspicious trading behaviour was detected. In 2023, NRAs issued in total EUR 3 million in fines for breaches of market abuse under REMIT. Lastly, 2023 also marked a year during which the Agency provided its support and feedback regarding the revision of the REMIT regulation proposed by the European Commission.

<b>Objective 1: Ensuring the integrity of wholesale energy markets and delivering trustworthy market outcomes for EU energy consumers</b>			
<b>Result</b>	<b>Partly achieved</b>		
<b>Main tasks performed</b>	<ul style="list-style-type: none"> <li>• Market monitoring of trading activity in wholesale energy markets to detect and prevent trading based on inside information and market manipulation according to Article 7 of REMIT, in cooperation with NRAs, on the basis of data collected in accordance with the REMIT implementing acts, the Agency's surveillance strategy and further development and operation of the Agency's market surveillance solution, including the dissemination to NRAs of suspicious trading activities in a secure way. That is, analysing the available collected and validated REMIT data to detect suspected instances of market abuse; contributing to improving the available collected REMIT data; preparing detailed assessments with factual analyses including an economic and legal assessment to be notified in a secure way to national authorities for their investigation; and screening, registering and assessing notifications on suspicious trading instances reported by national authorities, persons professionally arranging transactions, market parties and other entities.</li> </ul>		
<b>Main outputs</b>	<ul style="list-style-type: none"> <li>• Reporting to NRAs assessed triggered alerts and initial assessments of potential market abuse cases.</li> </ul>		
<b>Indicators</b>	<b>Target 2023</b>	<b>Result 2023</b>	<b>Source of data</b>
% of high priority alerts manually screened	100%	99.9%	Monthly performance report
# of initial assessments sent to relevant authorities	>16	10	Monthly performance report

<b>Objective 2: Ensuring a consistent application of market abuse provisions by NRAs in order secure effective REMIT framework</b>			
<b>Result</b>	<b>Achieved</b>		
<b>Main tasks performed</b>	<ul style="list-style-type: none"> <li>• This task includes all activities performed by ACER related to ensuring coordination and consistency in the application of REMIT by NRAs to cases of market abuse (Articles 3 and 5) and related to information disclosure, and monitoring obligations (Articles 4, and 15). It includes the following activities: case coordination; case consistency; development, consultation and issuance of ACER Guidance; statutory meetings involving the discussion of REMIT cases. That is, notifying ESMA and other relevant supervisory authorities on potential cases of market abuse; coordinating and cooperating with NRAs on REMIT cases reviews, investigations and enforcement actions; taking actions to ensure consistency in the application of REMIT by NRAs; establishing and managing investigatory groups; providing guidance on the application of REMIT on the market abuse provisions; developing and enhancing of specific IT tools that can support its surveillance and conduct tasks; and, providing operational assistance to national regulatory authorities, upon their request, regarding REMIT investigations.</li> </ul>		
<b>Main outputs</b>	<ul style="list-style-type: none"> <li>• Notifications on REMIT cases by ACER and triage and review of received Notifications from NRAs (and PPATs) based on the data received under Article 8</li> <li>• Cooperation between ACER and NRAs and among NRAs on REMIT cases</li> </ul>		

	<ul style="list-style-type: none"> <li>• Coordination meetings with NRAs on the consistent application of market abuse provisions in REMIT (e.g. MM SC)</li> <li>• Processing of requests from ACER and updates from NRAs</li> <li>• Establishment and coordination of investigatory groups</li> <li>• Reviews by ACER of potential REMIT breach assessments by NRAs (closing and consistency notes)</li> <li>• Publication of Guidance to NRAs on the application of REMIT market abuse provisions.</li> </ul>		
<b>Indicators</b>	<b>Target 2023</b>	<b>Result 2023</b>	<b>Source of data</b>
% of REMIT breach cases pro-actively followed by the Agency	> 25%	26%	Monthly performance report
Number of REMIT breach cases triaged and reviewed on cooperation needs	>100	111	Monthly performance report
Number of interactions on market abuse cases to ensure a coordinated and consistent approach (documents and requests sent)/year	>700	1314	Monthly performance report
Number of statutory meetings (>50% of the target group) organised and chaired by the MSC department	>8	8	Monthly performance report
Number of cross border investigatory groups under management	0	1	Monthly performance report
Percentage of REMIT breach Decisions (Articles 3, 4 and 5) by EU NRAs quoting the ACER Guidance	75%	92%	Monthly performance report

### Objective 3: Development and enhancement of applied surveillance and conduct IT tools

**Result** Partly achieved

**Main tasks performed**

- Implementable detailed business requirements to enhance existing IT tools.

**Main outputs**

- The development and enhancements of the Agency's main surveillance tool for market surveillance
- Development of new alerts for detecting potential market abuse
- Enhancements of existing alerts for improved detection of potential market abuse
- The development and enhancements of the Agency's Notification Platform (NP) and Case Management Tool (CMT).

<b>Indicators</b>	<b>Target 2023</b>	<b>Result 2023</b>	<b>Source of data</b>
Number of alert enhancements implemented	>30	26	Monthly performance report
Number of alerts developed and implemented	>2	1	Monthly performance report
Number of new Case Management Tool (CMT) Power BI improvements implemented	>15	46	Monthly performance report
Number of Notification Platform and CMT issues/bugs/improvements documented for solving	>15	27	Monthly performance report

### Objective 4: Ensure cooperation between public authorities dealing with related matters.

**Result** Partly achieved

**Main tasks performed**

- The cooperation with ESMA, competent national financial market authorities and other relevant authorities aims to ensure that REMIT, MAR and other related regulations/legislations are applied in a coordinated way by the concerned relevant authorities. Also, to ensure a consistent approach is the application of REMIT and MAR provisions. It also aims at disseminating best practices among public authorities.

<b>Main outputs</b>	<ul style="list-style-type: none"> <li>• Notifications to ESMA, competent national financial market authorities, other supervisory authorities, international organisations and the administrations of third countries.</li> <li>• Coordination meetings with ESMA, competent national financial market authorities, other supervisory authorities, international organisations and the administrations of third countries.</li> </ul>		
<b>Indicators</b>	<b>Target 2023</b>	<b>Result 2023</b>	<b>Source of data</b>
Number of large scale non-statutory meetings (ESMA/ financial authorities, PPATs/OMPs, other entities)	4/year	3*	ACER's website; meeting agendas and minutes

\*The target is only partly achieved due to the allocation of resources in connection with the REMIT revision.

<b>Objective 5:</b>	<b>To foster regulatory convergence and to avoid regulatory arbitrage resulting from different regulatory practices under REMIT.</b>		
<b>Result</b>	<b>Not applicable</b>		
<b>Main tasks performed</b>	<b>The task was fully deprioritised in the 2023 Work programme and no tasks were performed during 2023.</b>		
<b>Main outputs</b>	<ul style="list-style-type: none"> <li>• no related outputs in 2023</li> </ul>		
<b>Indicators</b>	<b>Target 2023</b>	<b>Result 2023</b>	<b>Source of data</b>
For 2023 no indicator is planned as the Agency lacks the funding for appropriate HR. This task is therefore fully deprioritised and each request for support from NRAs on their cases will not be acted on.	n/a	n/a	n/a

### 1.5.1. Establish and implement a gas market correction mechanism

As mentioned in 2023, the Agency implemented the Market Correction Mechanism<sup>2</sup> (MCM) which included the [daily publication of the EU gas reference price](#). Specifically, ACER monitored whether the conditions for the activation of the market correction mechanism would be met which did not happen in 2023. The very demanding timeline to implement the MCM in 2023 required the Agency to implement the MCM by January 2023 while in parallel ACER successfully recruited new colleagues to fulfil its new tasks.

<sup>2</sup> Council Regulation Establishing a Market Correction Mechanism to Protect Citizens and the Economy against Excessively High Prices.

# PART II (a): MANAGEMENT





## 2.1. Administrative Board

The Administrative Board (AB) is the governing body of the Agency composed of 9 members and 9 alternates appointed either by the European Parliament, the Council of the EU and the European Commission. It is an independent body, responsible for the Agency's governance as well as all administrative and budgetary activities. More concretely, the AB is charged with the appointment of all bodies of the Agency, including the Director, and with exercising budgetary powers. The Director is accountable to the AB with respect to administrative, budgetary and managerial matters. Following the approval of the Board of Regulators, the AB adopts the work programme of the Agency for the coming year. It also establishes the budget, including the financial rules applicable to the Agency, and the communication and dissemination plans of the Agency. In addition to its prerogatives with regard to the budget, the AB ensures that the Agency carries out its mission and performs the tasks assigned to it in accordance with the Agency Regulation.

### Decisions and opinions

The AB met 4 times in the course of 2023. In particular, the AB was convened four times in ordinary session on 25-26 January, 20-21 June, 24-25 October and 13-14 December.

Over 2023, the AB kept regular relations with the Agency in between the meetings through its members rapporteurs who are responsible for a specific task or policy that is linked with the Board's key tasks. This enabled regular discussion on topics of the Board's interest with the Agency's departments and provided support to the Agency's tasks. In its work, the AB was supported by a dedicated secretariat.

It adopted the following 18 decisions:

Number	Subject Matter		Adoption
1	<a href="#">Appointment of one Member of the Board of Regulators (ILR)</a>	*	16 January
2	<a href="#">Amendment to the AB Rules of Procedure - Consolidated version</a>		25 January
3	<a href="#">Reimbursement of expenses and compensation of costs - Administrative Board</a>		26 January
4	<a href="#">Appointment of one Member of the Board of Regulators - EWRC</a>	*	31 January
5	<a href="#">Appointment of one Alternate of the Board of Regulators - PUC</a>	*	31 January
6	<a href="#">Appointment of one Alternate of the Board of Regulators - CRE</a>	*	31 January
7	<a href="#">Appointment of one Member of the Board of Regulators - ANRE</a>	*	25 April
8	<a href="#">Appointment of the Accounting Officer of the ACER as of 1 July 2023</a>		21 June
9	<a href="#">Appointment of one Alternate of the Board of Regulators - RAE</a>	*	26 June
10	<a href="#">Appointment of one Alternate of the Board of Regulators - ACM</a>	*	19 October
11	<a href="#">Working time and hybrid working</a>		26 October
12	<a href="#">Amending Decision No 20-2022 on 2023 Budget and Establishment Plan</a>		26 October
13	<a href="#">Appointment of one Alternate of the Board of Regulators of the European Union Agency for the Cooperation of Energy Regulators - ANRE</a>	*	10 November
14	<a href="#">Amending Decision No 20-2022 on Budget and Establishment Plan of the Agency - Fiscal Year 2023 2nd Amendment</a>	**	22 November
15	<a href="#">Amending Decision No 20/2022 on the adoption of the budget and the establishment plan of ACER for 2023, 3rd amendment</a>	**	5 December
16	<a href="#">Appointment of one Member of the Board of Regulators - URSO</a>	*	12 December
17	<a href="#">ACER budget and establishment plan for financial year 2024</a>		13 December
18	<a href="#">Appraisal procedure of ACER Director - Appointment of reporting officers</a>		13 December

\* Adopted by the Chair acting under the authority delegated by the AB pursuant to decision AB 05/2010 of 21 September 2010.

\*\* Adopted by written procedure following the Chair's declaring the urgency of the situation.

Moreover, in January 2023 the AB adopted the Draft Single programming document 2024-2026, which was then submitted for the opinion to the European Commission, the Council of the EU and the European Parliament. Following the receipt of the opinion of the Commission and of a favourable opinion

of the Board of Regulators, the AB adopted the Single programming document 2024-2026 on 13 December 2023. At December meeting, the AB adopted the ACER's Strategy on Communications 2024-2026 and its Dissemination Plan. Moreover, in December 2023, the Board elected in a secret ballot its new leadership for the January 2024 - January 2026 period.

The Administrative Board also adopted 1 opinion in the course of 2023:

Number	Subject Matter	Adoption
1	Opinion on the approval of the Final Accounts for the financial year 2022	21 June

### Overview of significant risk and control issues discussed

The AB aligned in January 2023 its Rules of Procedure with the provisions of more stringent Guidelines on the management and prevention of conflict of interest of the AB and the BoA that were adopted in December 2022. Since the latter provided more detailed guidance to the Review Panel on the assessment of situation that could lead to conflict of interest, the 2023 Review Panel assessed that interests declared by the three alternates pertain directly to the field of competence of the Board. As none of the three alternates submitted any further observations or clarifications as requested by the Panel, the latter reverted the decision to the Board which re-confirmed the Panel assessment of existence of conflict of interest. As a consequence, the three alternates submitted resignation.

## 2.2. Major developments

The landscape in which ACER works and communicates has radically changed in recent years. Firstly, the rapid technological shift towards digitalisation following the Covid-19 pandemic has reshaped its modes of operation (see section 2.6). Secondly, Europe's commitment to achieving carbon neutrality by 2050, as outlined in the European Green Deal, implies a profound transformation in the energy sector, wherein ACER plays a crucial role (given its role in energy regulation). Thirdly, the 2022 invasion of Ukraine by Russia triggered an unprecedented energy crisis for the EU, prompting a reassessment of energy dependency and security.

These three transformations pushed ACER's work to become more central to key EU political objectives in 2023. In particular:

- A well-functioning European energy market is fundamental to reaching Europe's Green Deal objectives. ACER and the national energy regulators play a pivotal role in paving the way to decarbonise the economy at least cost to consumers through persistent efforts to maintain and strengthen Europe's interconnected and integrated energy market providing valuable insights and data on market trends and functioning recommendations through their monitoring activities (e.g. yearly Market Monitoring Reports).
- The recent energy crisis placed a renewed focus on security of supply, EU Member States interdependency, and the need to accelerate the transition from fossil fuels to clean and affordable energy. With energy flows and prices impacted, EU policy makers reviewed whether the current EU electricity market design is fit for purpose or needs reforming.

ACER proved itself as a resilient, flexible Agency putting its energy expertise at the disposal of the EU institutions and Member States during the crisis and their policy reform deliberations (e.g. reporting on energy prices, [assessing the EU electricity market design](#)) and stepping up to deliver on new tasks. For example, emergency legislation introduced in late 2022 required ACER to produce and publish a daily LNG price assessment and benchmark, and to assess the

impact of the gas Market Correction Mechanism. Both new tasks were effectively implemented in Q1 of 2023.

- ACER's mandate and tasks will also evolve further in 2024, as a result of the EU electricity market design legislative reforms and the revision of the Regulation on Energy Market Integrity and Transparency (REMIT), kicked off in 2023. The EU gas decarbonisation and hydrogen gas legislative package also brings an expanded role for ACER.

The fact that the political, legal and regulatory landscape in which ACER found itself evolved had clear implications on how the Agency deployed its resources in 2023, seeking to be agile in delivering priority tasks and engaging with stakeholders. It also had implications on how ACER communicated its activities, keeping a close eye on how these fit within the wider European context, and with the future priorities to which it may need to contribute.

During the energy crisis, ACER also placed a lot of effort in ensuring that its work and communication met the needs and expectations of key policy makers (e.g. the European Commission, energy and finance ministers, European Central Bank).

The efforts and lessons learnt (as mentioned above) were transposed into the new ACER Communications Strategy (2024-2026) which was adopted in December 2023 providing timely, impactful external communications on ACER's work and how it fits into the wider EU energy and climate goals; enabling an effective engagement with stakeholders, as well as a more structured and coherent stakeholders' management approach across the Agency; reinforcing internal communications; and enhancing ACER's data-driven digital presence with robust infrastructure for evidence-based policy development, decision-making and market monitoring.

## 2.3. Budgetary and financial management

### 2.3.1. Summary on budgetary and financial management

#### Revenue

During the financial year 2023 the operations of the Agency were funded from mainly two sources of revenue, namely collected fees and the contribution from the general budget of the Union.

Revenue	2023	2022
Commission subsidy	19,418,598.67	15,164,174.84
Fees	10,168,867.68	9,653,811.88
Other revenue	119.79	2,966.84
<b>Total</b>	<b>29,587,586.14</b>	<b>24,820,953.56</b>

Initial approved appropriations for the financial year 2023 amounted to EUR 30,770,880 including contribution from EFTA states of EUR 467,943, assigned revenue from previous year surpluses of EUR 1,529,162 and EUR 11,273,866 from fees and charges.

During the year the Agency amended its budget several times to:

- align the established fees with the estimated eligible costs (downward by EUR 1,109,498.00) and reduce the EFTA contribution applied to the two legislative proposals whose adoption has been delayed (downward adjustment of EUR 36,415.00);
- remove the funds kept in reserve for two legislative proposals whose adoption process was not finalised by the end of the year (downward EUR 842,000.00);

- (c) recognise the contribution from the EU funds towards strengthening the Agency's IT security (upward EUR 800,000.00); and
- (d) inscribe application fee of EUR 4,500.00 received as part of the registration process from one new RRM.

Recovery of undue payments occurred during 2023 and amounting to EUR 119.79 brought the total revenue for the year to EUR 29,587,467.00.

During the financial year 2023, the Agency performed several budget transfers to align EUR 1.9 million of its resources. These were included within seven Director Decisions adopted during the year, with one of them made following the approval of the Administrative Board.

### Fees revenue

As from the year 2021 the Agency is annually collecting fees from RRMs based on Commission Decision (EU) 2020/2152 by applying the approved fees model to the transactions reported by each RRM. The amount of fees to be collected in any year is estimated based on the eligible costs that are to be incurred with handling, processing and analysing of the collected fees. There are mainly two categories of costs covered from the collected fees, namely the cost of staff involved in these activities within the MIT and MSC departments and the costs related to the REMIT IT system that supports the data collection and processing.

The costs budgeted to be covered and those actually covered by fees under these categories are presented in the table below.

REMIT IT	2023 budgeted	2023 executed
Infrastructure, hardware licenses, deployment, service desk and operations	1,810,000	1,808,955
Software maintenance, development, testing and software licenses	1,380,000	1,380,000
Surveillance and BI tools customisation, licenses and consultancy	930,000	930,000
Studies, technical writing, coordination, QA and information security	500,000	500,000
Business enhancements and development of surveillance and conduct tools - MSCD	500,000	749,075
Expert consultation MIT and MSC	530,000	747,829
Specific data and information services	1,232,000	-
Other related operational costs	63,000	47,534
<b>Staff costs</b>		
Temporary Agents	2,618,597	2,596,005
Contract Agents	988,811	609,088
Seconded National Experts	286,094	141,104
<b>Overheads</b>	435,364	1,507,391
<b>TOTAL 2022</b>	<b>11,273,866</b>	<b>11,016,982</b>

## Budget implementation

The Agency's final adopted budget by Title is presented below.

Heading	Appropriations	Appropriations	Variation
Final adopted budget	2023	2022	2023/2022
Title 1 - Expenditure relating to staff and resources	15,066,211	12,361,558	21.88%
Title 2 - Agency's building and associated costs	5,218,559	4,055,995	28.66%
Title 3 - Operational expenditure	9,302,697	8,410,289	10.61%
<b>Total budget</b>	<b>29,587,467</b>	<b>24,827,842</b>	<b>19.17%</b>

The increase of 21.88% in the appropriations of 2023 within Title 1 as compared to 2022 mainly related to funds allocated to cover the increase in the number of staff (15 posts) and related annual indexation of remuneration.

Title 2 has seen an increase in 2023 as compared to 2022 by 28.66% mainly related to increased prices and legal expenses.

The increase seen in 2023 within Title 3 as compared to 2022 of 10.61% mainly related to a higher budget allocation derived from fees for the REMIT project especially towards developments of several new features of the ARIS system and other IT projects of common interest for several operational areas.

The implementation of appropriations through commitments reached 99.43%, for payments 70.69% and 29.31% of payment appropriations were carried over to 2024.

Budget title	Final appropriation	Committed	Paid	Carry over	Cancelled funds
1	15,066,210.76	15,023,022.81	14,756,751.50	266,271.31	43,187.95
2	5,218,559.10	5,137,499.61	3,114,876.56	2,022,623.05	81,059.49
3	9,302,697.14	9,258,781.53	3,044,885.20	6,213,896.33	43,915.61
<b>Total</b>	<b>29,587,467.00</b>	<b>29,419,303.95</b>	<b>20,916,513.26</b>	<b>8,502,790.69</b>	<b>168,163.05</b>

In 2023 there were no payments made regarding late interest or late fees.

## Procurement procedures

Type of procedure	Number of procedures	% of the type of procedure per the total number of procedures
Negotiated – value below €1,000	27	9.38%
Negotiated – very low value	63	21.88%
Negotiated – low value – direct contract	4	1.39%
Negotiated – low value – FWC	1	0.35%
Negotiated – middle value – direct contract	3	1.04%
Negotiated – middle value – FWC	7	2.43%
Negotiated – point 11.1 of Annex I FR	10	3.47%
Open – FWC (concluded in 2023)	3	1.04%
Specific contracts, following FWC	42	14.58%
Order forms, following FWC	128	44.44%
<b>TOTAL</b>	<b>288</b>	<b>100%</b>

A total number of 305 procurement procedures of different types were finalised in the course of 2023, resulting in 288 contracts/orders concluded.

Rate of procurement procedure types used (e.g. open/negotiated etc.), resulting in contracts concluded: 40% of negotiated and 60% of open including contracts/orders resulting in concluded open procedures.

A split per type of procedures (administrative and operational) can be found in Annex VI.

### 2.3.2. Control results

ACER's budget is implemented through three main types of transactions: salaries and salary related entitlements, reimbursements (to staff or external persons), and procurement related expenditure.

ACER implements several controls, processes, and tools to ensure the legality and regularity of its activities, safeguard the sound financial management of its resources, provide adequate transparency and oversight of key activities/resources to support management decisions, as well as to maintain and continuously improve the quality of its outputs.

#### Legality and regularity of the underlying transactions

Control type	Description	Results
Ex-ante controls on financial transactions	The ex-ante controls on financial transactions involve the use of standard check-lists on financial transactions and the strict application of the 'four-eye' principle. Each financial transaction needs to be verified after initiation before it is authorised. In that way, 100% of payments are controlled.	The ex-ante controls applied to all financial transactions processed during 2023 enabled the financial actors involved in the workflows to correct all identified errors before the authorisation, thus ensuring payments were made according to pre-approved orders, correctly consumed the allocated budget, and paid to the right beneficiary.
Ex-ante and retrospective evaluations of significant spending	In accordance with Article 29(1) of the <a href="#">Agency's Financial Regulation</a> , the Agency undertakes ex-ante and retrospective evaluations of all programmes and activities which entail significant spending <sup>3</sup> . The number of ex-post evaluations is limited to maximum three per year.	In 2023, there were no activities entailing significant spending.
Ex-ante and ex-post evaluations in Procurement	The Agency has in place an extensive ex-ante control for each low, middle, and high value procurement procedure, which entails a control of tender specifications, invitation letters, notification letters, draft contracts, etc. performed by Procurement (four eyes principle) as well as a legal check performed by Legal Services. The outcome of the ex-ante control performed by Legal Services is reported to Procurement and is kept as a part of the procurement dossier of the procedure in question.	In 2023 the extensive ex-ante controls for each low, middle, and high value procurement procedure did not identify any material findings.
	Ex-post control is performed annually by the Court of Auditors on a sample of at least three procurement procedures. In Q3 of each year, the Agency carries out an ex-post control of at least one (1) high-value procurement procedure. The ex-post control is performed by Legal Services for the procurement procedures, which have been concluded in the previous year and have not been audited by ECA. The outcome of the ex-post control is reported to the Director by issuing a final opinion.	In 2023 no ex-post control was performed by Legal Services as there were no high-value procurement procedure launched and concluded in the course of 2022.
Ex-post controls in general	In addition to the audit of the annual accounts performed by the European Court of Auditors (ECA or 'the Court'), the results being presented in section 2.7.2., ACER's 2022 accounts were audited in 2023 by an external independent auditor in line with Article 104 of ACER's financial regulation.	The audit did not identify any material findings.
Ex-post controls of payments	Ex-post controls on payments are conducted quarterly to check that the following internal control objectives are met: compliance with the Agency's Financial Regulation; operational efficiency; accurate reporting. The sample of five payments is randomly selected	In 2023 A total of four control operations were performed on a sample of 20 transactions with a total value of EUR 70,976. The results show that the internal control system in place ensures the

<sup>3</sup> All proposals for programmes or activities for which the overall estimated expenditure exceeds EUR 500 000 are subject to an ex-ante evaluation.

Programmes, projects, or activities where the resources mobilised exceed EUR 500 000 may also be subject to ex-post evaluation.



	from the transactions processed in the respective quarter.	compliance of the transactions with the financial rules and with the internal procedures. The report included three recommendations related to minor deficiencies that were promptly addressed.
Validation of the accounting systems	The Accounting Officer carried out the annual evaluation of the local financial systems set up in the Agency as provided for in Article 50(e) of the Agency's Financial Regulation. The evaluation is performed on several areas assessing the changes in the local systems and control environment, treatment of inventory, revision of accounting controls, verification of sampled transactions for the application and efficiency of the internal controls and follow up of previous year' findings.	As a result of the review performed on all the areas, nothing significant has been detected.
Periodic validation of access rights granted in ABAC	Based on the Internal Rules on the Implementation of the General EU Budget, as per the request of the Director-General of DG BUDG and in accordance with ACER Internal Control Principle 3, the Agency performs the annual validation of user access rights in ABAC. The process of validation is performed in accordance with the guidelines of DG by a Neutral Verifier and results are communicated internally as well as to DG BUDG.	The Neutral Verifier Report was produced in line with the guidelines on 21 September 2023 and communicated to DG BUDG. No weaknesses were identified.
Register of Exceptions and Non-compliance Events	Since 2011, the Agency has had a procedure in place to register exceptions, which guarantees that all instances of overriding controls or deviations from established processes and procedures are documented in exception reports and are justified, duly approved before action is taken and logged centrally.	In 2023, there was 10 exceptions and eight non-compliance events registered in the Register of Exceptions and Non-compliance events. None of the deviations were of a nature that could lead to a formal reservation to the Authorising Officer's annual declaration of assurance. The deviations were reviewed by the Internal Control Coordinator and results show that most can be prevented in the future by streamlining and redesigning internal processes and providing clarifications and strengthening communication with contractors.

### Safeguarding of assets

At the end of 2023, the total net value of ACER's fixed assets was EUR 3.6 million. ACER's assets are managed in the ABAC Assets IT tool. A physical inventory is performed at least every two years. The most recent physical inventory for both IT equipment and furniture was performed in 2021, with the next inventory scanning planned for 2024. Overall, it is concluded that the most likely error for assets is below the materiality threshold, however, ACER is implementing some improvements to the procedures in place.

### Reliability of reporting

ACER carries out financial reporting both internally and externally at regular intervals. Reports on budget implementation are provided monthly to the Senior Management team and to the Administrative Board of the Agency 4-5 times per year (at each of their meetings organised during the year). External financial reporting is provided mainly through the annual accounts of the Agency and the annual report on budgetary and financial management, in accordance with the ACER Financial Regulation. These external reports are audited by the ECA, and no material anomalies were noted for 2023.

## Performance monitoring

As in previous years, the Agency's management monitored the achievement of the Work Programme objectives through the Agency's KPIs using the Agency's 'traffic light' system (see Annex I). Most KPIs usually remain the same from year to year to ensure consistency in comparisons, but the targets to be achieved in the year in question are set on an annual basis.

Besides the standard monitoring of the implementation of the annual Work Programme, additional processes were used to monitor the human and financial resources situation, in particular concerning budget implementation (e.g. monthly implementation reports discussed at management meetings).

### 2.3.3. Cost and benefits of controls

The assessment of cost of controls was conducted on the basis of the Commission guidance on the estimation, assessment and reporting on the cost-effectiveness of controls<sup>4</sup> and the PDN's Guidance on the Calculation of the Cost of Controls. The workload assessment and the quantification of the related costs represents an estimate, which is calculated based on the input of staff (estimated) time spent on control.

For the purpose of the exercise, the following control systems were considered:

- salaries and other entitlements;
- reimbursements;
- procurement; and
- revenue collection.

The functions and activities considered were costs related to financial management, including budget, costs associated to strategic programming and planning, internal control, assurance and quality management; costs of controls associated to IT strategy, governance and architecture, and cost of anti-fraud activities.

The estimated costs of control do not include any direct or indirect information technology costs (e.g. licence fees for ABAC), nor costs associated to external audits.

The costs of control are compared to the funds managed in 2023, which makes it possible to establish a ratio.

Ex-ante controls employed applied mainly to the financial circuits including all workflow phases from initiation, verification and authorisation of commitments and payments, planning, implementation and monitoring of budget, revenue collection, but also to controls performed in the procurement processes. The ex-post controls mainly relate to the internal controls on the financial transactions and procurement procedures, and the coordination of internal audits. A total number of 5.9 FTEs were dedicated to performing the controls on these functions.

The cost of controls related to the relevant control system (RCS) are presented in the table below.

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<sup>4</sup> EC Guidance on the estimation, assessment and reporting on the cost-effectiveness of controls - DG BUDGET Updated edition – December 2020

Estimated cost of controls for 2023								
RCS		Ex-Ante Controls		Ex-Post Controls		TOTAL		
Title	Funds managed	Estimated Cost of Controls	Ratio (%)	Estimated Cost of Controls	Ratio (%)	Estimated Cost of Controls	Ratio (%)	Estimated FTEs
Salaries and other entitlements	11,545,457.96	34,572.78	0.30%	5,631.63	0.05%	44,447.44	0.35%	0.22
Reimbursements	3,838,779.04	316,420.89	8.24%	22,526.53	0.59%	338,947.42	8.83%	2.69
Procurements	4,034,361.00	355,331.35	8.81%	22,526.53	0.56%	377,857.88	9.37%	2.35
Revenue collection	10,168,868.00	58,668.96	0.58%	5,631.63	0.06%	64,300.59	0.63%	0.64
<b>TOTAL</b>	<b>29,587,466.00</b>	<b>764,993.98</b>	<b>2.59%</b>	<b>56,316.32</b>	<b>0.19%</b>	<b>821,310.30</b>	<b>2.78%</b>	<b>5.90</b>

The controls applied to the functions related to the coordination, anti-fraud, and ICT were not included in the above calculations as they were not considered as directly attributable to the RCS. The cost related to these functions are detailed in the table below. Their cost represents one percent of the allocated funds for the year.

Function	FTEs	Cost of controls
Coordination	1.76	221,442.24
Anti-fraud	0.1	12,038.90
ICT	0.45	63,365.05
<b>TOTAL</b>	<b>2.31</b>	<b>296,846.19</b>

Of the 130.8 FTEs deployed in 2023, 8.21 FTEs were dedicated to the control functions listed and of the approx. 29,5 M€ budget deployed by the Agency in 2023, 3.78% were invested in the control functions.

The control strategy is considered to be overall effective and efficient in terms of Article 30 “Internal control for budget implementation” of the Framework Financial Regulation. The controls in place are considered adequate and in terms of costs proportionate to the risks they serve to mitigate (primarily, the risk of financial fraud) and provide reasonable assurance for that the budget has been effectively implemented, on time and complying with the rules. Nevertheless, the Agency’s main focus will continue to be on ensuring an adequate balance between low error rates, fast payments and low costs of controls, knowing that reducing controls will also reduce the costs and speed up processes, but may increase the risk of error (and vice-versa).

## 2.4. Delegation and sub-delegation of the powers of implementation to agency staff

For the reporting period, budget implementation powers were delegated to 11 authorising officers within the Agency, limiting the amounts and content of their authorising powers. The delegations cover all budget lines and are issued annually for each budget period. Each delegation is accompanied by a charter of tasks and responsibilities signed by each sub-delegated authorising officer.

The below table details the delegated tasks by function.

Authorising officer by sub-delegation function and grade	Authorisation of:	Limit amount
Head of Department – Corporate Services, grade AD 13	<ul style="list-style-type: none"> <li>individual and provisional commitments;</li> <li>legal commitments;</li> <li>payments orders;</li> <li>estimates of amounts receivable;</li> <li>recovery orders, related waivers; and</li> <li>technical adjustments and cancellations.</li> </ul>	EUR 750,000
Financial Officer, grade AD 6	<ul style="list-style-type: none"> <li>individual and provisional commitments;</li> <li>legal commitments;</li> <li>payments orders;</li> <li>estimates of amounts receivable;</li> <li>recovery orders, related waivers; and</li> <li>technical adjustments and cancellations.</li> </ul>	EUR 750,000
Team Leader – Budget, Finance and Procurement, AD8	<ul style="list-style-type: none"> <li>payments orders;</li> <li>estimates of amounts receivable;</li> <li>recovery orders, related waivers; and</li> <li>technical adjustments and cancellations.</li> </ul>	EUR 600,000
Budget Assistant, grade AST 4	<ul style="list-style-type: none"> <li>payment orders;</li> <li>recovery orders; and</li> <li>technical and accounting adjustments.</li> </ul>	EUR 300,000
Financial Assistant, grade AST 4	<ul style="list-style-type: none"> <li>payment orders;</li> <li>recovery orders; and</li> <li>technical and accounting adjustments.</li> </ul>	EUR 300,000
Financial Assistant, grade FG III	<ul style="list-style-type: none"> <li>payment orders;</li> <li>recovery orders; and</li> <li>technical and accounting adjustments.</li> </ul>	EUR 300,000
Team leader – Strategy, Delivery and Communication, grade AD10	<ul style="list-style-type: none"> <li>individual and provisional commitments; and</li> <li>legal commitments.</li> </ul>	EUR 15,000
Team leader – Adequacy, Electricity, grade AD9	<ul style="list-style-type: none"> <li>individual and provisional commitments; and</li> <li>legal commitments.</li> </ul>	EUR 15,000
Policy Coordinator, grade AD7	<ul style="list-style-type: none"> <li>individual and provisional commitments; and</li> <li>legal commitments.</li> </ul>	EUR 15,000
Digital Communications Assistant, grade FIII	<ul style="list-style-type: none"> <li>individual and provisional commitments; and</li> <li>legal commitments.</li> </ul>	EUR 15,000
Administrative assistant, grade FGII	<ul style="list-style-type: none"> <li>individual and provisional commitments; and</li> <li>legal commitments.</li> </ul>	EUR 15,000

The access rights of all financial actors to the financial systems, including those of the authorising officers by delegation, are checked annually against the issued delegations and nominations. No irregularities were identified. Most of the delegations and nominations for the financial year 2023 were signed in November 2022. The rest were signed as per the needs identified.

## 2.5. Human resources management

### 2.5.1. Brief description of the major HR developments

In 2023, the Agency kept on operating in a context of great employment changes, where the main challenge remained talent acquisition and onboarding of newcomers.

#### Recruitment

Selection and recruitment remained a constant priority throughout 2023. Better to face the need of flexibility and increase the impact of selection procedures, a dedicated cross-departmental working group worked together throughout the second half of 2023 to prepare new rules for selection and recruitment, which were adopted in December 2023. A total of nine selection procedures were launched in 2023 and a total of 33 new staff recruited and onboarded.

The tasks received under the energy emergency measures, namely the LNG and MCM activities, brought to the Agency new human resources (11 Temporary Staff positions), which were filled promptly in the first half of the year.

#### Gender / Geo distribution

The Agency recognizes the importance of gender equality and aims to ensure fair representation of both genders across all levels.

At the end of 2023 the gender distribution reflected an overall ratio of 37% female colleagues vs. 63% male colleagues. The ratio among senior management was 40% female managers vs. 60 % male managers.

The Agency has established Rules of Procedure for selecting Temporary and Contract Staff, according to which it "is an equal opportunities employer". According to the same rules, when appointing the Selection Committee, the AACC needs to consider the diversity in its composition, fostering to the extent possible, gender, age, and geographical balance. Additionally, all Selection Notices are published in a gender-neutral manner.

The geographical distribution of staff within the Agency at end 2023 illustrated a diverse representation encompassing various nationalities. Notably, Slovenia, as the host country, commands the highest proportion, constituting 26.90% of the total staff. Significant percentages are attributed to Italy at 13.40%, Greece at 9.20%, and Spain at 8.50%. Additionally, countries such as Belgium, Croatia, and Poland also make substantial contributions to the overall composition of the staff.

#### Diversity and inclusion

ACER's internal Diversity & Inclusion (D&I) Group was formed in September 2020 and endorsed by the Agency's Senior Management (SM). The Group is composed by Staff from different departments and representatives from the Senior Management and the Staff Committee. Anyone at the Agency can join the Group, on a voluntary basis. In 2021 ACER endorsed the EUAN Charter on Diversity and Inclusion, being amongst the first agencies to do so.

The D&I Group kept on being active in 2023 and worked to implement the following objectives:

- Be aware of and raise awareness on D&I matters across ACER.

- Ingrain D&I in various business/operational tasks.
- Create a safe space to openly talk about D&I topics, issues, and experiences.
- Address Diversity and focus on Inclusion (of current diversity present at the Agency).
- Monitor how D&I is being integrated at ACER.
- Share best practices among staff and act as “champions” on D&I matters.
- Represent ACER at inter-agency initiatives (EUAN).
- Align with the European Commission’s latest D&I policies and best practices.

In 2023, the Group participated in the EU Network D&I Awards, presenting its initiative: The ACER’s “Buddy-Mentoring Scheme”, one of a kind programme for a small Agency like ACER. The project presented has been recognised by an EUAN Certificate. The internal structure of the buddy/mentoring scheme is as follows: mentors provide advice and support on career and professional life topics; buddies provide advice and support to newcomers on how to effectively settle in Ljubljana and be part of ACER’s social life, both within and outside working hours. Mentees can have a buddy and/or mentor of their choice.

With the pandemic restrictions and the move to teleworking, ACER staff, and in particular newcomers, were faced with new challenges be it from being on-boarded in a remote setting, integrating into ACER and Slovenia or adapting to a news way of working in teams. Since its introduction, the scheme promotes an open exchange between staff members to encourage sharing and mutual growth from their experience, beneficial both in personal and also professional terms, and contributing to a sense of belonging. ACER’s Buddy-Mentoring Scheme has been welcomed by staff members and praised as an initiative to continue to carry on in the future.

Furthermore, the Group organised a get together for all staff, with the aim to openly talk about D&I topics; a transgender experience and transformation was shared by a staff member, fostering empathy, open discussion and understanding. In addition, and in light of celebrating the Pride month, a short presentation was made about the origin, history and highlighting the significance in promoting equality, diversity and inclusion.

### Learning & Development

The HRM Team of the Agency organized 37 learning activities during 2023. From those activities, 19 were related to “soft” skills and 18 to “hard” skills. The activities were categorized into three layers, as follows: a) organizational-level trainings (which were open for all), b) team-level trainings (which were dedicated for a specific group of people) and c) individual-level trainings (which were specific to the needs of a person). The various trainings were organized in terms of small or larger groups of participants and were deployed over a period of 80 days during the year of 2023.

At an organizational level, the trainings that were organized covered the following topics:

- Mental health talks about psychological safety;
- Managing and dealing with burnout;
- Work/Life balance in hybrid working;
- Providing effective feedback;
- Awareness sessions in respect & dignity at work;
- Ethics and integrity at work;
- Conflict of interest; and
- Anti-fraud and whistleblowing.

The team level activities which were planned covered the following areas:



- Political thinking - How to best support the political level as a policymaker;
- How to work with lobby and stakeholders in policymaking;
- Data science & visualization and Power BI;
- Policy communication for policymakers;
- Hydrogen markets;
- Negotiation – basic and advanced;
- Project management;
- Time management;
- Clear communication;
- Risk management;
- Written and oral briefings skills;
- Plain English;
- Procurement basic;
- Expenditure life cycle;
- ITIL 4 & other IT trainings;
- ABAC trainings for Initiating Agents;
- Maintaining a respectful environment (for managers); and
- Supervision sessions (Confidential Counsellors).

According to the feedback surveys which were conducted the satisfaction rate was positive (4/5) or very positive (5/5) in 73% of the training activities. Regarding the participation rate, 68% of the participants were statutory staff, 22% were interims, 8% trainees & graduates, and 2% Seconded National Experts. Moreover, the HRM Team processed more than 40 individual learning requests, 24 language training requests and 2 own initiative training requests. In addition to this, the HRM Team facilitated the arrangement of 10 away days, retreats, and other departmental events.

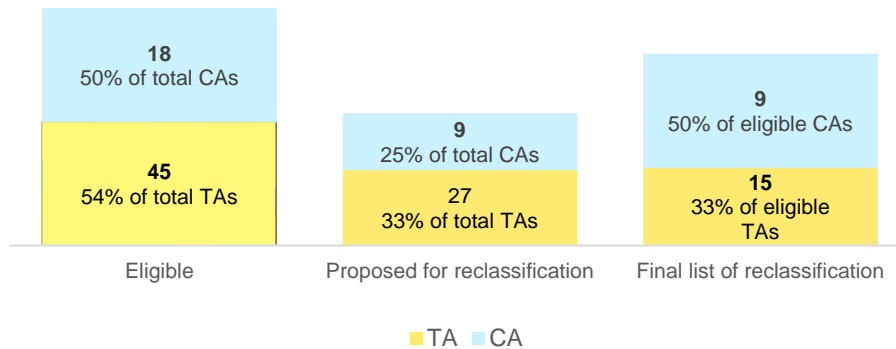
### Appraisal

Taking into consideration the need to create a meaningful Appraisal Exercise for the benefit of the employees and the Agency as a whole, the HRM Team proceeded with the implementation of certain improvements. In concrete, during the Appraisal Exercise that took place in 2023, the participants of this Exercise were invited to reflect upon three main areas: a) what have they learned from the experiences that they collected during the past years, b) which difficulties they encountered and which were the possible shortcomings, and c) what kind of specific actions can they take in order to improve their individual performance based on the lessons learned.

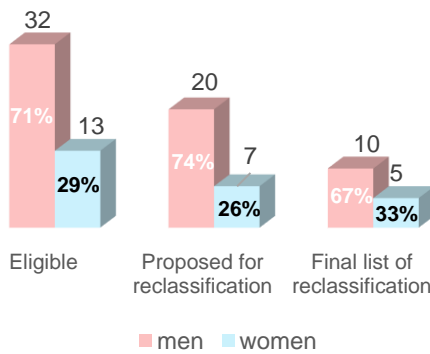
Furthermore, with the aim to create a more transparent, accurate and fair exercise, a more detailed assessment system was introduced. In this respect, the evaluation of the reporting officer was expanded from a binary option (i.e. satisfactory and unsatisfactory) into a spectrum of five distinct layers (i.e. exceeded expectations, partially exceeded expectations, meet expectations, partially unsatisfactory and unsatisfactory). Prior to the implementation of those modifications, the Senior Management and the Staff Committee were duly consulted. Subsequently, all staff members were informed accordingly both in written format (e.g. via the information notice) and through the Annual Information Session for the Appraisal Exercise.

Reclassification

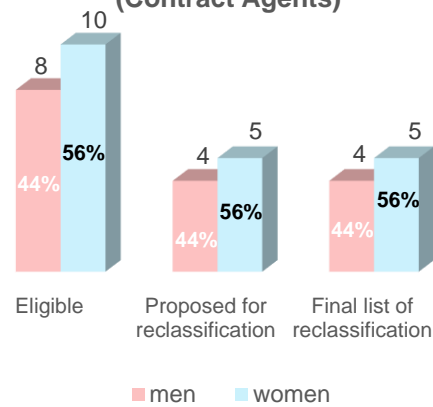
Overall numbers



Distribution by gender (Temporary Agents)



Distribution by gender (Contract Agents)



2.5.2. Implementing rules adopted in 2023

The Agency adopted decision 11/2023 of the Administrative Board of the EU Agency for the Cooperation of Energy Regulators of 26 October 2023 on working time and hybrid working.

2.5.3. Brief description of the results of the screening / benchmarking exercise

The Agency continued to perform the screening and benchmarking of posts according to the methodology for Agencies job screening<sup>5</sup>.

Compared to previous years, the result in 2023 shows a decrease in percentage of both ‘administrative and support and coordination’ categories and ‘neutral’ while the ‘operational’ increase. This is due to an overall decrease of interim staff, performing mostly administrative tasks both under ‘administrative and support and coordination’ and ‘neutral’ categories while new positions were allocated to operational departments which shows an increase in the ‘operational’ category.

<sup>5</sup> Each job is identified according to one screening ‘type’: the three Screening *types* describe the general *role* of a job: administrative support and coordination, neutral and operational. Most jobs either fulfil an operational role, i.e. serving frontline activities (more or less directly serving the European citizen) or an administrative support and coordination role, as *enablers* of the operational jobs by being responsible e.g. for HR, ICT, logistics, etc. for their Agency. Financial management and control at Agency level and on-the-spot (external) audit are treated as neutral.

Full details can be found in Annex IV.

## 2.6. Strategy for efficiency gains

The Agency remains committed to the continuous improvement of its operational and administrative efficiency. It recognises the need to streamline its structure and internal organisation to become a more modern and agile organisation. The main elements of the strategy for achieving efficiency gains are presented below.

### Prioritisation of tasks

As from 2020, the Agency has increased its efforts in identifying priority tasks and reprioritising its actions. The Agency identifies its key priorities and strives to increase its flexibility, by aiming to shift the required internal capacity in terms of financial and human resources functional to fulfil the identified priorities.

To ensure an appropriate prioritisation of its activities, and to allocate resources accordingly, the Agency divides its tasks and deliverables according to the following three priority levels.

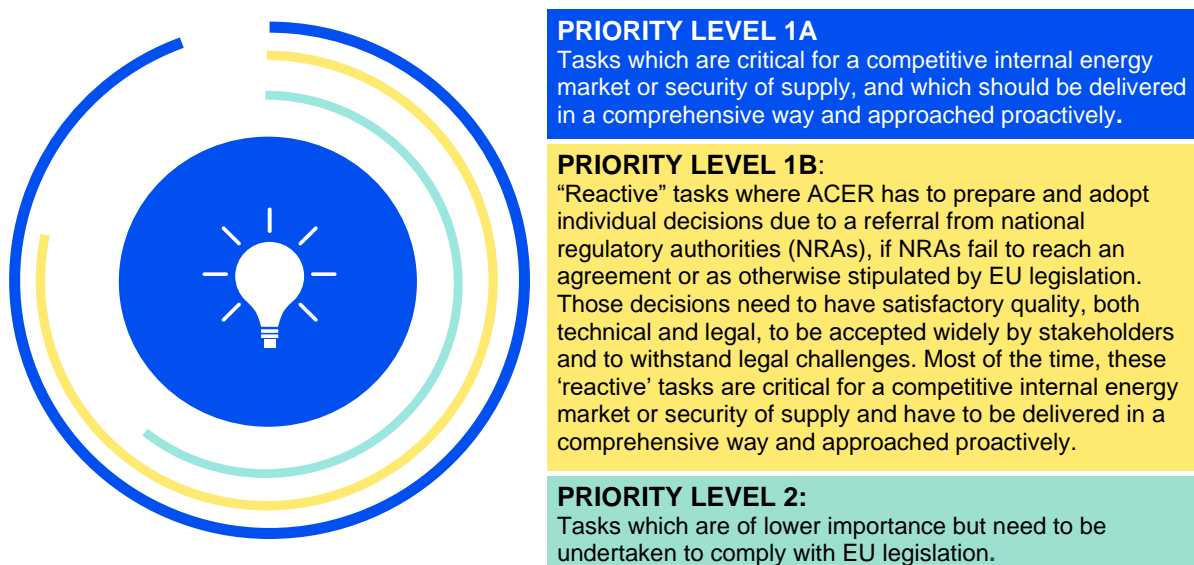


Figure 3: ACER's prioritisation system

The system was used for all 2023 Work Programme tasks.

### Zero-based budgeting

As part of the annual planning exercise, the Agency continued to scrutinise its costs by applying the zero-line base budgeting, a budgeting process that allocates funding based on program efficiency and necessity rather than budget history.

### Adjustments in organisational structure

The Agency is pursuing a culture of continuous improvement and elasticity in the organisational chart, with the implementation of structural changes aimed to increase the cooperation within the teams and departments.

A process for internal mobility is in place since 2021, aiming to assess the needs and the resources on a regular and ad-hoc basis.

An important revision of the Agency's organisational design started in summer 2023: throughout a process of consultation with the senior management and the staff, the agency revised its operations and horizontal services, better to accommodate the need of more efficiency. The new organisational setting is in place from February 2024.

### Business process reengineering and digitalisation

ACER is regularly re-assessing, optimising and streamlining its processes. This is done by various means: knowledge sharing and introduction of best practices from other agencies, review, documentation and automation of certain processes, centralisation of certain support functions.

The Covid-19 crisis and the related increase in teleworking for business continuity needs has also brought about an ongoing reassessment and readjustment of the Agency's IT needs. It accelerated the digitalisation of internal processes (HR<sup>6</sup>, financial workflows, document management<sup>7</sup>, procurement management<sup>8</sup>, missions management<sup>9</sup>), collaboration<sup>10</sup> and external interaction<sup>11</sup> (use of online digital tools for exchanges, meetings, among others). Moreover, it expedited improvements on the public website (continuing a process started in 2020), digital platforms (extranet and e-voting platforms), and social media to foster ACER's digital engagement and transparency towards the broader public.

Several tools have been developed to improve efficiency and the use of resources; the tools complement each other and are managed in view of ensuring efficient use of resources (the tools have shortened the processing time, minimised human error and improved transparency). In addition to automating the processes, the tools provide up-to-date, real-time information on the state of play of transactions, budget consumption, performance indicators, audit follow-ups etc. and ensure business continuity of the operations and institutional memory.

The Agency will continue to consolidate paperless practices with further automation in administrative processes.

The COVID-19 and energy crises and the imperative to reach climate neutrality generated an impetus towards limiting increases to the mission and meeting budgets. A part of this initiative is also replacing,

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<sup>6</sup> The Agency uses Sysper, the system used for integrated HRM management, it is also accessible remotely.

<sup>7</sup> The Agency uses ARES, the document management system in use in the Commission services.

<sup>8</sup> The Agency uses e-Submission portal, e-Tendering portal, e-Notices and e-Invoicing for invoices under DIGIT contracts. The onboarding of the Public Procurement Management Tool (PPMT) was finalised in 2023 so that the Agency can start using it at its full capacity from 2024.

<sup>9</sup> The Agency uses MIPS, the Commission's missions management system.

<sup>10</sup> The Agency uses MS Teams.

<sup>11</sup> The Agency uses E-Platform, a website/platform which BoR and AB boards use to enable board members to electronically:

- (via E-Declarations module) annually submit Declaration of Interest, CV and Declaration of Commitment;
- (via E-Voting module) vote on various activities.

as far as possible, physical meetings by virtual ones and online collaboration tools, taking due consideration of the added value of face-to-face discussions and exchanges.

The Agency will continue pursuing its environmental agenda and develop knowledge and experience in environmental management, to improve its environmental performance. This has already led to efficiencies and savings (e.g. the no print policy for ACER publications, which led to reductions in the operational costs of printing and storing).

### Harnessing external synergies

The Agency's mandate in the energy field is unique and does not overlap with those of other agencies. In areas in which similar activities exist, for example concerning the monitoring of the financial markets, the Agency cooperates with ESMA in exchanging best practices.

In 2023, Agency representatives continued taking part in all the meetings and initiatives of EUAN (e.g., Heads of Agencies, Heads of Resources, Heads of HR, Performance Development Network, Greening, NAPO, etc.), the ICTAC network and Auditnet, with the aim of exchanging good practices and improving efficiency. ACER is chairing EUAN Working Group on Diversity and Inclusion and EUAN Working Group on Accredited European Schools.

ACER coordinated activities with other agencies (i.e. joining interinstitutional procurement procedures) where services/supplies are not limited by borders, and still result in increased efficiency and cost saving. In this respect ACER for the past few years joined, and is still joining when such opportunities arise, procurement procedures with EUROFOUND, ECHA, EEA, EUSA, EUIPO, Publication Office. ACER also joins procurement procedures organised by the Commission Services (i.e. DIGIT, HR, BUDG).

## 2.7. Assessment of audit and ex-post evaluation results

### 2.7.1. Internal Audit Service (IAS)

Based on the IAS Strategic Audit Plan for the Agency (SIAP) covering the period 2021-2023, the IAS performed an audit on Decision-making process under Article 2(d) of Regulation (EU) 2019/942 in 2022/2023. The overall objective of the audit was to assess the adequacy of the design and the effectiveness and efficiency of the decision-making process, and compliance with the applicable regulations, procedures and guidance for the audited processes. The Final Audit Report was received on 25/05/2023 and it contains one (1) "very important" recommendation on Access to ACER's extranet and two (2) "important" on The exchange of information – confidentiality and Stakeholders' relations and communication in the decision-making process. An Action Plan was defined and accepted by IAS and the implementation started in 2023.

The IAS started performing an audit on Stakeholder management and external communication in late 2023.

### 2.7.2. Internal Audit Capability (IAC) – not applicable.

### 2.7.3. European Court of Auditors (ECA)

In February 2023 the European Court of Auditors (ECA) audited the 2022 annual accounts of the Agency. The audit included analytical audit procedures, direct testing of transactions and an assessment of the key controls of the Agency's supervisory and control systems, aiming to confirm the legality and regularity of the transactions underlying the Agency's accounts.

#### Opinion on the reliability of the accounts

According to ECA, the Agency's accounts for the year ended 31 December 2022 present fairly, in all material respects, ACER's financial position at 31 December 2022, the results of its operations, its cash flows, and the changes in net assets for the year then ended, in accordance with its Financial Regulation and with accounting rules adopted by the Commission's accounting officer.

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

In the opinion of ECA, the revenue and payments underlying the accounts for the year ended 31 December 2022 are legal and regular in all material respects.

Without calling this opinion into question, the court had two observations – one on management and control systems and one on budgetary management.

## 2.8.a. Follow-up of recommendations and action plans for audits and evaluations

### A) Internal Audit Service (IAS) and European Court of Auditors (ECA)

#### 2.8.a.1. Recommendations issued by the IAS

In 2023, the Agency continued to implement activities defined in action plans from previously conducted IAS audits:

1. Following the IAS audit on Planning, budgeting and monitoring in 2021/2022, the final audit report contained two recommendations: one "very important" (implementation of ABB, functional time reporting and workload assessment) and one "important". An action plan was defined and accepted by IAS, and its implementation started in 2022. The "important" recommendation has been closed in 2023, while the implementation of the "very important" one was on-going.
2. Following the IAS audit on Decision-making process under Article 2(d) of Regulation (EU) 2019/942 in 2022/2023, the final audit report contained one "very important" recommendation (Access to ACER's extranet) and two "important" ones (The exchange of information – confidentiality and Stakeholders' relations and communication in the decision-making process). An Action Plan was defined and accepted by IAS and the implementation started in 2023.



### 2.8.a.2. Observations issued by the ECA

The following table provides an overview of the ongoing ECA observations including the current status of implementation:

Year	ECA observation	Agency's reply and follow-up:
2019	ACER signed a framework contract in cascade, in two lots, for a maximum amount of €25 million in the field of IT systems and consultancy. However, 61.3 % of the payments made in 2019 under lot 1 of the contract were not covered by the contract price list. ACER concluded direct contracts for the items concerned without a competitive procedure. The associated specific contracts are therefore irregular.	Observation to remain open until 2025 when the framework contract used is set to expire. The Agency has minimised the use of the out of price list to the extent possible (bringing it below 10% of the value of each specific contract), taking into account the continuity of its operational activities. The Agency follows an internal action plan to monitor the status of the out of price list orders (i.e. already ordered or planned) with the aim to limit the ordering of out-of-price list products/service to the extent possible. During 2022 no items were ordered from the out-of-price lists.
2019	We found evidence suggesting that ACER had been using interim workers to make up for a lack of directly employed staff members. All but one of the interim workers working at ACER were performing long-term tasks. ACER should assign permanent and ongoing tasks to directly employed members of staff, not interim workers.	The Agency has taken full consideration of the requirements stated in the European and Slovenian legislation, related to temporary agency workers (interim workers). Given the budgetary constraints, the Agency considers that the tasks related to FG II contract staff could be performed by interim staff, as per the nature of profiles set in the Agency's framework contract. The Agency acknowledged that temporary agency workers should not be assigned if the user undertaking (in this case the Agency) has a permanent need for a specific job position. The Slovenian legal regulations offer no interpretation what is to be considered as "temporary" assignment. The Ministry of Labour and the Labour Inspectorate of Slovenia provided only opinion and certain flexibility in the interpretation of some aspects of the legislation. As a general approach, at the time of availing itself of temporary agency workers, the Agency always considers the temporary nature of the assignments. The agency received different positions of Temporary Staff AST/SC within the context of the Decarbonisation Directive (one position per year, from 2023 to 2027). The Agency launched a selection procedure in 2022 and established a reserve list to guarantee the prompt hiring of suitable candidates. Unfortunately, at the end of 2022, with the energy crisis, the Decarbonisation package was put on hold. The Agency intends to resume the hiring process as soon as possible in 2024, in order to decrease the number of interim staff.
2019, 2021, 2022	We found that ACER had carried over €6.6 million (29.9 %) of 2021 commitment appropriations to 2022. Of that amount, €4 million, or 54 % of operational expenditure, was related to core operational activities under the Regulation on Wholesale Energy Market Integrity and Transparency. High rates of	Through the carry over exercise at year-end the budget line managers are justifying the need to carry over the balance of the open commitments and are providing the evidence to support the amount recorded. The request and evidence is then verified for correctness and approved by the authorising officer and the accounting correspondent before the financial year is closed. Apart from this the Agency is monitoring on a monthly basis the implementation of its procurement plan to minimise the delays in the conclusion of procurement procedures that could lead to more procedures being concluded towards year-end and

Year	ECA observation	Agency's reply and follow-up:
	<p>carry-overs contradict the budgetary principle of annuality and suggest structural issues in the implementation of the budget.</p> <p>The situation persisted in 2022:</p> <p>We found that ACER had carried over €7.2 million (29.4 %) of 2022 commitment appropriations to 2023. This included €5.5 million (or 66.2 %) of appropriations under Title III, related to operational expenditure, mainly ACER's core activities under the Regulation on Wholesale Energy Market Integrity and Transparency (66.4 % in 2021). We have also reported on this issue in paragraph 139 of our special report 03/2023 on internal electricity market 69 European Union Agency for the Cooperation of Energy Regulators (ACER) integration. Recurrent high rates of carry-overs contradict the budgetary principle of annuality and are indicative of structural issues in the budget process and implementation cycle.</p>	<p>increased amount of carry overs. The Agency is performing on a quarterly basis thorough budget reviews to align the planned consumption to the actual implementation.</p> <p>As a result of the process the Agency experienced a significant increase in the implementation rate of commitments, reaching 99.26% in 2022, the highest rate ever. Since 2021 the Agency is funded also by fees, which were in 2022 about 38.7% of its total budget. In 2022 the Agency carried over € 7.2 million (29.4%) of the commitment appropriations, a slight improvement as compared to 2021 (29.9%), but a significant improvement in the payments rate that reached 70.1% in 2022 as compared to 65.9% in 2021. From the total carried over about € 4.5 million or 47% related to operational activities of the multi-annual REMIT project which are covered from fees and charges and 17.9% of committed appropriations from EU subsidy.</p> <p>Reply 2022: The carry-overs from Title 2 include €0.52 million related to expenditure from open contracts for legal counsel for the Agency to defend its position against the appeals lodged in response to the Agency's decisions, mainly in the area of Electricity. The length of the appeals is difficult to anticipate and, in most of the cases, does not correspond with the annuality of the budget. Carry-overs from Title 3 include €4.6 million corresponding to contractual obligations the Agency has for its main operational project, REMIT. The investments made in this multiannual project, that is since 2021 funded by fees collected from the Registered Reporting Mechanisms, do not coincide with the annuality of the budget and need to follow the development plan in place. The Agency monitors the implementation of the budget on a monthly basis, to reinforce the annuality of payments where appropriate and possible.</p>
2022	<p>In December 2022, a payment order of €714 720.28 was authorised by an authorising officer by delegation whose powers of authorisation were limited to €500 000. This indicates a weakness in ACER's internal controls with regard to the delegation of powers for authorising payments.</p>	<p>The sampled payment was a combination of charges against three budget lines, with each individual amount being below the delegated limit. Given that the individual charges were below the authorising limit, the payment was approved. The Agency will take steps to ensure that limits are enforced per payment order.</p>

All observations and the Agency's replies can be found in ECA's [publicly available report](#).

### 2.8.b. Follow-up of recommendations issued following investigations by the European Anti-Fraud Office (OLAF)

There were no recommendations by OLAF for follow-up in 2023.

## 2.9. Follow-up on observations from the Discharge authority

The discharge report for the year 2021 was adopted by the European Parliament on 10 May 2023. It grants the Director discharge in respect of the implementation of the budget for the financial year 2021 and approves the closure of the accounts for 2021. The specific observations in relation to the Agency are commented on and addressed in the following table insofar as action is required.

Observation of the Discharge Authority	Response and measures taken by the Agency	Status/Reference
<p><b>Budget</b></p> <p><i>P9_TA(2023)0175 – paragraph 3</i></p> <p><i>Notes with concern that, according to the Court's report, the Agency carried over EUR 6,6 million (29,9 %) of 2021 commitment appropriations to 2022, and , of that amount, EUR 4,0 million, or 54 % of operational expenditure, was related to core operational activities under Regulation (EU) No 1227/2011, and high rates of carry-overs contradict the budgetary principle of annuality and suggest structural issues in the implementation of the budget; notes that, according to the Agency's reply, 2021 was the first year in which the Agency collected fees with no prior experience in this domain, the Agency was cautious in contracting its resources and delayed the start of several operational projects planned to be covered by fees until the settlement of the first fees instalment, and it resulted in a high level of carry-overs from the commitments open balances at year-end; further notes that the Court has also reported of the high rate of carry-overs in 2020 and 2019 and that the discharge authority has asked the Agency to resolve the issue with further improvements to its budget planning and its implementation cycles;</i></p>	<p>The Agency is performing annually its budget planning for the upcoming year taking into consideration the extensions of existing contracts and new projects. During the year the Agency performs quarterly budget reviews to ensure the allocated funds are implemented or reallocated when changes in priorities appear. It also acknowledges the fact that it has a significant amount of funds carried over at year's end to cover open contractual obligations. These mainly relate to operational projects under REMIT where investments are made as per the multiannual plan. With projects running over several years, the concluded contracts do not always coincide with the budget annuality principle. As of 2023, the Agency introduced quarterly awareness sessions for its budget line managers that are conducted before each budget review, aiming to inform the participants about the analyses and outcomes expected from such reviews and improve the budget planning and timely implementation of both budget and procurement plan in line with the principle of annuality.</p> <p>Furthermore, according to ECA's report, ACER's rate of carry-overs of its operational budget for 2021 does not significantly differ from the rates of other comparable agencies.</p> <p><a href="https://www.eca.europa.eu/Lists/ECADocuments/AGENCIES_2021/AGENCIES_2021_EN.pdf">https://www.eca.europa.eu/Lists/ECADocuments/AGENCIES_2021/AGENCIES_2021_EN.pdf</a></p>	<p>Ongoing</p>

Observation of the Discharge Authority	Response and measures taken by the Agency	Status/Reference
<p><b>Performance</b></p>		
<p><i>P9_TA(2023)0175 – paragraph 5</i></p> <p><i>Notes that the Agency uses key performance indicators (KPIs) to assess the results of its activities as regards the implementation and objectives of its work programme, and others in relation to the management of human and financial resources, among others; appreciates that the KPIs were fulfilled and the fact that the Agency has drawn attention to measures that can improve the efficiency and effectiveness of the Agency’s work; however recommends that the Agency takes note of the indicators that have not yet been achieved or are lagging behind;</i></p>	<p>KPIs are assessed every quarter through the traffic lights system, which is discussed at the Senior Management Meetings (SMM). Concrete actions are proposed for KPIs that are falling behind or are at risk of not being met.</p> <p>Apart from the KPI reviews, monitoring reports are issued on a monthly or quarterly basis on performance indicators and a few specific issues related to administrative matters.</p>	<p>Implemented</p>
<p><b>Staff policy</b></p>		

Observation of the Discharge Authority	Response and measures taken by the Agency	Status/Reference
<p><i>P9_TA(2023)0175 – paragraph 7</i></p> <p><i>Notes that, on 31 December 2021, the establishment plan was 95,77 % implemented, with 68 temporary agents appointed out of 71 temporary agents authorised under the Union budget (compared to 71 authorised posts in 2020); notes that, in addition, 30 contract agents, four seconded national experts, and 10 interim staff worked for the Agency in 2021; highlights that, at the end of 2021, 23,4 % of the Agency’s workforce was covered through traineeship programme and interim agency workers and therefore reiterates Court’s recommendations on assigning permanent and ongoing tasks to directly employed members of staff;</i></p>	<p>In 2021, the Agency had a narrow margin of manoeuvre for the allocation of its staff, given the difficulties in increasing its workforce with statutory staff positions. The Agency opted to avail itself of the use of external workforce for support, clerical, and secretarial functions.</p> <p>As of 2022, the Agency is witnessing a substantial increase in its workforce, due to the additional tasks entrusted. Better to align its tasks vis-à-vis the allocation of statutory and non-statutory resources, the Agency is working on different programmes and projects, aimed at increasing its efficiency and the allocation of its statutory and non-statutory staff against the level of responsibilities needed in the different roles. To this extent, contrary to the 2021 situation, the Agency is being able to allocate more permanent tasks to statutory staff members.</p>	Ongoing
<p><i>P9_TA(2023)0175 – paragraph 8</i></p> <p><i>Regrets the fact that a very apparent lack of gender balance within the Agency’s senior management persists, namely one woman (17 %) and five men (83 %); notes that among its staff overall, the gender ratio is 37 women (37 %) to 63 men (63 %); notes that the Agency’s administrative board is composed of nine women (50 %) and nine men (50 %); calls on the Agency to take concrete measures to improve gender balance at all levels of hierarchy as soon as possible, and to report back to the discharge authority on progress;</i></p>	<p>Given the long-term contracts of the Agency’s senior management members (excluding that of the Director, who is not selected by the Agency and has a fixed-term mandate), the Agency is currently not in a position to alter in the short term the existing gender balance of its senior management.</p> <p>Concerning overall gender balance, the Agency ensures that no gender discrimination occurs in its selection procedures, which are fully based on merit. The current gender composition of the Agency’s staff is the result of the gender composition of the candidates applying for positions at the Agency and of their performance in the selection procedures. Nonetheless, the Agency is working on different projects related to increasing the gender neutrality of its selection notices and the attractiveness of a more balanced workforce.</p> <p>The Agency also set up a working group dedicated to diversity and inclusion. The aim of the group is to brainstorm best practices and actions fostering diversity and discuss their possible implementation at ACER. An action plan is currently being implemented by the Agency, which also signed the EU Agencies Network (EUAN) charter on diversity and inclusion.</p> <p>As of 2023, the increase in staff at the Agency may lead to different opportunities to rebalance the gender of its senior management positions.</p>	Ongoing
<p><i>P9_TA(2023)0175 – paragraph 9</i></p> <p><i>Notes that the Agency has a policy on protecting the dignity of the person and preventing psychological and sexual</i></p>	<p>The Agency’s Administrative Board adopted the <a href="#">Policy on protecting the dignity of the person and preventing psychological harassment and sexual harassment</a>. The Director has appointed Confidential Counsellors, who operate in line with the Manual of</p>	Implemented; continuous monitoring

Observation of the Discharge Authority	Response and measures taken by the Agency	Status/Reference
<p><i>harassment, and that the Agency is part of the interagency network of confidential counsellors; notes that there were no reported cases of harassment in 2021 and encourages the Agency to continue and develop the work to prevent cases in the future as well;</i></p>	<p>procedures of the ACER's network of Confidential Counsellors. There is a regularly updated dedicated site on ACER's intranet presenting all relevant documentation and facilitating contact through a designated email address and the names of Confidential Counsellors.</p> <p>Furthermore, the Agency is part of the inter-Agency network of Confidential counsellors, which is considered a key forum for meeting, exchanging good practice and points of view among its members, and training opportunities. The Network includes a confidential counsellors' peer group, a confidential counsellors' coordinator peer group, and a pool of EUAN Confidential Counsellors. The Agency will keep aligning its work in this area with best practices.</p>	
<p><i>P9_TA(2023)0175 – paragraph 10</i></p> <p><i>Recalls the importance of developing a long-term human resources policy on work-life balance, lifelong guidance and the offering of specific training possibilities for career development, gender balance at all staff levels, teleworking, the right to disconnect, the enhancement of a geographical balance to have an appropriate representation from all Member States, and the recruitment and integration of people with disabilities as well ensuring that they are treated equally and that their opportunities are widely promoted;</i></p>	<p>Besides the effort made by the Agency during the long pandemic period to better address the new ways of working, ACER has in place policies that encompass work/life balance, teleworking, career development, integration of people with disabilities, equality, diversity, and geographical balance to better foster and celebrate diversity in its workforce, in line with the Staff Regulations.</p>	<p>Implemented; continuous monitoring</p>
<b>Procurement</b>		
<p><i>P9_TA(2023)0175 – paragraph 11</i></p> <p><i>Notes that 200 procurement procedures were concluded in 2021, compared to 109 in 2020, and that additional staff would be required as the number of procedures is increasing; notes that the Agency implemented e-Tendering, e-Submissions and e-Invoicing and has tested public procurement management tool (PPMT) with the aim to implement it during 2023; notes that since 2021 was the first year of fees collection, the Agency took a rather conservative approach regarding the launching of the procurement procedures; calls on the Agency to report to the discharge authority any development in that regard;</i></p>	<p>As the Agency grew, the allocated funds and the number of procedures were commensurably increased, resulting in a higher number of procurement procedures to be concluded to implement its budget.</p> <p>As a result, in 2023 the Agency is analysed the current workflows, looking for simplification of very low value procedures. The testing, some customisation to the needs of the Agency of the PPMT, and user training were ongoing and finalised by the end of 2023 so that the Agency can start using it at its full capacity from 2024.</p>	<p>Ongoing</p>



Observation of the Discharge Authority	Response and measures taken by the Agency	Status/Reference
<p><i>P9_TA(2023)0175 – paragraph 12</i></p> <p><i>Recalls the importance for all procurement procedures, to ensure fair competition between tenderers and to procure goods and services at the best price, respecting the principles of transparency, proportionality, equal treatment and non-discrimination; asks for the implementation of the e-procurement IT tools developed by the Commission; calls for an updated clarification of the procedures and templates in the procurement guidelines; notes with concern the Court’s observation regarding the public procurement weaknesses are increasing and remain the largest source of irregular payments for most of agencies;</i></p>	<p>The Agency has in place a complete set of guidelines for its project managers, including templates and detailed instructions for the workflows in place, thus allowing project managers to prepare project documentation in line with the requirements of the financial regulation on public procurement. The Agency has resolved previous procurement weaknesses identified by the Court, especially with its orders of out-of-price list items that resulted in a qualified opinion. The order of such items has been significantly reduced in 2021, being well below the materiality threshold, but the observation of the Court will be kept until the underlying framework contracts expire.</p> <p>The Agency is reporting that in 2022 and in 2023, there were no orders for items that were not on the price lists of the related contracts.</p>	<p>Partially implemented/ Ongoing</p>
<p><b>Prevention and management of conflicts of interest and transparency</b></p>		
<p><i>P9_TA(2023)0175 – paragraph 15</i></p> <p><i>Notes that the Agency has a policy for the prevention and management of conflicts of interest, adopted by the Agency’s administrative board’s decision of 31 January 2015; insists on the need to put in place more systematic rules on transparency, incompatibilities, conflicts of interest, illegal lobbying and revolving doors, and if needed to update its policy of conflict of interest; calls on the Agency to strengthen its internal control mechanisms, including the setting up of an internal anticorruption mechanism;</i></p>	<p>As of 2015, the Agency implements a Policy for the Prevention and Management of Conflicts of Interest. By 31 January of each year, the Agency’s senior management, members and alternates of the AB, BoR and BoA as well as Agency Working Group Chairs and Vice-Chairs and the Task Force Convenors must submit their declarations of Interest (DoIs). The DoIs are subsequently processed by review panels and, in case of conflicts of interest, appropriate measures are taken. The DoIs of Board members, those of the Agency’s management (Director and Heads of Department), and those of Agency Working Group Chairs and Task Force Convenors are published on the Agency’s website.</p> <p>The Agency’s meetings with lobbyists are registered at the level of the director’s meetings (<a href="#">Director Decision 2017-35 of 21 December 2017 on the Publication of Information on Meetings with Organisations or Self-Employed Individuals</a>) and published on the <a href="#">Agency’s website</a>.</p> <p>In 2018, the Administrative Board adopted <a href="#">Decision No 16/2018</a> on the adoption by analogy of the Commission Decision on outside activities and assignments and on occupational activities after leaving the Service.</p> <p>Furthermore, the Director adopted Guidelines on prevention and management of conflicts of interest concerning staff members involved in selection, recruitment or reclassification procedures in 2018.</p> <p>The AB adopted more stringent <a href="#">guidelines for the Prevention and Management of Conflicts of Interest for AB and BoA members/alternates in December 2022</a>.</p>	<p>Implemented; continuous monitoring</p>

Observation of the Discharge Authority	Response and measures taken by the Agency	Status/Reference
	<p>The Agency strengthened its internal controls by <a href="#">revising its Internal Control Indicators in December 2022</a>.</p> <p>The Internal Control Coordinator approved an additional Work Instruction on Managing Conflicts of Interest.</p> <p>The management of the various declarations and requests has been streamlined with the introduction of the Ethics module in Sysper.</p> <p>As part of the L&amp;D efforts, a series of training sessions with an OLAF representative have been organised in 2023, focusing on ethics, integrity, and Col.</p>	
<b>Internal control</b>		
<p><i>P9_TA(2023)0175 – paragraph 16</i></p> <p><i>Notes that in 2021 the internal audit service (IAS) performed an audit on planning, budgeting and monitoring, and that the final report in January 2022 contained one very important recommendation on the implementation of activity based budgeting, functional time recording and workload assessment and one important recommendation on procurement planning, monitoring and reporting for which an action plan was defined; calls on the Agency to report to the discharge authority any development in that regard;</i></p>	<p>An action plan was defined and accepted by IAS, and its implementation started in 2022. Actions aimed at implementing the very important recommendation are being implemented according to their target completion dates. All the actions aimed at fulfilling the recommendation on procurement planning, monitoring, and reporting have been fully implemented and reported on to IAS (marked as “ready for review”) in 2022 and closed in 2023.</p>	<p>Partially implemented; continuous monitoring</p>
<p><i>P9_TA(2023)0175 – paragraph 17</i></p> <p><i>Notes that, following the IAS 2020 audit on the implementation of Regulation (EU) No 1227/2011, two very important and three important recommendations were fully implemented and reported to the IAS in 2021 and closed by the IAS in 2022, and one important recommendation was to be implemented in 2022; calls on the Agency to report to the discharge authority any development in that regard;</i></p>	<p>The action plan has been fully implemented and closed by the IAS in 2022.</p>	<p>Implemented</p>
<p><i>P9_TA(2023)0175 – paragraph 21</i></p> <p><i>Notes that the Agency performed a mid-year risk review in June 2021 to re-assess the risks originally foreseen and the risks related to the surge in legal appeals against Agency decisions were identified as a critical risk; calls on the</i></p>	<p>A number of risk assessment exercises have been performed since June 2021. The main results are included in the <a href="#">Consolidated Annual Activity Report 2022</a> and in this report.</p>	<p>Implemented; continuous monitoring</p>

Observation of the Discharge Authority	Response and measures taken by the Agency	Status/Reference
<i>Agency to report to the discharge authority any development in that regard;</i>	As regards the risk of legal appeals, the Legal Services team has been strengthened with additional staff in order to significantly reduce the risk level, and the risk is no longer considered critical.	
<p><i>P9_TA(2023)0175 – paragraph 22</i></p> <p><i>Recalls the importance to strengthen management and control systems to ensure the proper functioning of the Agency; strongly insists on the requirement of an effective management and control systems to avoid potential cases of conflicts of interest, missing ex ante or ex post controls, inadequate management of budgetary and legal commitments, and failures to report issues in the register of exceptions;</i></p>	<p>The Agency is continuously implementing improvements based on internal and external evaluations (e.g. IAS and ECA audits, the Discharge procedure, Internal Control System assessment, survey results, etc.).</p> <p>The implementation of Internal Control principles is monitored via indicators that help assess the level of compliance and effectiveness of the internal control measures. The results of this assessment are publicly disclosed in the Consolidated Annual Activity Reports.</p> <p>With the aim of strengthening the Internal Control System, a number of internal policies and processes have been revised, including:</p> <ul style="list-style-type: none"> <li>• New Anti-Fraud Strategy 2022-2024 adopted by the AB in December 2021;</li> <li>• New Director Decision 2022-14 of 13 September 2022 establishing the Register of Exceptions and non-compliance events, laying down the procedure for requesting exceptions and reporting non-compliance events;</li> <li>• New Director Decision 2022-08 of 21 June 2022 adopting the Policy and procedure for managing Sensitive Functions and repealing Director Decision 2019-06 of 2 April 2019 on the adoption of the Policy and procedure for management of Sensitive Functions;</li> <li>• AB decision amending Decision No 17/2022 of the Administrative Board of the Agency for the Cooperation of Energy Regulators of 13 December 2018 on the Internal Control Framework of the Agency for the Cooperation of Energy Regulators;</li> <li>• New Risk Management Guidelines (GL-PLAN-002).</li> </ul>	Implemented; continuous monitoring
<b>Digitalisation and the green transition</b>		
<p><i>P9_TA(2023)0175 – paragraph 24</i></p> <p><i>Notes with concern that the Agency's shortage of human and financial resources has limited the Agency's capability to</i></p>	The Agency is following its adopted ICT governance model with ICT steering meetings where main decisions and endorsements by senior management are taken. Part of this is the IT Action Plan for 2021, which follows Agency's ICT Strategy <sup>12</sup> . The Agency successfully migrated to certain Commission hosted services in line with IT Action Plan	Partially implemented/ Ongoing

<sup>12</sup> Action plans are defined for each year

Observation of the Discharge Authority	Response and measures taken by the Agency	Status/Reference
<p><i>improve and further develop its digitalisation (for example, projects in the area of cloud computing had to be put on hold), as cybersecurity measures in some areas cannot mitigate the risks in line with the Agency's risk appetite;</i></p>	<p>2021. However, due to the COVID-19 crisis, all the IT resources (human and financial) were shifted to provide and support Agency staff with adequate communication and collaboration services. Another major area of IT efforts was in teleworking conditions, where IT provided additional "home equipment packages" (screens, docking stations, headsets, keyboards, mice, etc.).</p> <p>With the aim of clustering available resources, thus partially mitigating their shortage, in 2022 the Director established the <u>operational framework for the IT governance of the Agency</u>, comprising:</p> <ul style="list-style-type: none"> <li>• the IT Strategy and Planning (ITSP) cluster (main coordination body);</li> <li>• the IT Project Management Office (IT-PMO) in the ITSP cluster;</li> <li>• the Data Excellence cluster (DEX);</li> <li>• the Corporate Information Services Team; and</li> <li>• the Information Communication Technology Steering Committee (established with the mandate to perform/execute the IT governance function for all IT activities of the Agency).</li> </ul>	
<p><i>P9_TA(2023)0175 – paragraph 27</i></p> <p><i>Recalls the importance of increasing the digitalisation of the agency in terms of internal operation and management but also in order to speed up the digitalisation of procedures; stresses the need for the agency to continue to be proactive in this regard in order to avoid a digital gap between the agencies; draws attention, however, to the need to take all the necessary security measures to avoid any risk to the online security of the information processed;</i></p>	<p>The Agency is solely relying on ICT resources to increase the delivery of digitalisation. The IT team is working together with individual business owners of the individual systems to transition to well-known services provided by the Commission. The Agency is considering the establishment of a horizontal approach for the digitalisation that would centrally address all the requests and streamline the whole lifecycle process.</p> <p>The Agency is continually striving for both efficiency gains and improvements in this area, within the constraints of available resources. A yearly IT Action plan, as well as an action plan for implementation of the Security Policy, are defined for each year, with actions being implemented according to set timelines.</p> <p>The Agency is continuing with the implementation of the concept of "data driven organisation".</p>	<p>Partially implemented/ Ongoing</p>
<p><i>P9_TA(2023)0175 – paragraph 28</i></p> <p><i>Encourages the Agency to work in closely cooperation with ENISA (the European Union Agency for Cybersecurity); suggests that regularly updated cybersecurity-related training programmes be offered to all staff within the Agency;</i></p>	<p>ACER already cooperates with ENISA on cybersecurity, but more than that, ACER cooperates with CERT-EU on topics related to cybersecurity.</p> <p>ACER has cybersecurity training and commits to providing it regularly (every half a year) to all the staff and to organising specific training for different audiences, in particular to IT Staff and System/Data Owners.</p>	<p>Ongoing</p>

Observation of the Discharge Authority	Response and measures taken by the Agency	Status/Reference
<p><b>Business continuity during the COVID-19 crisis</b></p> <p><i>P9_TA(2023)0175 – paragraph 29</i></p> <p><i>Notes that a continuity management group, composed by the senior management of the Agency and responsible for human resources, IT and security, was established in March 2021 and that the Agency began implementing its strategy on new ways of working as from fall 2021; notes, moreover, that teleworking was the predominant operational mode in order to safeguard the health of staff, that the Agency also strived to introduce hybrid methods of work, and that staff presence at the office was limited in line with the safety measures available; encourages the agency to better organise meetings that could be carried out more efficiently remotely than in-person in the future;</i></p>	<p>The Agency's CMG group enabled senior management to holistically assess and monitor pulse feedback from staff but also from partakers on national health level, government, and cross-border developments. Empowered with all the needed information, senior management was steering and guiding the Agency and its staff in the most efficient and productive possible way under the circumstances.</p> <p>In line with ACER's Communication Strategy 2021-2023, the Strategy Delivery and Communications team (SDC) leads the Agency's communication and engagement activities, providing horizontal support Agency-wide on internal and external communication.</p> <p>The outbreak of the COVID-19 pandemic forced ACER to quickly enable the usage of different tools to ensure business continuity, including both internal meetings and hosting small and large(r) online events. The Agency chose to implement MS Teams, and the Corporate Information Services (CIS) team prepared several work instructions dedicated to the matter. In line with the resources available, the Agency is modernising and standardising the equipment available in each meeting room. SDC organises many meetings including Senior Management team, Board meetings (the Board of Regulators, the Administrative Board), all-staff meetings, and trainings/seminars. In addition to staff supporting the Board, one FTE (an Events Assistant) is dedicated to the organisation of events (online, in-person, and hybrid), supporting other Department staff also involved in this activity.</p> <p>As regards internal meetings:</p> <ul style="list-style-type: none"> <li>• All staff meetings are organised exclusively online, with predefined agendas and allocated time slots for each item.</li> <li>• Meetings of ACER bodies, working groups, and task forces, as well as Department and team meetings, are predominately online or in hybrid form.</li> </ul> <p>As regards events<sup>13</sup>:</p> <ul style="list-style-type: none"> <li>• The Agency uses a dedicated Event Tool for initiating and streamlining the event management process (registration with basic data on the event).</li> </ul>	<p>Implemented</p> <p>Implemented; continuous monitoring</p>

<sup>13</sup> Meetings, trainings, workshops, conferences, seminars, public consultations, presentations, etc.

Observation of the Discharge Authority	Response and measures taken by the Agency	Status/Reference
	<ul style="list-style-type: none"> <li>The Agency developed <i>Guidelines for organising ACER events (online, physical, and hybrid)</i><sup>14</sup>.</li> <li>The Guidelines are accompanied by a series of Work Instructions for meeting rooms, prepared by the CIS team.</li> </ul> <p>With the view of raising the meeting efficiency of its Bodies, the Agency is assessing the needs for revamping the Extranet (ongoing consulting contract), used for the exchange of and collaboration on documents discussed later at the meetings.</p>	Ongoing; continuous monitoring
<b>Other comments</b>		
<p><i>P9_TA(2023)0175 – paragraph 32</i></p> <p><i>Calls on the Agency to continue to develop its synergies (for instance human resources, building management, IT services and security), and to reinforce its cooperation, its exchange of good practices and its discussion regarding areas of mutual interest with other Union agencies, with a view to improving efficiency;</i></p>	<p>The Agency's mandate in the energy field is unique and does not overlap with those of other agencies. In areas in which similar activities exist, for example, concerning the monitoring of the financial markets, the Agency cooperates with ESMA in exchanging best practices.</p> <p>Agency representatives take part in all the meetings and initiatives of EUAN (e.g. Heads of Agencies, Heads of Resources, Heads of HR, Performance Development Network, Greening, NAPO, etc.) and Auditnet, both with the aim of exchanging good practices and improving efficiency.</p> <p>In the field of Human Resources, the Agency is very active in liaising with other EU institutions and EU agencies, better to streamline its processes for selection, recruitment, appraisal, and retention of staff.</p> <p>In the field of IT, the Agency is participating in the ICTAC network, where practices and examples of others are exchanged. ICTAC network also has members included in other networks that are dependent on the ICT field.</p> <p>The annual meetings of the accountants' network, in which the Agency regularly participates, are used to share best accounting practices within the network in order to ensure the harmonisation of the accounts across agencies.</p>	Ongoing

<sup>14</sup> Including recommendations on duration, possible tools to use, event structure, checklists, and tips and tricks.



## 2.10. Environment management

In 2021, the Agency embarked on a multi-year effort to reduce its environmental impact and contribute to the European Union's goal of climate neutrality by 2050. This commitment aligns with the European Commission's focus on achieving climate neutrality within its own operations by 2030. Throughout 2023, the Agency continued to make progress on this initiative.

The actions of the Agency fall into six thematic domains, inspired by the European Commission's Feasibility and Scoping Study for the Commission to Become Climate Neutral by 2030:

- Design sustainable buildings and working space.
- Optimise energy consumption and systems for buildings.
- Reconsider air travel and promote sustainable travel modes.
- Reduce commuting emissions for transport and mobility.
- Reduce greenhouse gas emissions from purchase and consumption.
- Manage and communicate for other sources of emissions.

These domains reflect the comprehensive approach the Agency is taking to become a greener and more sustainable organization. The Agency's actions are organised within these thematic domains to achieve reductions in its carbon footprint. These actions involve a collaborative effort across all departments and demonstrate the Agency's commitment to innovation and sustainable work practices.

For additional information see [Annex VII](#).

## 2.11. Assessment by management

Based on the information provided in the previous subsections, the results achieved in 2022 were satisfactory. The Agency continued to implement effective policies, management tools, and monitoring and control procedures, aiming to ensure the achievement of its objectives by employing its human and financial resources efficiently.

Overall, suitable controls are in place and working as intended, risks and opportunities are being appropriately monitored and mitigated, and necessary improvements are being implemented. ACER conducts its operations in compliance with relevant legal requirements.

Controls and supervisory checks performed in 2023 provided no evidence of significant or repetitive errors in reporting by Agency departments, budget execution, human resources management or KPI implementation. Monitoring reviews showed no instances of inadequate or ineffective controls that could expose the Agency to key risks.

The Agency is implementing the recommendations of the Court of Auditors and the Internal Audit Service to further upgrade its supervisory capabilities.

The conclusion of the management assessment is that the control environment established by the Agency works as intended and provides reasonable assurance of achievement of objectives and the legality and regularity of activities and transactions.

## PART II (b): EXTERNAL EVALUATIONS



Article 45 of the Agency's founding regulation states the following:

By 5 July 2024, and every five years thereafter, the Commission, with the assistance of an independent external expert, shall carry out an evaluation to assess ACER's performance in relation to its objectives, mandate and tasks. The evaluation shall in particular address the possible need to modify ACER's mandate, and the financial implications of any such modification.

Where the Commission considers that the continued existence of ACER is no longer justified with regard to its assigned objectives, mandate and tasks, it may propose that this Regulation be amended accordingly or repealed after carrying out an appropriate consultation of stakeholders and of the Board of Regulators.

The Commission shall submit the evaluation findings referred to in paragraph 1 together with its conclusions to the European Parliament, to the Council and to ACER's Board of Regulators. The findings of the evaluation should be made public.

By 31 October 2025, and at least every five years thereafter, the Commission shall submit to the European Parliament and the Council a report evaluating this Regulation and, in particular, ACER's tasks involving individual decisions. That report shall, as appropriate, take into account the results of the assessment pursuant to Article 69(1) of Regulation (EU) 2019/943. The Commission, where appropriate, shall submit a legislative proposal together with its report.

# PART III: ASSESSMENT OF EFFECTIVENESS OF INTERNAL CONTROL SYSTEMS



## 3.1. Effectiveness of internal control

### 3.1.1. Assessment of the Internal Control System

The internal control system designed provides reasonable assurance of achieving effectiveness, efficiency and economy of operations, reliability of reporting, safeguarding of assets and information and prevention, detection, correction and follow-up of fraud and irregularities.

The established internal control system is based on segregation of duties, the risk management and control strategy, avoidance of conflicts of interest, appropriate audit trails and data integrity in data systems, and established procedures for monitoring performance and for follow-up of identified internal control weaknesses and threats.

Financial management and control is rooted in such core processes as procurement (from the assessment of needs to the selection of suppliers to the award decision), financial operations (all processes establishing the financial commitment to payment, contract monitoring and recoveries with ad hoc procedures in place are 100% verified through ex ante verification) and supervisory measures (including ex ante and ex post controls and audits), which form the basis for achieving sound financial management.

Legality and regularity are audited independently by the ECA.

The Agency adopted its [Internal Control Framework](#) in December 2018<sup>15</sup> and amended its Internal Control Indicators in 2022<sup>16</sup>. There are seventeen internal control principles that are structured in five components, which form the Agency's internal control system as of January 2019, namely:

1. Control Environment
2. Risk Assessment
3. Control Activities
4. Information and Communication
5. Monitoring Activities

The implementation of the principles is monitored via indicators that help to assess the level of compliance and effectiveness of the internal control measures. An owner has been assigned to the Internal Control Principle and to each Indicator.

Each year the Agency carries out an annual review and self-assessment of the compliance and effectiveness of internal control. This provides a global overview of the state of play of internal control and aims to provide reasonable assurance of the correct functioning and effectiveness of internal control in ACER.

The assessment of the Internal Control System is carried out at three levels:

1. at the level of the principles (based on the analysis of the detected strengths and deficiencies)
2. at the level of the components (based on an analysis of the results at principle level)

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<sup>15</sup> Decision No. 17/2018 of the Administrative Board of the Agency for the Cooperation of Energy Regulators 13 December 2018 on the adoption of the Internal Control Framework of the Agency for the Cooperation of Energy Regulators

<sup>16</sup> Decision No. 17/2022 of the Administrative Board of the European Union Agency for the Cooperation of Energy Regulators 14 December 2022 amending Decision No 17/2018 of the Administrative Board of the Agency for the Cooperation of Energy Regulators of 13 December 2018 on the Internal Control Framework of the Agency for the Cooperation of Energy Regulators



3. at the level of the internal control system as a whole (based on an analysis of the results at component level).

The result of the assessment made in 2023 is the following:

Overall Assessment of Internal Control System		
Internal Control Component	Assessment	Explanation/Conclusion
CONTROL ENVIRONMENT Principle 1-5	CATEGORY 1 - The component is present and functioning well.	<p><b>P1: We demonstrate a commitment to integrity and ethical values.</b></p> <p>The Agency planned and successfully delivered three trainings on Ethics and integrity in cooperation with OLAF.</p> <p>A welcome pack, including the Code of good administrative behaviour, is distributed to all newly recruited staff, including ethical matters. The training on Ethics and Integrity for newcomers was organized via EU Learn. All the material on awareness raising initiatives in ACER on ethics, integrity, and conflict of interest and/or fraud is available to all staff on the Agency's Intranet.</p> <p>Annual declarations of conflict of interests of the Director and all Heads of Department were collected, reviewed, and published on the Agency's website.</p> <p><b>P2: Management exercises oversight of the development and performance of internal control.</b></p> <p>The reporting on the status of follow-up to IAS recommendations is done regularly, it is a standing point in the agenda of the meetings of the Administrative Board and is reported in the CAAR.</p> <p>The declaration of Assurance of the Director is present in the CAAR.</p> <p>The CAAR was timely finalised, uploaded and submitted to institutions.</p> <p>The last review of IC indicators was performed in December 2022, they are considered appropriate and aligned with EC practice.</p> <p>As disclosed in point 3.2., the ICS is categorised into Category 2, where the internal control system is present and functioning well, but some improvements are needed, and is therefore considered effective.</p> <p><b>P3: Management establishes structures, reporting lines and appropriate responsibilities in the pursuit of objectives.</b></p> <p>The Agency defined Rules of Procedure for its bodies and working groups.</p>



		<p>The Agency has updated Guidelines on financial circuits and segregation of duties.</p> <p>Deputising arrangements have been successfully implemented according to the Administrative Board decision 15-2015 on laying down the policy and procedure for deputising in SYSPER 2 in 2020, when Sysper was available to ACER staff.</p> <p>Organisational chart has been updated and kept up to date. It is also available to staff (Intranet) and stakeholders (website).</p> <p>ABAC delegations have been checked during the year.</p> <p>List of financial actors is published and kept up to date.</p> <p>A Key Performance Indicators dashboard is in place and regularly monitored by management.</p> <p><b>P4: We demonstrate a commitment to attracting, developing and retaining competent individuals in alignment with objectives.</b></p> <p>A staff engagement survey was not conducted in 2023, hence the associated indicator cannot be measured.</p> <p>Establishment plan fulfilled at 98.9%.</p> <p>The Competency Framework of the Agency is in place.</p> <p><b>P5: We hold individuals accountable for their internal control responsibilities in the pursuit of objectives.</b></p> <p>100% of appraisal reports were concluded according to the applicable rules and standards, reclassification decisions were taken by the Director, on the basis of proposals made by each Head of Department, following consultation with the Staff Committee and recommendations made by a Joint Reclassification Committee (JRC).</p> <p>100% of reporting officers have followed the dedicated annual training.</p> <p>Exit interviews are organised with all staff (statutory and non-statutory) leaving the Agency. The response rate was 100%.</p>
<p>RISK ASSESSMENT</p> <p>Principle 6-9</p>	<p>CATEGORY 1</p> <p>- The component is present and functioning well.</p>	<p><b>P6: We define objectives with sufficient clarity to enable the identification and assessment of risks relating to the achievements of objectives.</b></p> <p>Risk management in ACER is embedded in the planning process and is assessed at all levels of ACER. The Risk Management Exercise was conducted in January 2023. In July 2023 a mid-term risk management exercise was performed.</p>

		<p>A staff engagement survey was not conducted in 2023, hence the associated indicator cannot be measured.</p> <p>Strategic and operational objectives have been defined in the SPD.</p> <p>Objectives have been annually reviewed/adjusted taking into account major results/shifts in priorities.</p> <p>Performance indicators (KPIs) defined in SPD have been reported to management when data has been made available.</p> <p><b>P7: We identify risks related to the achievement of objectives across the organisation and assess risks as a basis for determining how the risks should be managed.</b></p> <p>The Risk Management Exercise was conducted in January 2023. In July 2023 a mid-term risk management exercise was performed. 100% of units were involved in the risk assessment exercise. An up-to-date guidance exists on the Agency 's intranet regarding Risk Management in the Agency.</p> <p><b>P8: We consider the potential for fraud in assessing risks related to the achievement of objectives.</b></p> <p>Fraud Risk Assessment is performed when updating and reviewing the Anti-Fraud Strategy (AFS) and within the annual risk assessment exercise (fraud risks are an integral part of the risk register). ACER's Anti-Fraud Strategy was adopted in 2021 (up to date) and it is in line with the fraud risks identified in the Agency's risk register.</p> <p>Data pertaining to known OLAF cases is reported within the CAAR.</p> <p><b>P9: We identify and assess changes that could significantly impact the internal control system.</b></p> <p>The preparation of the AWP includes an assessment of risks that could have an impact on the internal control system. Assessment of risks is done also on an ad-hoc basis, as necessary. The risk management process covers all objectives (and hence all activities) of the Agency.</p>
<p>CONTROL ACTIVITIES</p> <p>Principle 10-12</p>	<p>CATEGORY 2</p> <p>- The component is present and functioning well but some improvements are needed.</p>	<p><b>P10: We select and develop control activities that contribute to the mitigation of risks to the achievement of objectives.</b></p> <p>Business continuity arrangements identified in the ACER Business Continuity Plan were tested regularly during 2023 and lessons learned and follow-up on the findings is on-going.</p> <p>The four-eyes principle was ensured in all financial workflows.</p> <p>The segregation of duties among financial actors is clearly defined in the Guidelines on financial circuits and segregation of duties.</p>

		<p>Delegations and nominations of financial actors are in place for every budgetary year.</p> <p>Critical/essential functions have been mapped, covering the whole organisation, and the list is kept up to date.</p> <p>Staff/ critical/essential staff has backup.</p> <p>Contingency plans for critical/essential functions are reviewed yearly.</p> <p>Lessons learnt from BCP events have been disseminated.</p> <p><b>P11: We select and develop general control activities over technology to support the achievement of objectives.</b></p> <p>ACER has an up to date “Policy on information security and the security of communication and information systems” and “Information Communication Technology Policy”.</p> <p>The Director established the operational framework for the IT governance of the Agency.</p> <p>Main IT risks are included in the Agency's general risk register.</p> <p><b>P12: We deploy control activities through corporate policies that establish what is expected and through procedures that put policies in action.</b></p> <p>Exceptions and non-compliance events (incidents) reported were reviewed and registered. In 2023, 10 exceptions and eight non-compliance events were registered in the Register of Exceptions and Non-compliance Events.</p> <p>Evaluation results and follow up are embedded in Agency's' CAARs.</p>
<p>INFORMATION AND COMMUNICATION</p> <p>Principle 13-15</p>	<p>CATEGORY 1</p> <p>- The component is present and functioning well.</p>	<p><b>P13: We obtain or generate and use relevant quality information to support the functioning of internal control.</b></p> <p>A Share Point tool is used for collecting information regarding KPI and PI monitoring and reporting which provides input towards the progress reports. Also, Business Intelligence tools are used to provide accurate data to support management decisions.</p> <p>All personal data processing activities from the Register have a proper data protection notification.</p> <p><b>P14: We communicate information internally, including objectives and responsibilities for internal control, necessary to support the function of internal control.</b></p> <p>The whistleblowing policy together with other fraud awareness information are regularly updated and published and on the Anti-Fraud intranet page (part of the Integrity Package page). The Agency has developed a SOP for cooperation with OLAF and follow-up on investigations. All Internal Control related information and training</p>

		<p>material is also being published on the intranet page accessible to all staff.</p> <p>All staff meetings are organized monthly.</p> <p><b>P15: We communicate with external parties about matters affecting the functioning of internal control.</b></p> <p>Changes and developments in the internal control system are communicated and reported in the CAAR.</p> <p>The Agency's Strategy Delivery and Communications team is part of senior management decision-making on communication strategy and the focal point for the Agency's communication activities.</p> <p>ACER's Communication Strategy has been adopted by the AB.</p>
<p>MONITORING ACTIVITIES</p> <p>Principle 16-17</p>	<p>CATEGORY 1</p> <p>- The component is present and functioning well.</p>	<p><b>P16: We select, develop and perform ongoing and/or separate assessments to ascertain whether the components of internal control are present and functioning.</b></p> <p>The risk assessment performed by IAS is duly taken into account, the Director defines risk responses and endorses the related action plans.</p> <p>The results of the regular monitoring and annual assessment of internal controls in ACER are integrated and followed-up in the CAAR.</p> <p>Risk assessment/register is monitored at department and Agency levels.</p> <p>The IAS audit Action Plans are being implemented and regularly reported to the Administrative Board (AB) and annually reported in the CAAR. The internal control framework is assessed annually, and the results are reported in the CAAR.</p> <p>There were no fraud cases in 2023. Exceptions and non-compliance events have been analysed and led to corrective actions.</p> <p><b>P17: We assess and communicate internal control deficiencies in a timely manner to those parties responsible for corrective action, including senior management as appropriate.</b></p> <p>The results of the continuous and specific assessments (evaluations) have been properly disclosed in the CAAR.</p> <p>The results of assessment have been discussed at Senior Managements Meetings.</p> <p>Audit recommendations and other assessment results have been used as source of information about deficiencies.</p>

### 3.1.2. Anti-fraud, conflicts of interests, transparency and post-employment

The Administrative Board adopted<sup>17</sup> the [Anti-Fraud Strategy](#) for the period 2022-2024 and an accompanying Action Plan containing a set of objectives and mitigating measures in order to address the risks identified in December 2021.

The Agency has formulated three strategic objectives:

1. Maintain and enhance an anti-fraud culture underpinned by high levels of awareness, integrity, impartiality and transparency within the organisation.
2. Strengthen measures for detection of suspicious behaviours, including through maintaining an efficient system for internal reporting and handling of suspected irregularities.
3. Implement all actions necessary for fraud risk mitigation, also identified through internal assessments and external audits.

There were no reported cases of fraud in 2023.

In 2023 the Agency continued to implement its comprehensive [policy for the prevention and management of conflicts of interest](#), including provisions related to staff (with stricter requirements for management), its boards, working groups and task forces. The Agency thus collected the annual declarations of interest of its management staff (Director and Heads of Department), of AB members and alternates, of BoR members and alternates, and of members and alternates of the Board of Appeal (BoA), as well as of the chairs and vice-chairs of the Agency's working groups and of the convenors of the Agency's task forces. The declarations were reviewed in accordance with the policy and published on the Agency's website together with the CVs of the persons in question.

Within the Agency, no cases of potential conflict of interest were identified in 2023.

The Administrative Board applied in 2023 for the first time the Guidelines on the management and prevention of the conflict of interest adopted via AB 16/2022 decision. The Board assessed the interest declared by three Alternates as pertaining directly to the field of competence of the Board. Consequently, the three alternates resigned from the position.

The Agency continues to implement the [Decision on outside activities and assignments and on occupational activities after leaving the Service](#).

No restrictions were imposed following the notifications received on occupational activities to be pursued by staff members leaving the Agency in 2023.

### 3.1.3. Risk management

The Agency managed its risks at various levels, ranging from standard risks, addressed through the internal control principles mentioned above, to risks related to specific tasks, monitored at department level.

Critical risks, potentially affecting the Agency's main objectives, were assessed at Agency level, through the annual risk assessment exercise performed immediately after the preparation of its Single programming document. Risks are assessed in relation to specific objectives at department level (some

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<sup>17</sup> [DECISION No 15/2021 OF THE ADMINISTRATIVE BOARD OF THE AGENCY FOR THE COOPERATION OF ENERGY REGULATORS of 16 December 2021 adopting the Anti-Fraud Strategy of the European Union Agency for the Cooperation of Energy Regulators for the period 2022-2024 and repealing Decision 06/2019 of the Administrative Board of the Agency](#)

objectives being inter-departmental). A risk register is compiled on the basis of the assessment of the likelihood and potential impact of individual risks, including the Agency's response to the risks.

As a result of the exercise, the management identified risks considered to be both likely and with a potentially significant impact on Agency activities.

A mid-year risk review was performed in July to re-assess the risks originally foreseen during the planning exercise. This is a short overview of the most important / critical risks identified:

1. **Cybersecurity and business continuity:** Cybersecurity threats are continuously increasing especially due to the current geopolitical tensions. Market surveillance and ensuring coordination and consistency in the application of REMIT entails by its very nature the processing of sensitive and confidential information. There is always a risk that information could be leaked, causing damage to the Agency's reputation. Leakage could be the result of 'social engineering' or extortion by hackers.
2. **Implementation and enforcement of REMIT at national level:** There is a risk that the National Regulatory Authorities may not have at their disposal the resources needed to follow-up the assessments and alerts signalled by the Agency. Limited resources for market monitoring in EU NRAs would automatically negatively impact the market monitoring of trading activity in wholesale energy markets with the risk that breaches of REMIT remain undetected. This impacts the trust EU energy consumers have in the price formation of EU energy markets and risks reputational damage also to ACER. Poor implementation of REMIT at national level may also hamper ACER's data collection and/or data quality. Effective data collection requires enforcement of breaches of data reporting obligations at national level.
3. **Implementation of REMIT and collection of fees:** The volume of data collected has continued to increase every year (7.2 million on average per day in 2021). The data volume increase may pose significant problems to REMIT IT and budget.
4. **Insufficient resources for new or expanding mandates:** This concern is a result of new/expanding mandate stemming either by new regulations or changing stakeholder priorities, often with strict timelines for implementation and without proper resources. Additionally, while operating in a competitive employment environment, the Agency had some difficulty to attract and retain the right profile of staff. The situation in this area is expected to improve significantly from 2024 onwards.

### 3.2. Conclusions of assessment of internal control systems

Given the control system in place, the information obtained from the building blocks of assurance (see below) and the lack of critical findings from the Court of Auditors and the Internal Audit Service at the time of the declaration, there is no reason to question the effectiveness of the internal control system in place. However, some improvements are needed regarding the implementation of the internal control framework.

<p><b>OVERALL ASSESSMENT</b></p> <p>Are all components operating together in an integrated manner?</p>	<p><b>CATEGORY 2 - The internal control system is present and functioning, but some improvements are needed.</b></p>
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<p><b>Is the overall internal control system effective?</b></p> <p>Category 1. Minor- Yes Category 2. Moderate- Yes Category 3. Major- Partially Category 4. Critical- No</p>	<p style="text-align: center;"><b>YES</b></p> <p>Based on the table on Overall Assessment of Internal Control System, presented in 3.1, the overall assessment is categorised into Category 2, where the internal control system is present and functioning well, but some improvements are needed. It has therefore been concluded that the overall internal control system of the Agency is effective.</p>
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### 3.3. Statement of the manager in charge of risk management and internal control

*I, the undersigned,*

*Manager in charge of risk management and internal control within the European Union Agency for the Cooperation of Energy Regulators (ACER),*

*In my capacity as Manager in charge of risk management and internal control, I declare that in accordance with ACER's Internal Control Framework, I have reported my advice and recommendations on the overall state of internal control in the Agency to the Executive Director.*

*I hereby certify that the information provided in the present Consolidated annual activity report and in its annexes is, to the best of my knowledge, accurate, reliable and complete.*

*Ljubljana, 30 May 2024*

*Volker ZULEGER*

*Head of Department – Coordination, Operations and Legal*

# PART IV: MANAGEMENT ASSURANCE



## 1.5. Review of the elements supporting assurance

The building blocks of assurance underpin the reasonable assurance provided by the authorising officer in his declaration of assurance in the CAAR. The reliability of the information contained in this report is supported by the following building blocks of assurance:

- the Director's own knowledge of the management and control system in place
- the Regulatory achievements ([see 1](#))
- the findings of the Internal Audit Service (see [2.7](#) and [2.8](#))
- the observations of the European Court of Auditors (see [2.8.2](#))
- the observations of the Discharge authority (see [2.9](#))
- the absence of OLAF activities ([see 2.8\(b\)](#))
- the absence of vital observations from the European Parliament
- the absence of observations of the European Ombudsman
- the assessment by the Agency management (see [2.11](#))
- the results of the assessment of the effectiveness of the Internal Control Framework (see [3.1](#) and [3.2](#))
- the results of the risk assessment exercises (see [3.1](#)) and mitigating measures implemented
- ex-ante and ex-post controls (see [3.1](#))
- the analysis of recorded exceptions and non-compliance events and their low impact (see [3.1](#))
- the implementation of ACER's Anti-Fraud Strategy and Conflict of Interests policy (see [3.1](#))
- the statement of the Internal Control Coordinator (see [3.3](#))
- the accounting officer's certification of the 2022 accounts
- Follow-up on reservations from previous years.

This approach provides sufficient guarantees as to the completeness and reliability of the information reported and results in a complete coverage of the budget delegated to the Director of the Agency.

Apart from corrective actions planned (based on various evaluations, exceptions, and non-compliance events), in 2023, [no significant weaknesses requiring special attention, resources or actions were found](#).

## 4.2. Reservations

The Agency analyses major weaknesses, if any, in achieving its objectives, the reputational risks, any significant weaknesses in the control system and recurrent errors. These weaknesses might involve the use of resources, sound financial management and the legality and regularity of transactions. The significance of a weakness is judged based on:

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

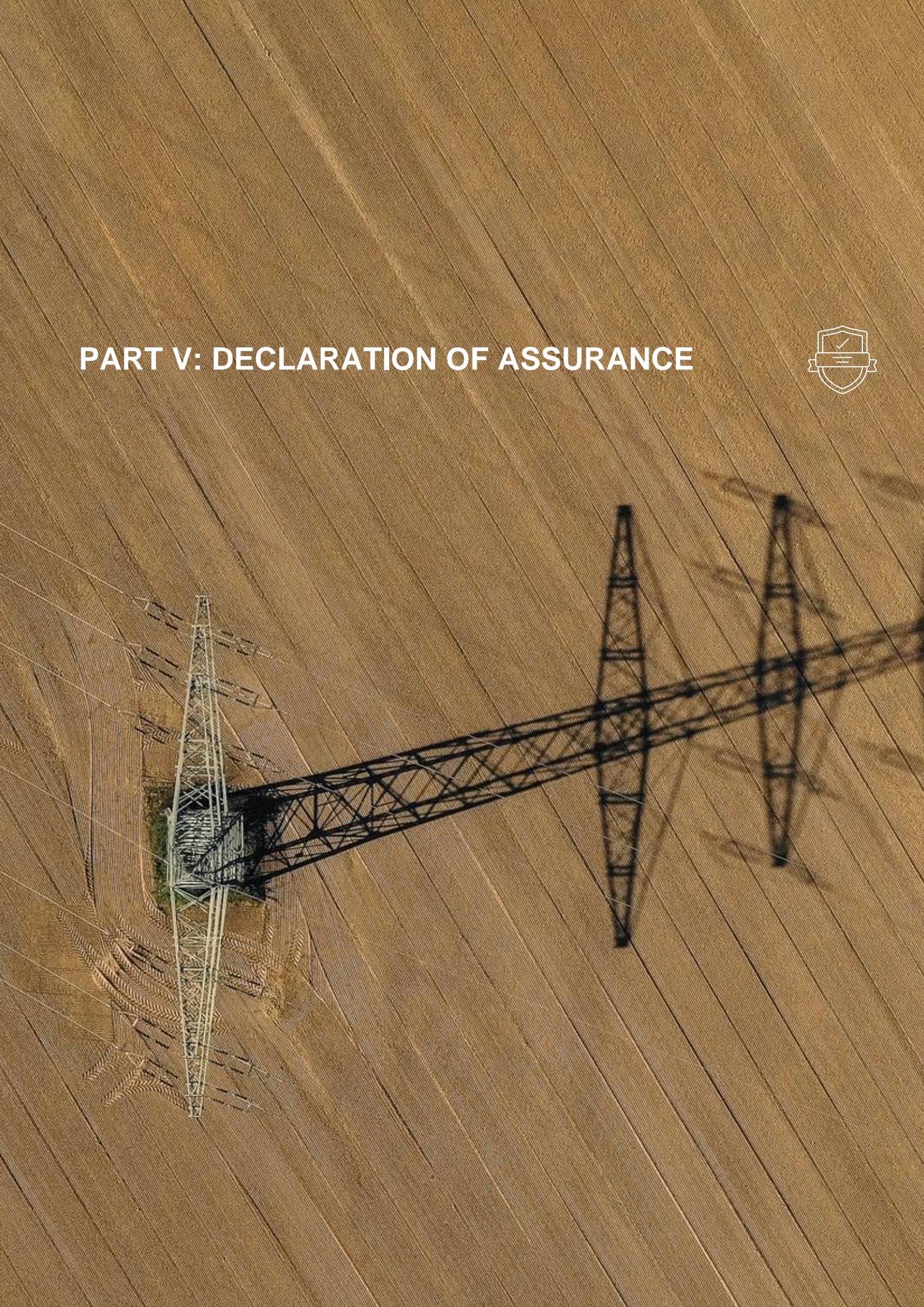
Based on the facts presented in the preceding sections, and in the light of the opinion expressed by the European Court of Auditors on the reliability of the accounts and the legality and regularity of the transactions underlying the accounts, it is safe to say that the Agency has established a working environment where risks are appropriately managed and where the internal control system works effectively and contributes to the achievement of the objectives. The Agency's management has reasonable assurance that the resources assigned to the activities described in the Consolidated Annual Activity 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 provide the necessary guarantees concerning the legality and regularity of the underlying transactions](#).

This conclusion takes account of the Agency's concerted efforts to maintain a high level of effectiveness in its internal control environment, which entails constant assessment and strengthening of existing controls (considering cost-effectiveness and estimated added value against the additional cost incurred by the Agency) to maintain full compliance with the requirements of Internal Control Framework of the Agency and to ensure it will continue to achieve the objectives in its Work Programmes in years to come.



# PART V: DECLARATION OF ASSURANCE





*I, the undersigned, Director of the European Union Agency for the Cooperation of Energy Regulators (ACER),*

*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 judgement and on the information at my disposal, such as the results of the self-assessment, ex-post controls, the work 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, 3 June 2024*



*Christian Pilgaard Zinglensen*

*Director*

# ANNEXES



## Annex I: Core business statistics - reporting on KPIs

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



Not achieved



Partially achieved









Achieved



Not applicable

Area/activity	KPI	Target 2023	Result 2023	Visual	
Staff satisfaction	1	Number of participating staff satisfied or highly satisfied with the employment conditions at the Agency	2/3	Staff Engagement Survey not conducted in 2023	
Budget implementation and audit	2	% execution of commitment appropriations	95%	99.43%	
	3	% execution of payment appropriations	75%	70.69%	
	4	% of cancellation of payment appropriations	<5%	2.45%	
	5	Non-qualified opinion received from ECA and % of ECA's recommendations implemented in line with the Agency's Action Plan	Yes; 75%	Unqualified opinion obtained for 2022	
Internal electricity market and infrastructure	6	% of opinions, reviews, recommendations and reports delivered on time	90%	90%	
Internal gas market and infrastructure and security of supply	7	% of opinions, reviews, recommendations and reports delivered on time	90%	100%	
Electricity and gas internal market monitoring	8	Positive feedback on the reports based on three webinars and two public consultations	70% satisfied or very satisfied	80% satisfied or very satisfied	
Market information and transparency	9	Key achievements (e.g. key projects) as well as continued measurement of % planned vs. delivered projects	100%	100%	
	10	Accuracy, Consistency, Completeness, Integrity and Timeliness (ACCIT) of information, measured by the YoY % change of composite indicator of data quality metrics AND	96%	96.72%	
		% of service availability, measured as an average availability of individual REMIT IT services	99%	98.22%	

Market surveillance and conduct	11	% of high priority alerts manually screened and transferred to NRAs	100%	99.9% <sup>18</sup>	
	12	Number of initial assessments sent to relevant authorities	16	10	
	13	% of REMIT breach cases pro-actively followed by ACER	≥25%	25.88%	
	14	Number of REMIT breach cases triaged and reviewed on cooperation needs	>100	111	
	15	% of market abuse enforcement Decisions by NRAs quoting the ACER Guidance	>75%	91.67%	
	16	% of the requests from NRAs of operational assistance on REMIT investigations accepted by ACER	0%	0%	

<sup>18</sup> The KPI pertains to end of December 2023 and as such does not reflect the work carried out on the entire year of 2023 trading data. ACER screens alerts with delay. Alerts are fed into the SMARTS surveillance tool 45 days after the last day of the month. Therefore, by December not all alerts for 2023 were screened. This usually only happens in Q1 of the following year.

## Annex II: Financial management statistics

### Budget implementation by fund source

#### Budget outturn and cancellation of appropriations

During 2023 the Agency received EU, EFTA contribution, and fees amounting to EUR 29,587,586 from which payments amounting to EUR 20,916,513 were made during 2023. At the end of 2023 the Agency carried forward payment appropriations amounting to EUR 8,502,910 to honour the open commitments. Unused appropriations carried forward from 2022 and amounting to EUR 180,403 were cancelled at the end of 2023. Exchange rate losses of EUR 4 were applied and resulted in a budget outturn of EUR 348,562 that will be returned to the general budget during 2024.

Budget outturn	2021	2022	2023
Reserve from the previous years' surplus (+)			
Revenue actually received (+)	14 818 735	14 979 705	29 587 586
Payments made (-)	-10 294 012	-11 894 583	-20 916 513
Carryover of appropriations (-)	-3 134 353	-2 900 738	- 8 502 910
Cancellation of appropriations carried over (+)	138 968	292 596	180 403
Adjustment for carryover of assigned revenue appropriation from previous year (+)			
Exchange rate differences (+/-)	-177	-1	-4
Adjustment for negative balance from previous year (-)			
<b>TOTAL</b>	<b>1 529 161</b>	<b>476 979</b>	<b>348 562</b>

In its third year of fees collection the Agency received in 2023 an amount of EUR 10,168,868, made payments of EUR 6,239,020 and carried over into 2024 an amount of EUR 3,929,848 to cover the obligations towards its suppliers left open at year end. The appropriation from fees were totally committed, thus the budget outturn from fees and charges amounts to EUR 0.00.

Budget outturn	2021	2022	2023
Reserve from the previous years' surplus (+)			
Revenue actually received (+)	8 771 500	9 663 669	10 168 868
Payments made (-)	-5 614 243	-5 515 471	-6 239 020
Carryover of appropriations (-)	-3 157 257	-4 148 198	-3 929 848
Cancellation of appropriations carried over (+)			
Adjustment for carryover of assigned revenue appropriation from previous year (+)			
Exchange rate differences (+/-)			
Adjustment for negative balance from previous year (-)			
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### Cancellation of appropriations

At the end of 2023, the following appropriations have been cancelled: Fund source C1, EUR 168,163; Fund source C5, EUR 2,966; Fund source C8, EUR 177,436.

The cancelled appropriations on fund source C8 were mainly related to less than expected deliverables from contracted services (consultancy), less than estimated claims towards training costs and less than expected payments of both IT subscriptions and Legal expenses.

No cancellation of appropriation from fees has been made in 2023.

## Budget appropriations and transfers

In the course of 2023, there were seven lots of budget transfers approved, transferring appropriations amounting to EUR 1.9 million between several budget lines as shown in the table below. Six transfers made were within the 10% limit and one did require the approval of the Administrative Board.

Budget Line	Description	Initial appropriations	Amendment	Transfers	Final appropriation
1100	Basic salaries and correction	7,246,767.00	0.00	(342,580.40)	6,904,186.60
1101	Family allowances	1,066,863.00	0.00	18,532.24	1,085,395.24
1102	Expatriation and foreign residence allowances	1,094,416.00	0.00	(26,622.34)	1,067,793.66
1110	Contract agents	2,268,448.00	0.00	366,436.78	2,634,884.78
1111	Seconded National Experts	514,970.00	0.00	(147,821.07)	367,148.93
1120	Training and information for staff	544,860.00	(26,765.85)	(145,362.65)	372,731.50
1130	Insurance against sickness	278,179.00	0.00	(7,747.66)	270,431.34
1131	Insurance against accidents and occupational disease	33,234.00	0.00	(2,969.19)	30,264.81
1132	Unemployment insurance for temporary staff	98,400.00	0.00	5,798.04	104,198.04
1140	Birth and death grants	2,100.00	0.00	(1,108.45)	991.55
1141	Annual travel expense from place of work to origin	101,987.00	0.00	(2,361.27)	99,625.73
1142	Schooling fees	601,071.00	(64,000.00)	(84,176.17)	452,894.83
1150	Overtime	31,019.00	0.00	(12,568.23)	18,450.77
1160	Expenditure related to recruitment	30,000.00	0.00	(15,000.00)	15,000.00
1161	Travel expenses taking up duty	11,400.00	0.00	(7,034.72)	4,365.28
1162	Installation, resettlement and transfer allowances	51,102.00	0.00	(1,267.94)	49,834.06
1163	Temporary daily subsistence allowances	85,789.00	0.00	(35,791.25)	49,997.75
1170	Supplementary clerical and interim services	973,060.00	(120,411.19)	46,895.00	899,543.81
1171	Administrative assistance	252,200.00	(30,647.85)	32,556.19	254,108.34
1172	Trainees	339,320.00	(126,723.35)	(2,787.71)	209,808.94
1200	Mission expenses -Corporate Services	35,200.00	(10,000.00)	(5,245.20)	19,954.80
1201	Mission expenses - Director	50,000.00	0.00	(3,000.00)	47,000.00
1202	Mission expenses - Strategy Delivery and Communications	40,000.00	0.00	(7,000.00)	33,000.00
1203	Missions expenses - Legal services	20,000.00	(10,000.00)	(2,950.00)	7,050.00
1300	Medical services and equipment	37,080.00	(530.00)	0.00	36,550.00
1401	Social welfare of staff	31,600.00	0.00	(21,100.00)	10,500.00
1410	Staff Committee	16,500.00	0.00	4,000.00	20,500.00
	<b>Total Title 1</b>	<b>15,855,565.00</b>	<b>(389,078.24)</b>	<b>(400,276.00)</b>	<b>15,066,210.76</b>
2000	Rent	762,154.00	0.00	11,618.13	773,772.13
2001	Removal costs	75,000.00	(125.35)	(42,000.00)	32,874.65
2010	Utilities	203,280.00	0.00	106,500.00	309,780.00
2011	Cleaning and maintenance	205,231.00	0.00	(43,000.00)	162,231.00
2020	Insurance	25,000.00	0.00	(1,567.96)	23,432.04
2030	Security and surveillance of buildings	172,480.00	0.00	(58,000.00)	114,480.00
2031	Health and safety at work	4,500.00	(2,606.42)	0.00	1,893.58
2040	Other expenditure on buildings	38,500.00	(33,058.39)	83,207.47	88,649.08
2042	Greening	144,000.00	0.00	(144,000.00)	0.00
2100	Consumables	15,000.00	(7,500.00)	0.00	7,500.00
2102	Subscriptions IT	500,000.00	(42,500.00)	242,326.00	699,826.00



2103	Disaster recovery site	46,000.00	(16,400.00)	0.00	29,600.00
2210	Purchase of furniture	55,000.00	(15,846.44)	(20,606.64)	18,546.92
2220	Transportation costs	70,300.00	(40,000.00)	0.00	30,300.00
2230	Library acquisitions	243,800.00	0.00	123,000.00	366,800.00
2300	Stationery and office supplies	30,000.00	0.00	(5,500.18)	24,499.82
2310	Bank charges	150.00	0.00	(100.00)	50.00
2320	Legal expenses	300,000.00	0.00	275,381.88	575,381.88
2325	External audit expenses	11,500.00	0.00	(278.00)	11,222.00
2326	Information security	145,000.00	800,000.00	0.00	945,000.00
2328	Data protection	40,000.00	0.00	0.00	40,000.00
2330	Administrative Board meetings	167,000.00	(10,000.00)	(77,000.00)	80,000.00
2331	Board of Regulators meetings	46,470.00	0.00	(12,000.00)	34,470.00
2332	Board of Appeal	682,000.00	0.00	(5,000.00)	677,000.00
2333	External participants to meetings	8,000.00	(5,000.00)	(335.22)	2,664.78
2334	EU Agencies Network	5,500.00	0.00	335.22	5,835.22
2400	Postal charges	15,800.00	0.00	(13,050.00)	2,750.00
2410	Telecommunications subscriptions and charges	60,000.00	0.00	0.00	60,000.00
2420	Hardware and other equipment	250,000.00	0.00	(150,000.00)	100,000.00
	<b>Total Title 2</b>	<b>4,321,665.00</b>	<b>626,963.40</b>	<b>269,930.70</b>	<b>5,218,559.10</b>
3000	Representation expenses - Director	5,000.00	(500.00)	(1,875.00)	2,625.00
3001	Representation expenses - Corporate Services	500.00	0.00	(100.00)	400.00
3002	Representation expenses - Electricity	1,000.00	0.00	0.00	1,000.00
3003	Representation expenses - MIT	1,000.00	0.00	0.00	1,000.00
3004	Representation expenses - IGR	1,000.00	0.00	(100.00)	900.00
3005	Representation expenses - MSC	1,000.00	(100.00)	(658.20)	241.80
3100	Operational missions - IGR Department	70,000.00	(3,000.00)	(15,000.00)	52,000.00
3101	Operational missions - Electricity Department	50,000.00	0.00	36,000.00	86,000.00
3102	Operational missions - MIT	30,000.00	0.00	(10,000.00)	20,000.00
3103	Operational missions - MSC	31,000.00	0.00	(1,921.50)	29,078.50
3200	Communication	407,700.00	0.00	0.00	407,700.00
3300	Translation at CDT	298,450.00	0.00	(199,000.00)	99,450.00
3500	Infrastructure, hardware licenses, deployment, service desk and operations	1,810,000.00	0.00	0.00	1,810,000.00
3501	Software maintenance, development, testing and software licenses	1,380,000.00	0.00	0.00	1,380,000.00
3502	Surveillance and BI tools customisation, licenses and consultancy	930,000.00	0.00	0.00	930,000.00
3503	Studies, technical writing, coordination, QA and information security	500,000.00	0.00	0.00	500,000.00
3504	Specific data and information services	1,652,000.00	(1,109,498.00)	0.00	542,502.00
3505	Business enhancements and development of surveillance and conduct tools # Market Surveillance and Conduct Department	500,000.00	3,574.85	250,000.00	753,574.85
3600	Expert consultations - MIT	505,000.00	0.00	247,000.00	752,000.00
3601	Expert consultations - IGR	250,000.00	(43,700.00)	25,000.00	231,300.00
3602	Expert consultations - Electricity	215,000.00	(67,235.01)	45,000.00	192,764.99
3603	Expert consultations - Corporate Services	450,000.00	(185,840.00)	(234,000.00)	30,160.00
3604	Expert consultations - MSC	25,000.00	(15,000.00)	(10,000.00)	0.00

3605	DEX projects and activities	1,480,000.00	0.00	0.00	1,480,000.00
	<b>Total Title 3</b>	<b>10,593,650.00</b>	<b>(1,421,298.16)</b>	<b>130,345.30</b>	<b>9,302,697.14</b>
	<b>Total 2023</b>	<b>30,770,880.00</b>	<b>(1,183,413.00)</b>	<b>(0.00)</b>	<b>29,587,467.00</b>

## Annex III: Organisational chart

The organisation chart below reflects the situation as of December 2023:

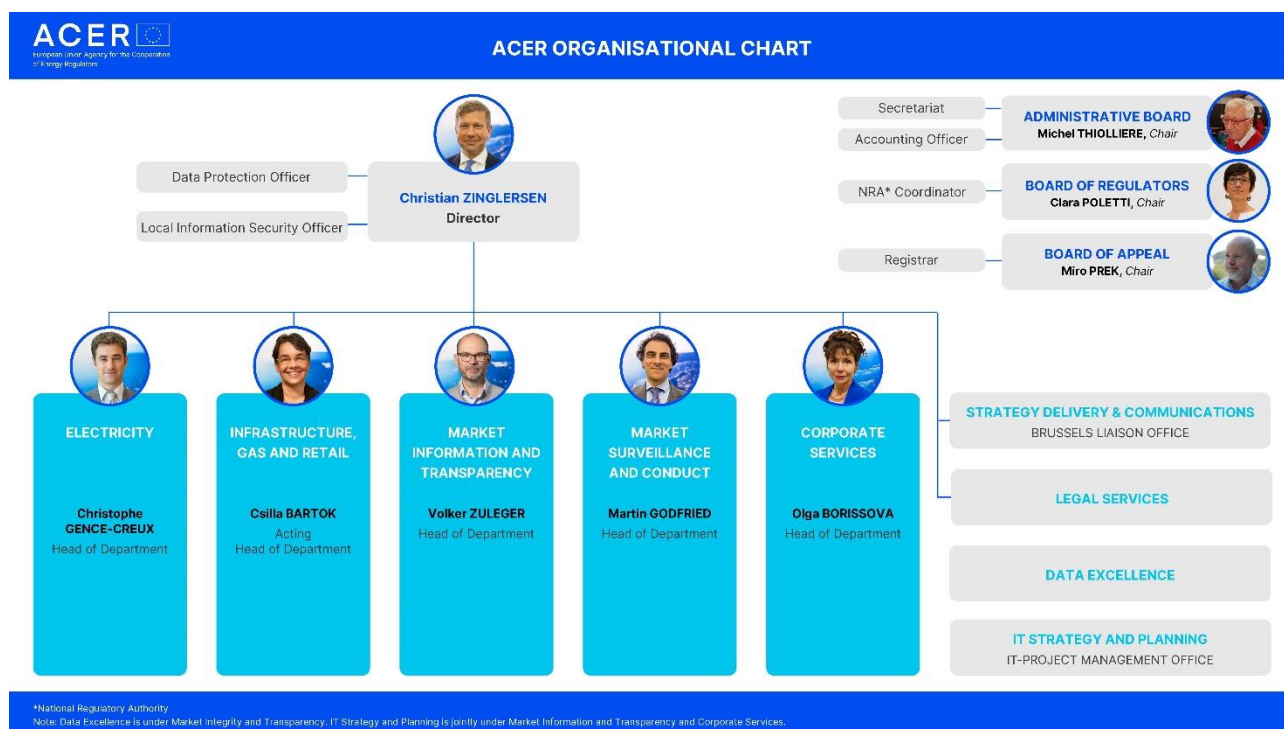


Figure 4: ACER's organisation chart

Number of staff in active service in the different departments as of December 2023

Contract type/ Department	SDC (+Dir)	LS	CS	IGR	ELE	MIT	MSC	Total
AD	6	5	7	13	15	15	16	77
AST		1	9	1	1	1		13
CA	3	2	7	6	7	10	6	41
SNE				1	2	2	1	6
<b>Statutory Staff, SNEs</b>	<b>9</b>	<b>8</b>	<b>23</b>	<b>21</b>	<b>25</b>	<b>28</b>	<b>23</b>	<b>137</b>
Interim	2		9	1	1	5		18
Trainee	1		2	4	5	4	5	21
<b>GRAND TOTAL</b>	<b>12</b>	<b>8</b>	<b>34</b>	<b>26</b>	<b>31</b>	<b>37</b>	<b>28</b>	<b>176</b>

## Annex IV: Establishment plan and additional information on human resources management

### Establishment plan

Human Resources	Year 2023		
	Authorised Budget	Actually filled as of 31/12/2023	Occupancy Rate %
Administrators (AD)	78	77	99%
Assistants (AST)	13	13	100%
Assistants/Secretaries (AST/SC)	0	0	0
<b>ESTABLISHMENT PLAN POSTS</b>	<b>91</b>	<b>90</b>	<b>98%</b>
Contract Agents (CA)	37	41	111%
Seconded National Experts (SNE)	10	6	60%
<b>TOTAL EXTERNAL STAFF</b>	<b>47</b>	<b>47</b>	<b>100%</b>
<b>TOTAL STAFF</b>	<b>138</b>	<b>137</b>	<b>99%</b>

### Indicative table - Information on the entry level recruitment grade/function group for each type of post

Key functions (examples – terminology should be adjusted to each agency's job titles)	Type of contract (official, TA or CA)	Function group, grade of recruitment*	Indication whether the function is dedicated to administrative support or operations [subject to definitions used in screening methodology]
Director	TA	AD14	Operational
Head of Department	TA	AD11	Administrative/ Operational
Team Leader	TA	AD7-AD8	Administrative/ Operational/Neutral
Administrator	TA	AD5-AD8	Administrative/ Operational/ Neutral
Assistant	TA	AST1-4	Administrative/ Operational/ Neutral
FG IV	CA	FG IV	Administrative/ Operational/Neutral
FG III	CA	FG III	Administrative/ Operational/Neutral

### Results of the 2023 job-screening exercise<sup>19</sup>

Job Type (sub) category	Year 2022 (%)	Year 2023 (%)
<b>Administrative support and coordination</b>	<b>16.04%</b>	<b>13.88%</b>
Administrative support	13.10%	11.76%
Coordination	2.94%	2.12%
<b>Operational</b>	<b>77.76%</b>	<b>80.47%</b>
Top level operational coordination	9.20%	8.38%
Programme management & implementation		
Evaluation & impact assessment		
General operation	68.56%	72.09%
<b>Neutral</b>	<b>6.20%</b>	<b>5.65%</b>
Finance/control	6.20%	5.65%
Linguistic		
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>

<sup>19</sup> Table as per Methodology for Agencies job screening (2014)

## Annex V: Human and financial resources by activity

### 2023 Full Time Equivalentents and budget - Breakdown per Activity

	ACTIVITIES	FTEs	2023 SPD	2023 final budget
1	Internal Electricity Market	21.0	3,936,897	4,502,441
2	Internal Gas Market	14.1	3,112,023	3,023,067
3	Infrastructure and Security of Supply	17.3	3,711,931	3,709,153
4	Market Integrity and Transparency	33.8	11,401,788	7,246,785
5	Market Surveillance and Conduct	21.8	2,796,630	4,673,962
6	Administrative support and coordination categories	21.0	4,124,368	4,502,441
7	Neutral categories	9.0	1,687,242	1,929,617
	<b>TOTAL</b>	<b>138</b>	<b>30,770,879</b>	<b>29,587,466</b>

## Annex VI: Contribution, grant and service level agreements & financial framework partnership agreements

The number, type and value of all procurement procedures concluded in 2023 are presented below.

### 1) Operational

Type of procedure	Number of procedures	% of the type of procedure per the total number of procedures	Value of contracts in EUR	Total amount committed in EUR
Negotiated – value below €1,000	6	5.50%	2,336.00	2,336.00
Negotiated – very low value	10	9.17%	89,323.33	89,323.33
Negotiated – low value – direct contract	4	3.67%	197,940.00	141,300.00
Negotiated – low value – FWC	1	0.92%	60,000.00	0.00
Negotiated – middle value – direct contract	2	1.83%	150,700.00	150,700.00
Negotiated – middle value – FWC	2	1.83%	220,000.00	0.00
Negotiated – point 11.1 of Annex I FR	9	8.26%	796,099.20	796,099.20
Open – FWC (concluded in 2023)	0	0.00%	0.00	0.00
Specific contracts, following FWC	22	20.18%	6,228,985.93	6,228,985.93
Order forms, following FWC	53	48.62%	1,798,494.50	1,798,494.50
<b>TOTAL</b>	<b>109</b>	<b>100%</b>	<b>9,543,878.96</b>	<b>9,207,238.96</b>

### 2) Administrative

Type of procedure	Number of procedures	% of the type of procedure per the total number of procedures	Value of contracts in EUR	Total amount committed in EUR
Negotiated – value below €1,000	21	11.73%	13,149.53	13,149.53
Negotiated – very low value	53	29.61%	338,495.28	308,495.28
Negotiated – low value – direct contract	0	0.00%	0.00	0.00
Negotiated – low value – FWC	0	0.00%	0.00	0.00
Negotiated – middle value – direct contract	1	0.56%	76,000.00	0.00
Negotiated – middle value – FWC	5	2.79%	490,000.00	0.00
Negotiated – point 11.1 of Annex I FR	1	0.56%	749,687.40	0.00
Open – FWC (concluded in 2023)	3	1.68%	1,068,000.00	0.00
Specific contracts, following FWC	20	11.17%	2,313,565.12	2,313,565.12
Order forms, following FWC	75	41.90%	950,352.16	950,352.16
<b>TOTAL</b>	<b>179</b>	<b>100%</b>	<b>5,999,249.49</b>	<b>3,585,562.09</b>

### 3) Total (operational and administrative)

Type of procedure	Number of procedures	% of the type of procedure per the total number of procedures	Value of contracts in EUR	Total amount committed in EUR
Negotiated – value below €1,000	27	9.38%	15,485.53	15,485.53
Negotiated – very low value	63	21.88%	427,818.61	397,818.61
Negotiated – low value – direct contract	4	1.39%	197,940.00	141,300.00
Negotiated – low value – FWC	1	0.35%	60,000.00	0.00
Negotiated – middle value – direct contract	3	1.04%	226,700.00	150,700.00
Negotiated – middle value – FWC	7	2.43%	710,000.00	0.00
Negotiated – point 11.1 of Annex I FR	10	3.47%	1,545,786.60	796,099.20
Open – FWC (concluded in 2023)	3	1.04%	1,068,000.00	0.00
Specific contracts, following FWC	42	14.58%	8,542,551.05	8,542,551.05
Order forms, following FWC	128	44.44%	2,748,846.66	2,748,846.66
<b>TOTAL</b>	<b>288</b>	<b>100%</b>	<b>15,543,128.45</b>	<b>12,792,801.05</b>



Negotiated procedures

In 2023 ACER carried out one negotiated procedure under Point 11.1(g) of Annex I FR, as laid down in Article 74(10) FR.

The table below contains data related to the procurement procedure under Point 11.1(g) of Annex I FR:

Negotiated procedure under Point 11.1(g) of Annex I FR		
Contractor's name	Subject of the contract	Contract amount
Arktos Analytics, Boulevard Louis Schmidt 24, 1040 Etterbeek, Belgium	Consultancy study	€94,000.00

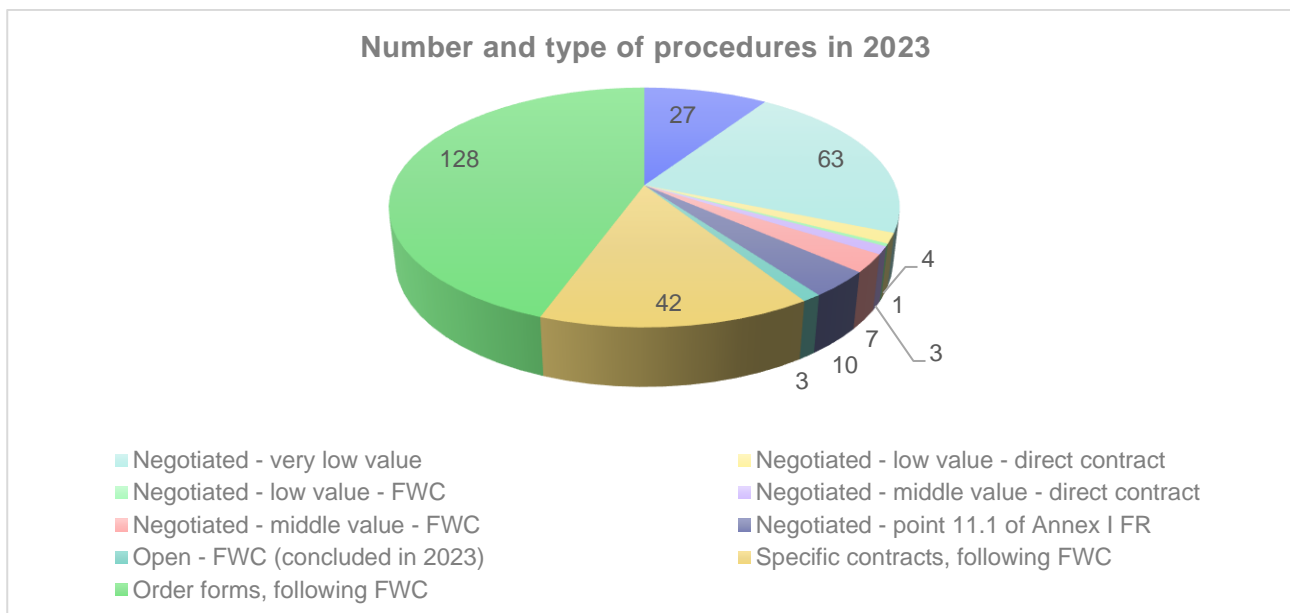


Figure 5: ACER's procurement procedures

## Annex VII: Environment management

The Agency organises its greening actions into six thematic domains, inspired by the European Commission's [Feasibility and Scoping Study for the Commission to Become Climate Neutral by 2030](#):

1. Design sustainable buildings and working space.
2. Optimise energy consumption and systems for buildings.
3. Reconsider air travel and promote sustainable travel modes.
4. Reduce commuting emissions for transport and mobility.
5. Reduce Greenhouse Gas (GHG) emissions from purchase and consumption.
6. Manage and communicate for other sources of emissions.

### Thematic domain 1:

- Design sustainable buildings: In 2023, the Agency initiated the drafting of new tender specifications for future office space. These specifications will prioritize green and sustainable building features, aligning with the European Commission's guidance and the Agency's overall greening efforts.
- Design sustainable working space: In 2023, the Agency successfully implemented a space reorganization initiative to maximise its office space utilisation by increasing its office capacity from 159 to 182. This reconfiguration allows the Agency to accommodate additional staff without requiring additional leased space. This approach effectively reduces both costs and environmental impact associated with expanding the Agency's physical footprint.

### Thematic domain 2:

In this respect, the following actions were carried out:

- The Agency continuously procures 100 % share of green energy. As such, in the beginning of each year since 2021 the electricity provider provides a certificate of origin demonstrating the purchase of green energy.
- The Agency has been enhancing its communication efforts to promote energy conservation by sending MS Teams notifications reminding staff to lower heating and cooling temperatures after work hours and on weekends.
- The Agency is aligning its internal processes to good practices, such as EMAS standards, with a view to reduce the environmental impact of its operations. In this respect, the Agency is undertaking significant steps in managing its environmental impact: Continuously improving waste management and sorting.
- The Agency is further developing IT tools and reducing the use of paper across the Agency.
- The adoption of e-recruitment additionally reduced the use of paper for recruitment procedures.
- The sole use of e-submission further reduced the use of paper in procurement procedures.
- Complying with all environmentally relevant legislation and regulations of Slovenia, our host country.
- The Agency has started to migrate some services to the cloud, thus reducing required on-premises power and cooling capacity.

### Thematic domain 3:

The Agency has been continuously improving its capabilities and facilities for telepresence and video conferencing.

Efforts have been made towards developing a culture of on-line trainings, which reduced the commuting emissions for transport for trainers and staff.

#### Thematic domain 4:

In 2023, the Agency continued to support staff in respect of commuting to work by incentivizing the use of public transport over private transport. This support was reiterated in a notice issued in 2023, which follows the adopted Director Decision in 2022 on the support granted to staff in respect of commuting to work.

#### Thematic domain 5:

The following measures have been taken:

The Agency has committed to prioritizing electronic documentation whenever possible for its publications. As a result, the planned 2023 tendering procedure for printing has been cancelled in favour of incorporating environmental considerations. The Agency has committed to introducing secure, centralized and energy-saving printing services on the shared printers and managed reducing printing by removing approximately 70% of local printers from individual offices by the end of 2023. The Agency has also continued with its modernisation of IT equipment by replacing external displays and laptops with Blue Angel or Energy Star certified equipment reducing the average energy consumption and associated toner waste. Reusable business cards with QR code were introduced in 2022, and in 2023 the printing of those was reduced just to those staff members that have showcased high attendance in high-level in-person meetings.

#### Thematic domain 6:

Due to its proactive approach to environmental challenges, the Agency is also committed to participating in the Greening Network initiative of the European agencies where environmental issues are discussed and experiences shared, including how to increase environmental awareness and responsibility, as well as present issues related to the implementation of EMAS.

The Agency participated in the Annual Greening Network event in November 2023. Moreover, it participated in the Twinning program initiated by the Greening network in the form of regular monthly knowledge sharing sessions regarding obtaining EMAS. EMAS Certificate: There are several variables or limitations that have an influence on why the Agency has not yet fully committed to EMAS standards. For example, the Agency does not have a direct contractual relationship with the providers for electricity, heating, water and waste management, but it is looking into the possibility to take further steps to better meet EMAS standards together with the Landlord.

Further limitations are imposed by the fact that the Agency's premises, the TR3 building, is under the protection of Cultural Heritage of Slovenia. Regardless of the contractual dependencies implied by the current building contract, the premises provide added benefits to the Agency in its pursuit of reducing its environmental impact by:

- being built with high quality, sustainable building materials;
- providing a high amount of natural sunlight due to the building's unique triangular prism shape and large windows, thus reducing the energy consumption for lighting;
- being located in the city centre where modified traffic flows give priority to pedestrians, cyclists and public transport, as well as being near the most important traffic junctions and connections making it easily reachable with eco-friendly alternatives by its staff members and guests; and
- having a space for private bicycle-parking which was further extended upon the Agency's initiative following increased interest, thus further promoting eco-friendly commuting to work.

Further limitations are linked to the implementation of EMAS in terms of human resources and technical resources needed to conduct its initial environmental review and in budgetary terms.

Nevertheless, the Agency looks forward to obtaining those certifications in the future and has started looking into conducting its carbon footprint assessment linked to the premises (planned for 2024 due to budgetary restraints in 2023).

Finally, the post-COVID-19 pandemic's new ways of working also affected the environmental impact of the Agency:

- Reduced office presence of staff due to teleworking resulted in a change of behaviour regarding printing and the use of paper, use of energy in the offices (power, heating), and waste.
- Reduced office presence of staff due to teleworking resulted in a change of behaviour seen by the increased usage of the commuting to work contributions made available by the Agency.
- Increased usage and adoption of web conferencing and online communication tools replacing physical conferences.

## Annex VIII: Annual accounts

## BALANCE SHEET

ASSETS			
as of 31 December 2023	Notes	2023 in EUR	2022 in EUR
<b>NON-CURRENT ASSETS</b>			
Intangible fixed assets	2.1	1,763,234.73	944,579.33
Tangible fixed assets	2.2	1,851,654.18	1,349,548.63
Plant and equipment		895.64	1,567.40
Computer hardware		1,650,995.20	1,142,046.67
Furniture and vehicles		83,553.96	82,165.08
Other fixtures and fittings		116,209.38	123,769.48
<b>TOTAL NON-CURRENT ASSETS</b>		<b>3,614,888.91</b>	<b>2,294,127.96</b>
<b>CURRENT ASSETS</b>			
Short-term receivables	2.3	10,142,753.67	9,090,035.21
Current receivables and non-exchange recoverable		8,850,476.88	7,688,899.66
Sundry receivables		71,079.95	48,985.30
Prepaid expenses and accrued income		1,221,196.84	1,352,150.25
Cash and cash equivalents	2.4	233.89	309.68
<b>TOTAL CURRENT ASSETS</b>		<b>10,142,987.56</b>	<b>9,090,344.89</b>
<b>TOTAL CURRENT AND NON-CURRENT ASSETS</b>		<b>13,757,876.47</b>	<b>11,384,472.85</b>

EQUITY AND LIABILITIES			
		2023 in EUR	2022 in EUR
<b>EQUITY</b>			
Accumulated surplus/(deficit)		9,304,990.45	6,726,645.83
Economic result of the year		(973,879.97)	2,578,344.62
<b>TOTAL EQUITY</b>		<b>8,331,110.48</b>	<b>9,304,990.45</b>
<b>CURRENT LIABILITIES</b>			
<b>Accounts payable</b>			
Current payables	2.5	(46.16)	8,162.88
Short-term provisions	2.6	395,000.00	0.00
Accrued expenses and deferred income	2.7	4,683,249.67	1,594,341.17
Accounts payable with consolidated entities	2.5	348,562.48	476,978.35
<b>TOTAL CURRENT LIABILITIES</b>		<b>5,426,765.99</b>	<b>2,079,482.40</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>13,757,876.47</b>	<b>11,384,472.85</b>

## STATEMENT OF FINANCIAL PERFORMANCE

<i>for the year ending 31 December 2023</i>	Notes	2023 in EUR	2022 in EUR
<b>REVENUE</b>			
European Commission contribution - non-exchange transactions	3.1	19,070,035.83	14,689,784.92
Fees income - from exchange transactions	3.2	10,168,867.68	9,663,668.81
<b>TOTAL OPERATING REVENUE</b>		<b>29,238,903.51</b>	<b>24,353,453.73</b>
<b>ADMINISTRATIVE AND OPERATIONAL EXPENSES</b>			
Staff expenses	3.4	12,717,701.74	10,499,070.59
Fixed asset related expenses	3.5	1,383,970.71	744,888.41
Other administrative expenses	3.5	7,626,147.97	5,681,796.96
Operational expenses	3.3	8,484,919.46	4,849,035.50
<b>TOTAL ADMINISTRATIVE AND OPERATIONAL EXPENSES</b>		<b>30,212,739.88</b>	<b>21,774,791.46</b>
<b>SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES</b>		<b>(973,836.37)</b>	<b>2,578,662.27</b>
<b>FINANCIAL OPERATIONS</b>			
Financial operations expenses	3.5	43.60	317.65
<b>SURPLUS/ (DEFICIT) FROM FINANCIAL ACTIVITIES</b>		<b>(43.60)</b>	<b>(317.65)</b>
<b>ECONOMIC RESULT OF THE YEAR</b>		<b>(973,879.97)</b>	<b>2,578,344.62</b>

CASHFLOW STATEMENT<sup>20</sup>

<i>for the year ending 31 December 2023</i>	2023 in EUR	2022 in EUR
<b>Surplus/(deficit) from operating activities</b>	<b>(973,836.37)</b>	<b>2,578,662.27</b>
<b>Cash Flows from Operating Activities</b>		
<u>Adjustments</u>		
Amortization (intangible fixed assets)	539,227.48	162,760.07
Depreciation (tangible fixed assets)	844,743.23	582,128.34
(Increase)/decrease in short-term Receivables	(1,052,718.46)	(324,150.15)
(Increase)/decrease in Other Liabilities	3,088,908.50	234,216.14
Increase/(decrease) in Current payables	(8,209.04)	8,109.32
Increase/(decrease) in Liabilities related to consolidated entities	(128,415.87)	(1,052,183.32)
<b>Net Cash Flow from Operating Activities</b>	<b>2,309,699.47</b>	<b>2,189,542.67</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of tangible and intangible fixed assets	(2,704,731.66)	(2,226,656.09)
<b>Net Cash Flow from Investing Activities</b>	<b>(2,704,731.66)</b>	<b>(2,226,656.09)</b>
<b>Financing Activities</b>		
Financial operations revenues/expenses	(43.60)	(317.65)
<b>Net Cash Flow from Financing Activities</b>	<b>(43.60)</b>	<b>(317.65)</b>

<sup>20</sup> The treasury of the Agency was integrated into the Commission's treasury system. Because of this, the Agency does not have any bank accounts of its own except for an imprest account. All payments and receipts are processed via the Commission's treasury system and registered on intercompany accounts which are presented under the heading short-term receivables from non-exchange transactions.



<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(75.79)</b>	<b>(231.07)</b>
Cash and cash equivalents at the beginning of the period	309.68	540.75
<b>Cash and cash equivalents at the end of the period</b>	<b>233.89</b>	<b>309.68</b>

## STATEMENT OF CHANGES IN NET ASSETS

Net Assets	Opening balance	Economic result of the year	Total Net Assets
	2023	2023	2023
<b>Balance as of 1 January 2023</b>	9,304,990.45		9,304,990.45
Economic result of the year		(973,879.97)	(973,879.97)
<b>Balance as of 31 December 2023</b>	<b>9,304,990.45</b>	<b>(973,879.97)</b>	<b>8,331,110.48</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### 1.1. Accounting principles

The objective of financial statements is to provide information about the financial position, performance and cashflows of an entity that is useful to a wide range of stakeholders.

The overall considerations (or accounting principles) to be followed when preparing the financial statements are laid down in EU Accounting Rule 1 'Financial Statements' and are the same as those described in IPSAS 1: fair presentation, accrual basis, going concern, consistency of presentation, materiality, aggregation, offsetting and comparative information. The qualitative characteristics of financial reporting are relevance, faithful representation (reliability), understandability, timeliness, comparability and verifiability.

#### 1.2. Basis of preparation

##### 1.2.1. Reporting period

Financial statements are presented annually. The accounting year begins on 1 January and ends on 31 December.

##### 1.2.2. Currency and basis for conversion

The annual accounts are presented in thousands of euros, the euro being the EU's functional currency. Foreign currency transactions are translated into euros using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the re-translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of financial performance. Different conversion methods apply to property, plant and equipment and intangible assets, which retain their value in euros at the date when they were purchased.

Year-end balances of monetary assets and liabilities denominated in foreign currencies are translated into euros on the basis of the European Central Bank (ECB) exchange rates applying on 31 December.

Euro exchange rates

Currency	31.12.2023	31.12.2022		Currency	31.12.2023	31.12.2022
<b>BGN</b>	<b>1.9558</b>	1.9558		<b>PLN</b>	<b>4.3395</b>	4.6808
<b>CZK</b>	<b>24.724</b>	24.1160		<b>RON</b>	<b>4.9756</b>	4.9495
<b>DKK</b>	<b>7.4529</b>	7.4365		<b>SEK</b>	<b>11.096</b>	11.1218
<b>GBP</b>	<b>0.86905</b>	0.88693		<b>CHF</b>	<b>0.926</b>	0.9847
<b>HUF</b>	<b>382.8</b>	400.8700		<b>USD</b>	<b>1.105</b>	1.0666

### 1.2.3. Use of estimates

In accordance with IPSAS and generally accepted accounting principles, the financial statements necessarily include amounts based on estimates and assumptions by management based on the most reliable information available. Significant estimates include, but are not limited to: amounts for employee benefit liabilities, financial risk of accounts receivable and the amounts disclosed in the notes concerning financial instruments, impairment allowance for financial assets at amortised cost and for financial guarantee contract liabilities, accrued revenue and charges, provisions, degree of impairment of intangible assets and property, plant and equipment, net realisable value of inventories, contingent assets and liabilities. Actual results could differ from those estimates.

Reasonable estimates are an essential part of the preparation of financial statements and do not undermine their reliability. An estimate may need revision if changes occur in the circumstances on which the estimate was based or as a result of new information or more experience. By its nature, the revision of an estimate does not relate to prior periods and is not the correction of an error. The effect of a change in accounting estimate shall be recognised in the surplus or deficit in the periods in which it becomes known.

### 1.2.4. Application of new and amended European Union Accounting Rules (EAR)

#### New EAR which are effective for annual periods beginning on or after 1 January 2023

There are no new EAR which became effective for annual periods beginning on or after 1 January 2023.

#### New EAR adopted but not yet effective at 31 December 2023

There are no new EAR adopted during 2023.

## 1.3. Balance sheet

### 1.3.1. Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. An asset is identifiable if it is either separable or arises from binding arrangements. Acquired intangible assets are stated at historical cost less accumulated amortisation and impairment losses. Internally developed intangible assets are capitalised when the relevant criteria of the EU accounting rules are met, and the expenses relate solely to the development phase of the asset. Intangible assets are amortised on a straight-line basis over their estimated useful lives (3 to 11 years).

### 1.3.2. Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition, construction or transfer of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as

appropriate, only when it is probable that future economic benefits or service potential associated with the item will flow to the entity and its cost can be measured reliably. Repairs and maintenance costs are charged to the statement of financial performance during the financial period in which they are incurred. Land is not depreciated, as it is deemed to have an indefinite useful life. Assets under construction are not depreciated as these assets are not yet available for use. Depreciation on other assets is calculated using the straight-line method to allocate their cost less their residual values over their estimated useful lives, as follows:

Type of asset	Straight line depreciation rate
<i>Buildings</i>	4 % to 10 %
<i>Plant and equipment</i>	10 % to 25 %
<i>Furniture and vehicles</i>	10 % to 25 %
<i>Computer hardware</i>	25 % to 33 %
<i>Other</i>	10 % to 33 %

Gains or losses on disposals are determined by comparing proceeds less selling expenses with the carrying amount of the disposed asset and are included in the statement of financial performance.

### 1.3.3. Leases

A lease is an agreement whereby the lessor conveys to the lessee, in return for a payment or series of payments, the right to use an asset for an agreed period of time. Leases are classified as either finance leases or operating leases.

Finance leases are leases where substantially all the risks and rewards incidental to ownership are transferred to the lessee.

An operating lease is a lease other than a finance lease, i.e. a lease where the lessor retains substantially all the risks and rewards incidental to ownership of an asset. When entering an operating lease as a lessee, the operating lease payments are recognised as an expense in the statement of financial performance on a straight-line basis over the lease term with neither an asset nor a liability recognised in the balance sheet.

### 1.3.4. Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation/depreciation and are tested annually for impairment. Assets that are subject to amortisation/depreciation are tested for impairment whenever there is an indication at the reporting date that an asset may be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable (service) amount. The recoverable (service) amount is the higher of an asset's fair value less costs to sell and its value in use.

Intangible assets and property, plant and equipment residual values and useful lives are reviewed, and adjusted if appropriate, at least once per year. If the reasons for impairments recognised in previous years no longer apply, the impairment losses are reversed accordingly.

### 1.3.5. Financial assets

The classification of the financial instruments is determined at initial recognition. Based on the management model and the asset contractual cash-flow characteristics the financial assets can be classified in three categories: Financial assets at amortised cost ('AC'), financial assets at fair value through net assets/equity ('FVNA') or financial assets at fair value through surplus or deficit ('FVSD'). Based on this classification, the entity has only 'financial assets at amortised cost', which are exchange receivables.

Financial assets at amortised cost are non-derivative financial assets that meet two conditions: 1) The entity holds them in order to collect the contractual cash flows. 2) On specified days, there are contractual cash flows that are solely payments of the principal and interest on the outstanding principal.

Financial assets at amortised cost are included in current assets, except for those with maturity of more than 12 months from the balance sheet reporting date.

#### Initial recognition and measurement

Financial assets at amortised cost are initially recognised at their fair value plus the transaction costs.

#### Subsequent measurement

Financial assets at amortised cost are carried at amortised cost, which is the amount initially recognised minus the principal repayments, plus or minus the cumulative amortisation of the interests using the effective interest method. In addition, the entity recognises a loss allowance for expected credit losses over the lifetime of the financial assets. At each reporting date, the annual movement in the loss allowance adjusts the carrying amount of the financial asset. In the statement of financial performance, the entity recognises an impairment gain or loss for the adjustment of the loss allowance.

#### De-recognition

Financial assets at amortised cost are derecognised either when the rights to receive cash flows from the investments have expired or are waived, or when the entity has transferred substantially all risks and rewards of ownership to another party.

##### 1.3.6. Receivables and recoverables

The EU accounting rules require separate presentation of exchange and non-exchange transactions. To distinguish between the two categories, the term 'receivable' is reserved for exchange transactions, whereas for non-exchange transactions, i.e. when the EU receives value from another entity without directly giving approximately equal value in exchange, the term 'recoverables' is used (e.g. recoverables from Member States related to own resources).

Receivables from exchange transactions meet the definition of financial instruments. The entity classified them as financial assets at amortised cost and measured them accordingly.

Recoverables from non-exchange transactions are carried at fair value as at the date of acquisition less write-down for impairment. A write-down for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due according to the original terms of the recoverables. The amount of the write-down is the difference between the asset's carrying amount and the recoverable amount. The amount of the write-down is recognised in the statement of financial performance.

##### 1.3.7. Cash and cash equivalents

Cash and cash equivalents are financial assets at amortised cost and include cash at hand, deposits held at call or at short notice with banks, and other short-term highly liquid investments with original maturities of three months or less.

##### 1.3.8. Payables

Included under accounts payable are both amounts related to exchange transactions such as the purchase of goods and services, and to non-exchange transactions e.g. to cost claims from beneficiaries, grants or other EU funding, or pre-financing received (see note 1.4.1).

Where grants or other funding are provided to the beneficiaries, the cost claims are recorded as payables for the requested amount, at the moment when the cost claim is received. Upon verification and acceptance of the eligible costs, the payables are valued at the accepted and eligible amount.

Payables arising from the purchase of goods and services are recognised at invoice reception for the original amount. The corresponding expenses are entered in the accounts when the supplies or services are delivered and accepted by the entity.

#### 1.3.9. Accrued and deferred revenue and charges

Transactions and events are recognised in the financial statements in the period to which they relate. At year-end, if an invoice is not yet issued but the service has been rendered, or the supplies have been delivered by the entity or a contractual agreement exists (e.g. by reference to a contract), an accrued revenue will be recognised in the financial statements. In addition, at year-end, if an invoice is issued but the services have not yet been rendered or the goods supplied have not yet been delivered, the revenue will be deferred and recognised in the subsequent accounting period.

Expenses are also accounted for in the period to which they relate. At the end of the accounting period, accrued expenses are recognised based on an estimated amount of the transfer obligation of the period. The calculation of accrued expenses is done in accordance with detailed operational and practical guidelines issued by the Accounting Officer. These aim at ensuring that the financial statements provide a faithful representation of the economic and other phenomena they purport to represent. By analogy, if a payment has been made in advance for services or goods that have not yet been received, the expense will be deferred and recognised in the subsequent accounting period.

### 1.4. Statement of financial performance

#### 1.4.1. Revenue

Revenue comprises gross inflows of economic benefits or service potential received and receivable by the entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Depending on the nature of the underlying transactions in the statement of financial performance, revenue is distinguished between:

- (i) Revenue from non-exchange transactions

Revenue from non-exchange transactions are taxes and transfers, because the transferor provides resources to the recipient entity, without the recipient entity providing approximately equal value directly in exchange. Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes. For the EU entities, transfers mostly comprise funds received from the Commission (e.g. balancing subsidy to the traditional agencies, operating subsidy for the delegation agreements).

The entity shall recognise an asset in respect of transfers when the entity controls the resources as a result of a past event (the transfer) and expects to receive future economic benefits or service potential from those resources, and when the fair value can be reliably measured. An inflow of resources from a non-exchange transaction recognised as an asset (i.e. cash) is also recognised as revenue, except to the extent that the entity has a present obligation in respect of that transfer (condition), which needs to be satisfied before the revenue can be recognised. Until the condition is met the revenue is deferred and recognised as a liability.

- (ii) Revenue from exchange transactions

Revenue from the sale of goods and services is recognised when the significant risk and rewards of ownership of the goods are transferred to the purchaser. Revenue associated with a transaction involving the provision of services is recognised by reference to the stage of completion of the transaction at the reporting date.

#### 1.4.2. Expenses

Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or the incurring of liabilities that result in decreases in net assets. They include both the expenses from exchange transactions and expenses from non-exchange transactions.

Expenses from exchange transactions arising from the purchase of goods and services are recognised when the supplies are delivered and accepted by the entity. They are valued at the original invoice amount. Furthermore, at the balance sheet date expenses related to the service delivered during the period for which an invoice has not yet been received or accepted are recognised in the statement of financial performance.

Expenses from non-exchange transactions relate to transfers to beneficiaries and can be of three types: entitlements, transfers under agreement and discretionary grants, contributions and donations. Transfers are recognised as expenses in the period during which the events giving rise to the transfer occurred, as long as the nature of the transfer is allowed by regulation, or an agreement has been signed authorising the transfer; any eligibility criteria have been met by the beneficiary; and a reasonable estimate of the amount can be made.

When a request for payment or cost claim is received and meets the recognition criteria, it is recognised as an expense for the eligible amount. At year-end, incurred eligible expenses due to the beneficiaries but not yet reported are estimated and recorded as accrued expense.

### 1.5. Contingent assets and liabilities

#### 1.5.1. Contingent assets

A contingent asset is a possible asset that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent asset is disclosed when an inflow of economic benefits or service potential is probable.

#### 1.5.2. Contingent liabilities

A contingent liability is either a possible obligation of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or a present obligation where it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation.

A contingent liability also arises in the rare circumstances where a present obligation exists but cannot be measured with sufficient reliability.

Contingent liabilities are not recognised in the accounts. They are disclosed unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

### 1.6. Consolidation

The accounts of this entity are fully consolidated in the consolidated annual accounts of the EU.



## 2. NOTES TO THE BALANCE SHEET

### 2.1. Intangible assets

The Agency's *intangible assets* are of two categories: computer software and internally generated intangible assets. The closing book value of the computer software for the year 2023 was EUR 25,520.93 with a minor value added during the year (EUR 8,617.71). The main increase has been recorded under internally generated intangible assets with the development of new functionalities of the ARIS system supporting the collection, handling and analysis of data records reported by the market participants. The closing book value of this assets was EUR 1,737,713.80 with additions of EUR 1,349,265.17 during the year.

FIXED ASSETS 01.01.2023-31.12.2023											
Account number	Asset category	Opening balance	Additions during the year	Disposals during the year	Closing balance	Depreciation Rate and Method	Depreciation				Closing book value
							Opening balance	Write offs	Depreciation charge for the year	Accumulated Depreciation	
21001000	Computer software	91,063.01	8,617.71	0.00	99,680.72	L 25%	59,263.60	0.00	14,896.19	74,159.79	25,520.93
21001001	Manual asset - computer software	6,150,594.82	1,349,265.17	0.00	7,499,859.99	L 25%	5,237,814.90	0.00	524,331.29	5,762,146.19	1,737,713.80
23001000	Plant, machinery and equipment	4,396.96	0.00	0.00	4,396.96	L 25%	2,829.56	0.00	671.76	3,501.32	895.64
24001000	Furniture and rolling stock	212,844.71	19,817.22	(886.22)	231,775.71	L 10%; 12,5%, 25%	130,679.63	(55.40)	17,597.52	148,221.75	83,553.96
24101000	Computer hardware	3,570,728.10	1,288,329.02	0.00	4,859,057.12	L 25%	2,428,681.43	0.00	779,380.49	3,208,061.92	1,650,995.20
24201000	Other fixtures and fittings	419,235.70	39,588.76	0.00	458,824.46	L 25%	295,466.22	0.00	47,148.86	342,615.08	116,209.38
	<b>Totals</b>	<b>10,448,863.30</b>	<b>2,705,617.88</b>	<b>(886.22)</b>	<b>13,153,594.96</b>		<b>8,154,735.34</b>	<b>(55.40)</b>	<b>1,384,026.11</b>	<b>9,538,706.05</b>	<b>3,614,888.91</b>

## 2.2. Tangible assets

Tangible assets are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and are expected to be used during more than one reporting period.

The increase under this heading is in line with the life cycle of the Agency, who continued to upgrade its IT infrastructure, in the operational area, with the necessary software and hardware in line with the growth in the number of staff. During the year, the Agency also acquired other equipment for the security architecture so as to reduce risks and prevent data loss, as well as for the continuity of the growing operational activity.

## 2.3. Exchange receivables & non-exchange recoverables

Exchange transactions are transactions in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange. Non-exchange transactions are transactions in which an entity either receives value from another entity without directly giving approximately equal value in exchange or gives value to another entity without directly receiving approximately equal value in exchange.

At 31 December 2023, the Agency did not have any non-current receivables and recoverables. The amounts included under this heading are of current in nature and can be broken down as follows:

	<i>EUR</i>	
	<b>31.12.2023</b>	<b>31.12.2022</b>
<b>Recoverables from non-exchange transactions</b>		
<i>Member States</i>	86,727.20	39,053.37
	<b>86,727.20</b>	<b>39,053.37</b>
<b>Receivables from exchange transactions</b>		
<i>Central treasury liaison accounts</i>	8,763,749.68	7,649,846.29
<i>Deferred charges relating to exchange transactions</i>	1,221,196.84	1,352,150.25
<i>Customers</i>	32,712.68	21,356.93
<i>Other</i>	38,367.27	27,537.37
	<b>10,056,026.47</b>	<b>9,050,890.84</b>
<b>Total</b>	<b>10,142,753.67</b>	<b>9,089,944.21</b>

The heading Recoverables from Member States contains VAT amounts to be recovered from the Republic of Slovenia. The Agency benefits from a direct exemption for VAT from the Republic of Slovenia for purchases where the direct exemption is impracticable to obtain, the VAT is refunded by the Republic of Slovenia.

The treasury of the Agency is integrated into the Commission's treasury system. Except for imprest accounts (see note 2.4 below), the Agency has no bank accounts of its own since 1 October 2017. All payments and receipts are processed via the Commission's treasury system and registered on inter-company accounts, which are presented under the heading Central treasury liaison accounts. The increase of the balance on the Central treasury accounts in 2023 is a result of higher appropriations available for the year for ongoing projects and thus an increase of the cash available to the agency.

The deferred charges consist of pre-payments made during the year for services that will be delivered in 2024. The title decreased by 10% mainly due to maintenance and licences whose expiration did not cross beyond 2023.

## 2.4. Cash and cash equivalents

The treasury of entity has been integrated into the Commission's treasury system. The majority of payments and receipts are processed via the Commission's treasury system and registered on liaison accounts, which are presented under heading 'receivables from exchange transactions'.

EUR

	31.12.2023	31.12.2022
<i>Imprest account</i>	233.89	309.68

The amount remaining under this heading relates to the imprest account that is managed by the Agency and reserved for small local payments where it would be impractical to process them through the central treasury system.

## LIABILITIES

### 2.5. Payables

Payables are liabilities to pay for goods or services that have been received or supplied and - unlike accrued charges - have already been invoiced or formally agreed with the supplier. Payables can relate to both exchange transactions (such as the purchase of goods and services) and non-exchange transactions (e.g. cost claims from beneficiaries of grants, pre-financing or other EU funding).

EUR

	31.12.2023	31.12.2022
<i>Commission subsidy</i>	348,562.48	476,978.35
<i>Sundry payables</i>	-46.16	8,071.88
<b>Total</b>	<b>348,516.32</b>	<b>485,050.23</b>

The heading comprises the unused pre-financing amounts received from the Commission in 2023, known as the balancing subsidy. The outstanding amount will be returned to the Commission upon request in the course of the year 2024.

### 2.6. Provisions short-term

Provisions are liabilities of uncertain timing or amount. A provision should be recognised in the financial statements when the following three conditions are met:

- i. An entity has a (legal or constructive) present obligation as a result of a past event;
- ii. It is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- iii. A reliable estimate can be made of the amount of the obligation.

EUR

	31.12.2023	31.12.2022
Short-term provisions	395,000.00	-

A provision for EUR 395,000.00 has been raised to cover the open liability the Agency has towards one appellant, BNetzA, in the legal case T-631/19 the Agency lost, and from which the appellant may recover the incurred legal costs. Negotiations are still ongoing, and the final amount is not yet known, therefore the best estimate has been provided for. The settlement is expected to occur in 2024. Between the end of 2023 and the date the final accounts were drawn, settlement of legal costs for two other lost legal cases has been made and the provision was adjusted accordingly.

EUR

Legal case	Estimated recoverable costs
BNetzA T-631/19	395,000.00

## 2.7. Accrued charges

Accruals are liabilities to pay for goods or services that have been received or supplied but – unlike payables – have not yet been invoiced or formally agreed with the supplier. They include amounts due to employees (e.g. accruals for untaken holidays). The calculation of accruals is based on the open amount of budgetary commitments at year-end. The portion of the estimated accrued charges relating to pre-financing paid has been recorded as a reduction of the pre-financing amounts.

	<i>EUR</i>	
	<b>31.12.2023</b>	<b>31.12.2022</b>
<i>Accrued charges</i>	4,683,249.67	1,594,341.17

The most material accrued expenses included under this heading are operating expenses (EUR 3,190,102.64), staff expenses for untaken leave (EUR 338,507.12), non-IT services (EUR 460,950.81), office supplies and maintenance (EUR 156,069.81), and training costs (EUR 74,158.58).

## 3. NOTES TO THE STATEMENT OF FINANCIAL PERFORMANCE

### REVENUE

#### Non-exchange revenue

##### 3.1. Funds from the Commission

Revenue from non-exchange transactions relates to transactions where the transferor provides resources to the recipient entity without the recipient entity providing approximately equal value directly in exchange. The heading mainly includes amounts received from the Commission during the year and recoveries of operational expenses.

	<i>EUR</i>	
	2023	2022
<i>Funds from the Commission</i>	19,070,035.83	14,689,784.92

This revenue comprises the contribution received from the general budget of the Union, i.e. the balancing subsidy, which has been used during 2023 for the activities of the agency. The unused amount of EUR 348,562.48 is recorded under accounts payable and will be reimbursed to the Commission in 2023. Please refer to the section “Budgetary implementation reports” below for more information on the use of the Agency’s budget.

#### Exchange revenue

##### 3.2. Other exchange revenue

	<i>EUR</i>	
	2023	2022
<i>Fees income</i>	10,168,867.68	9,663,668.81
<i>Other</i>	0	2,588.43
<b>Total</b>	<b>10,168,867.68</b>	<b>9,666,257.24</b>

The fees income comprises Registered Reporting Mechanisms (RRMs) fees that the Agency charges for the collection, handling and analysing of data reported by the energy market participants through the RRM. 2023 was the third year in which these fees were collected.

## EXPENSES

### 3.3. Operating costs

Included under this heading are expenses incurred in relation to operational activities.

	<i>EUR</i>	
	<b>2023</b>	<b>2022</b>
<i>Operating costs</i>	<i>8,484,919.46</i>	<i>4,849,035.50</i>

Included under operating cost are amounts spent on operational missions, workshops, public hearings, REMIT project costs and other costs incurred so as to fulfil the mission of the Agency. The increase of the operating costs is in line with the increase of the activities of the agency.

### 3.4. Staff costs

This heading includes the expenses for salaries, allowances and other employment-related benefits. Based on the service level agreement between the entity and the Commission, the calculations of staff-related costs are carried out by the Commission's Office for Administration and Payment of Individual Entitlements (also known as the Paymaster's Office – PMO). The pensions of the entity staff members are covered by the Pension Scheme of European Officials. This pension scheme is a defined benefit plan, i.e. the amount of benefit an employee will receive on retirement depends on several factors, the most important of which is years of service. Both the entity staff and the EU budget contribute to the pension scheme, with the contribution percentage being revised annually in line with the changes in the Staff Regulation governing the scheme. The cost to the EU Budget is not reflected in the entity accounts. Consequently, both the annual cost to the EU budget, and the future benefits payable to the entity staff, are accounted for in the Commission's annual accounts as part of its provision for pensions and other post-employment benefits. The pension costs included in the Commission's Statement of Financial Performance represent current service cost (rights accrued during the year due to service) and interest cost (unwinding of the liability discounting) which have arisen following the year-end actuarial valuation of the employee benefits liabilities. Since the Agency is funded also from fees and charges it will have an obligation to pay the employer contributions towards the pensions fund for the staff remuneration covered by the fees. The establishment of the contribution and the calculation method to be applied is currently discussed with the Commission services.

	<i>EUR</i>	
	<b>2023</b>	<b>2022</b>
<i>Staff costs</i>	<i>12,717,701.74</i>	<i>10,499,070.59</i>

The increase of staff costs in 2023 is a combined effect of an increase in the number of staff and annual indexation of salaries granted in June and December 2023.

### 3.5. Other expenses

Included under this heading are expenses of administrative nature such as external non IT services, operating leasing expenses, communications and publications, training costs etc.

EUR

	2023	2022
External non IT services	2,607,832.22	1,635,419.67
Operating leasing expenses	1,238,174.67	1,092,691.93
Administrative expenses with EU entities	1,067,377.46	1,018,127.25
Office Supplies & maintenance	919,895.68	811,231.16
Legal Expenses	1,110,562.28	473,725.54
Property, plant and equipment related expenses	1,383,970.71	744,888.41
Training costs	328,606.33	251,643.79
Other	217,043.19	246,622.27
Missions	88,929.31	87,977.62
Communications & publications	41,612.10	52,217.96
Recruitment costs	6,117.98	12,106.73
<b>Total</b>	<b>9,010,121.93</b>	<b>6,426,652.33</b>

The increase in the external services was mainly due to the contracted legal counsel to support the Board of Appeal with the assessment of the legal appeals the Agency is facing towards its decisions. The increase of the office supplies mainly relates to increased prices of the specialised magazines and databases subscriptions the Agency is purchasing to support the operational activities. The increase in legal expenses was mainly incurred in defending the appeals against the Agency's decision in the Electricity operational area and the related translations of those decisions. In addition, funds are to be used to cover the legal recoverable costs of the lost legal case. The increase in the property, plant and equipment related expenses refers to the depreciation and amortisation of both the tangible and intangible assets. The increase in training costs is in line with the increased number of staff.

The heading operating leasing expenses includes the rental contract of the Agency's premises. The future payments for this contract are as follows:

EUR

	Future amounts to be paid			Total
	< 1 year	1- 5 years	> 5 years	
Buildings	1,228,304.77	5,276,854.91	113,012.31	6,618,172.00

## 4. OTHER SIGNIFICANT DISCLOSURES

### 4.1. Outstanding commitments not yet expensed

The outstanding commitments not yet expensed comprise the budgetary RAL ('Reste à Liquider') less related amounts that have been included as expenses in the current year's statement of financial performance. The RAL represents the open budgetary commitments for which payments and/or de-commitments have not yet been made. This is the normal consequence of the existence of multi-annual programmes.

EUR

	31.12.2023	31.12.2022
Outstanding commitments not yet expensed	4,072,448.91	5,638,978.54

### 4.2. Services in kind

During 2023 the Agency received from the Council of the European Energy Regulators offices space and logistical and secretarial support for the agency's liaison office in Brussels free of charge. The offered office space and share of common areas totalling to 32 m<sup>2</sup> cost approximately EUR 5,150 per year.



### 4.3. Related parties

The related parties of the entity are the other EU consolidated entities and the key management personnel of these entities. As transactions between the relevant entity and the parties involved take place as part of the normal operations of the entity and on terms and conditions that are normal for such transactions, no specific disclosures are required.

### 4.4. Key management entitlements

The Director, or head of entity, is remunerated in accordance with the Staff Regulations of the European Union, which establish the rights and obligations of all officials of the EU. The Staff Regulations are published on the Europa website.

	31.12.2023	31.12.2022
Director	AD 14	AD 14

### 4.5. Other events

At the end of the financial year 2023, the Agency had sixteen legal cases ongoing before the General Court and two before the European Court of Justice. At this stage, any claim for damages against the Agency is hard to be assessed.

## 5. FINANCIAL RISK MANAGEMENT

### 5.1. Types of risk

**Market risk** is the risk that the fair value or future cash flows of a financial instrument will fluctuate, because of variations in market prices. Market risk embodies not only the potential for loss, but also the potential for gain. It comprises currency risk, interest rate risk and other price risk (the entity has no significant interest rate risk and other price risk).

(1) *Currency risk* is the risk that the entity operations will be affected by changes in exchange rates. This risk arises from the change in the price of one currency against another.

(2) *Interest rate risk* is the possibility of a reduction in the value of a security, especially a bond, resulting from an increase in interest rates. In general, higher interest rates will lead to lower prices of fixed rate bonds, and vice versa. The entity does not have any securities thus it is not exposed to the interest rate risk.

**Credit risk** is the risk of loss due to a debtor's non-payment or other failure to meet a contractual obligation. The default events include a delay in repayments, and bankruptcy.

**Liquidity risk** is the risk that an EU entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

### 5.2. Currency risks

At the end of the year, the financial assets are composed of exchange receivables. The financial liabilities are composed of accounts payable. Their ending balances are mainly quoted in EUR, the entity is thus not exposed to currency risk.

31.12.2023	USD EUR equivalent	GBP EUR equivalent	DKK EUR equivalent	SEK EUR equivalent	RON EUR equivalent	PLN EUR equivalent	EUR
<b>Financial assets</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>392,843.51</b>
Loans (including term deposits >3 months)							
Payables							392,609.62
Receivables excluding receivables with consolidated entities							0.00
Receivables with consolidated entities							0.00
Cash and cash equivalent							233.89

### 5.3. Credit risk

At the end of the year, the financial assets comprise exchange receivables. The Agency is in the process of recovering an amount of EUR 31,979.42 from one debtor and EUR 38,367.27 from its staff. Due to the minor amount the entity is not considered exposed to any significant credit risk.

31/12/2023	Not past due	Past due 0-30 days	Past due 31-90 days	Past due 91 days - 1 year	Past due > 1 year	Total
Receivables gross carrying amount	8,764,482.94			38,367.27	31,979.42	8,834,829.63
Impairment (-)						0.00
Net receivables	8,764,482.94	0.00	0.00	38,367.27	31,979.42	8,834,829.63

### 5.4. Liquidity risk

The financial liabilities are mainly composed of accounts payable. All the accounts payable have remaining contractual maturity of less than 1 year.