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...

**Transparent Legal Framework**
- 3rd Energy Package
- Network Codes
- Tariff Regimes
- Etc.

**Functional Infrastructure**
- Physical Connectivity
- Security of Supply
- N-1
- Different Sources and Routes

**Market**
- Exchange
- Spot
- Futures
- OTC

**Coupling**
- Traders
- Shippers

**Source Competition**

**Market Integration**

Athens, 1st June 2017
Process Timeline

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

10y-50y ahead ….. 1y+ ahead  D ahead – 1y ahead  Intra-day

Long term planning measures:
• System development Planning
• Infrastructure planning

Mid term planning Measures...

Short term planning measures

Real time measures

Athens, 1st June 2017

“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 deprecation period, longer regulatory period...)

III Financial support
1. Financing through the IPA, WBIF, NIF
Additional Benefits of Regulation 347/2013

- Competent Authority – 1 Stop Shop Manual of P.
- Regulatory Incentives
- Maximum 3,5 yrs. permitting
- Project schedule monitoring
- Cross-Border Cost Allocation (CBCA)
- WBIF – NIF founds Studies & Works
- ECS Transparency Platform

Tbilisi, 25th May 2017
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

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

- Market simulations – Socio-economic benefits per country
- Network simulation (electricity)
The final PECI/PMI lists for electricity

<table>
<thead>
<tr>
<th>Electricity PECIs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transbalkan corridor consisting of the following five PECI projects:</td>
</tr>
<tr>
<td>EI 01</td>
</tr>
<tr>
<td>EI 01</td>
</tr>
<tr>
<td>EI 01</td>
</tr>
<tr>
<td>EI 01</td>
</tr>
<tr>
<td>EI 03</td>
</tr>
<tr>
<td>Interconnection between Albania and former Yugoslav Republic of Macedonia:</td>
</tr>
<tr>
<td>EI 13</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Electricity PMIs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interconnection between Romania and Moldova:</td>
</tr>
<tr>
<td>EI 06</td>
</tr>
<tr>
<td>Interconnection between Ukraine and Slovakia:</td>
</tr>
<tr>
<td>EI 09</td>
</tr>
</tbody>
</table>
PCI/PECI/PMI complementarity

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)
Thank you for your attention!

www.energy-community.org
## PECI/PMI - Projects Status (1)

### Electricity Projects

<table>
<thead>
<tr>
<th>Electricity PECIs</th>
<th>PFS, Preliminary Design</th>
<th>FS, ESIA/EIA</th>
<th>FID-Final Investment Decision</th>
<th>Construction Works/Commissioning year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transbalkan corridor consisting of the following five PECI projects:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E1 01 400 kV OHL Rosita (RO) - Pancico (RS)</td>
<td><img src="#" alt="Green" /></td>
<td><img src="#" alt="Green" /></td>
<td><img src="#" alt="Green" /></td>
<td>2018</td>
</tr>
<tr>
<td>E1 01 400 kV OHL Kragujevac (RS) - Kraljevo (RS)</td>
<td><img src="#" alt="Green" /></td>
<td><img src="#" alt="Green" /></td>
<td><img src="#" alt="Green" /></td>
<td>2018</td>
</tr>
<tr>
<td>E1 01 400 kV OHL Obrenovac (RS) - Bajina Basta (RS)</td>
<td><img src="#" alt="Green" /></td>
<td><img src="#" alt="Green" /></td>
<td><img src="#" alt="Green" /></td>
<td>2022/2023</td>
</tr>
<tr>
<td>E1 01 400 kV OHL Bajina Basta (RS) - Visegrad (BA) - Pljevlja (ME)</td>
<td><img src="#" alt="Green" /></td>
<td><img src="#" alt="Green" /></td>
<td><img src="#" alt="Green" /></td>
<td>2022/2023</td>
</tr>
<tr>
<td>E1 03 400 kV OHL Pljevlja (ME) - Ladva (ME)</td>
<td><img src="#" alt="Green" /></td>
<td><img src="#" alt="Green" /></td>
<td><img src="#" alt="Green" /></td>
<td>2019</td>
</tr>
</tbody>
</table>

### Interconnection between Albania and former Yugoslav Republic of Macedonia:

<table>
<thead>
<tr>
<th>Electricity PMIs</th>
<th>PFS, Preliminary Design</th>
<th>FS, ESIA/EIA</th>
<th>FID-Final Investment Decision</th>
<th>Construction Works/Commissioning year</th>
</tr>
</thead>
<tbody>
<tr>
<td>E1 13 400 kV OHL Bitola (MK) - Elbasan (AL)</td>
<td><img src="#" alt="Green" /></td>
<td><img src="#" alt="Green" /></td>
<td><img src="#" alt="Green" /></td>
<td>2019</td>
</tr>
</tbody>
</table>

### Interconnection between Romania and Moldova:

<table>
<thead>
<tr>
<th>Electricity PMIs</th>
<th>PFS, Preliminary Design</th>
<th>FS, ESIA/EIA</th>
<th>FID-Final Investment Decision</th>
<th>Construction Works/Commissioning year</th>
</tr>
</thead>
<tbody>
<tr>
<td>E1 06 400 kV OHL Vulcanesti (MD) - Issocea (RO) and new 400 kV OHL Vulcanesti (MD) - Chisinau (MD)</td>
<td><img src="#" alt="Green" /></td>
<td><img src="#" alt="Green" /></td>
<td><img src="#" alt="Green" /></td>
<td>2018</td>
</tr>
</tbody>
</table>

### Interconnection between Ukraine and Slovakia:

<table>
<thead>
<tr>
<th>Electricity PMIs</th>
<th>PFS, Preliminary Design</th>
<th>FS, ESIA/EIA</th>
<th>FID-Final Investment Decision</th>
<th>Construction Works/Commissioning year</th>
</tr>
</thead>
<tbody>
<tr>
<td>E1 09 400 kV OHL Mukacheve (UA) - V.Kapusany (SK)</td>
<td><img src="#" alt="Green" /></td>
<td><img src="#" alt="Green" /></td>
<td><img src="#" alt="Green" /></td>
<td>2020</td>
</tr>
</tbody>
</table>

*Finished*  *Ongoing*  *Not scheduled yet*
**Project Reporting & Monitoring - Progress status**

**Promoter to** submit Implementation Plan and Annual Report

Art. 5.1 & 5.4  Submit filled out questionnaire to ECS by 1 March 2017

**ECS to** submit Consolidated Report to the Groups

Art. 5.5  By 30 June 2017

**Competent Authorities to** submit Progress Report to the Groups

Art. 5.6  Competent Authorities not yet set up – ECS is reporting to Groups with above steps

---

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

- **Trans-BK**
- West
- South

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

- **Oil**
- SR  X
- BG  X
- AL  X
- MD  X
- RO  X
- UA  X
- PL  X

**Gas**

- SR  X
- BG  X
- MK  X
- AL  X
- KO  X
- BiH X
- HR  X
- IAP X
- MN X
- HE X
- MK X
- SR X
- HR X
- PL X
- UA X
- HU X
- UA X
- RO X
- MD X
- UA X
- PL X

Filling ECS Questionnaire ensures fulfilling numerous responsibilities.

---

Energy Community Secretariat

46th PHLG meeting 27th April 2017, Vienna
ECS & ENTSO/E cooperation
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.
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.
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.
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).
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 ENTSOE (not before TYNDP2020). Such calculations will be performed by SECI Special project.
R347 Obligations
### Reg.347 Implementation Timeline

<table>
<thead>
<tr>
<th>Name of a measure</th>
<th>Responsible for implementation</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Electricity &amp; Gas Grids</strong>:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Decision 2015/93/EU-EC</strong></td>
<td><strong>Consortium Parties</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1 Each OP is required to issue the Grids, regulations and administrative provisions necessary to comply with the Decision, by 30 December 2016.</td>
<td><strong>Energy Community</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.2 The OP shall apply those measures from 1 January 2017.</td>
<td><strong>Energy Community</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20.1 The Secretariat shall monitor and review the application of the Decision in the CPs.</td>
<td><strong>Energy Community</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20.2 The Secretariat shall present a report to the MC for the first time by 30 November 2016, and thereafter on an annual basis.</td>
<td><strong>Energy Community</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Regulation (EU) 347/2013 on guidelines for trans-European energy infrastructure</strong>:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.1 The Ministerial Council establishes (every two years) a list of PSCUs based on preliminary considerations.</td>
<td><strong>MIC-IIEC</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.2 Project promoter shall draw up a PSCU's Implementation plan.</td>
<td><strong>Project promoter</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.1 Project promoter shall submit an annual report on PSCUs’ Implementation plans.</td>
<td><strong>Project promoter</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.2 The Energy Community submits a consolidated report for the PSCUs to the Group in a format that makes visible the progress for the year.</td>
<td><strong>Energy Community</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.4 Assessment based on EC guidance which measures to streamline the environmental assessment procedure.</td>
<td><strong>Consortium Parties</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.5 CPs shall take legislative measures identified under 7.4.</td>
<td><strong>Consortium Parties</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.6 CPs shall take legislative measures identified under 7.4.</td>
<td><strong>Consortium Parties</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.1 Each OP and competent authority shall publish a manual of procedures for the permit granting procedure (PSP) applicable for PSCUs.</td>
<td><strong>Consortium Parties</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.1 The project promoter draws up a consultative process for public participation and submits it to the competent authority.</td>
<td><strong>Project promoter</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.2 The permit granting process shall be conducted in a transparent manner.</td>
<td><strong>Project promoter</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10.1 The permit granting processes shall consist of two procedures:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Pre-application procedure (between the start of the POP and the acceptance of the submitted application file by the OCU)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) The standard permit granting procedure (between the date of acceptance of the submitted application file and the date of the permit)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11.2 MrAs shall establish and make publicly available a set of indicators and corresponding reference values for the comparison of unit investment costs (OICA guidelines).</td>
<td><strong>MrAs, ECIBS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11.3 The Energy Community shall prepare and submit a report on the status of progress in the ENUGG and gas market and network projects.</td>
<td><strong>Energy Community</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12.1 The efficiency awareness investment costs for electricity and gas PSCUs excluding CPs shall be borne by the relevant TSO and the PP (OICA guidelines).</td>
<td><strong>PP, Reg. promoter</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deadline for 2016. Project promoter shall submit OICA report for the PSCU 2016 project (on or before 31st May 2016).</td>
<td><strong>PP, Reg. promoter</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12.2 The PSCUs shall assess regulatory information.</td>
<td><strong>MrAs</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12.4 The MrAs shall assess regulatory information on the allocation of investment costs to be borne by each system operator for the project, as well as the inclusion of this tariff.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12.6 Where the MrAs have not reached an agreement on the investment request within 9 months, they shall inform the Regulatory Board, the Energy Community and the EC. The decision shall be taken by the Regulatory Board within three months (+ 2 months possibly announce) and published. 13.7 A copy of the Regulatory Board decision together with all the relevant information shall be notified by the PP to the Energy Community.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12.5 The Energy Community shall publish a manual of procedures for the permit granting procedure in electronic and gas projects and the impact of fees incurred by them.</td>
<td><strong>MrAs</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14.1 If PSCU is failing under the categories in Annex 3 (electricity and gas) are eligible the Union TTA in a form of grants for studies and financial instruments from IPA and NIF. 14.2 PSCUs failing under the categories in Annex 3 (electricity and gas) are eligible the Union TTA in a form of grants for works from IPA and NIF if they fulfill following conditions.</td>
<td><strong>MrAs</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14.3 PSCUs are entitled to promote the PSCUs’ implementation under Annex 3 (electricity and gas) are eligible the Union TTA.</td>
<td><strong>MrAs</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17.1 The Energy Community shall publish a report on the implementation of PSCUs and submit it to the MC.</td>
<td><strong>Energy Community</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18.1 The Energy Community shall submit an Infrastructuretransparent platform.</td>
<td><strong>Energy Community</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Note:** The timeline is subject to change based on the progress and implementation of the measures.
Project Implementation and Monitoring Duties of different Stakeholders according to the adopted Regulation 347/2013 - Article 5.

1. Project promoters shall draw up an implementation plan for projects of Energy Community interest, including a timetable for each of the following:
   (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).

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.

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:
   (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.

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.

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;
   (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

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.

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.

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.
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 the 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 31 December 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:
- ACER Presentations are available here:
- ENTSO’s CBA Methodologies:
  http://www.entsoq.eu/publications/cba-methodology#CBA-METHODOLOGIES
- Regulation 347/2013 and adapted MC Decision:
  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
  o Input data
  o Assessment methodology
  o Assumptions
  o 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