

## **Conclusions of the European Council discussions on energy infrastructure issues**

### **Slovenia**

- Overall support for the regulation as this will allow to tackle the known problems regarding infrastructure
- The work in regional groups (identification of PCIs) needs to take into account that MS have a very specific role; MS are to remain the decision makers. To avoid conflicts of interest, the roles of the various participants/representatives need to be clearly defined. This includes regulators, MS reps, ENTSOs, regional representatives. NRAs must be completely independent in their judgment.
- As regards funding, there are some doubts that the burden for small MS could be too high when it comes to cost allocation.
- Not in favor of mandatory harmonization of guidelines as regards incentives

### **Germany**

- Given that Germany is a transit country it is in support of the regional approach of project selection and project identification.
- In favor of clear technical, objective criteria for the identification of PCIs. PCIs must not be identified as a result of political discussions or decisions.
- Regional groups remain the driving force for project implementation and they will make proposals for next steps or seek support if projects get delayed.
- MS will be given involvement in the process and all MS shall be given the opportunity to accept and approve project lists (by QMV!)
- EU-wide CBA is essential and needs to be done according to objective criteria
- Let's consider extending the existing ITC mechanism to also cover the fair cost allocation of XB projects!
- We need to focus on regulatory measures reducing the risks. We don't need EU wide harmonization. It is up to the MS to provide for an appropriate regulatory framework, but the EC can certainly provide for guidance in form of best practice.

### **Ireland**

- Voiced strong support the NSOGI
- Robust and transparent process for the identification of infrastructure projects required.
- Public acceptance is lacking and is a significant bottleneck to the implementation of projects. This issue also needs to be addressed.
- MS must have a central role in the selection of the projects, but regional groups will also have an important role to play in project identification.
- The timing for the implementation of the proposal (coming up with a first list of PCIs by July 2013) is extremely challenging.

### **Sweden**

- Climate and energy objectives must be focused on; the regulation is not targeting this sufficiently
- List of projects must be based on TYNDP which reflect the needs of the market players; the regional groups have a major responsibility in providing input to the identification of projects
- Clear guidelines on selection of XB projects are required. Building the infrastructure is an absolute necessity for the achievement of the IEM

### **Portugal**

- Infrastructure needs to be modernized and extended. We should not forget about domestic networks, they are as important as XB connections.
- Obstacles to the introduction of binding deadlines and to licensing need to be removed
- Security of supply is a most vital objective

### **Spain**

- Is in support of the draft regulation and congratulating the EC on its proposals; the regulation is crucial to removing obstacles to infrastructure implementation and in removing current bottlenecks in the grids.
- ACER's role needs to be defined pragmatically; the current regional structures (Regional initiatives) are to be a starting point for the planned regional groups;
- The proposed regional groups should be leading on the identification of PCIs; harmonized rules are required

### **Bulgaria**

- Priority corridors are well defined for all areas; general and specific criteria for PCIs are well defined
- Non-member states need to participate in financing if they are benefiting from project implementation (as is likely to be the case for XB projects in Bulgaria;
- Suitable mechanism is required to provide incentives to investors to fund risky projects

### **Austria**

- Smoothly operating market requires commitment on behalf of the regions. In this context regional groups are the major driving force for identifying the significant projects needed to make the IEM work
- TSOs need to be as closely involved in the identification of PCIs as ACER. These entities have the technical expertise we will depend on. MS need to provide legal preconditions for project implementation.
- Alos, administrative cooperation between competent authorities is required.
- The duplication of existing work is to be avoided. TYNDPs produced by the ENTSOs are to be considered to help identify PCIs; PCIs should not be discussed and identified in national forums.
- CBAs, cost allocation and financial support; all of the proposed proposals are welcomed.

### **Lithuania**

- Proposal to allocate financial support to PCIs, if needed, is welcomed. The selection criteria for PCIs need to be adequate and objective. Regional cooperation is to be basis for project selection. BEMIP already contains a list of projects; we need to make best use of such existing projects for project selection. We must avoid to double existing work. The existing regional plan was approved in 2009 and would in our case just needed to be updated.

### **Netherlands**

- Clear regulatory framework is need and robust infrastructure required at the same time.
- Better market conditions are required offering better opportunities for riskier XB projects to allow for the necessary investments
- Critical of the proposal for European authorities to provide any funding to infrastructure projects. This needs to be left to the market. This could distort the market. The Council's/MSs' task is to provide for a favorable market environment.

- Regional approach to project selection is supported. Any list of MS projects need to be in harmony with EU lists of PCIs. The final say on a pan-European list of PCIs should remain with the MS, not with the EC.
- CBAs are a very useful instrument for selection of projects, but it does not need to be mandatory for projects that are not of a Community interest.

### **Finland**

- Overall the EC proposal is good. Infrastructure projects need to be market driven
- Speeding up permitting is excellent, but one-stop-shop proposal is problematic for Finland due to national legislation.
- MS will have to be given an important role in the regional groups as they have the best knowledge of the corresponding policies and of any infrastructure projects that might be supported.
- This said, ENTSOs and ACER knowledge needs to be made best use of : this provides us with good basis for project selection (from TYNDPs)
- Regulatory situation between MS varies a lot (esp. as regards incentivisation of project investments), We cannot apply a one-size-fits all approach across all MS.
- The proposed incentives would not be necessary in Finland.
- Finland is skeptic about cost sharing of infrastructure investments in the case of countries that are not involved in the project. Cost-sharing proposals should not go thus far.
- CBA very important for the selection of projects

### **Latvia**

- Overall support for the proposed regulation
- Baltic states already have a successful cooperation through BEMIP; therefore Latvia supports regional support to identify PCIs. A regional approach is the only approach to address the challenges in the Baltics
- Cost-allocation mechanism needs to be discussed further, esp. for XB projects (NB: the Baltics and other small MS seem to be concerned about the financial burden XB projects)
- Cost distribution is very important for Latvia because one project can resolve all problems for all three Baltic states and Latvia is keen on any further discussion in this area

### **Poland**

- Priority corridors and acceleration of permit granting processes are welcomed
- Regional groups are considered to be very important, but MS need to have final say over PCIs
- TSOs need to be given a very strong position in these regional groups.
- Regional groups need s to be based on already existing groups such as BEMIP. Projects that were selected by existing groups (BEMIP) need to be basis for PCI list.
- PCIs will be published in July 2013. This is highly ambitions and the only way to achieve this is to make best use from existing knowledge and from existing structures. ENTSOs assessment is of essence in this context.
- XB projects cost allocation is highly important, the real cost incurred by TSO need to be reflected by the cost allocation.
- This regulation is of utmost importance for Poland and will receive Poland's full support.

### **Italy**

- Appreciates the proposal to speed up permit granting. Italy is not opposed to a uniform approach, but it needs to be transparent and all existing national possibilities need to be exploited first.

- PCI's need to be worked on right away due to the tight timing;
- Regional groups have to be given leading role in the identification of PCIs, but the rights of MS must not be compromised

### **France**

- Generally happy with the EC proposals, but concerns remain with regards to permit granting (one stop shop) which is in agreement with the principle of subsidiarity.
- Projects need to be funded by the market, public funding is not appropriate, or only appropriate in few cases
- As regards the identification of PCIs MS need to be closely involved in drawing up of regional lists, which are a foundation for a European list
- The EC should not be able to launch tenders directly when projects get delayed
- Also, EU label for XB projects is not going to improve public acceptance for projects, rather the opposite is likely to be the case
- General principle of XB cost allocation is that countries that benefit from projects should pay;

### **UK**

- Regional groups need to be main driver for PCI identification, with MS support.
- PCI should only be accepted if they meet the strict criteria of the regulation All projects need to be evaluated on the same basis and the NRA is to decide for the most appropriate regulatory regime for a project.
- Planning and permitting is a MS competence but the UK is not generally opposed to the concept of a one-stop shop. However, concerns remain about speeding up permit granting procedures

### **Greece**

- Regional groups have to play an important role in drawing up PCIs. The work that has already been carried out in that respect needs to be taken into account. For the identification of PCIs a combination of a central and a regional approach seems most appropriate; the final list should provide balances between the regions (NB this indicates a political selection process and GR seems to be concerned about losing out)
- CBA agreed on; common network and market data need to be basis for CBAs
- The user-pays-principle needs to be the fundamental principle of financing projects, while EC financing of PCIs needs to be allowed if required.

### **Malta**

- MS should have central role in the drawing up PCIs (within the regional groups)
- The current proposal risks diluting the authority of MS
- EC also needs to be represented in the regional groups to champion PCIs
- No EU MS should be isolated from any gas/electricity networks by 2015
- Remit of regional groups should not be limited to the identification of PCIs. RGs should also have a role to play in resolving any potential problems in project implementation
- Where the markets fail to finance PCIs, EU funding needs to be used; raising tariffs will raise prices which cannot be acceptable

## **Romania**

- the market needs to fund these XB projects in first line, but EU support should be made feasible
- Romania agrees on the proposed priority corridors and creation of regional groups
- PCI selection needs to occur first at regional level then at EU level as proposed
- The EC should provide support in identifying projects, MS need to have possibility to give final approval of PCIs
- MS need to be involved in CBA of PCIs
- Technical criteria need to be established for the identification of PCIs, the assessment of the ENTSOs shall be taken into account here
- TYNDP – projects not selected in the TYNDPS should not generally be excluded from becoming PCIs

## **Hungary**

- Hungary generally supports the draft regulation. MS have to play key role in identifying PCIs, also with regards to the selection and monitoring of implementation. MS need to approve the list of projects
- Clear procedural rules for the regional groups are needed.
- Hungary considers new legislative proposals to supplement the existing Third package and mentions explicitly as one example the modification of the methodology to drawing up TYNDPs (without being any more specific on any reasons for such a modification)
- We must focus on market needs in order to select projects but we must take into account the socio-economic impact this would have.

## **Czech Republic**

- RGs are crucial in identifying PCIs; NRAs and TSO have the best knowledge of projects and close involvement of them is of essence.
- The adoption of the EU list of PCIs need to be still approved by MS
- Work already done by existing regional groups needs to be made best use of to save time and to remain efficient. We are under time pressure, but the first list of EU PCIs needs very careful attention. 31 July 2013 for this list is extremely ambitious
- The Czech Republic does not support the EC's proposed right to call for proposals directly in case of implementation delays
- As regards CBAs, the Czech republic is concerned about any valid data that the analyses would be based on.
- The Czech republic draws attention to the existing problem of loop flows the Czech Republic, resulting from German wind power. The loop flow problem needs to be solved and should be directly considered by the regulation.
- These “circular flows” need to be taken into account in the current ITC mechanism, especially where MS hands are tied by EU legislation.

## **Slovakia**

- Regional Groups are most important in drawing up PCI lists. The North-South interconnection group – good example of effective work.
- An inclusion of projects in the TYNDP should not be compulsory to qualify for a PCI
- Fair allocation of costs is crucial. Robust mechanism is required that takes all this into account.

### **Estonia**

- Selection of projects: regional cooperation is vital. Good example is BEMIP. The existing structures (regional initiatives/ regional groups) should be maintained and used not only in the pilot phase but also later on.
- MS must continue to play important role in the RGs; MS should have the right to cooperate with third countries; the added value of a project needs to be measurable and identifiable.
- Funding needs to come from the market, but in some instances projects will not be funded by the market, Where markets do fail, the CBA of XB projects needs to be detailed further to allow for public funding support. We need to create a good and healthy investment environment for investors in first place.

### **Belgium**

- PCI selection at regional level is favored. Existing initiatives should be made best use of for the creation of regional groups.
- NSOGI should be the forum for project selection in this area, no double structures please.
- For other regions other forums may apply, but we don't know what forums these may be. The EC needs to launch the discussion with MS to identify best forums for project selection.
- MS need to be key players for following the implementation of PCIs and we do need a one-stop shop.
- Objective CBAs are required and CBA need to produce quantifiable results.
- XB cost allocation needs to be done in conjunction with CBAs
- CEF should be sufficient to cover most projects that cannot be financed by markets

### **Cyprus**

- Welcomes regional approach of PCI identification; but MS need to have decisive role in final approval of projects. Technocratic input is important, but only MS can provide the political support that PCIs will need.
- XB cost allocation – in cases of small markets, projects may not be able to be covered thus additional support may be required.

Luxembourg (chairman of the Luxembourg Energy Company until two weeks ago)

- Funding of PCIs: we don't actually need public funding for PCIs! The conditions for obtaining higher rates is extremely complex and not attractive for the market. We should identify PCIs and then grant the NRA the right to allocate premiums on PCIs.
- We need to be a bit bolder if we want to make progress!

### **Croatia**

- Ready to provide active contribution to selection of PCIs

Oettinger (spoke in German, but without notes)

- Gave a speech pointing to the urgency and importance of speeding up the EU' work to get this proposal adopted.
- Gas and electricity networks need significant work to turn them into a real European network. We have far too many bottlenecks today. And the last two weeks of very cold weather were a good example of how urgently we need to remove these bottlenecks.



- If we have €9bn for connecting Europe, well that's not enough, so please pass on this message to your governments, regions and mayors. We either do the networks at European level or we don't do them at all.
- Unless we create this pan-European network, we go way back in time - there is no second transmission network we need to invest significantly into the one existing.
- First priority is coordinated planning: that's why we have regional groups, the ENTSOs and ACER. Planning needs to be done together. For example: wind and solar are taking an ever more important role: we do have the turbines to produce electricity, but we haven't got that infrastructure to get it to the main land.
- Turkey needs to be involved too. Turkey, Ukraine Russia need to be involved in the planning process
- Second stage: permit granting – we need to make sure, while taking full account of public concerns, the environment and health, etc, but we need to aim at a permit is granted in 3 year, not in 30 years!
- Thirdly: Funding. Right now we have a problem, because investors do not like investing in the energy sector. We don't have a business story, we don't have enough incentives to offer. This is why we need security of planning and proper measures that can actually be implemented.
- The EC will proceed with the highest degree of objectivity. We will offer to you objective criteria. We cannot afford a horse trading scenario where every body wants to get a part of the €9bn cake. That's a lot of money, but the market will have to shoulder 95 per cent of the actual costs. Bear in mind that not all of the projects of common interest are bankable and we need to allocate the money according to objective criteria.

### **Conclusions (Presidency)**

- Selection of PCIs needs to be taken in a transparent manner that excludes political choices
- Regional groups should be based on existing groups/structures
- And project lists should be based on existing lists
- CBA for all PCI: some MS want to have a decisive say in the methodology to be applied