

## **CBA Methodology**

### **Major issue for all Grid Connection Codes**

**EURELECTRIC's proposals**  
**in favour of a dedicated ESC - Taskforce**

**4<sup>th</sup> GC-ESC meeting**  
**(9 December 2016, Ljubljana)**

# Outline

- 1. Why is the CBA a crucial tool in GC Codes?**
- 2. What is missing for an appropriate use?**
- 3. Other general issues related to CBA**
- 4. Proposals for setting an ESC Taskforce**

# 1. Why is the CBA a crucial tool in GC Codes?

- **According to the Codes, CBA is mandatory in case of:**
  - Request for a derogation from DSOs, TSOs or Generators
  - Extension of the scope of application to existing units
- **Hence:**
  - The consequences of the result of a CBA can be enormous
  - All stakeholders are concerned
- **Therefore the CBA methodology must be reliable**
- **ACER itself has pointed out, at many occasions, the importance of CBA, as the backbone of regulation, to show the overall socio-economic relevance of new rules**

## 2. What is missing for an appropriate use?

- **Why we need further methodological principles to be agreed at EU level**
  - To ensure CBA are properly carried out (in the interest of all those - TSOs, DSOs, Generators - who will have to carry out a CBA),
  - To ensure a level-playing field (between countries and players)
  - To ensure legal certainty and enforceability (results supported by all)
  - To ensure fair calculation of benefit related to probability of occurrence.
- **The ENTSO-E IGD does not help to go forward**
  - The CBA IGD merely recalls the principles set out in the Connection Codes
  - ENTSO-E decided not to set up an expert group to share on these issues, although there is a need to go a step further to facilitate the implementation

## 2. What is missing for an appropriate use?

### ■ Principles that still need to be discussed and endorsed:

- Clarify that the CBA provides for an economic indicator “the net social welfare” (objectively assess a project on the basis of all the potential costs and benefits that can be monetised)
- Ensure transparency on the choice of scenarios, on data used, on time-frames for the assessment, on the geographical perimeter
- Scenarios should be consensual or at least opposable. A reference scenario accompanied by sensitivity analyses would be relevant. The data used should also be either public or opposable
- Need a clear categorisation of costs and benefits (not to forget some, to avoid double-counting)
- Need to address the parties where the benefit occurs and based on that the parties who shall bear the costs.
- Both “regulated” and “non-regulated” expertise is required to carry out such assessments
- Need for platforms at national level to ensure stakeholder involvement when Case 2 CBAs are to be carried out

### 3. Other general issues related to CBA

- **Other procedure-related issues:**
  - Stakeholders informed late in the process about the CBA for retrospective application
  - Timing for performing the CBA not always realistic
  - Transparency and information not always balanced between different actors. For example, how many stakeholders have the necessary tools and data to do or check calculations notably related to the benefits?

## 4. Proposal to set up an ESC-Taskforce

- Despite the organization of a workshop on 21 November, ENTSO-E is not favorable to creating an expert group for the following reasons:
  - It's not a priority, ENTSO-E will complement the IGD with '*good practices*' when there is enough experience
  - IGDs are only intended for TSOs and not for all stakeholders
- IGDs could still be a good opportunity to clarify some requirements and a good tool in favor of harmonization where needed
- Considering the importance of this issue (top priority according to a survey among Generators), the risks identified and the fact that a few workshops are not enough to address this issue, **Eurelectric proposes that a dedicated CBA taskforce, on behalf of ESC, is created.**