

The background is a dark blue image of the Earth from space, showing the outlines of continents. Overlaid on the Earth is a complex network of glowing blue lines that connect various points across the globe, symbolizing infrastructure and connectivity.

INFRASTRUCTURE

CONNECTS US ALL



Athens Forum

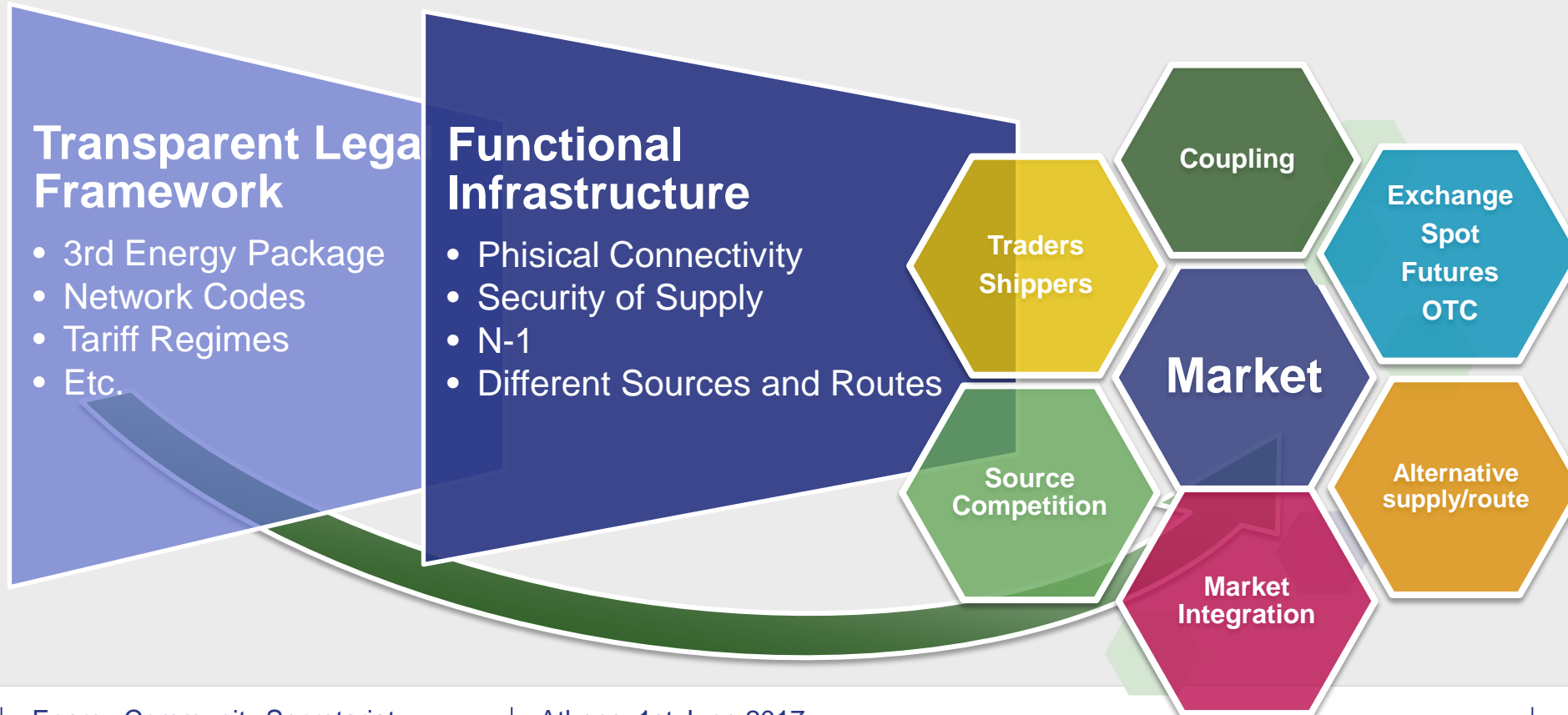
**Linking 3rd Energy & Infrastructure package
- PECI/PMI selection process**

Nenad Šijaković, ECS Electricity Infrastructure Expert

Athens, 1st June 2017

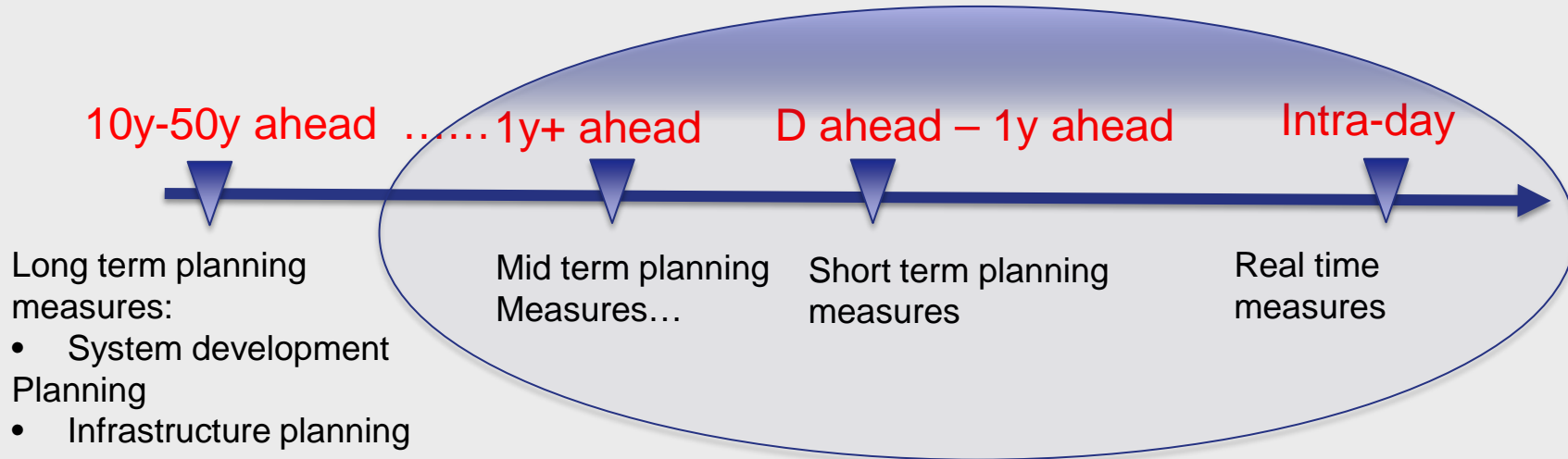
Why is infrastructure an important area of ECS work...?

The „colourful“ world of an energy market requires...



Process Timeline

Process of ensuring secure, stable and optimal energy supply...



In October 2015, the Ministerial Council of the Energy Community adopted the [Decision D/2015/09/MC-EnC](#) on the implementation of Regulation (EU) 347/2013 on the Guidelines for Trans-European Energy Infrastructure, [TEN – E Regulation](#).

*“streamlining and simplifying procedures
for facilitating the permitting and
implementation of energy infrastructure
priority projects”*



The Regulation, as adapted for the Energy Community, lays down rules for the timely development and interoperability of energy networks in the Energy Community, in order to:

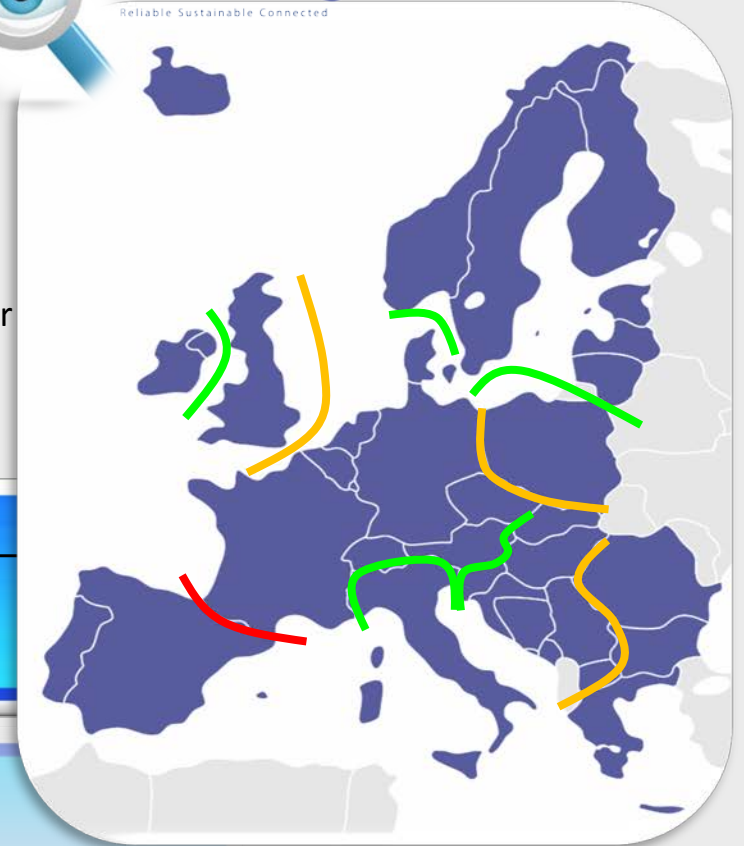
- ***Verify priority (714/2009, 715/2009),***
- ***Facilitate, and***
- ***Financially assist...***

...PRIORITY infrastructure projects in Energy Community: PECI/PMI – Projects of Energy Community Interest / Projects of Mutual Interest



I Priority identification and verification

1. Identification of infrastructure investment needs!!! – ENTSO-E TYNDP, RgIP – NDPs, in Gas lack of similar regional initiative and process (Dir. 714/2009 and 715/2009)
2. Cost benefit analysis (CBA, 714/2009 and 715/2009) – the base for continuation of the process through PECI selection and potential CBCA application
3. Projects of Energy Community Interest selection (PECIs)
4. Consultation on the list of proposed Projects of Common Interest – Additional projects in oil, gas and electricity



II-a Accelerated permit granting

1. Accelerated permit granting procedure
2. Transparency and public participation



II-b Improved regulatory treatment

1. Cross Border Cost Allocation (CBCA)
2. Risk-related incentives (WACC premium in justified cases, early cost recognition, shorter depreciation period, longer regulatory period...)



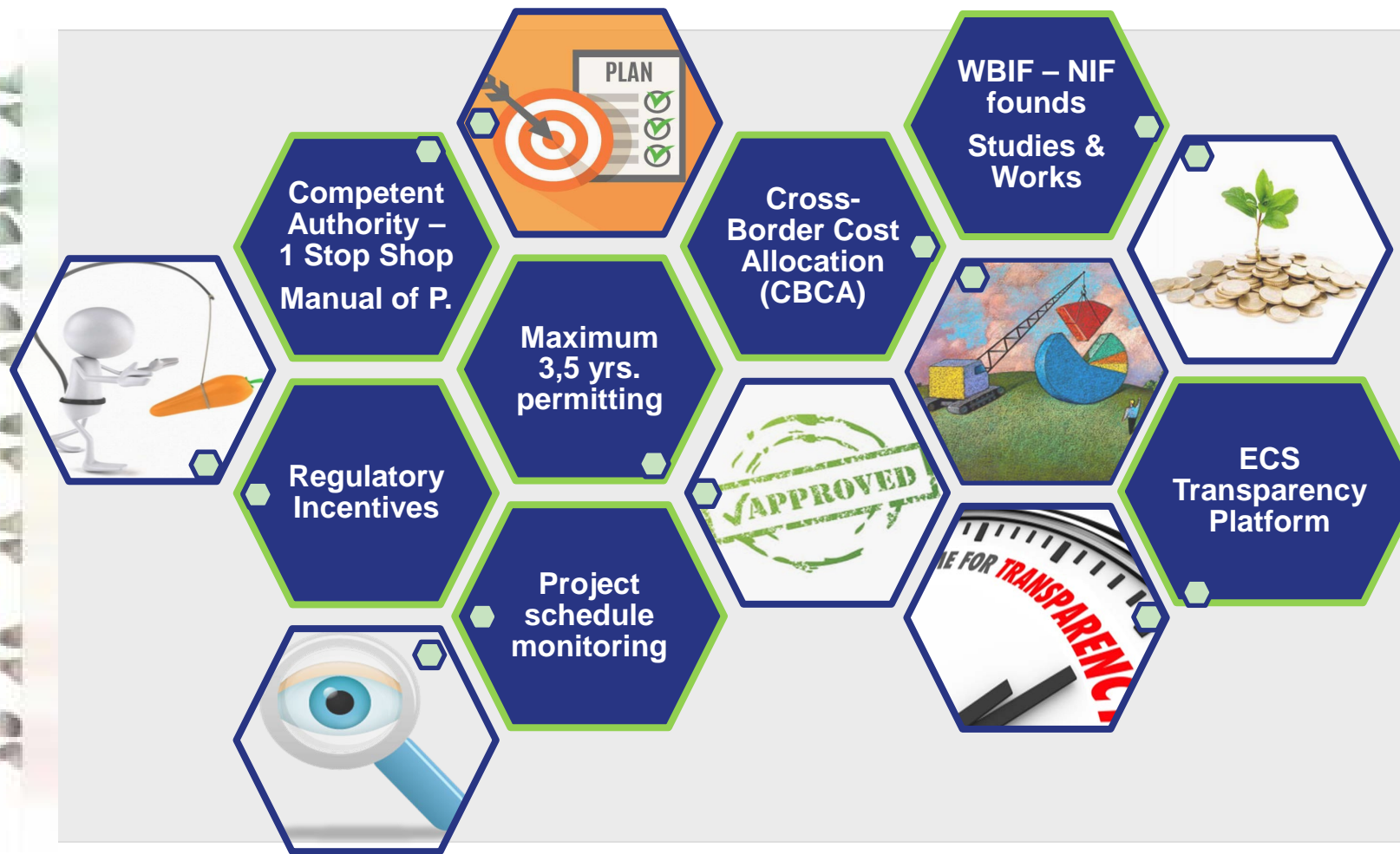
III Financial support

1. Financing through the IPA, WBIF, NIF



Additional Benefits of Regulation 347/2013

BENEFITS

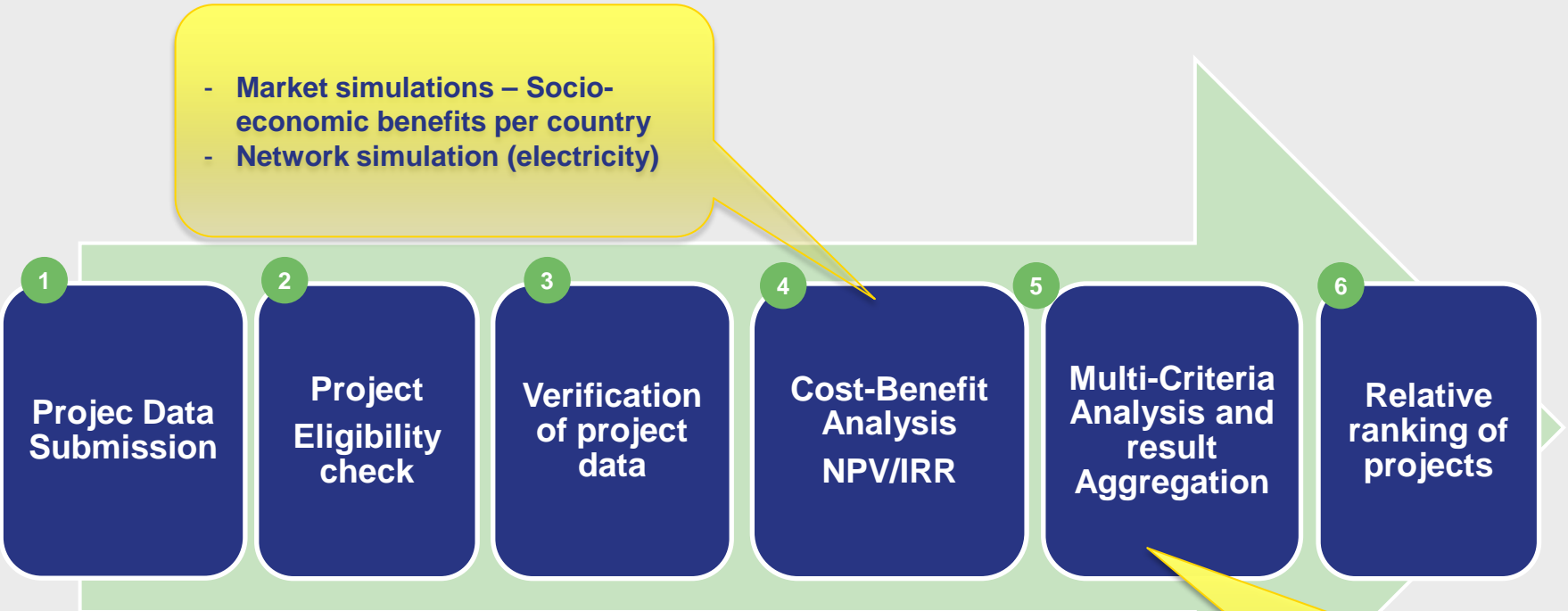




The selection of priority infrastructure projects is done in line with the EU Regulation 347/2013, as adapted for the Energy Community.

1. *1st call for project proposals ended on 25th February 2016.*
2. *2nd call for project proposals ended on 2nd June 2016.*
3. **Categories:** energy infrastructure concerning electricity, gas and oil, as well as 1 thematic area covering smart grids.
4. **Two Project Groups formed with the following objectives:**
 - to list all projects eligible to be candidates for PECI / PMI status;
 - to assess all eligible projects, based on the proposed and accepted methodology, fulfilling the necessary criteria defined in the Regulation;
 - to adopt a preliminary PECI/PMI list, as well as to perform monitoring tasks accordingly.


PECI/PMI selection process – project assessment workflow / methodology



- Market simulations – Socio-economic benefits per country
- Network simulation (electricity)

Indicators s.a.:
- Enhancement of competition
- Improvement of System Adequacy
- Project Maturity



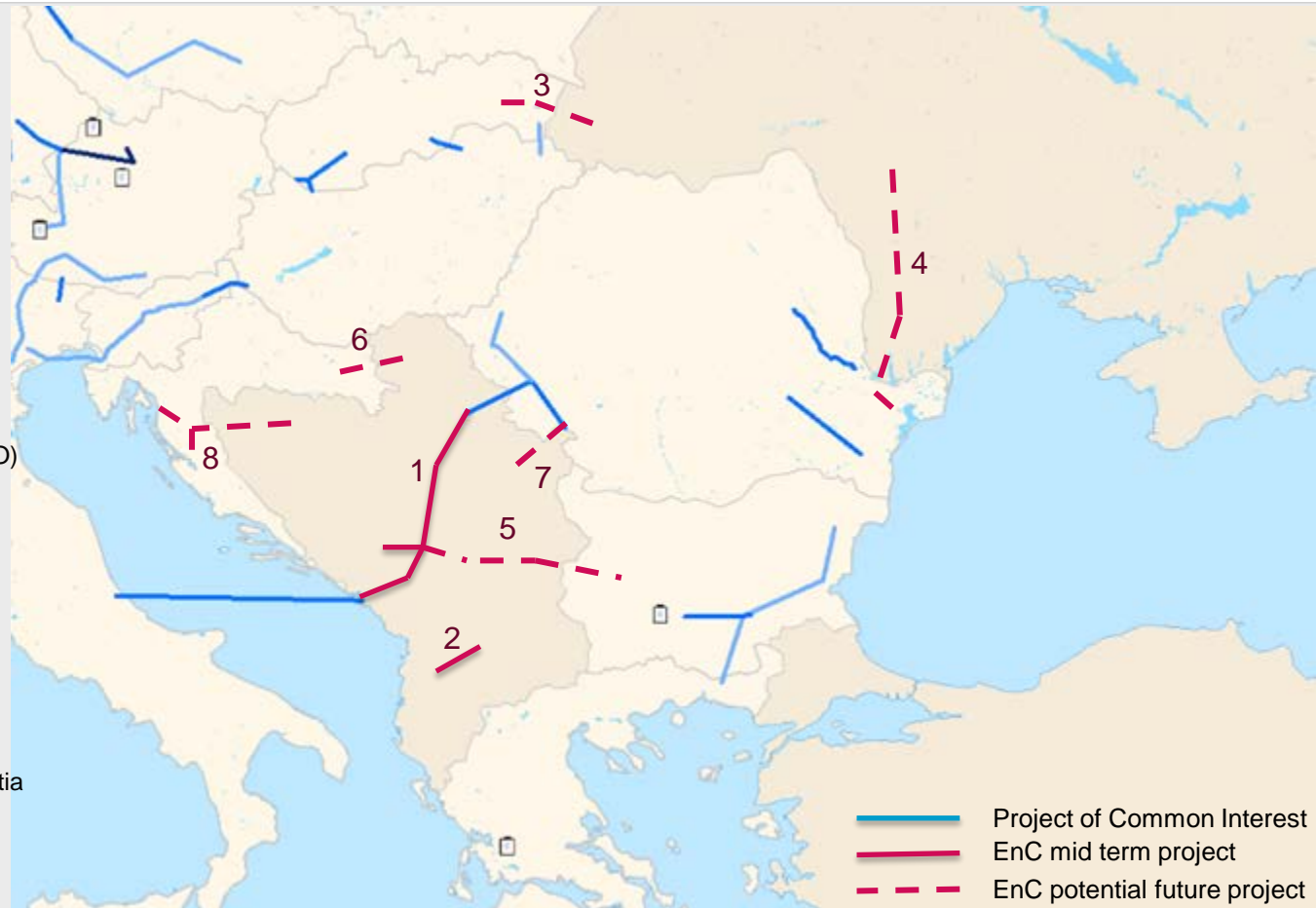
 Electricity PECEs and PMIs	
Electricity PECEs	
Transbalkan corridor consisting of the following five PECE projects:	
EI 01	400 kV OHL Resita (RO) - Pancevo (RS)
EI 01	400 kV OHL Kragujevac (RS) - Kraljevo (RS)
EI 01	400 kV OHL Obrenovac (RS) - Bajina Basta (RS)
EI 01	400 kV OHL Bajina Basta (RS) - Visegrad (BA) - Pljevlja (ME)
EI 03	400 kV OHL Pljevlja (ME) - Lastva (ME)
Interconnection between Albania and former Yugoslav Republic of Macedonia:	
EI 13	400 kV OHL Bitola (MK) - Elbasan (AL)
Electricity PMIs	
Interconnection between Romania and Moldova:	
EI 06	Back to back station station on 400 kV OHL Vulcanesti (MD) - Issacea (RO) and new 400 kV OHL Vulcanesti (MD) - Chisinau (MD)
Interconnection between Ukraine and Slovakia:	
EI 09	Rehabilitation of 400 kV OHL Mukacheve (UA) – V.Kapusany (SK)

Mid term projects (PECI/PMIs):

1. Transbalkan corridor – phase 1
 - 400 kV OHL Resita (RO) – Pancevo (RS)
 - 400 kV OHL Kragujevac (RS) – Kraljevo (RS)
 - 400 kV OHL Obrenovac (RS) – B.Basta (RS)
 - 400 kV OHL B.Basta (RS) – Pljevlja (ME) – Visegrad (BA)
 - 400 kV OHL Pljevlja (ME) – Lastva (ME)
2. 400 kV OHL Bitola (FYROM) – Elbasan (AL)
3. 400 kV OHL Mukacheve (UA) – V.Kapusany (SK)
4. 400 kV OHL with B2B Substation, Isacea (RO) – Vulcanesti (MD) – Chisinau (MD)

Long term - future projects:

5. Transbalkan corridor – phase 2
 - 400 kV OHL B. Basta (RS) - Kraljevo (RS)
 - 400 kV OHL Kraljevo (RS) – Nis (RS)
 - New interconnection between Serbia and Bulgaria
6. New interconnection between Serbia – Croatia
7. New interconnection between Serbia – Romania
8. 400 kV OHL B. Luka (BA) – Lika (HR)



The background is a satellite-style image of the Earth at night, showing city lights. Overlaid on this are numerous glowing blue lines that represent energy transmission or a network, curving across the globe.

*Thank you
for your attention!*

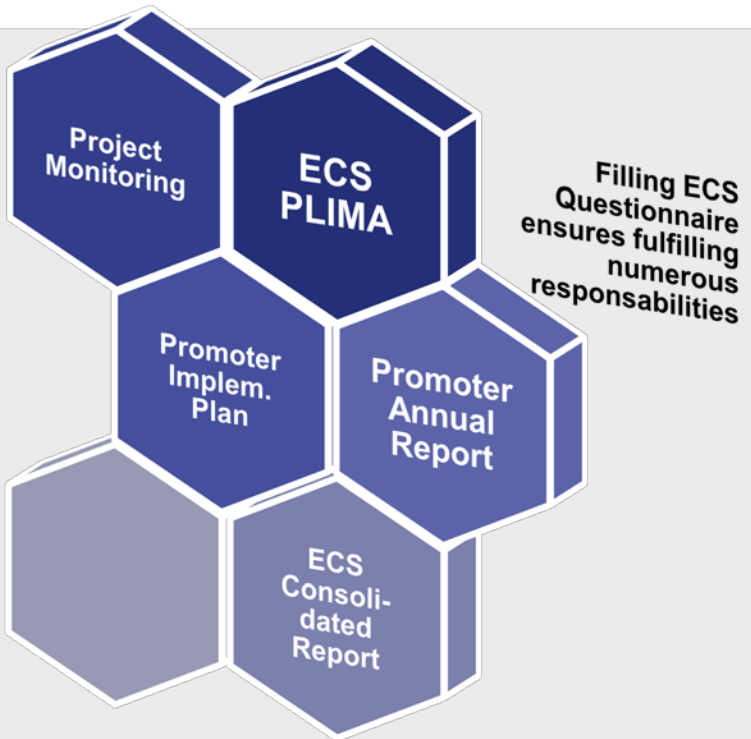
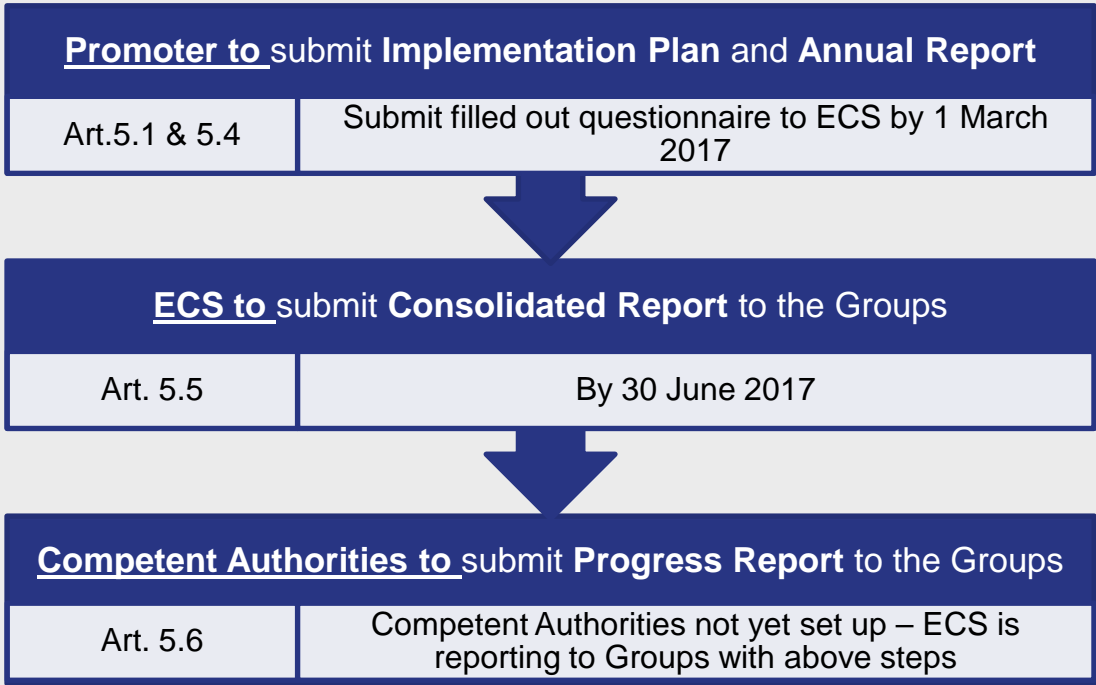
www.energy-community.org

PECI/PMI - projects status (1)



Electricity projects		Electricity PECIs and PMIs			
		Status			
Electricity PECIs		PFS, Preliminary Design	FS, ESIA/EIA	FID-Final Investment Decision	Construction Works/Commissioning year
Transbalkan corridor consisting of the following five PECE projects:					
EI 01	400 kV OHL Resita (RO) - Pancevo (RS)	●	●	●	● 2018
EI 01	400 kV OHL Kragujevac (RS) - Kraljevo (RS)	●	●	●	● 2018
EI 01	400 kV OHL Obrenovac (RS) - Bajina Basta (RS)	●	●	●	● 2022/2023
EI 01	400 kV OHL Bajina Basta (RS) - Visegrad (BA) - Pljevlja (ME)	●	●	●	● 2022/2023
EI 03	400 kV OHL Pljevlja (ME) - Lastva (ME)	●	●	●	● 2019
Interconnection between Albania and former Yugoslav Republic of Macedonia:					
EI 13	400 kV OHL Bitola (MK) - Elbasan (AL)	●	●	●	● 2019
Electricity PMIs					
Interconnection between Romania and Moldova:					
EI 06	Back to back station on 400 kV OHL Vulcanesti (MD) - Issacea (RO) and new 400 kV OHL Vulcanesti (MD) - Chisinau (MD)	●	●	●	● 2018
Interconnection between Ukraine and Slovakia:					
EI 09	Rehabilitation of 400 kV OHL Mukacheve (UA) - V.Kapusany (SK)	●	●	●	● 2020
● Finished ● Ongoing ● Not scheduled yet					

Project Reporting & Monitoring- Progress status



Gas																								
SR	BG	SR	MK	AL	KO	BiH	HR	BiH	HR	AL	IAP MN	HR	HE	MK	SR	HR	PL	UA	HU	UA	RO	MD	UA	PL
X	X	X	X	X	X	X		X			X		X		X		X		X		X			X
						West	South															Sarmatia		

Electricity									
RO	SR	Trans-BK MN	BA	MK	AL	MD	RO	UA	SK
	X			X		X			X

Data Collection Status as of 12 April for Electricity, Gas and Oil projects

The background is a dark blue image of the Earth from space, showing the continents. Overlaid on the Earth are numerous glowing blue lines that represent energy transmission or network connections. These lines are curved and crisscross the globe, with some points of convergence and divergence, suggesting a complex, interconnected energy network.

ECS & ENTSO/E cooperation

Line up activities and needs of PECI/PMI and ENTSO/E TYNDP



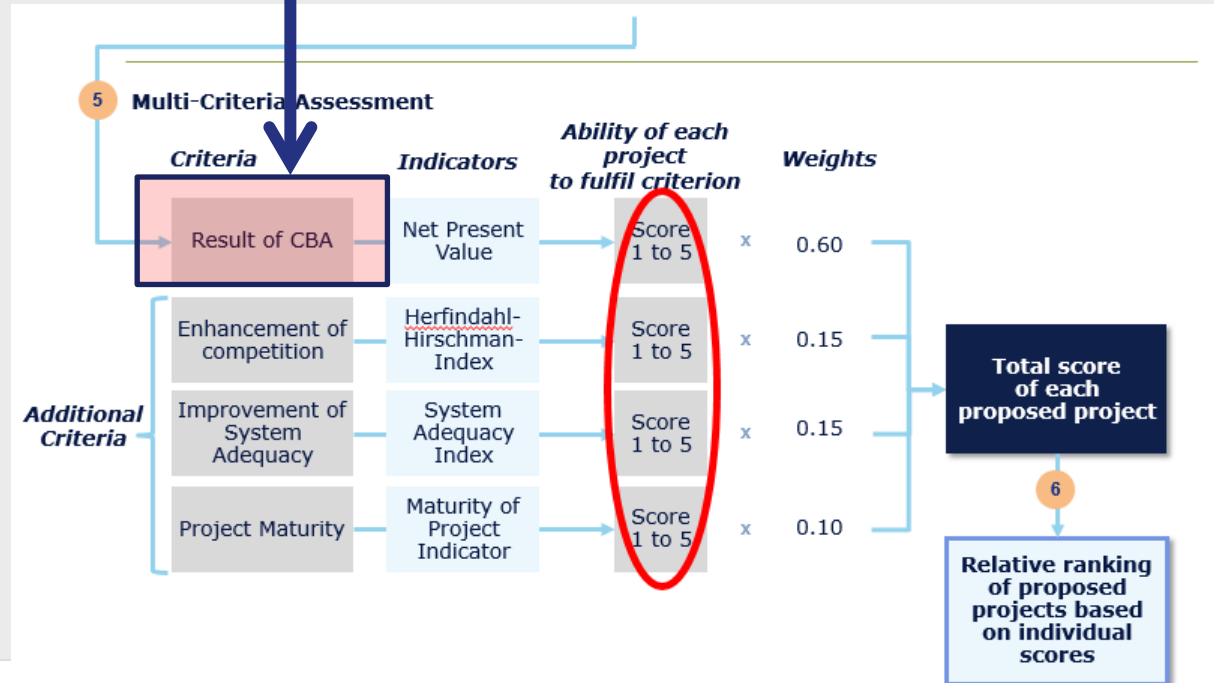
As discussed and concluded at the last ENTSO-E System Development Committee mini-retreat of 16 January 2017 and further approved by the ENTSO/E System Development Committee, ENTSO-E suggested the following:

1. PECI projects groups (coordinated by ECS), will maintain the PECI/PMI list based on results of ENTSO-E TYNDP project assessments, whenever candidate projects exists in TYNDP;
2. ENTSO/E will provide necessary CBA assessment for PECI selection process;
3. Potential connection of UA and MD to the CE power system need to be considered through specific regional development scenario and sensitivity analysis according to the methodology approved by ENTSO/E.
4. ECS will organise workshop between ENTSO-E from one side and Ukrenergo and Moldelectrica from another side related to market and network modelling. - Request for providing ENSTO/E data in line with the approved methodologies;
5. ENTSO/E CSE RG will implement consistent clustering of the projects according to the technical logic during next project nomination for TYNDP2018 (May-June 2017).
6. ECS and ENTSO/E will further work on coordination of PECI selection process with TYNDP timeframe or select appropriate data to be used.

Line up activities and needs of PECI/PMI and ENTSO/E TYNDP

Resolving previously mentioned problems 1-4 we will have conditions for the following line up activities:

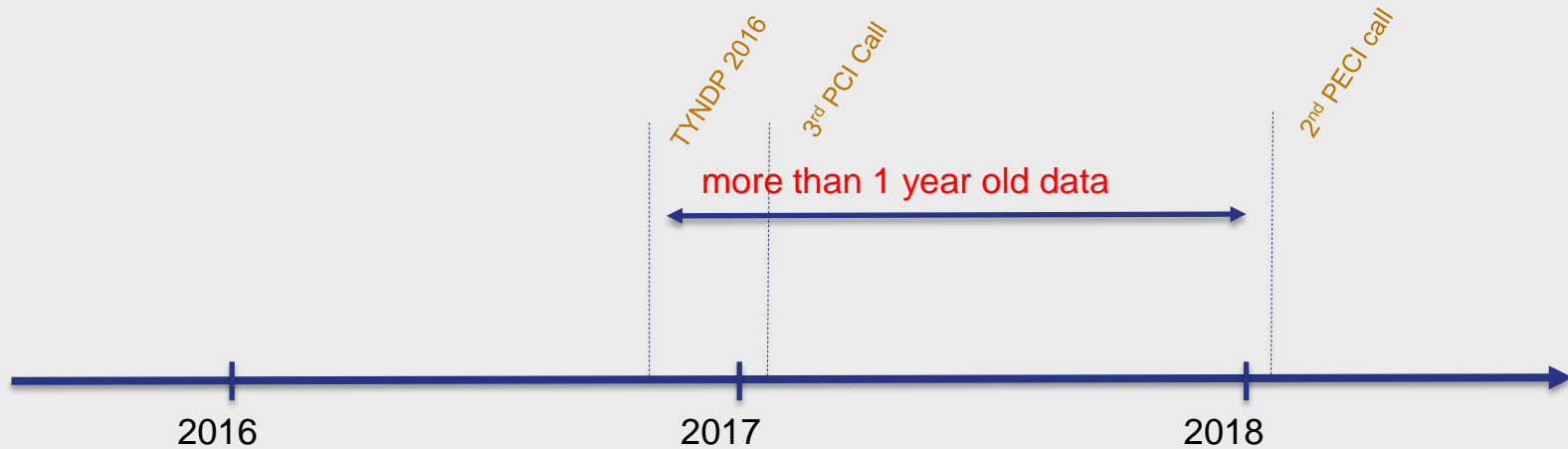
- PECI projects groups (coordinated by ECS), will maintain the PECI/PMI list based on results of TYNDP project assessments, when ever candidate projects exists in TYNDP.
- ENTSOE through work of SECI will provide necessary CBA assessment for PECI selection process



Line up activities and needs of PECI/PMI and ENTSO/E TYNDP



Problem with EnC transposed Regulation 347/2013, MC Decision 09/2015. - PECI selection process is not in line with TYNDP timeframe.

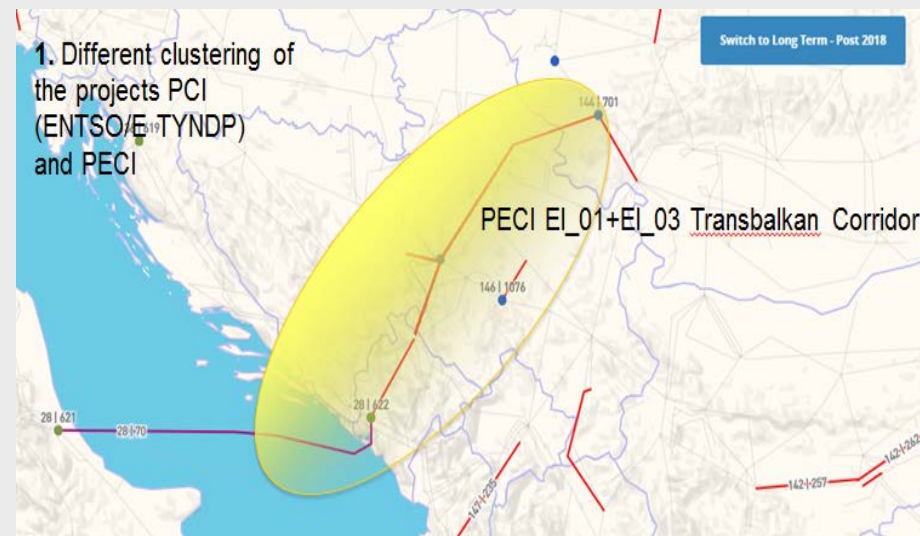
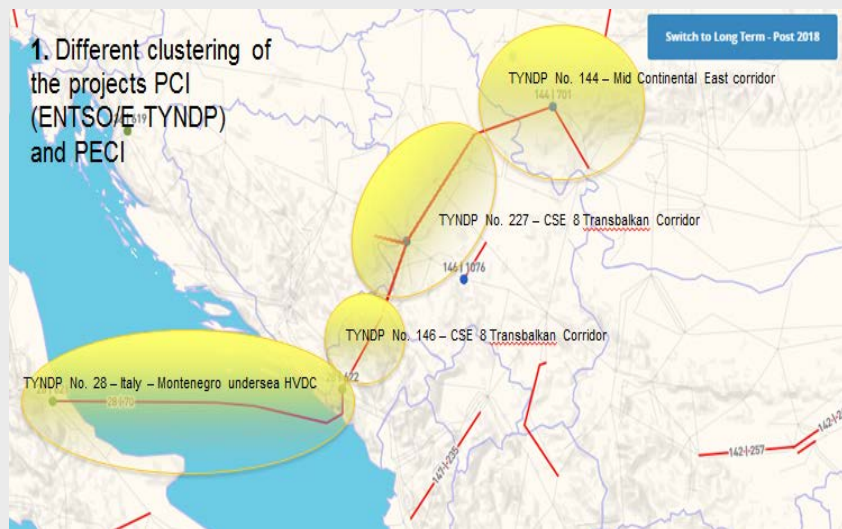


Proposed line up activity:

coordination of PECI selection process with TYNDP timeframe and/or selection of appropriate data to be used.

Line up activities and needs of PEI/PMI and ENTSO/E TYNDP

Problem with clustering of projects.

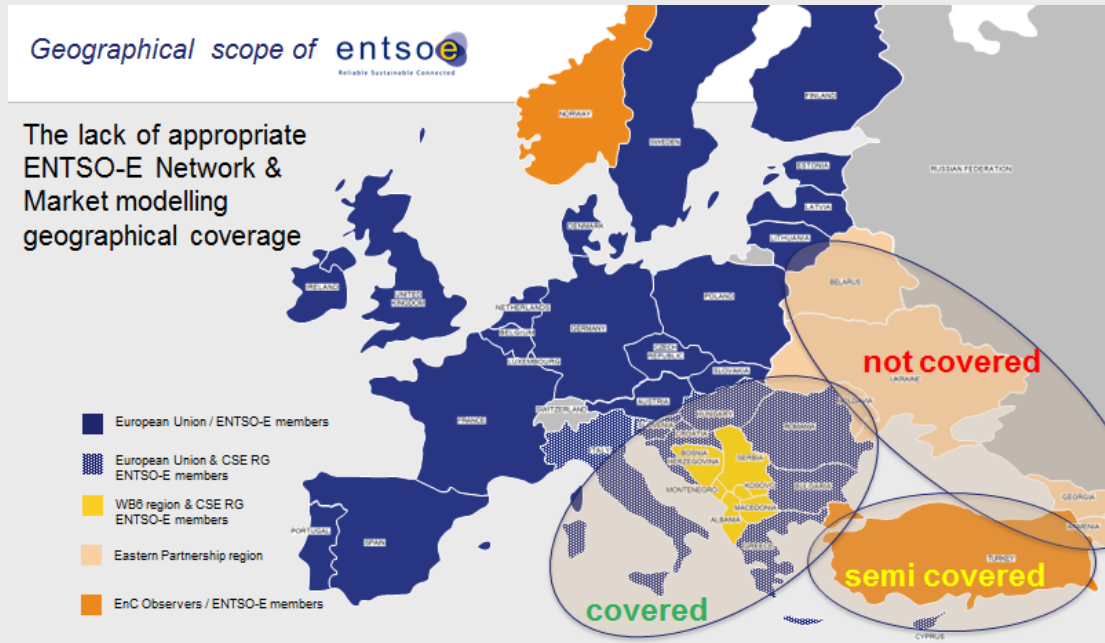


Proposed line up activity:

Consistent clustering of the projects according to the technical logic during next project nomination for TYNDP2018 (May-June 2017).

Line up activities and needs of PECE/PMI and ENTSO/E TYNDP

EnC need to access projects between UA, MD and EU. Problem exists with lack of data for Ukrenergo and Moldelectrica.



Proposed line up activity:

ECS will organise workshop between ENSTOE from one side and Ukrenergo and Moldelectrica from another side, related to market and network modelling. - Request for providing ENSTOE data respecting approved methodologies. Potential connection of UA and MD to the CE power system need to be considered through specific regional development scenario and sensitivity analysis according to the methodology approved by ENSTOE (not before TYNDP2020). Such calculations will be performed by SECI Special project.

R347 Obligations

Project Implementation and Monitoring Duties of different Stakeholders according to the adopted Regulation 347/2013 - Article 5.



Project Promoter/ TSO	Energy Community Secretariat/ The Groups	Competent Authority/ Regulator
<p>1. Project promoters shall draw up an implementation plan for projects of Energy Community interest, including a timetable for each of the following:</p> <ul style="list-style-type: none"> (a) feasibility and design studies; (b) approval by the national regulatory authority or by any other authority concerned; (c) construction and commissioning; (d) the permit granting schedule referred to in Article 10(4)(b). 	<p>3. The Energy Community Secretariat and the Groups concerned shall monitor the progress achieved in implementing the projects of Energy Community interest and, if necessary, make recommendations to facilitate the implementation of projects of Energy Community interest. The Groups may request that additional information be provided in accordance with paragraphs 4, 5 and 6, convene meetings with the relevant parties and invite the Energy Community Secretariat to verify the information provided on site.</p>	<p>6. Each year, the competent authorities referred to in Article 8 shall report to the respective Group on the progress and, where relevant, on delays in the implementation of projects of Energy Community interest located on their respective territory with regard to the permit granting processes, and on the reasons for such delays.</p>
<p>2. TSOs, distribution system operators and other operators shall co-operate with each other in order to facilitate the development of projects of Energy Community interest in their area.</p>	<p>5. Within three months of the receipt of the annual reports referred to in paragraph 4 of this Article, the Energy Community Secretariat shall submit to the Groups a consolidated report for the projects of Energy Community interest falling under the categories set out in Annex I.1 and 2, evaluating the progress achieved and make, where appropriate, recommendations on how to overcome the delays and difficulties encountered.</p>	<p>7. If the commissioning of a project of Energy Community interest is delayed compared to the implementation plan, other than for overriding reasons beyond the control of the project promoter:</p> <ul style="list-style-type: none"> (a) in so far as measures referred to in Article 22 (7)(a), (b) or (c) of Directives 2009/72/EC and 2009/73/EC, as incorporated and adapted by the Ministerial Council Decision 2011/02/MC-EnC, are applicable according to respective national laws, national regulatory authorities shall ensure that the investment is carried out; ... (c) if a third party is not chosen according to point (b), the Contracting Party or, when the Contracting Party has so provided, the national regulatory authority may, within two months of the expiry of the period referred to in point (b), designate a third party to finance or construct the
<p>4. By 31 March of each year following the year of inclusion of a project of Energy Community interest on the Energy Community list pursuant to Article 3, project promoters shall submit an annual report, for each project falling under the categories set out in Annex I.1 and 2, to the competent authority referred to in Article 8 and either to the Regulatory Board or, for projects falling under the categories set out in Annex I.3, to the respective Group. That report shall give details of:</p> <ul style="list-style-type: none"> (a) the progress achieved in the development, construction and commissioning of the project, in particular with regard to permit granting and consultation procedures; (b) where relevant, delays compared to the implementation plan, the reasons for such delays <p>7/(b) if the measures of national regulatory authorities according to point (a) are not applicable, the project promoter shall choose a third party to finance or construct all or part of the project. The project promoter shall do so before the delay compared to the date of commissioning in the implementation plan exceeds two years;</p> <ul style="list-style-type: none"> (c) if a third party is not chosen according to point (b), the Contracting Party or, when the Contracting Party has so provided, the national regulatory authority may, within two months of the expiry of the period referred to in point (b), designate a third party to finance or construct the project which the project promoter shall accept; (d) when point (c) is applied, the system operator in whose area the investment is located shall 	<p>8. A project of Energy Community interest may be removed from the Energy Community list according to the procedure set out in Article 3(4) if its inclusion in that list was based on incorrect information which was a determining factor for that inclusion, or the project does not comply with Energy Community law.</p>	
<p>9. Projects which are no longer on the Energy Community list shall lose all rights and obligations linked to the status of project of Energy Community interest arising from this Regulation. However, a project which is no longer on the Energy Community list but for which an application file has been accepted for examination by the competent authority shall maintain the rights and obligations arising from Chapter III, except where the project is no longer on the list for the reasons set out in paragraph 8.</p>		

R347 Missions – Tour De Balkans and Black Sea

Mission topics - R347 General requirements:

- **Article 7: Priority status** - Where the status of the highest national significance possible exists in the national law , the counties shall give this status to PECIs;
- **Article 8.1: Designation of One-stop-shop as a facilitator**

One of a major elements of the permit granting regime established by the TEN-E Regulation is the requirement to designate a so called “one-stop-shop”, called National Competent Authority (NCA), by no later than 30 June 2017.

- **Article 9: Manual of procedures, transparency and public participation**

Article 9.1 of Regulation 347/2013 provides that each CP or the Competent Authority shall, where applicable in collaboration with other authorities concerned, shall publish a manual of procedures for the permit granting process applicable to PECIs, by no later than 31December 2017.

Article 9.3 The project promoter shall draw up a concept for public participation and submit it to the competent authority.

- **Improved regulatory treatment (CBCA)**
- **ECS project transparency platform PLIMA**

V-VI. Guidance for an Investment Request and CBCA

Key words for discussion

- Refreshed Project-Specific Cost-Benefit Analysis
- Input data, assumptions, agreement
- More than one promoter
- Consultation – Promoters, Regulators, Ministry, other Stakeholders
- Proposal for Cross-Border Cost Allocation
- Regulator's assessment and decision – tariff impact, business plan, externalities
- Regulatory Incentives
- CBCA with EU Member Countries



VII. Incentives

In line with the Regulation, the Regulators shall examine the possibility of applying regulatory incentives to answer certain risks, specific to cross-border projects. Some examples include:

- WACC premium in justified cases
- Early cost recognition
- Shorter depreciation period
- Longer regulatory period
- Etc...
- [EC Study on Incentives](#)

If decided earlier, the incentives can be included in CBCA decision and the Business Plan when identifying the Financial Gap



IX. References



The basis for the current presentation:

- EXPLANATORY NOTES On the Implementation of EU Regulation 347/2013 - MC decision 2015/09
- ACER Recommendations and CBCA Decisions are available here:

http://www.acer.europa.eu/en/Gas/Infrastructure_development/CBCA-decisions/Pages/default.aspx

- ACER Presentations are available here:

<http://www.acer.europa.eu/Events/Workshop-on-2nd-ACER-CBCA-Recommendation/default.aspx>

- ENTSO's CBA Methodologies:

<https://www.entsoe.eu/major-projects/ten-year-network-development-plan/CBA-Methodology/Pages/default.aspx>

<http://www.entsog.eu/publications/cba-methodology#CBA-METHODOLOGIES>

- Regulation 347/2013 and adapted MC Decision:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:115:0039:0075:en:PDF>

https://www.energy-community.org/portal/page/portal/ENC_HOME/DOCS/3888285/24F6E4206F75620BE053C92FA8C088EE.PDF

Current presentation is a simple introduction – for in-depth studies ACER documents are very useful

- The PECI/PMI selection process is regulated and defined → one way tunnel or repeat in 2 years
- The Secretariat only safeguards the process, consultant is non-partisan
- Active participation of The Group members is of utmost importance
 - Input data
 - Assessment methodology
 - Assumptions
 - Do not come from the Secretariat
- Project Assessment results come from modelling, determined by methodology, assumptions and input data as approved by the Gas and Electricity Groups → free to be shaped by participants in The Groups. Secretariat does not choose projects.
- Once PECI/PMI, implementation and monitoring gets important; label can be lost
- Project can go ahead without any label if it is mature
- CBCA is an opportunity, but no compulsory – only for mature projects
- In case of a planned CBCA, discussion, coordination is necessary between promoters and stakeholders
- Grants for works are *not automatic*: WBIF, NIF application process once PECI/PMI (and CBCA) – only for mature projects