

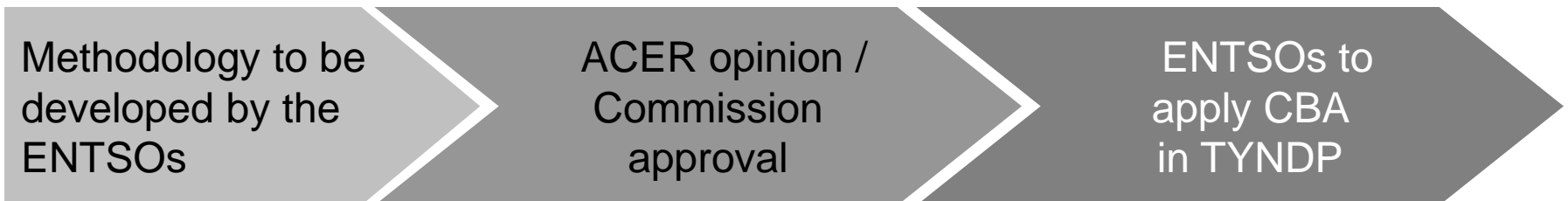
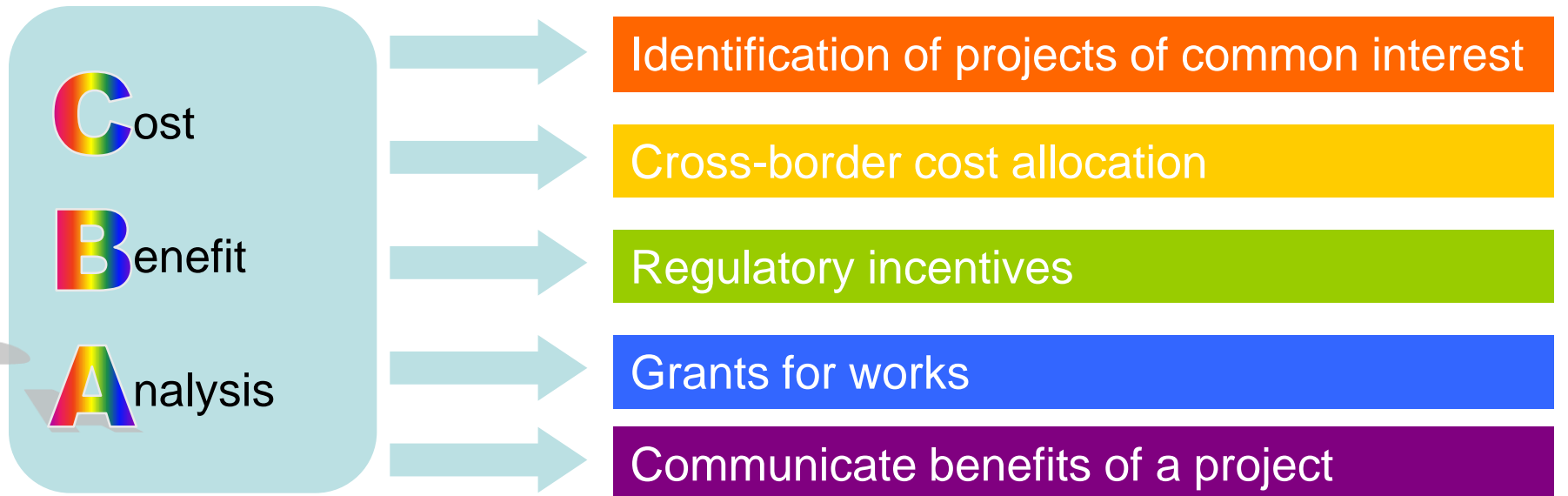


TEN-E regulation - Cost-benefit analysis (CBA) methodology

**Preliminary Commission opinion on the Cost-benefit
analysis methodology for gas**

European Commission
DG Energy
Internal Market I: Networks and Regional initiatives

The role of CBA in TEN-E Guidelines



Harmonised energy system-wide cost-benefit analysis

- **Indicators as referred to in Annex IV**
 - *Market integration, contribution to 10% indicator, impact on GTC, price convergence etc.*
 - *RES transmission, sustainability*
 - *Security of supply*
- **In line with principles in Annex V**
 - *Data and scenarios for +5/10/15/20 years*
 - *Costs (CAPEX, OPEX etc.)*
 - *Identify area for the analysis*
 - *Breakdown of benefits per impacted MS*

The preliminary Commission opinion...

... Acknowledges:

- *The timely publication and submission of the CBA methodologies*
- *Adequate and extensive stakeholder consultations*

...Takes into account

- *improvements made to them since their publication*

... Expects continuous improvement with every TYNDP

... Focuses on making the methodology apt for the next PCI identification exercise and its application in the TYNDP

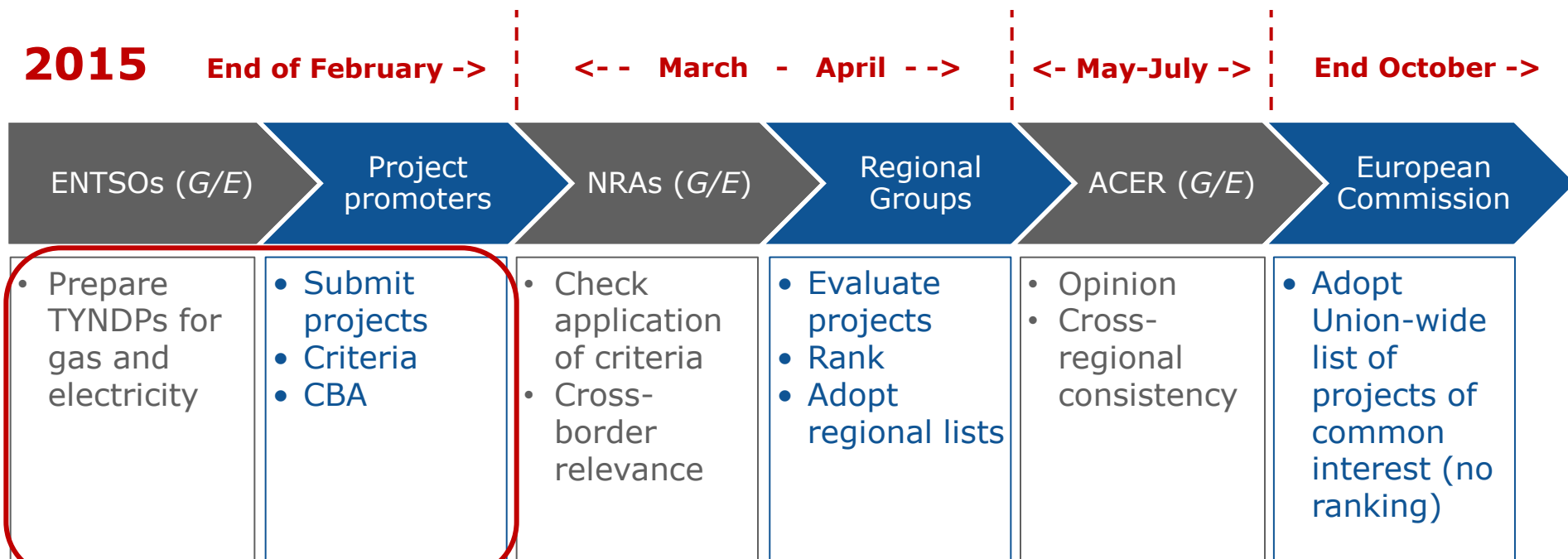
Further adaptations to the gas CBA methodology are required

- Better integrate the Energy system-wide and project specific
 - *Encourages ENTSOG to perform as much of the project specific analysis as possible*
- Better describe how to interpret the outputs of the methodology
 - *Layered approach of outputs (monetization – quantitative indicators – qualitative assessment) is acceptable*
 - *More guidance on project interactions: Complementarity / competition between projects*
- Proposed project definition ("mirror" projects) is acceptable
 - *Recommends ENTSOG to perform a first filter as part of the TYNDP data collection process*

Further adaptations to the gas CBA methodology are required (cont'd)

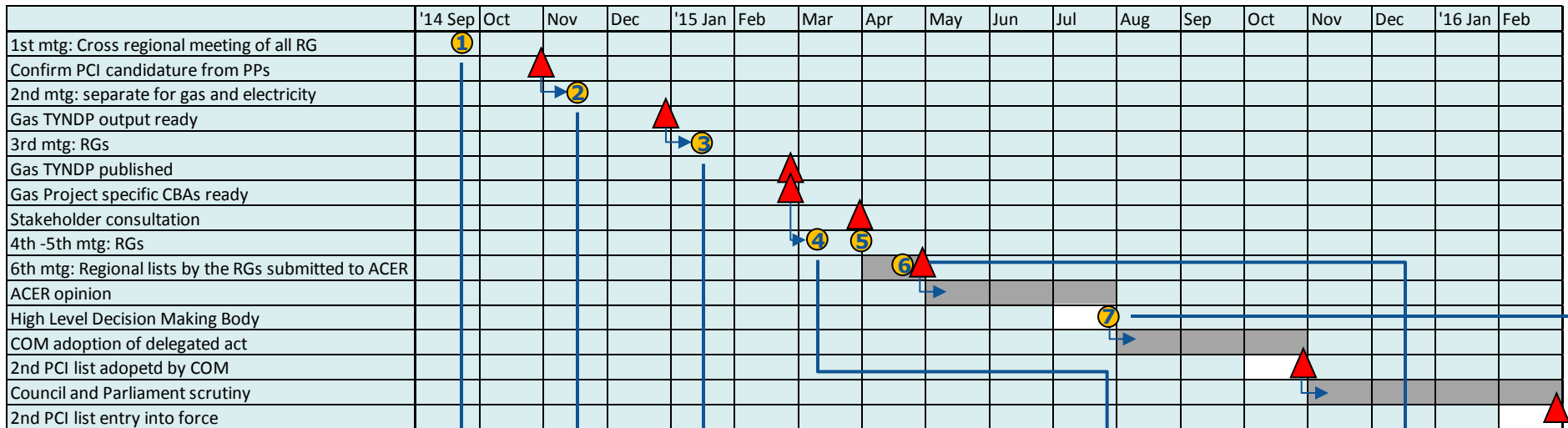
- Allow measuring cross-border impact of internal projects
- Identify region of impact through the use of modelling
- Allow for all benefits to be calculated by Member State
 - *Per project*
 - *No need to calculate by benefitting sectors (consumer, producer, etc)*
 - *Consider 3rd countries carefully (EEA - other)*
 - *Important for cross-border cost allocation*
- Capture environmental aspects
- Further develop indicators under the sustainability criterion

Process to identify projects of common interest



**TYNDP / CBA
process**

2nd round of PCI evaluation: PCI list 2016



1st mtg: (last week of September)
Objective: Launch the 2nd PCI process

2nd mtg:
Objective: PCI candidates and methodology

3rd mtg:
Objective: System wide assessment

4th & 5th mtg:
Objective: Assessment

6th mtg:
Objective: Agree regional lists

7th mtg:
Objective: High Level DMB to approve PCI list

Regional Group meetings

1st mtg

Objective:
Launch the 2nd PCI process

Comments:

- *Last week of Sep*
- *All groups together*
- *Terms of reference*
- *Agree on schedule*
- *Invite NGOs*
- *Could be back-to-back with the Infrastructure Forum*

2nd mtg

Objective: PCI candidates and methodology

Comments:

- *Separately for gas and electricity*
- *Confirm list of PCI candidates*
- *Present and discuss assessment methodology (JRC)*

3rd mtg

Objective: System wide assessment

Comments:

- *Separately for all groups*
- *Present assessment (TYNDP)*
- *Finalize/agree on methodology*
- *Prepare for project specific CBA*
- *RGs to propose clusters (if relevant) for modelling to be sent to ENTSOG*

4th / 5th mtg

Objective: Assessment

Comments:

- *Separately for all groups*
- *Apply methodology*
- *Discuss projects*
- *Rank projects*
- *Invite NGOs for 5th mtg*

6th mtg

Objective: agree regional lists

Comments:

- *Technical level DMB*
- *Can be held together unless discussions are still needed*

7th mtg

High Level DMB to approve PCI list

- *Regional lists may still be updated based on ACER opinion*

The work in the Regional groups starts in September

- Agree on the evaluation approach (by January 2015)
- Project evaluation itself can start after TYNDP is published (gas: end of February)
 - *Check eligibility of submitted projects (significant impact, at least 2 MS)*
 - *Identify clusters and ask ENTSOG for cluster level modelling (March 2015)*
- Inputs for the Regional Groups for the project assessment:
 - *List of PCI applicants (by November 2014)*
 - *CBA results: economic performance indicators, monetized benefits, quantitative indicators and qualitative assessments (by end February 2015)*
 - *Annual implementation report of the current PCIs (? March 2015)*
 - *Stakeholder consultation results*

Thank you for your attention!

2nd round of PCI evaluation: PCI list 2016

	'14 Sep	Oct	Nov	Dec	'15 Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	'16 Jan	Feb	
1st mtg: Cross regional meeting of all RG	①																		
Confirm PCI candidature from PPs			▲																
2nd mtg: separate for gas and electricity			②																
Gas TYNDP output ready				▲															
3rd mtg: RGs				③															
Gas TYNDP published					▲														
Gas Project specific CBAs ready						▲													
Stakeholder consultation							▲												
4th -5th mtg: RGs							④	⑤											
6th mtg: Regional lists by the RGs submitted to ACER								⑥											
ACER opinion																			
High Level Decision Making Body												⑦							
COM adoption of delegated act																			
2nd PCI list adopted by COM																			
Council and Parliament scrutiny																			
2nd PCI list entry into force																			▲

1st mtg: Launch the 2nd PCI process

Comments:

- All groups together
- Could be back-to-back with the Infrastructure Forum
- Invite NGOs
- Last week of Sep

2nd mtg: PCI candidates and methodology

Comments:

- Separately for gas and electricity
- Confirm list of PCI candidates
- Present and discuss assessment methodology (JRC)

3rd mtg: System wide assessment

Comments:

- Separately for all groups
- Present assessment
- Finalize/agree on methodology
- Prepare for project specific CBA
- RGs to propose clusters (if relevant) for modelling to be sent to ENTSOG

4th & 5th mtg: Assessment

Comments:

- Separately for all groups
- Apply methodology
- Discuss projects
- Rank projects
- Invite NGOs for 5th mtg

6th mtg: agree regional lists

Comments:

- Technical level DMB
- Can be held together unless discussions are still needed

- ## 7th mtg: High Level DMB to approve PCI list
- Regional lists may still be updated based on ACER opinion