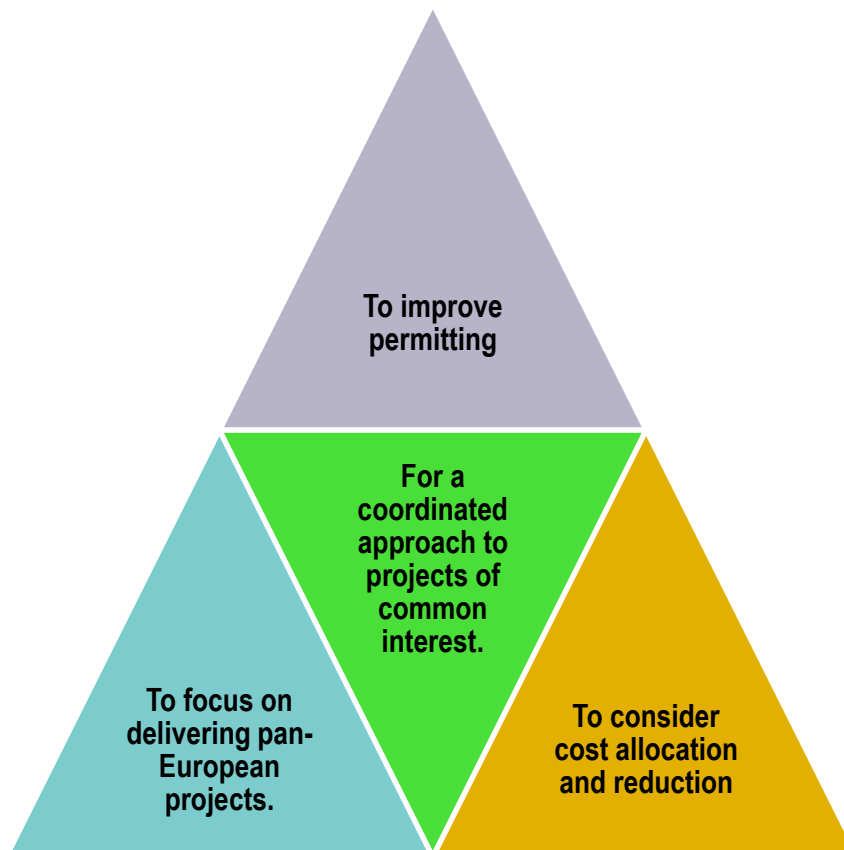


New EIP and the ENTSO-E outputs

Dimitrios Chaniotis
Manager System Development

Long Term Development Stakeholder Group
2st meeting, 27 February 2013, Brussels

The Energy Infrastructure Package – A real opportunity



But national regulatory regimes are the basis for European action.

The national needs to be consistent with the European.

Regulation on Priority Infrastructure



Regulation on guidelines for the implementation of European energy infrastructure priorities



Identification of Projects of common interest(PCIs)

Permitting streamline

Regulatory framework

- Cost benefit analysis
- Incentives

Incentives and financing

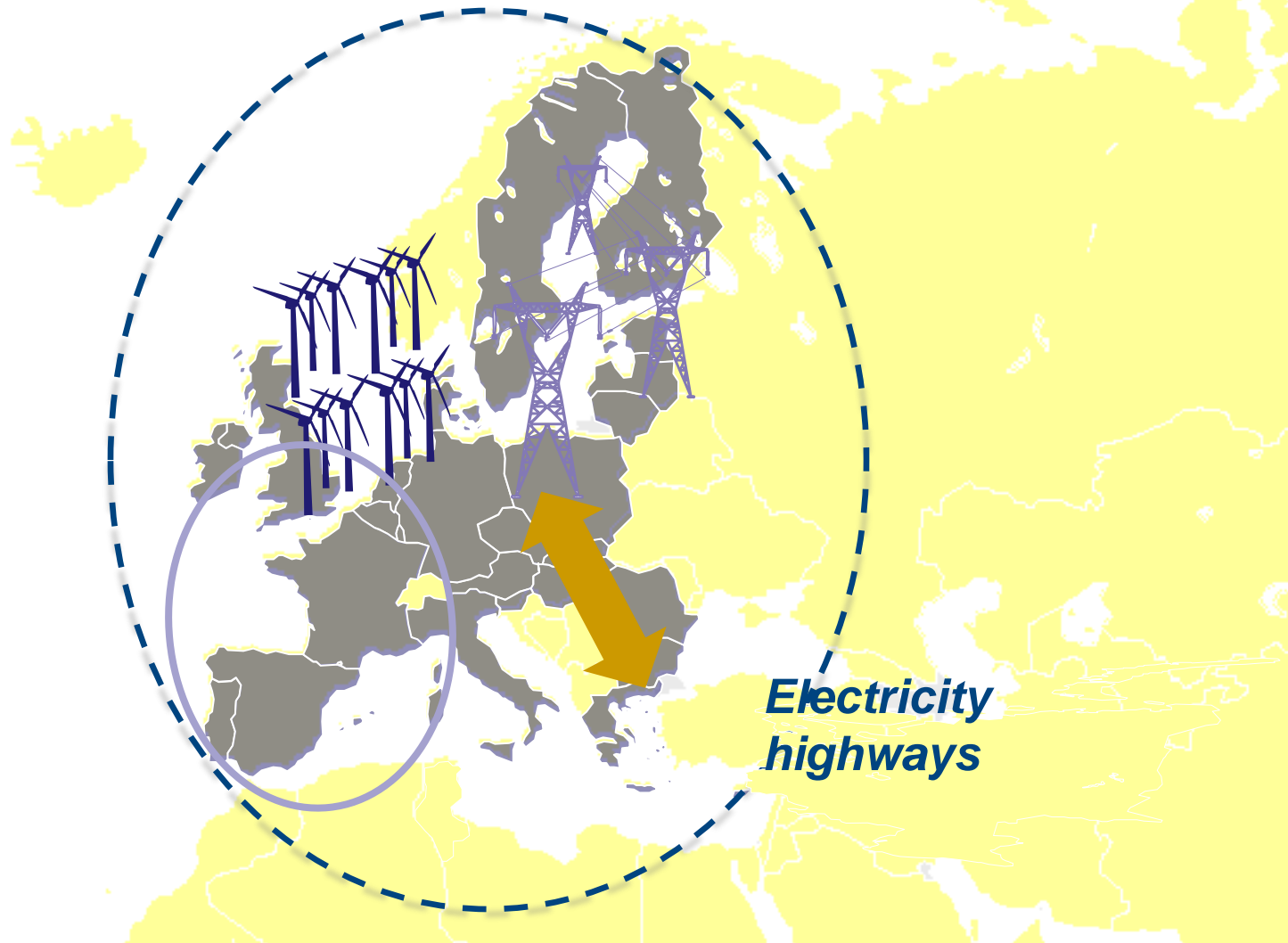


Connecting Europe Facility Regulation

= €9 bl. for transmission gas and electricity projects

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”



Permit granting – streamline measures



- **Priority status** for PCIs
 - Most preferential treatment in Member States
 - Streamlining of EIA procedures
- **Competent Authority** to manage permit granting process
- **3,6-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

By (6 months),
ENTSO-E submits
CBA **methodology** to
EC, ACER, web

PCI selection process (ANNEX III.2)

Project promoter submits
projects



- Including storage
- Network & market modeling
- Resubmit with the opinions of ACER, EC and MS – approved by EC
- ACER may request improvements regularly
- By (2 years) ACER provides unit investment cost indicators
- By end 2016 consistent and interlinked gas and electricity market and network model



Extensive
consultat
ion

**SHALL BE
APPLIED**

(ANNEX V)
**Be based
on** a common
input data set
n+5; n+10;
n+15; n+20

Extensive
consultat
ion

**SHALL BE
APPLIED**

TYNDP

*In line
with*

- **Assessment** of contribution to priority corridors
- **Analysis** on the fulfillment of the **criteria**
- (*mature projects*) project specific CBA in accordance **with** and **based on**

NRAs and if necessary



check:

- Consistent application of the **criteria**
- Consistent application of CBA
- Cross-border relevance

ECRG
ranks
ACER
Agency for the Cooperation
of Energy Regulators

opinion

ECRG
defines

Draft regional PCI

Final regional PCI

*Included
with the
highest
priority*

Union-wide PCI

Adopts via
delegated act



- Demand
- generation (biomass, geothermal, hydro, gas, nuclear, oil, solid fuels, wind, solar photovoltaic, CS, other RES)
- **geographical location**
- fuel prices (including biomass, coal, gas and oil)
- carbon dioxide prices)
- the **transmission** and, if relevant, the distribution network, (CCS, **storage** and transmission projects n+5)

Article 13: Enabling investments with cross-border impacts



- Submit an investment request incl. cross-border cost allocation
- Having consulted TSOs
- Includes:
 - Project specific **CBA**
 - Business plan / financial viability
 - If agreed, a proposal for cross-border cost allocation

NRAs decide (coordinated) taking into account:

- Congestion rents; ITC; **not** the mitigation of negative externalities (e.g. loop flows)



decides only if NRAs jointly ask

Cost allocation decision is published

Article 14: Incentives

[] higher risks for the development, construction, operation or maintenance [], *compared to the risks normally incurred by a comparable infrastructure project*, [] Member States and national regulatory authorities shall ensure that appropriate incentives are granted to that project

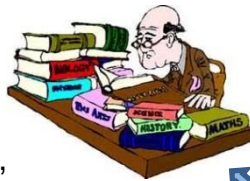
NRAs decide

By 31 July 2013, NRAs submit to ACER its methodology and the criteria to evaluate investments and the higher risks incurred by them
By 31 December 2013, ACER shall facilitate the sharing of good practices and make recommendations regarding (1) the incentives (benchmarking of best practice by NRAs) and (2) a common methodology to evaluate the incurred higher risks of investments.
By 31 March 2014 NRAs shall publish the methodology and the criteria used to evaluate investments and the higher risks incurred by them

EC **may** issue guidelines if the above are ineffective

By (6 months),
ENTSO-E submits
CBA **methodology** to
EC, ACER, web

Consistent with



Taking into account

- Including storage
- Network & market modeling
- Resubmit with the opinions of ACER, EC and MS – approved by EC
- ACER may request improvements regularly
- By (2 years) ACER provides unit investment cost indicators
- By end 2016 consistent and interlinked gas and electricity market and network model

Questions

- **How do you assess the overall legislative package on energy?**
- **What do you expect/hope the impact on the TYNDP to be?**
- **How do you assess the role of the ENTSO-E CBA?**
- **What do you expect from the electricity-gas coordination?**
- **How do you expect storage to be part of the TYNDP?**
- **Third-party projects: transitional period and long-term consequences**