



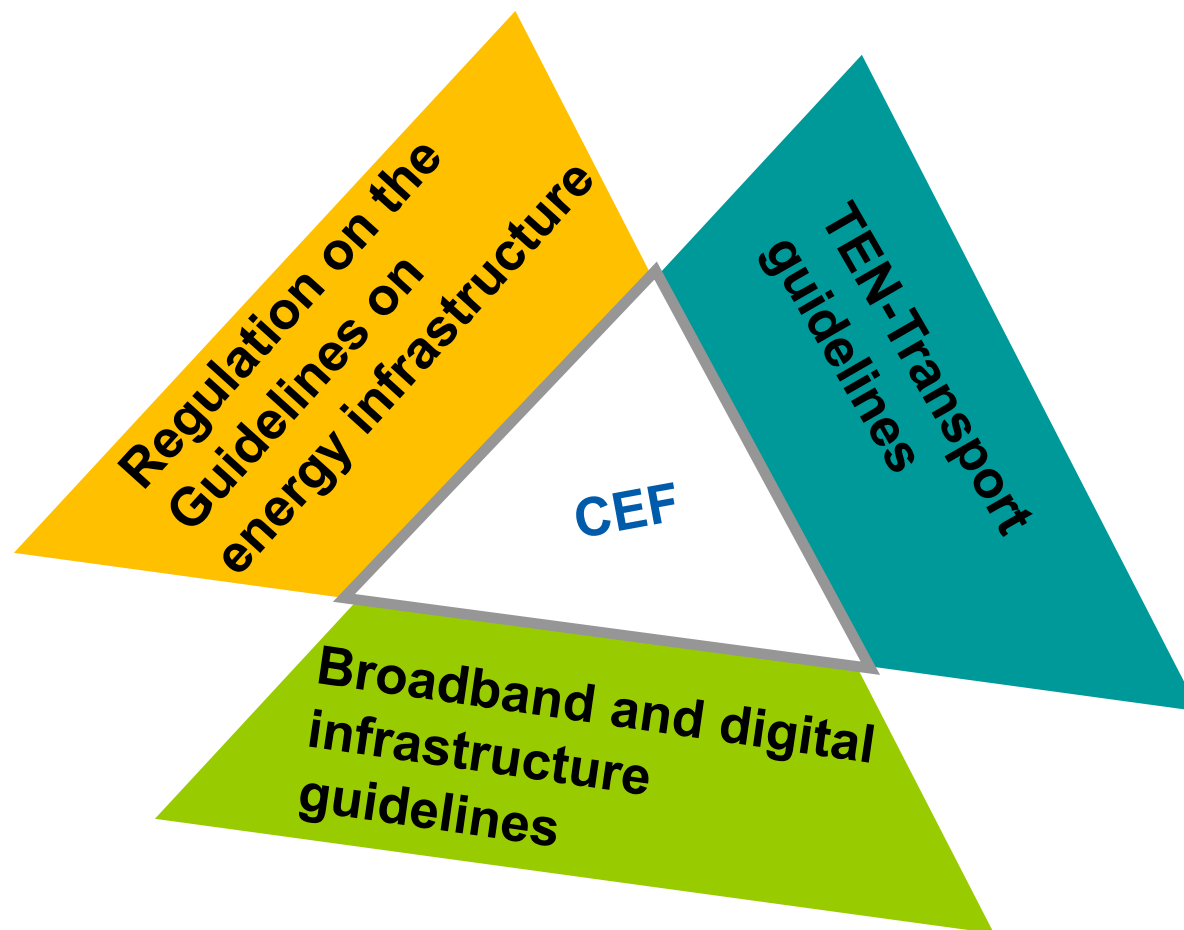
Energy Infrastructure Package

The role of the cost-benefit analysis

Kitti Nyitrai
European Commission, Energy
Internal Market I: Networks and Regional initiatives

15/11/2012

The legislative proposals of the package



**Three sectorial
infrastructure
policy proposals**

**Connecting
Europe Facility:**

Budget EUR

Energy – 9.12bn

Transport – 30bn

ICT – 9.1bn

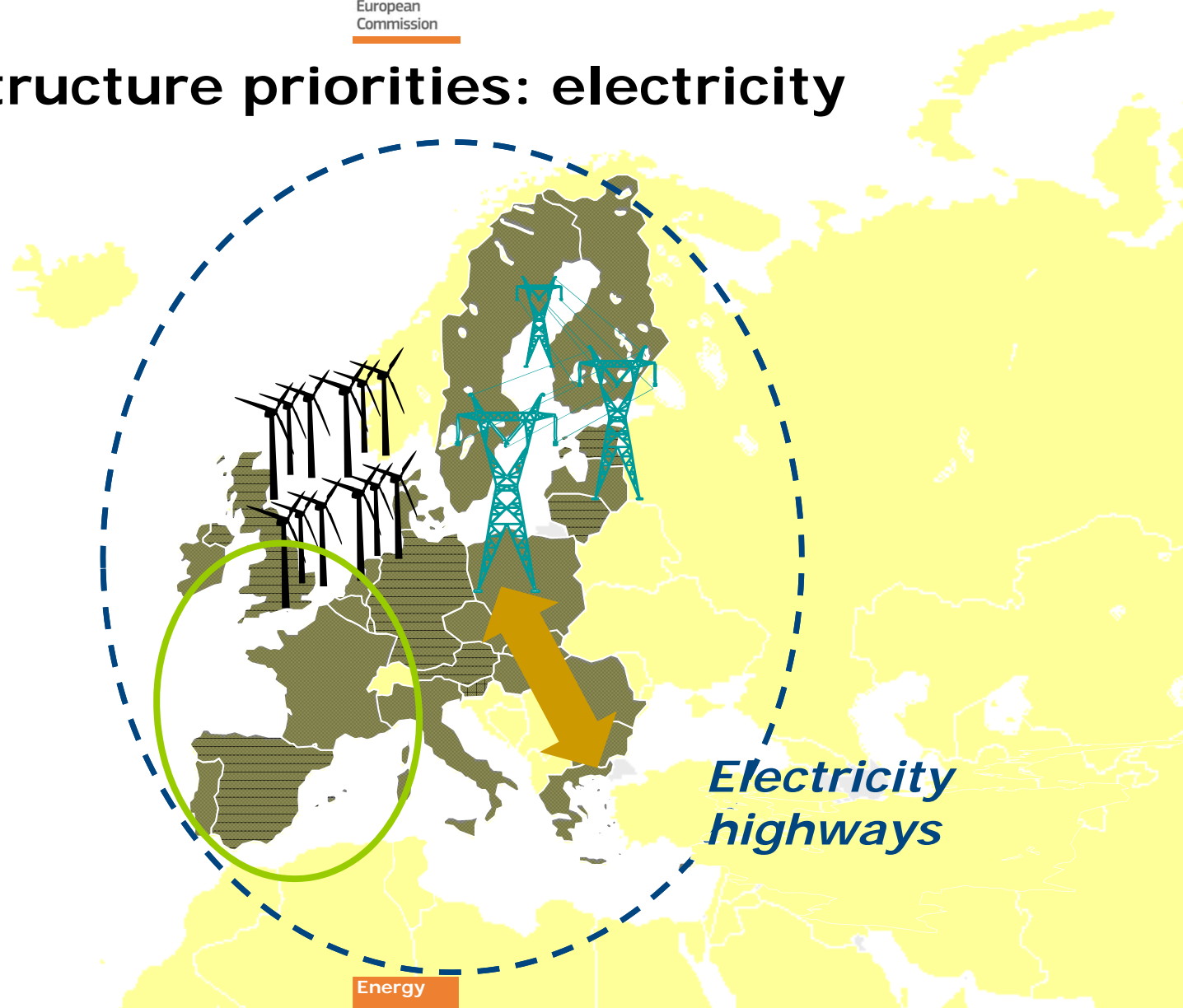
Regulation on guidelines for trans-European energy infrastructure

Implementation of 12 priority corridors/areas, necessary to meet EU's energy and climate policy goals by 2020 and beyond by providing policy and regulatory certainty through a stable and appropriate regulatory framework to promote the necessary investments:

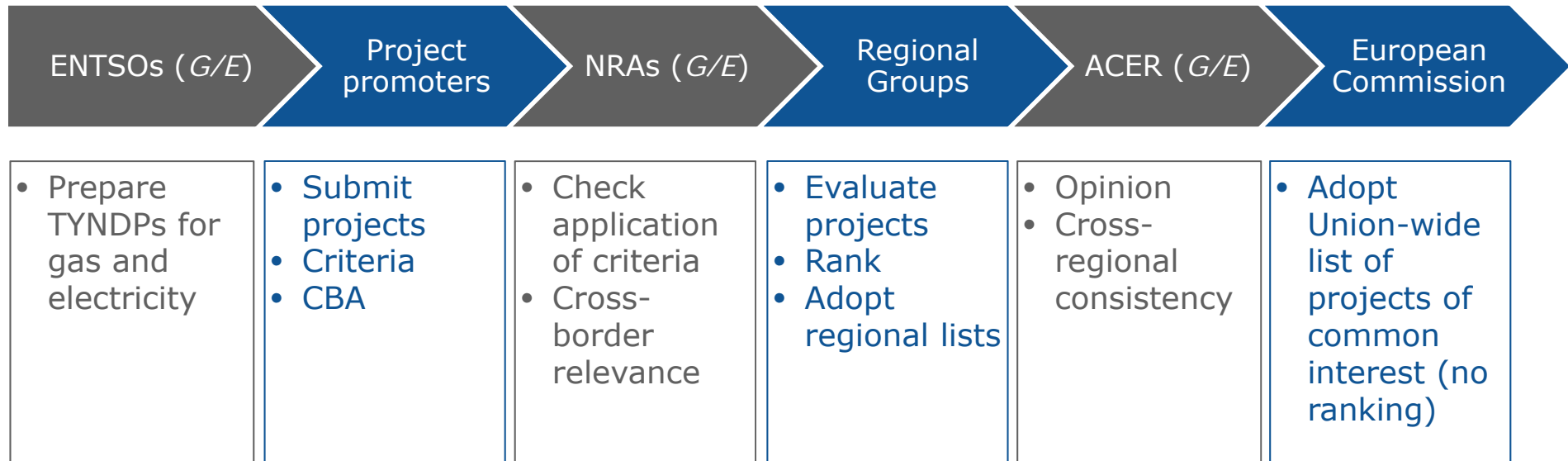
- 1. Identification of projects of common interest**
- 2. Accelerated permit granting and transparency**
- 3. Regulatory framework**
- 4. EU financing**

Infrastructure priorities: electricity

- BEMIP
- North South interconnections in Western Europe
- North South interconnections in Central and South Eastern Europe
- Northern Seas Off-shore grid
- "Smart grids"



Process



General criteria

Priority corridor implementation

Economic viability

Crosses border or has cross-border impact

Specific criteria

Market integration

Security of supply

Sustainability

→ *Cost-benefit analysis*

Permit granting – Regime of common interest

Priority status for PCIs

- Most preferential treatment in Member States
- Streamlining of EIA procedures

Competent Authority to manage permit granting process

3-years time limit for the permit granting decision

*Increased **transparency** and enhanced public participation*





Regulatory framework - measures

*Energy system-wide **cost-benefit analysis***

- Proposal by ENTSOs, ACER opinion, Commission approval

*Enabling investments with **cross-border** impact:*

- Cross-border cost allocation
- NRA joint decision on investments and cost allocation
- ACER decision if no agreement

*Long-term **incentives** for investment:*

- Obligation on NRAs to grant appropriate risk-related incentives
- ACER guidance on best practices of NRAs and methodology





Financing – Connecting Europe Facility 2014-2020

- € 50 bn for transport, **energy (€9.12 bn)** and ICT
- **Financial Instruments** (equity/debt incl. project bonds in cooperation with IFIs) and **grants** for studies and works
- **Eligibility criteria (in guidelines):**
 - Grants for studies and financial instruments – available to all PCIs
 - In exceptional cases, grants for works for PCIs where:
 - CBA shows positive externalities
 - Commercially not viable
 - Cost-allocation decision done



Summary – for electricity and gas

TYNDP projects *(+others in 2012/13)*

Projects of common interest

Accelerated permit granting

Cross-border cost allocation

Regulatory incentives

Financial instruments and grants for studies



Grants for works, if:

Positive externalities

&

No commercial viability





The cost-benefit analysis will play an important role in the Energy Infrastructure Guidelines

- Methodology for CBA to be developed by ENTSOs
- EU energy-system wide cost-benefit-analysis in the TYNDP
- Identification process of projects of common interest
- Cross-border cost allocation
- Eligibility for grants for works





Preparing for PCI identification in 2012: Objectives

- **Call of the Energy Ministers** at the TTE Council in February 2012 to start preparatory work for PCI identification
- New EIP approach: **regional cooperation on infrastructure**

Tasks of the regional working groups

- **Identify project information**
- Project promoters to **submit project proposals**
- Agree on **weighting** for project evaluation criteria
- **Evaluation** of submitted project proposals
- **Co-ordination** with the other regional working groups
- **Agree on draft regional project list**

Members: Member States representatives, Commission, NRAs, TSOs, project promoters, ENTSOs, ACER

Energy infrastructure



Request for information

Request for information about non TYNDP projects for identification as potential Projects of Common Interest (PCI) under the draft regulation on guidelines for trans-European energy infrastructure

- [Stage 1 online questionnaire](#)

Timescales for submission of project information

- **Stage 1:** from **23/05/2012** to **07/06/2012**

Initial project information

- **Stage 2**




Project promoters will subsequently be invited to submit information on projects that fulfil the criteria set out in the draft regulation on trans-European energy infrastructure by 19 July 2012.

Energy infrastructure



Public Consultation

List of projects submitted to be considered as potential Projects of Common Interest in energy infrastructure.

- [Electricity projects](#)  [475 KB] List has been amended on 27 July 2012
- [Gas projects](#)  [468 KB] List has been amended on 27 July 2012
- [Oil projects](#)  [184 KB] List has been added on 27 July 2012
- [Online questionnaire](#)

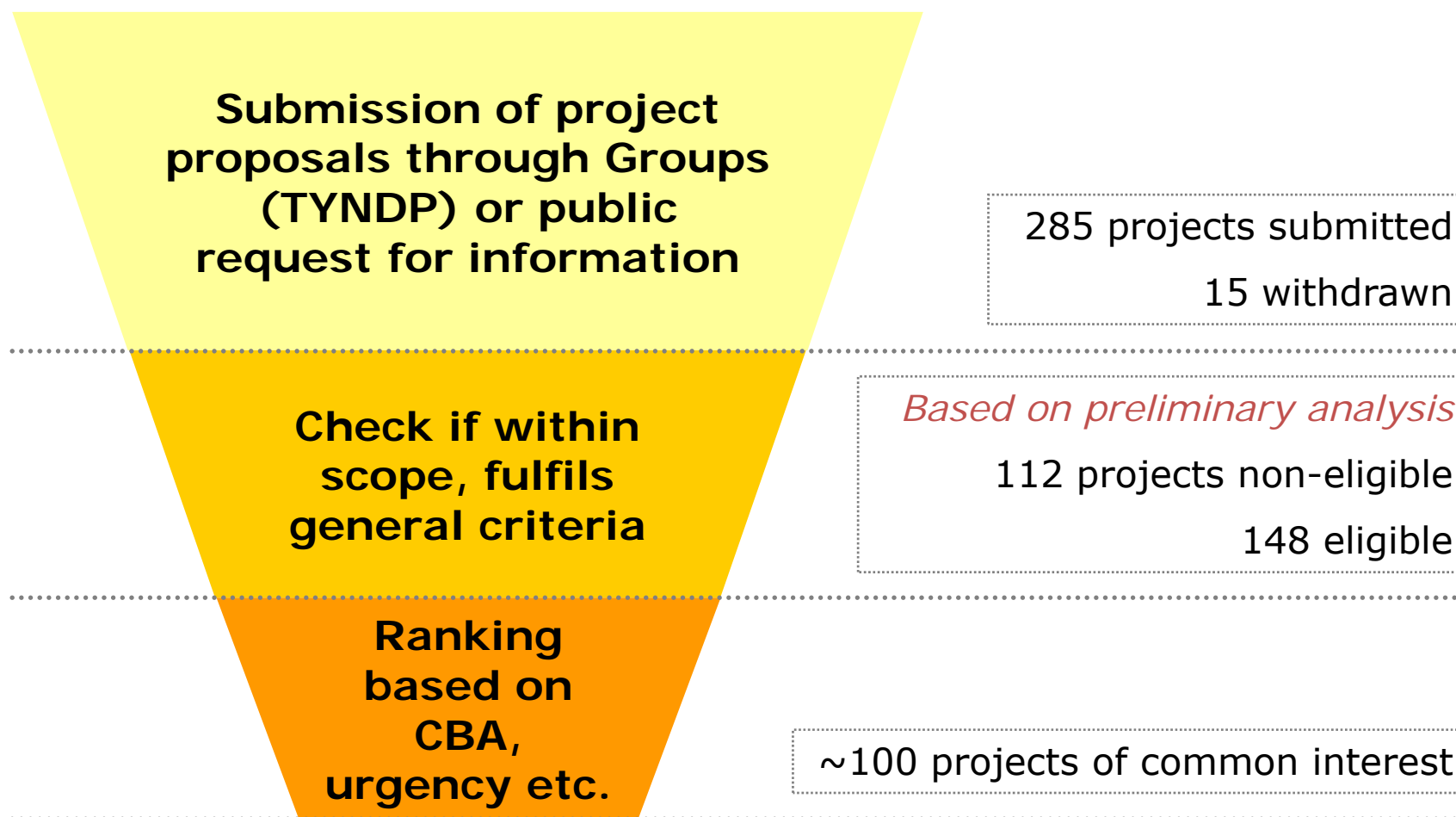
For practical reasons the list has been divided into one list for electricity projects, one list for gas projects and one list for oil projects.

Consultation period:

From **20/06/2012** to **04/10/2012**

Please note: Due to the amendments and the addition of a new list of oil projects, the deadline for responding has been extended.

Steps in the preparatory phase



Thank you for your attention



Role of the Regulators

- **Ensure consistency of the application of the methodology**
 - Data and indicators provided by the projects
- **Determine the EU value of projects**
 - Is it a good project from EU policy objectives point of view?
 - Scope of impact / claimed benefits of projects in MS
- **Provide insight on projects in their territory**
 - Interdependency / clustering of projects
 - Urgency
 - View on need where too many competing projects



Process in the preparatory phase

Submission of project proposals

Through ad-hoc regional groups and open request for information

422 submissions

(E: 268, G: 144)

Verification if within scope, general criteria, Art.172 TFEU are respected

So far 6 projects excluded (E: 4, G:2)

Impact on 2 MS is under assessment

Ranking (based on qualitative and quantitative information)

CBA

Urgency

Complementarities

Nr of MS



Trans-European energy infrastructures PCI process: from project identification to funding

