12th NETWORK DEVELOPMENT STAKEHOLDER GROUP meeting (ND SG)

Date: 15 October 2015
Time: 10:30 – 16:30
Place: ENTSO-E premises-6th floor, Avenue Cortenbergh, 100, 1000, Brussels

DRAFT MEETING MINUTES

Agenda

No	Subject	Time	Lead
1.	**Welcome address, approval of agenda**	10:30-10:35 5 min	**Sebastien Lepy** ENTSO-E
2.	**News from the Brussels' scene:** - Infrastructure Forum, Florence Forum, - PCIs process status, - Network codes **Members news**	10:35-10:50 15 min	**Sebastien Lepy** ENTSO-E **Open floor to All members**
3.	**Working session1: TYNDP 2016 project list – latest status**	10:50-11:30 40 min	**Sebastien Lepy/Irina Minciuna** ENTSO-E **Open floor to All members**
4.	**Working session 2: ENTSO-E CBA 2.0-part 1** - Environmental indicators - GTC and clustering	11:30- 12:30 1h	**Yannick Jacquemart** ENTSO-E **Open floor to All members**
5.	**Lunch**	12:30-13:30 60 min	
6.	**Working session 3: ENTSO-E CBA 2.0 – part 2** - Socio-economic welfare - Security of supply - Other/generic concerns	13:30-15:20 1h 50min	**Yannick Jacquemart** ENTSO-E **Open floor to All members**

7.	**Working session 4: Maturity level of technologies**	15:20-16:20 60 min	**Fikar Ulrich** Orgalime **Open floor to All members**
8.	**AOB and conclusions**	16:20-16:30 10 min	**Sebastien Lepy** ENTSO-E

Participants

	Name	Company
1.	Fikar Ulrich	Orgalime
2.	Richard Charnah	T&D Europe
3.		
4.	Antina Sanders	RGI
5.	Jozefien Vanbecelaere	FOSG
6.	Victor Charbonnier	EWEA
7.	Andreea Tanasa	EC DG ENER
8.	Eric Andreini	ENTSO-E
9.	Sebastien Lepy	ENTSO-E
10.	Yannick Jacquemart	ENTSO-E
11.	Irina Minciuna	ENTSO-E
12.	Louis Philippe	ENTSO-E

Highlights – meeting summary

At its meeting 15th/10, the Group finalised the recommendation to ENTSO-E with respect to the TYNDP 2016 list. Discussing improvements to the CBA, it stressed that ensuring the readers' understanding (through maps for environmental issues, links to existing documents, explanation for clustering, SEW vs GTC curve, etc.) prevails over matching possibly ageing CBA rules and encouraged for complementing the application of the CBA with additional information. Last but not least, Orgalime, Europacable, T&D Europe and ENTSO-E will redraft together the appendix on "maturity of technologies" by next spring.
In order to ensure that the Group can take informed decisions, FOSG stressed the importance of receiving from ENTSOE clear and comprehensive information related to any decision that will need to be taken by the Stakeholders Group well in advance of the meetings.

ENTSO-E welcomes all participants, and presented the agenda and the aim of the meeting.

News from the Brussels' scene

ENTSO-E together with the other participants highlighted shortly the latest new on the Brussels scene:

- Connection Codes status: Rfg adopted 26th June, HVDC connection 10th September, DCC scheduled to be adopted 16th October. Every Member State must now implement the codes, which is challenging considering the 3 year implementation timeframe. As such ENTSO-E strongly encourages everyone to support the implementation process at national level and proposes tools to support (e.g. workshop 23rd September to share experience of 4 countries).

All the ND SG members are encouraged to report any weak signal about risk of NC late implementation.

- EC Summer package on the future market design in Europe. As far as the longer run is concerned, provisions to address SoS issues (risk preparedness plan preparation) are the most prominent.

- PCI: currently the list is at ACER for opinion and in parallel an additional consultation is running on new projects until 22 October. The expectation is to have the list approved by the high level Decision body mid-November.

- E-Highways project reached its conclusion stage and a final conference on it will be held on 3-4 November 2015 where everyone is encouraged to participate. More info can be accessed here.

ENTSO-E will organize a Group webinar by the end of 2015 targeting the presentation of the 2050 E-Highways project results

- Infrastructure Forum is to take place on 9-10 November 2015. More info can be accessed here.

TYNDP 2016 project list

ENTSO-E summed up the status. The ENTSO-E's System Development Committee will be proposed a decision matching the ethical committee's recommendations made 18th September: all the projects that delivered the necessary technical data for assessment but by 10 September 2015 did not fulfil the legal criteria of the draft EC guidelines will get an assessment in the TYNDP, on best endeavours basis.

However, the Group acknowledged that is the EC prerogatives to decide whether such projects could be candidates to the 3rd PCI list. In addition, the Group stressed that a project not matching the EC draft guidelines and assessed in the TYNDP 2016 will not have a right to enter the TYNDP 2018 on this basis.

As a consequence, the Group recommends that the TYNDP 2016 list of projects will distinguish 2 parts: the TYNDP 2016 projects complying with all EC draft guidelines, and those not compliant with all criteria of the EC guidelines as additional projects to be assessed in the TYNDP 2016. Indifferent of their status ENTSO-E will assess them all in the TYNDP 2016 process on best endeavours basis.
The public list shall not detail the reason why a project does not fulfil the EC draft guidelines.

In this meeting the Group discussed one specific case of a project which was deemed by ENTSO-E to meet the legal criteria only on the basis on an earlier TEN-E grant and the interpretation that TEN-E grant was equivalent to being in the PCI list. However, the project was not accepted later on the first PCI list. As the PCI process is in essence reset every two year, the reference to the earlier TEN-E grant does not appear a valid motive any more.

Following the suggestion of ENTSOE, the group agreed to tag this project as not fulfilling the EC guidelines.
The project will however be assessed in the TYNDP 2016 as any other not fulfilling the guidelines.

FOSG pointed out that for important decisions like these, the members of the group should be informed more in advance by ENTSO-E so that each member of the group can prepare and discuss the decisions to be taken internally in its organisation.

ENTSO-E will deliver to the Group the table with the every non-ENTSOE members projects, with as the case may be, the reason why some do not match the EC guidelines criteria.

Evolution of the Cost Benefit Analysis methodology: CBA 2.0 for TYNDP 2018 and intermediary complements to CBA analysis in the TYNDP 2016

ENTSO-E gave an overview on the latest updates on the CBA indicators and the group discussed possible improvements.

Environmental indicator: RGI presented its view on the environmental indicators. The 2 figures provided for the environmental indicators in the TYNDP 2014[1] proved to be inappropriate both in terms of contents and use during the PCI selection process, and possibly counter-productive.

[1] In line with the CBA methodology the TYND 2014 presents two indicators, one for "urban" areas (S2) and one for "protected" areas (S1), both of which expressed in km crossing densely populated resp. protected areas, at project level and for projects mature enough so that their route is known.

In practice, many information is available in various means at the national level but is not of direct access for people using the TYNDP as a doorway to projects. This information is also too large to enter the detail the TYNDP for every project. The TYNDP becomes a critical communication tool used as very early awareness system and may allow the relevant bodies to come up early with the solutions.

The two indicators S1 and S2 are not required to change. For the TYNDP 2016 ENTSO-E is suggested to consider the following suggestions:

- For every projects (not only those more mature than "under consideration" stage), ENTSO-E to strive to insert links to the relevant national information about the environmental assessments of the project.
- In case, a project is indeed at a too early stage to provide any information, project promoters will be asked to give an indicative timing when and where information will become available.
- ENTSO-E to insert a half-page map based on which the environmental indicator is calculated, highlighting the project route (as far as known), the urbanised areas the protected areas, and more details if possible (forests, rivers, etc.)
- ENTSO-E to check that keys to each of the maps is included in the TYNDP in order to improve the reader's experience.

ENTSO-E will ask the project promoters for more information but the full responsibility for the published additional information and material is up the promoters.

The Group stressed the importance of providing better explanations in the assessment sheet about the whereabouts of a project and ENTSO-E will ask project promoters to feed the presentation and comment.

The importance of considering the environmental indicator in the PCI process and not be discharged within the decisional process as done by now was also highlighted.

Clustering: ENTSO-E highlighted the benefit of clustering which aims at understanding the synergies, interlinks and overall benefits between the investments.
The Group pointed out that some indicators (GTC, SEW…) are more relevant at the investment scheme level (clustering several investment items), when non-linear (i.e. when the value of the sum of individual parts is different from the sum of the individual parts' values.

The Group underlined the need for flexibility in presenting the investment scheme, with the reader's understanding as top priority. The Group remarked that matching the CBA "5-year" clustering rules eventually resulted in a more confused picture than admitting that an investment scheme could span and make sense over more than 5 years. The present CBA principles can be overruled in the TYNDP provided that explanations are provided to explain why several investments are clustered, and what is the consequence for every of them not to be there.

Every project proposed as a PCI candidate shall be assessed individually (although it may in addition be assessed, clustered in a larger investment scheme).

Incidentally, costs of projects shall be presented with the same level of details as in other public documents describing these projects.

The group agrees with the clustering approach but asked a better explanation in the TYNDP of why each project is clustered as such. The clustering approach should aim first at easing the readers' understanding of the inter-links between the investments rather than strictly and eventually counterproductive clustering limitations such as the 20% and 5-year rule.
The Group also stressed the need of detailed explanation of why investments items are associated, and what consequence it would have for each of them not being realised.

The security of supply indicator: In the TYNDP 2014 the SOS indicator has zero value in most of the case. In adequate scenarios and a fully reinforced grid, an additional grid element of pan-European relevance brings no marginal value of loss of load expectation (LOLE) or energy not served (ENS), except in remote corners of the system.

In order to improve the understanding of the SoS indicator, ENTSO-E is currently looking into complementing this indicator with additional information. As such ENTSO-E derived 4 options (please see the slides for in-depth view on the options):

- 2 related to flexibility, differentiated by a less or more complex computation means.
- 2 options related to capacity (avoided investment in generation), which could rather complete SEW than SoS.

The Group concluded to both approach being valid, with a preference for the first one. It highlighted the importance of addressing flexibility issues in the next TYNDP.

Flexibility and resilience indicator: These indicators are defined in the CBA 1.0 as KPI-based indicators. Due to the observed misinterpretation in the TYNDP 2014 ENTSO-E suggests, for the CBA 2.0, to associate flexibility with SoS indicator. The robustness indicator could be renamed "cross vision usefulness" or be taken fully out.

The Group agrees with the importance of addressing flexibility issues in a system with high RES penetration.
The Group recommends to take out the robustness indicator since the cross vision usefulness does not bring any additional value to the reader.

TOOT/PINT approach: In the TYNDP, marginal benefits of a project are assessed compared to a reference grid (= a reference capacity value), which the project is considered either part of it (TOOT) or coming on top of it (PINT).

The TYNDP 2016 methodologies led to quite high reference capacity values where numerous projects are stacked up to increase the capacity, resulting in a lower marginal benefit, that is then allotted to all every concerned projects. The Group acknowledged that this cannot help neither project promoters nor decision makers.

ENTSO-E proposed alternatives to the marginal assessment via the present TOOT/PINT. The Group reckoned that the “multiple TOOT”, i.e. assessing several projects at once would both be confusing and in essence not correct a bad reference capacity setting; and that changing the reference capacity would contradict the principles agreed upon in spring.

The Group however praised the idea of plotting a SEW vs increased GTC value, from the present GTC level up to the target capacity, that ACER proposed when the CBA 1.0 was set up. ENTSO-E remarked that the computation is resource consuming but can be managed for a limited set of boundaries where reference capacities are set to high. The Group pointed out that this is will allow the stakeholders to view the benefits of the incremental increase of the GTC at a boundary indifferent of their coming order in the grid.

The Group sees the SEW/GTC curve approach positive and encourages ENTSO-E to use this approach starting with the TYNDP 2016.

Losses: ENTSO-E proposed to refine computations means of the Losses indicator but not alter the basic principles which the Group agreed to.

Socio-economic value: In the past, with enough generation capacity available, and no or little volatility, the value of interconnectors (or storage) derived from actual exchanges, and the benefit of additional capacities regarding capacity or hedging against volatility was zero. In the same way that "energy only" markets worked. Nowadays and in the future, with RES development capacity and volatility issues become tangible, valuing the benefits of interconnectors or storage become logic, in the same way that energy only markets are completed with capacity mechanisms, or reserve sizing and sharing gets stronger focus.

Storage promoters complained about the TYNDP 2014 assessment results because of this, even if the TYNDP admitted they had to be completed.

The Group recommends ENTSO-E to investigate complementing the present "energy-only" SEW assessment with the so-far not considered "capacity value" and "risk hedging value", but take the time to ensure the soundness of the new methodology.
In order to further guide ENTSO-E on this option, the Group requested some clear examples to be delivered by ENTSO-E in the next meeting. This will allow the group to see the better the impact of this addition and also better understand the methodology.

One single figure for CBA, although seems at a first glance desirable, it omits the real benefit of the project therefore the multilateral approach is the best. In addition the grouping the indicators may be an option but currently ENTSO-E does not see this necessary.

Maturity of technologies

Orgalime, together with T&D Europe (and preparation with Europacable), presented their concerns about the – ageing – appendix to the TYNDP "novel technologies", proposed to contribute to it for the next TYNDP, and ENTSO-E accepted;..

ENTSO-E, Orgalime, T&D Europe and Europacable will set up by mid November 2015 a group of experts to revise the appendix, and organise two workshop meetings in December and January to work it out. The final outcome will be included in the TYNDP 2016 after its approval by the Group end March 2016.

Next meetings:

- The Group will be proposed two webinars by the end of 2015, one about "e-Highways' results" and another about "appraisal of interconnectors/storage added economic value regarding hedging against volatility", –date and time to be set through a doodle to all members.
- For 2016 it was suggested to have 4 physical meeting the dates of which will be set in advance. Doodle to follow.

ENTSO-E thanked all attendees for the fruitful meeting.