



FOSG Reply to the TYNDP 2016 Consultation

1. Are the TYNDP 2016 project list elaboration principles clear to you?

The transparency of TYNDP project list elaboration principles have improved since the preparation of the first TYNDP list in 2010. Friends of the Supergrid (FOSG) welcomes the increased transparency efforts made by ENTSO-E. The elaboration of the TYNDP is a process that should be periodically reviewed in consultation with stakeholders in order to ensure that the principles are clear and transparent. FOSG is a member of the Network Development Stakeholders Group which has been consulted during the elaboration process of the TYNDP 2016. We encourage the efforts made by ENTSO-E to support this group which provides a good platform to discuss the TYNDP elaboration principles.

FOSG has consulted its members in order to gather suggestions on how to improve the elaboration process of the TYNDP. As stated before, the elaboration principles are relatively clear, even though complex, and have generally improved since the first TYNDP list. Nevertheless, we consider that there is still room for improvement when it comes to the approach followed by ENTSO-E for the preparation of the TYNDP. In particular we would like to emphasize the following issues:

Gradually move towards a top-down approach

Under the current elaboration principles, the TYNDP 2016 will always remain a list of independent and non-coordinated projects. The projects are assessed against several scenarios and are then put together in a single document (i.e. TYNDP) that is organized according to ENTSO-E's regional groups. This bottom-up approach cannot provide a pan-European view. The current elaboration principles are therefore far from being a top-down coordinated European Network Development Plan that considers the result of pan-European optimization tools to combine future energy generation-transmission-consumption scenarios. This should be improved.

Need to revise the assignment of project's categories and definition of project's "maturity"

Another important element of the principles that we would like to see improved are the considerations regarding the project categories proposed by ENTSO-E for the TYNDP 2016. It is essential to guarantee that the cost-benefit analysis (CBA) of all candidate projects is done objectively. The new three project categories: mid-term; long-term and future projects (*see Annex*

l) should not be based on political components, as this may affect the CBA result and therefore constitute an equal treatment breach.

The current legal eligibility criteria used by ENTSO-E at the time of TYNDP candidate project's submission takes into account certain political dependencies. This is used to evaluate the project's grade of "maturity". ENTSO-E then uses this political dependency criterion to assign the projects to the different categories (mid-term, long-term or future project). So-called "political criteria" are too vague and can negatively impact otherwise valid projects.

Each project category is then considered under a different reference network (2020 including mid-term and 2030 including mid-term + long-term) and methodology (TOOT and PINT). This means that the assignment of a category to a project will have a very important impact at the time of applying the CBA methodology and therefore on the assessment of the benefits of the project.

To illustrate this, we can use the example of a potentially interesting project that could be commissioned by 2021 and that is looking for political support. Since the project does not have political support yet at the time of TYNDP submission to ENTSO-E, this project would be categorized by ENTSO-E as "future project". It will then be assessed against a 2030 reference network, which already includes all other preliminarily "politically-supported" projects commissioned by 2030 (i.e. all those other projects that fall under the category of "mid-term" and "long-term" projects). Therefore, the project used in this example, would be in clear disadvantage with a 2027 commissioning date planned project that showed a preliminary political support at the time of TYNDP submission. The last one (commissioning date: 2027) would be assessed against a 2020 reference network (only with "mid-term" projects) despite of its later commissioning date, while the first one (commissioning date: 2021) would be assessed against a 2030 reference scenarios that already includes all the "mid-term" and "long-term" projects.

It should be noted that these criteria for projects to be included in each of the categories were not established, and therefore were not consulted, either in the CBA Methodology approved by the EC in 2015 or in the EC draft guidelines on equal treatment and transparency criteria to be applied by ENTSO-E in its TYDNP.

According to ACER's opinion on TYNDP 2014 of January 2015, which seems to be ENTSO-E's motivation to classify projects in 3 categories (see Annex I with both descriptions), the only clear references to set up the categories are time horizons, where instead of the dates considered by ENTSO-E, the following 5 year timeframes should apply for TYNDP 2016:

- Mid-term 2017-2021 (project expected commissioning date by 2021)
- Long-term 2022-2026 (project expected commissioning date by 2026)
- Future (project expected commissioning date from 2027 onwards)

This political support could be used for projects which otherwise would not be selected but are nevertheless needed for political or social reasons. These projects should be added on top of the otherwise selected projects and should not take the place of projects which positively answers all the objective criteria.

Additionally, the term “maturity” which we understand is the complement ENTSO-E is trying to incorporate as criterion in addition to the commissioning dates, is not well defined yet (see Annex II with ACER opinion 16/2013 2.4 and CBA (2.4.4) related text). Until an agreement is reached prior to its application, it is considered that present attempt to establish categories incorporates undesired political influences at this technical CBA stage. As such this term will create additional confusion and significantly weaken the legal validity of the whole process.

In our opinion, the CBA results of the TYNDP 2016 have to remain absolutely objective for all the projects and leave the changing political decisions out of ENTSO-E’s technical assessment results. The objectiveness of the technical assessment is a must, as the resulting indicators will be the only basis and source of data to be used at the time of building up the regional PCI rankings (Reg. 347/2013 Art. 4.4 “...each Group shall assess each project’s contribution to the implementation of the same priority corridor or area in a transparent and objective manner...”). The political supports will then, based on the rankings, be required as a last step for final PCI inclusions.

2. Is there an investment need that you are aware of that is not described in this list?

There could be some investment needs not described in the TYNDP list. However, this cannot be confirmed as the TYNDP, in its current format, is not sufficient to identify these needs. There is no clear link between the TYNDP and the implementation of the priority corridors established by the TEN-E Regulation (Reg. 347/2013).

One way to improve this, could be to add an additional component to the CBA methodology of the TYNDP 2016. This component would allow to make an assessment on whether the proposed TYNDP projects fulfill the requirements of the priority corridors identified by the TEN-E Regulation. This would be in line with article 11.8 of the Regulation and would bring more transparency to the PCI process, to the benefit of European citizens.

In case the CBA assessment conducted by ENTSSOE shows that there are investment needs not described in the TYNDP list, ENTSO-E could provide additional information or make suggestions on these additional investment needs (ENTSSOE itself or other entity/association might propose such a project in case not already submitted by any promoter or rejected after submission).

Additionally, when analyzing the potential investment needs, it would be preferable that the ENTSO-E Regional Groups are aligned with the EC Regional Groups established for the elaboration of the Project of Common Interest (PCI) list. In FOSG’s opinion, it would make sense that the Member States considered in each group would be the same in both processes not both from a political and technical perspective.

Finally, projects’ synergies could also be identified and promoted, as part of the TYNDP.

3. Do you deem the technical features of the projects, or one project in particular, are sound? (Technology, location, commissioning date, anticipated GTC, costs, etc...)

To some extent, the technical features of the projects are sound. However, there is some room for improvement in this area. The current technical features are mainly structured to be filled in by point to point interconnectors and are not adequate for single coordinated multi-terminal projects. Under the current structure, projects that might include more than two countries cannot be included in one project unless detrimentally split into several investment items. We consider that this aspect should be further analysed and potentially improved in the next version of the TYNDP.

A comment or indicator identifying whether a project is of “pan-European interest” or not (according to the technical criteria of the TEN-E Regulation), would also be welcomed after the CBA assessment of the projects. This would facilitate the PCI 2017 selection process, which is purely based on the results of the CBA performed by ENTSOE.

4. Is there a piece of information about the projects, or one project in particular, that needs to be corrected? In case of specific project/s please mention the name/ number from the TYNDP 2014 if the case

No Reply

5. Is the motivation to reject the projects that did not comply with the EC's guidelines criteria sufficient?

The TYNDP is the first step of a long process to become part of the list of PCIs. The TYNDP prepared by ENTSO-E is therefore the basis for the PCI selection projects. PCIs will benefit from preferential treatment in accordance with the European legislation (TEN-E: EU Regulation 347/2013). Given the importance of the TYNDP as a tool to select projects that will be essential to achieve the EU's long term energy and climate policy goals, the TYNDP selection process must be based on objective and transparent criteria that ensure no discriminatory treatment between project promoters. This implies that the criteria used by ENTSOE to select or reject a project must be known for all potential candidates well in advance of the deadline to submit the documents. This would allow all project promoters to know what are the detailed requirements needed to fulfil the legal and technical criteria to be applied for inclusion (at least six months before application window according to last EC draft legal criteria).

Not compliance with the EC guidelines criteria could have been enough motivation to reject candidate projects if these guidelines (expected by 16 January 2014) would have been in place by the time of submission of the projects to the TYNDP. However this was not the case.

The EC's Guidelines had not been adopted and therefore were not enforceable at the moment when the projects have to be submitted to ENTSO-E. FOSG considers that in the current situation, the draft EC Guidelines do not offer sufficient motivation to reject any of the projects. For those projects where ENTSO-E has till some “doubts” on whether they are eligible or not

to be part of the TYNDP, there is today no legal basis for ENTSO-E to reject them. Since ENTSO-E cannot legally make a selection based on subjective analysis, in case of doubt, it is advisable to include all the candidate projects in the TYNDP. The PCI selection process will do a later and further analysis of all the projects and will be able to select the appropriate ones at a later stage.

FOSG would also like to point out an inconsistency regarding the criteria applied for the selection of the different candidate projects:

- For promoters “A.3” and “B”, being assessed in the previous TYNDP is not included among the options to fulfil the legal criteria to be part of the TYNDP (see point “F” of the Guidelines);
- However, for promoters “A1”, being assessed in the previous TYNDP is an option to fulfil the legal criteria to be part of the TYNDP (see point “d” of the Guidelines)

We find that this discrepancy is not in line with the philosophy of the draft Guidelines: “... *the ENTSO for electricity shall, under the supervision of ACER: Organise for the compilation of its TYNDP in a transparent and **non-discriminatory** process to identify and include all relevant pan-European transmission and storage projects, **indifferent of their promoter status (ENTSO-E or non-ENTSO-E Member)** in the community wide report. (See penultimate paragraph of the objective of the Guidelines). ...*”. We therefore consider that being assessed in the previous TYNDP should also be one of the options to fulfil the legal criteria for “A.3” and “B” promoters.

Furthermore, it is essential to ensure a transparent communication between ENTSO-E and the promoters of candidate projects. In particular, for the preparation of the TYNDP 2016, it would have been appropriate to have identified, described and notified clearly to all the promoters every specific legal and technical criteria issues that make applicants not fulfill the draft EC guidelines during the clarification period that took place in May 2015, described as “*Consistency check of technical and legal details*”, and in any case:

- a) before releasing the public consultation the 24th June 2015 (to avoid projects which were still under assessment to be labelled as “application incomplete” in the consultation); and
- b) before the Network Development Stakeholder Group (acting as ethical committee) meeting by webinar the 11th of June 2015 where the general issues of projects’ application not matching the draft EC guidelines were discussed.

Additionally, “application incomplete” labeled projects are supposed to be assessed via PINT as a precondition to be recommended as part of the final list in order not to affect other projects’ assessment according to the Ethical Committee. This point is not understood, the methodology (TOOT or PINT) to apply in the CBA should not depend on the preliminary compliance with the draft EC guidelines check performed before the consultation period. Furthermore, the CBA has not started yet for any project and therefore, no influence in other projects is expected.

Annex I - Criteria for projects to be included in each of the categories

ACER's opinion on TYNDP 2014 of January 2015 recommends:

- 7.1) that ENTSO-E soon prepares a best estimate scenario and a TOOT reference network for a mid-term study year
- 7.3) ENTSO-E to include three main sets of investments in the future TYNDPs:
 - a) investments already planned with an expected commissioning date in the subsequent five years
 - b) investments already planned with an expected commissioning date in the period 6-10 year ahead, and
 - c) a group of less mature investments, which will include investments under consideration or investments expected to be commissioned beyond ten years or both.

Criteria applied by ENTSO-E in TYNDP 2016 consultation:

- Mid-term projects: for projects to be commissioned by **2022** and acknowledged in the latest national plans or having intergovernmental agreement - assessed by **TOOT method against the expected 2020 network, and against the expected 2030 network.**
- Long-term projects: are projects to be commissioned by **2030** and acknowledged in the latest national plans or having intergovernmental agreement - assessed by **PINT method against the expected 2020 network, and by TOOT method against the expected 2030 network.**
- Future projects: cover all other projects which do not fall under the previous categories - assessed by **PINT method against the expected 2030 network.**

The expected 2020 and 2030 network results in reference cross-border capacity assumptions for network studies (and later on, datasets for grid studies), and mainly cover the present grid and projects covered in national plans and intergovernmental agreements. In other words, **the 2020 expected network covers mid-term projects; the 2030 expected network covers mid-term and long-term projects.** Note that 'future projects' are assessed via PINT (i.e. on top) of the reference grid, and are thus not part of the reference capacities. As such each TOOT assessed project impacts the others; while a PINT assessed project does not directly impact another project's assessment.

Annex II – Maturity interpretations

According to ACER opinion 16/2013 2.4: *In the Agency's view a "sufficiently mature" project is a project which has a sufficient level of i) certainty of the expected costs and benefits and ii) knowledge about the factors affecting expected costs and benefits and their ranges.....For future selection rounds, the Agency deems necessary to define (as far as possible) when a project is to be considered as mature...*

While according to CBA (2.4.4): *All transmission assets that are included in existing mid-term plans will be dealt with in the corresponding case taking into account the forecasted commissioning and decommissioning dates.*

The uncertainty in the commissioning date of some future assets could nevertheless require a conservative approach when building the planning cases, taking into account:

- *State of permitting procedure (permits already obtained and permits that are pending).*
- *Existence of local objection to the construction of the infrastructure.*
- *Manufacturing and construction deadlines.*