



Directorate-General
for Energy



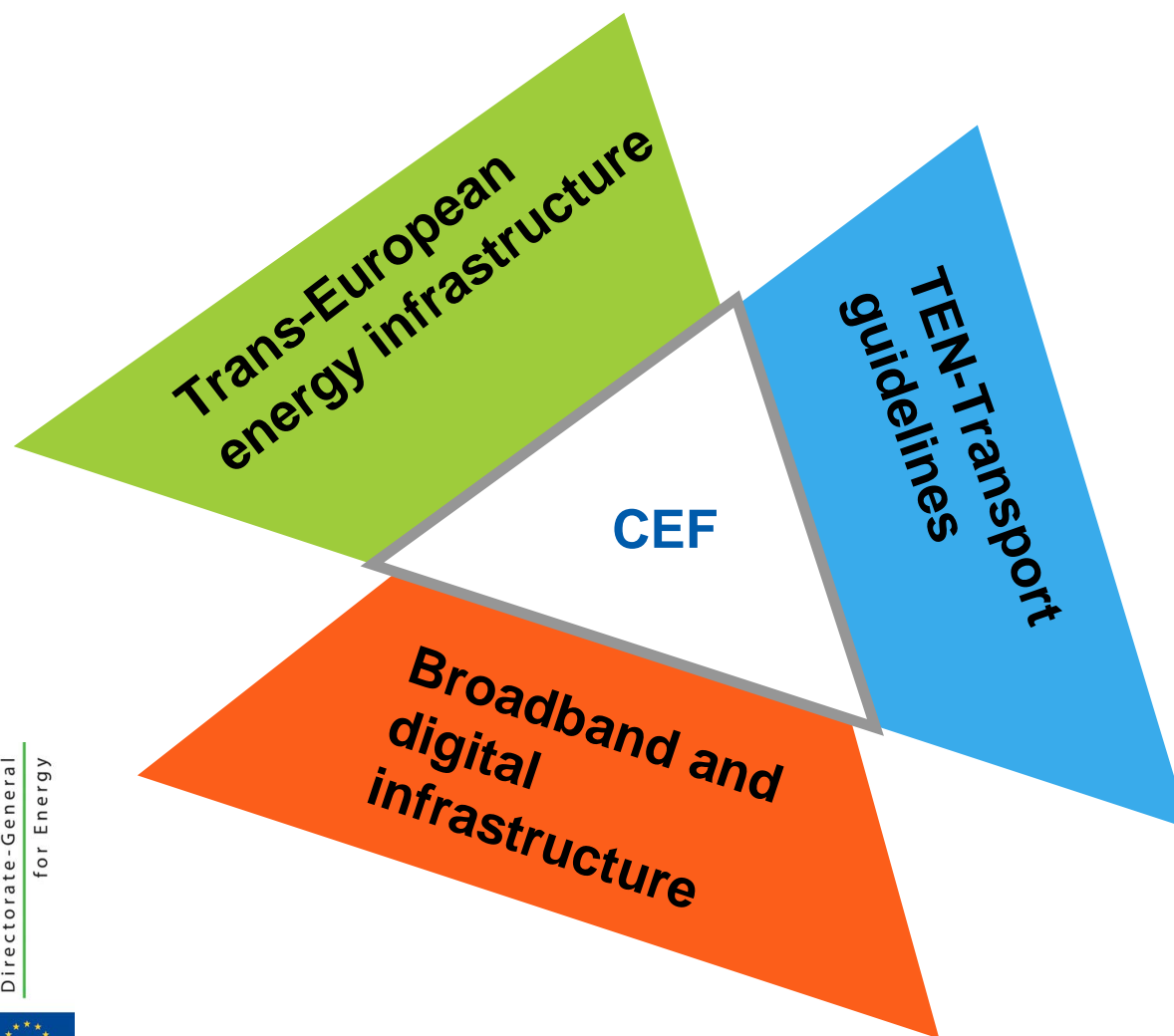
Energy Infrastructure Package and infrastructure financing

Christophe Schramm

Unit B1 Energy networks and regional initiatives
European Commission, DG ENERGY

15/12/2011

The legislative proposals – 19 October 2011



**Financial
Regulation
Connecting
Europe Facility**

**Budget of 50 bn
EUR**

**Energy – 9.1bn
Transport –
31.7bn (incl 10bn
cohesion)
ICT – 9.2 bn**

Project Bond Pilot

Regulation on guidelines for trans-European energy infrastructure

- Chapter I: Scope and objectives
- Chapter II: Projects of common interest – identification, criteria and monitoring
- Chapter III: Permit granting and public participation
- Chapter IV: Regulatory treatment
- Chapter V: Financing – eligibility for CEF
- Chapter VI: Reporting and evaluation

12 priorities for 2020 and beyond

Geographic priorities

Thematic priorities



Smart Grids

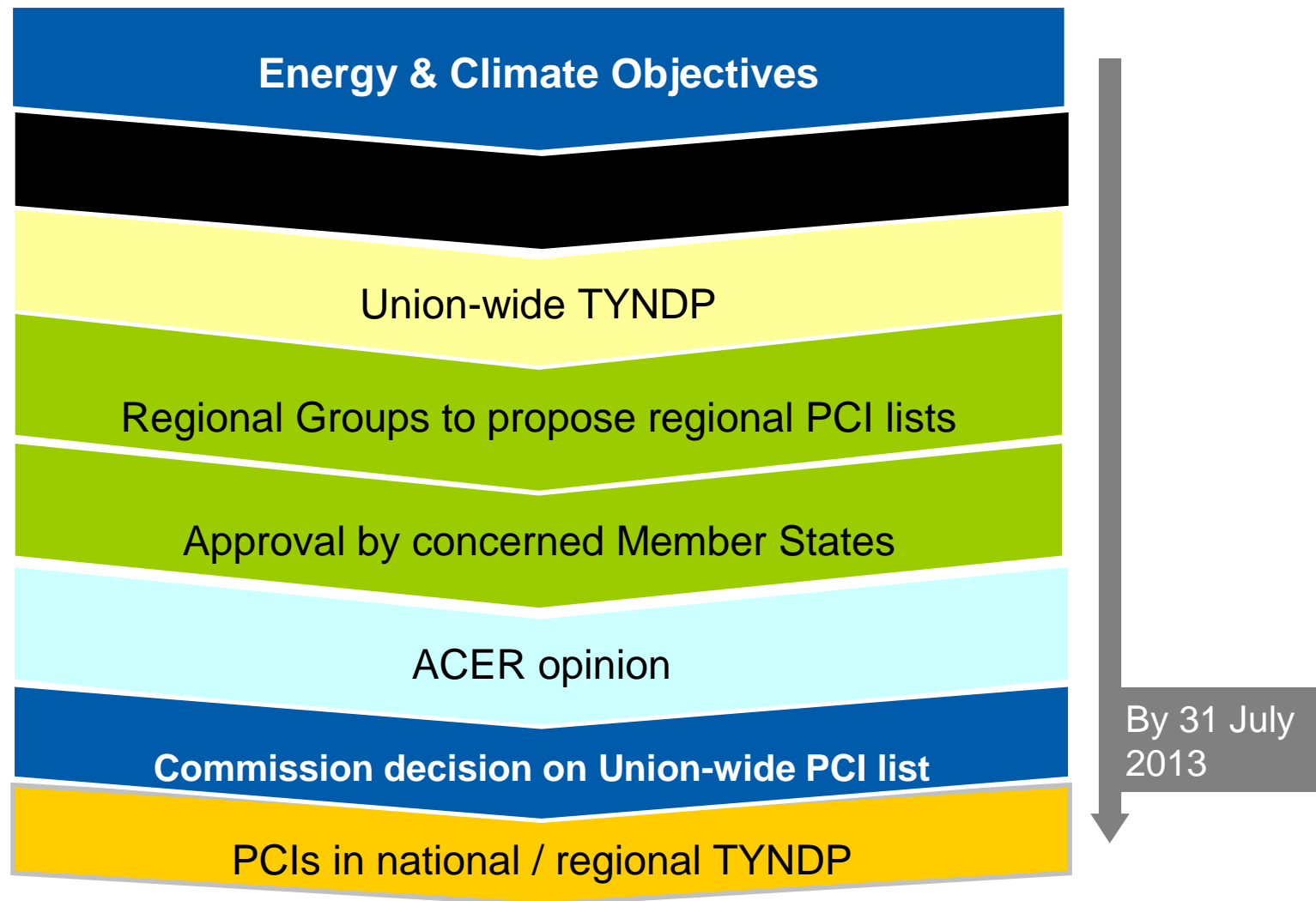
Electricity
Highways

CO2 transport
network

Infrastructure categories in electricity

- Transmission: overhead lines (•220 kV), underground or subsea cables (•150 kV)
- Storage: installation connected to transmission network (•110 kV)
- Smart grids: transmission / distribution networks aiming at efficiently integrating behaviour and actions of all users

Identification of projects of common interest



Identification of PCI – general criteria

- Contributes to the implementation of the infrastructure priorities
- Economic, social and environmental viability
- Involves at least two Member States:
 - » Cross-border infrastructures
 - » Infrastructure with significant cross-border impact
 - Transmission: variation of border grid transfer capacity at least 500 MW (E)
 - Storage: net annual generation capacity of at least 500 GWh (E)
 - Smart grids: networks of min 10 kV, operators of min 2 Member States, at least 100 000 users, 300 GWh/year and 20% of variable generation

Identification of PCI – specific criteria

Electricity transmission and storage

Based on measurable indicators:

- **Market integration, competition and system flexibility**
 - » Impact on grid transfer capacity in
 - » Impact on system-wide generation and transmission costs and evolution of market prices
- **Sustainability, transmission of RES**
 - » Amount of RES generation capacity connected and transmitted, compared to NREAP plans
 - » Storage: new capacity / total existing capacity for same technology
- **Interoperability and secure system operation**
 - » Impact on loss-of-load expectation

Ranking within the same priority: urgency, number of Member States benefitting, complementarity with other projects

Permit granting - measures

- **Common interest regime for all PCIs**
 - » National priority status for PCIs, public interest and necessity in Member States, most preferential treatment
 - » Streamlining of EIA procedures
- **Increased transparency and enhanced public participation**
 - » Manual of procedures
 - » Concept for early public participation
- **Competent Authority to manage permit granting process**
 - » Integrated or coordinated scheme
 - » Cross-border cooperation between authorities
- **3 years time limit for the permit granting decision**
 - » Pre-application and statutory procedure included
 - » Permit granting schedule



Regulatory framework - measures

- **Energy system-wide cost-benefit analysis**
 - » Common methodology complementing the TYNDP
 - » Proposal by ENTSOs, ACER opinion, Commission approval
- **Enabling investments with cross-border impact**
 - » Cost allocation as function of net positive impact on MSs
 - » NRA joint decision on investments and cost allocation
 - » ACER decision if no agreement after 6 months
- **Long-term incentives for investment**
 - » Obligation on NRAs to grant appropriate risk-related incentives through tariffs (anticipatory investments, early recognition of costs incurred, additional return, etc.)
 - » ACER guidance on best practices of NRAs and methodology

Financing – measures in the Connecting Europe Facility 2014-2020

- **€9.12 bn for energy** (out of total of €50 bn) à rules in dedicated Regulation
- Complement to permit granting and regulatory measures if necessary combining:
 - » Grants for studies and works
 - » Financial Instruments (equity/debt incl. project bonds) for works
- **Eligibility criteria** (oil excluded):
 - » Grants for studies and financial instruments open to all PCIs
 - » Grants for works only if:
 - Significant positive externalities (demonstrated through CBA for electricity transmission and storage (except pump hydro storage) and gas, including notably security of supply, solidarity and innovation)
 - No commercial viability (after cost allocation decision and/or incentives, where applicable)

Other measures – monitoring and reporting

- **Monitoring** of PCI implementation by regional groups and ACER
- PCI **transparency platform**
- Measures in case of significant delay of a PCI
- Possibility to **withdraw** a PCI from the Union-wide list
- **European coordinators** to facilitate coordination and implementation
- **Implementation report** from the Commission

Selecting projects of common interest 2012 preparation phase

ASAP

1) **For each priority** establishment of **Regional Groups** composed of MS representatives, NRAs, TSOs, Project promoters, Commission, ACER, ENTSOs

ASAP

2) **Project promoters** to submit application to Groups

ASAP

3) Groups to draw up a proposed list of PCIs:
• Based on criteria included in Article 4
• From 2014: with new CBA (as part of TYNDPs)
Projects shall be approved by concerned MS.

31/1/2013

4) Groups to transmit proposed **list to ACER** (COM for oil and CO2)

30/4/2013

5) **ACER** to transmit **opinion to the Commission**

31/7/2013

6) Commission decision on **Union-wide PCI list**

Process repeated every 2 years

New cost-benefit analysis methodology

Step-by-step adoption

Assuming entry into force on 31/1/2013

28/2/2013

ENTSO to submit CBA methodology, incl. network and market modelling, to ACER and Commission

30/4/2013

ACER opinion to the Commission after stakeholder consultation

31/7/2013

Commission opinion on methodology

31/10/2013

ENTSO to submit revised methodology for approval

~end 2013

Publication of methodology two weeks after Commission approval
à *regular updates, also upon ACER request*

June 2014

First electricity “TYNDP 2.0” with *new CBA methodology*

Feb 2015

First gas “TYNDP 2.0” with *new CBA methodology*



Thank you for your attention

Contact: christophe.schramm@ec.europa.eu