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*Committee on Budgets  
The Chair*

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8.6.2023

Mr Cristian Buşoi  
Chair  
Committee on Industry, Research and Energy  
BRUSSELS

Subject: Opinion on the Commission proposal on amending Regulations (EU) No 1227/2011 and (EU) 2019/942 to improve the Union's protection against market manipulation in the wholesale energy market (2023/0076 (COD)) and amending Regulations (EU) 2019/943 and (EU) 2019/942 as well as Directives (EU) 2018/2001 and (EU) 2019/944 to improve the Union's electricity market design (2023/0077(COD))

Dear Mr Chair,

Under the procedure referred to above, the Committee on Budgets' Coordinators decided at their meeting of 31 January 2023 to adopt an opinion under the Rule 56plus in the form of a letter covering both legislative files.

The committee adopted the opinion at its meeting<sup>1</sup> on 08/06/2023 and mandated me to convey the position set out below.

**Background to the proposal related to the budgetary impact on the European Union Agency for the Cooperation of Energy Regulators (ACER) and ITER**

On 14 March 2023, the Commission proposed to reform the EU's electricity market design to accelerate a surge in renewables and the phase-out of gas, make consumer bills less dependent

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<sup>1</sup> The following were present for the final vote: Janusz Lewandowski (1st Vice-Chair), Olivier Chastel (2nd Vice-Chair), Niclas Herbst (4th Vice-Chair), José Manuel Fernandes, Adam Jarubas, Siegfried Mureşan, Petri Sarvamaa, Eleni Stavrou, Rainer Wieland (for EPP), Markus Ferber and Asim Ademov (for EPP pursuant to Rule 209(7)), Pascal Durand, Jonás Fernández, Jens Geier, Eero Heinäluoma, Camilla Laureti, Nils Ušakovs (for S&D), Inma Rodríguez-Piñero and Massimiliano Smeriglio (for S&D pursuant to Rule 209(7)), Katalin Cseh, Vlad Gheorghe, Valérie Hayer, Fabienne Keller, Moritz Körner (for Renew), Nicolae Ştefănuţă (for Verts/ALE), Zbigniew Kuźmiuk, Bogdan Rzońca (for ECR), Dimitrios Papadimoulis (for the Left) and Andor Deli (for NI)

on volatile fossil fuel prices, better protect consumers from future price spikes and potential market manipulation, and make the EU's industry clean and more competitive.

This translated into two proposal amending several existing pieces of legislation:

1. Amendment of the REMIT (Union's protection of against market manipulation in the wholesale energy market) and the corresponding amendment of the ACER Regulation.
2. Amendments of the EMD (Electricity market design) Regulation and Directive, the Renewable Energy Directive and the corresponding amendment of the ACER Regulation.

The first batch will entrust ACER with new tasks, essentially authorisation and supervisory powers on electricity data platforms, a role of centralisation of suspicious transactions on the electricity market and investigation and extended enforcement powers of the REMIT Regulation. According to the Commission assessment, ACER would need 25 additional full time equivalent (FTE) and EUR 4.2 million operational expenditure over 2025-2027. 2/3 of the staff as well as the operational expenditure will be financed from extended fee. This leaves EUR 2.9 million to be financed from the EU budget over 2025-2027.

The second batch will also entrust ACER with new tasks, essentially ex-ante approval of hubs for the trading of forward electricity contracts and of the methodology underpinning the reporting by MS on the need for flexibility in the electricity market. According to the Commission assessment, ACER would need 4 additional FTE for an amount of EUR 2.8 million over 2024-2027.

In total, the impact of the increase for ACER on the EU budget would be EUR 5.7 million over 2024-2027. The Legislative financial statement indicates that the amount will be redeployed from the ITER budget line.

### **Position of the Committee on Budgets**

Overall, the budgetary impact of the proposal is not substantial and the ACER Regulation is only modified to extend the scope of the fee-financed activities and add the tasks related to the amendment of the EMD. The Commission informs that the offsetting planned redeployment from ITER to ACER is not negatively impacting ITER to deliver upon its objectives under the MFF and reminds that the total amount of this planned offsetting of EUR 5.7 million accounts for 0.1% of the entire ITER budget over the MFF.

Still, the Committee on Budgets observes, that since the beginning of this MFF, several legislative proposals<sup>2</sup> were presented by the Commission entrusting ACER with new,

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- Regulation of the European Parliament and of the Council on guidelines for trans-European energy infrastructure and repealing Regulation (EU) No 347/2013 Increase of resources for ACER for additional responsibilities in the oversight of the Ten-Year Network Development Plan. This requires a limited number of additional resources (1 additional FTE) from the CEF energy programme (see Legislative financial

additional tasks which require additional financial means.

These combined new tasks for ACER add up to an increase in staff (from the MFF baseline situation of 77 permanent, 36 contract agents, 4 Seconded national experts to 142 permanent, 47 contract agents, 10 Seconded national experts) and in projected budgetary needs (budget is projected to increase up to 22,4 Million Euro in 2027 instead of 16,3 Million Euro).

The need to resort to redeployments in order to ensure the necessary additional operational and administrative resources constitutes a significant impact on the EU budget for the remainder of the financial programming period and beyond.

The European Parliament, in numerous reports and resolutions, has reiterated its general position that new tasks should be covered by fresh resources and that the practice of ‘compensation’ of reinforcements through back loading or reductions in programme envelopes should be prevented. Nevertheless, given the accumulation of new initiatives, additional needs and unexpected developments, it must be soberly stated that the default sources for such fresh appropriations in the EU budget - unallocated margins under the MFF ceilings and non-thematic special instruments are like to be virtually or even entirely depleted as of B2024.

The Committee on Budgets stands ready to follow the proposal closely during the next procedural steps in particular on discussions on the human and financial resources of ACER and

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statement in COM(2020)824)

- The Commission Proposal for a Regulation of the European Parliament and of the Council on methane emissions reduction in the energy sector (COM(2021)805). This requires a limited number of additional resources (1 TA post as of 2023). The Budget increase is solely linked to the increase in posts. The increase of the EU contribution is proposed to be compensated by an equal reduction of the budget of the Connecting Europe Facility Energy Programme (CEF Energy programme).
- The Commission Proposal for a Regulation of the European Parliament and of the Council on the internal markets for renewable and natural gases and for hydrogen (COM(2021)804). These tasks require an increase in the agency’s human resources of 15 additional establishment plan posts and 6 additional contract agents by 2027. The budget increase is linked solely to the additional staff. The increase of the EU contribution will be compensated by an equal reduction of the CEF Energy programme.
- The Commission Proposal for a Council Regulation enhancing solidarity through better coordination of gas purchases, exchanges of gas across borders and reliable price benchmarks; COM(2022)549 final. The proposal sets out new tasks for ACER to establish and publish a daily LNG price assessment and LNG benchmark. ACER will need to comply with IOSCO principles for Price Reporting Agencies (PRA), which requires experienced staff. The agency will also require additional resources for consultancy purposes, IT, and audit trails. The increase in appropriations for ACER is planned to be offset by a compensatory reduction of programmed spending under CEF Energy Programme.
- The Commission Proposal for a Council Regulation establishing a market correction mechanism to protect citizens and the economy against excessively high prices; COM(2022)668 final. The proposal will require additional resources for ACER. In particular, the proposal sets out new tasks for ACER to monitor gas markets and assist the Commission by triggering (and later deactivating) the market correction mechanism and by monitoring intra-EU gas flows. The increase in appropriations for ACER is planned to be offset by a compensatory reduction of programmed spending under CEF Energy Programme.

any potential budgetary consequences.

Yours sincerely,

Johan Van Overtveldt