MEPSO comments
on input data, methodology and assumptions

1. Review of input data

Review of input data is in correlation with the most recent MEPSO forecasts used for ENTSO-E planning process in TYNDP2016 preparation (please see excel file for details).

2. Models

Quality of the grid and market models determines the value of assessment output.

ENTSO-E and TSOs have devoted vast majority of time in preparation of regional planning models before starting the simulations.

On the other hand, Consultant will apply 2007 dataset with updates!?

We believe it is worth to have the compatible models, with the same level of details and similar assumptions, in order to have complementary results.

In order to have consistency in both processes it is important input data to be reviewed/provided by the experts involved in TYNDP planning process.

3. Capacity parameter

Please check if all project promoters have used GTC value (Grid Transfer Capability) for capacity of interconnection projects. It can be often misinterpreted with Rating Capacity of conductors, thus leading to discrepancy in comparison of the projects.

4. Projects versus Investments

Regional planning has proven that a single investment in the grid could hardly improve the performance of interconnected network and increase bulk power exchanges.

It is recognized that real effect could be reached by clustering of investment into projects through creation of new, or upgrading of existing electricity transmission corridors in dominant direction of electricity flows.

It seems that Consultant does not differentiate between investments and projects and do not follow ENTSO-E approach for clustering.

5. CBA and correlation with ENTSO-E results

Consultant should fully apply CBA methodology and follow ENTSO-E concept.

Results should be at least comparable with ENTSO-E output in TYNDP.

Especially for benefit categories that have quantified values.

All differences should be explained in detail.

6. Ranking

Consultant aims to apply multi-criteria assessment (MCA) in addition to CBA methodology.

The idea is to assess additional impacts of projects, not included in CBA benefit categories.

We acknowledge this effort because it will shed light on other positive aspects of project realization.

But, MCA will be also used as a tool for ranking the projects.

We are strongly against the official ranking of the projects.

It is clearly stated in Regulation 347, Article 4.4, that "assessment shall lead to a ranking of projects of internal use of the Group. Neither the regional list nor the Union list shall contain any ranking, nor shall the ranking be used for any subsequent purpose except as described in Annex III.2(14)".

Analytic hierarchy process (AHP) that is proposed to be used for ranking seems too volatile and slanted. AHP put in one place different quantitative and qualitative criteria by subjective definition of numerical points and weighting factors.

Ranking could blur the importance of some projects and give negative signals of potential IFIs.

7. Proposal for evaluation & selection

Our proposal is to focus the work on exploration of technical, economic and financial feasibility of the projects, by monetization of all benefits and impacts.

Actually, it makes more sense to check/test each project individually whether it meets a certain threshold criterion or not.

Concerning transmission projects, perhaps ENTSO-E assessment results could be used and then a methodology should be applied in order to monetize the benefits (NPV methodology for example).