

# 1ST LONG TERM NETWORK DEVELOPMENT STAKEHOLDER GROUP (LTND SH GROUP)

Date: 12 November 2012

Time: 10:30h – 17:00

Place: ENTSO-E premises, Brussels

## WORKSHOP MINUTES

### 0. Meeting's agenda and participants

10:00	Registration/Welcome coffee	
10:30	Welcome	Dimitrios Chaniotis & Mark Copley ENTSO-E Manager System Development /Consultation Manager
10:40	Introduction and expectations from the group	All participants
12:00	Stakeholder group terms of reference and work plan  Discussion	Maarit Uusitalo TYNDP Transparency Manager  All participants
13:00	General overview of the TYNDP 2012 outcomes learning / TYNDP 2014 expectations  Discussion	Dimitrios Chaniotis ENTSO-E Manager System Development  All participants
13:30	Lunch	
14:15	ENTSO-E CBA methodology  Discussion	Gro de Saint Martin Convener Planning Standards Sub-group  All participants
15:00	ENTSO-E 3 <sup>rd</sup> party procedure  Discussion	Irina Minciuna Advisor System Development Committee  All participants
15:45	Next steps and the next meeting	All participants
16:00	Conclusions	Dimitrios Chaniotis & Mark Copley ENTSO-E Manager System Development /Consultation Manager
16:10	End of Workshop Stakeholder Group Kick-off meeting	

	Association	Representative	1st meeting presence
1	Eurelectric	Gunnar LORENZ	present
2	EWEA	Paul Wilczek	present
3	EPIA	Giorgia Concas	present
4	EFET	Jerome le Page	present
5	IFIEC	Fernand Felzinger, Peter Claes	present
6	RGI	Antonella Battaglini replace by Antina Sander and Daniel Fraile Montoro (CAN Europe)	present
7	WWF	Mark Johnston	present
8	GREENPEACE	Tara Connolly	absent
9	EPPSA	Patrick Clerens	present
10	Europacable	Dr. Wendt	present
11	T&D Europe	Oliver Blank	absent
12	GEODE	Carmen Gimeno	absent
13	CEDEC	Marc Malbrancke	present
14	Friends of the Supergrid (FOSG)	Ana Aguado Cornago and Sandra Parthie	present
15	DG ENER	Chrysoula Argyriou	present
16	ACER	Frederic Perrin	present
17	ENTSO-E	Dimitrios Chaniotis	present
18	ENTSO-E	Mark Copley	present
19	ENTSO-E	Maarit Uusitalo	present
20	ENTSO-E	Irina Minciuna	present

## 1. Introduction and expectations form the group

ENTSO-E had a short introduction on the purpose of the group and thanked all the participants for accepting ENTSO-E's invitation to the Long Term development stakeholder group.

The group will provide an opportunity to listen to views of various organisations in a single setting as it will gather European organizations, incorporating the main ENTSO-E stakeholders. The intention is to create an open and transparent environment in which all the involved parties will debate the present/future situations and problems along with the possible solutions to be implemented locally and/or Europe wide.

The purpose of the group is not to replace the other ENTSO-E consultations and bilateral meetings but to further enhance the ENTSO-E – stakeholder collaboration, exchange of opinions and streamline the diverging opinions.

All the participants presented themselves and expressed their expectations related to this stakeholder group.

All the participants welcomed the ENTSO-E initiative and underlined the following:

- The sooner the TYNDP and the E-Highways or Supergrid are related the better. The ENTSO-E TYNDP must have a European approach and not be a compilation of the national plans.
- ENTSO-E has the support and understanding of the participating associations on the permitting and financial part.
- ENTSO-E must improve the TYNDP through the acquired knowledge in the distribution and generation sector.
- ENTSO-E must create a robust TYNDP which optimizes the cost and the impact on the European consumers. One of the expressed concerns on this matter is the high penetration of RES in a non –systematic approach which may endanger the European security of supply.
- ENTSO-E should harmonize the midterm developments (TYNDP) with the 2050 E-Highway expectations and results.
- In order to accommodate the high amount of RES expected for the future all TYNDP projects must be implemented on time. In this sense solving the permitting problem - including the public acceptance – along with the early assessment and mitigation of the environmental impact are key elements.
- ENTSO-E should present in an open manner to the stakeholders how it considered an implemented the received comments and suggestions.

## 2. Stakeholder group terms of reference and work plan

ENTSO-E presented the draft TOR and the suggested work plan for this group. The Long term network development stakeholders' group aims to:

- Enhance communication between ENTSO-E and stakeholders in order to improve the quality and robustness of the development plan (TYNDP) and related issues;
- Contribute to more productive information exchanges and the creation of a shared understanding of different views on relevant development/ research/assessment topics; and
- Facilitate greater stakeholder involvement in the TYNDP process, and enable the stakeholders to play an active role in the TYNDP deliverables.
- Increase acceptability of ENTSO-E development plans (TYNDP)

### Discussion:

- ENTSO-E must consider the practicality of the meetings (only 4 meeting per year?) and the activity of this group between the meetings.

ENTSO-E: The number of meetings is only a suggestion. They will depend on the deliverables and the need for more discussions. ENTSO-E intends to work effectively within this group also between the meeting, through emails and phone conferences if necessary.

- Is it any official structure for our input? Shall we split in sub-groups for different tasks?

ENTSO-E: Is better to leave more flexibility to the group, therefore no template for the received input – this will vary with the topic. Additionally ENTSO-E does not see the need to split this group (in sub-groups to debate more specific subjects ->e.g. social and environmental indicator). This can be tackled in the workshops and bilateral discussions.

- Do you think anybody is missing from the group?

The structure of the group is optimal to properly discuss the topics. Maybe by including also the local authorities association ENTSO-E may gain more support with regard to the public acceptance.

- How is the rest of the world informed of this group activity?

ENTSO-E: We will publish on our website all the minutes and afferent materials. The participants will be given 2 weeks for comments of the draft minute before official publication.

- ENTSO-E must consider the optimisation of RES at European level when building the scenarios.

ENTSO-E: We are continuously improving on this matter. Do not forget that the purpose of the TYNDP is limited, as defined in the regulation. For the next meeting adequacy will be one of the topics on the agenda.

- What about the optimization of the current assets and consideration of the network codes (NC) in the TYNDP?

ENTSO-E: For the network codes ENTSO-E has created separate user groups. This stakeholder group will not concentrate on the network codes. This will be too much to handle for this group, but ENTSO-E will inform you regularly about the status of the codes. Next meeting agenda will incorporate a topic on the NC. Additionally more clarification on the TYNDP methodology (market and network studies process) will be presented.

Related to the consideration of the codes in the TYNDP we must consider that TYNDP tackles the future situations and not the present congestions.

Suggestion: indicate the substitutes for this stakeholder group.

### 3. General overview of the TYNDP 2012 outcomes learning / TYNDP 2014 expectations

ENTSO-E made a presentation on the main outcomes of the TYNDP 2012, the lesson learned and the expectations for the TYNDP 2014.

#### Discussion:

The over-headlines (OHL) are the solution for grid development, but partial undergrounding may ease the implementation and the acceptance/permitting of some projects, therefore the TYNDP 2014 should move with the technology. How should ENTSO-E increase the acceptance and the implementation of the projects?

Participants answers:

- Common CBA methodology for the projects (through the CBA methodology) -> which creates a common ground for investment decisions.
- Increase stakeholder compensation -> this will require the NRA's recognition of these costs in the rate of return.

Who shall be responsible of increasing the social acceptance for the grids? ENTSO-E needs the entire stakeholder's support in order to mitigate this concern. All the concerned persons are at local level and cannot be reached by implementing a European approach.

Participants answer:

- We need to see who and at what level can offer support. Maybe ENTSO-E can coordinate this.
- The parties with more impact and credibility are the governmental, institutional, national regulators, NGOs. Therefore the industry implication, although very important, risks being perceived negatively.
- However, not in all cases public opposition is the main problem; for instance as regards offshore grid developments differences in the regulatory frameworks of the member States concerned are a more important barrier compared to public opposition.
- ENTSO-E can better support the local and regional debate by communicating the EU perspective. Additionally the industry must give a clear image on the possibility of not implementing certain technologies.
- It is very difficult to support the local debates from Brussels.

2030 Scenario discussion - opinions:

- No need of scenarios that do not reflect the 2050 targets.
- We need to be realistic with our targets.
- Nobody can accurately predict the future, but the TYNDP is a good step forward, as long it delivers good results.
- The 2050 assumptions must be already included in the TYNDP since that will imply a fundamental change in the planning of the new grids that despite being built in the near future will last longer than 2050.
- ENTSO-E: the grid that we plan today is chosen to support and not hinder the 2050 visions. The 2050 E-Highway is a 3 year plan, of which findings and suggestions will be further incorporated in the TYNDP.
- The CO<sub>2</sub> target is non-negotiable.
- We should consider also the impact on the security of supply.

## 4. ENTSO-E CBA methodology

ENTSO-E made a presentation on the draft cost and benefits analysis and underlined the main impediments it encounters in terms of measuring precisely some of the indicators. Most of the indicators are quantified (approx. 80% of them). The main discussion was around the need of further quantification, need for unanimous monetization and the usefulness of the indicators in the decision process.

### Discussion:

Is the multi- criteria the right approach for the TYNDP?

Participants answer:

- The monetization approach includes a lot of assumptions and therefore adds no value to the project. Therefore the present stakeholders favour the ENTSO-E approach.

- The public may prefer one figure but this would not increase the public acceptance. The best way is to clearly explain how the indicators were calculated.
- Monetizing is not the only way, but how can we invest if we do not have the costs?
- Quantify what can be quantified and the rest properly explained and shown in the best way possible.
- TSOs are companies which invest. Also the elements which are not quantified affect the decisions.

How can the security of supply indicator be quantified and what are the benefits stemming from it? We do not have comparable values for Europe. CEER has a document that presents a method on how to quantify the SOS, but this requires local enquires and since ENTSO-E covers the entire Europe it is very hard to achieve this. Additionally in a meshed grid, as Europe presently has, the increase in the SOS of a project is very small, only in very few areas.

Participants answer:

- SOS is one of the EU energy policy pillars; therefore its quantification at the European level could help in the public opinion acceptance.
- It can be explored if the national values for the VOLL can be used.

Is the clustering criteria fine?

Participants answer:

- The approach for the clustering of investments is understandable.

How shall we determine the social and environmental indicator? It is very hard to quantify this indicator, therefore ENTSO-E has chosen a qualitatively approach which is based on the knowledge and experience of the local TSO expert.

Participants answer:

- Europe, presently, does not have a compensation approach to the partial undergrounding and this poses problems.
- We must be aware that the notion of European citizen does not exist. We are confronted with perceptions in different areas. Therefore it is very hard to see this indicator quantified.

Does ENTSO-E consider the best practices on environmental mitigation?

ENTSO-E: The WG Asset Implementation Management under ENTSO-E is currently working on the topic.

Note: ENTSO-E must include the reference to the EPRI and Eurelectric reports in CBA document.

### PCI process steps:

1. The base for the 1<sup>st</sup> PCI list ( note: the new regulation that asks for the PCI list is still in trialogue discussion in the EU , expected to enter into force in Spring 2013) is the TYNDP plus the 3<sup>rd</sup> party projects submitted through the EC call for projects in June 2012.
2. From the total submitted projects, the RGs of the EC will select the eligible projects.
3. The RG list will then be checked by ACER in order to avoid inconsistencies between the regions and submitted to the EC for final approval.

Note: The purpose of the CBA is to openly present the benefits stemming from the projects but not to find further solutions to the problems or to prioritize the PCI projects.

## 5. 3rd party procedure

ENTSO-E presented the draft procedure for inclusion of the 3<sup>rd</sup> party in the TYNDP 2014. This procedure is to be further discussed with the project promoters in a dedicated workshop on 20 November.

Since the technical criteria were not problematic in the previous TYNDP 2012 they will remain the same for the TYNDP 2014. Problems arise when discussing the legal criteria, which previously were considered too hard to fulfil. For the TYNDP 2014, these legal criteria will be further relaxed.

Participants' opinion:

- The condition to have the prefeasibility/feasibility study run by the impacted TSOs is too strict.
- The wording in the document must be checked to avoid any inconsistency.
- Since the legal criteria were the problem last time -> suggest relaxing them in order to allow at least some of the past presented 3rd party projects that were not included in the TYNDP 2012 to be so in the future 2014 one.
- Additionally the criteria should be neutral, clear and transparent.
- All projects should be considered "serious" independently of whether they will be retained or not.

## 6. Next steps:

- Middle of next week the draft minutes to be circulated to all the participants.
- All the participants should send comments in the next 2 following weeks. After that ENTSOE- will publish the minute on its website
- Next meeting will be held in February 2013. ENTSO-E will send some provisional dates as suggestions.
- For the next meeting the following items will be additionally incorporated in the agenda (as noted in the present meeting): TYNDP methodology, status on the network codes.