Addressing the Barriers to New Network Infrastructures

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How do we decide on electricity transmission investments in Europe?

Planning

EU scenarios (SOAF) → TYNDP → Regional investment plans

National scenarios

Regional investment plans

National development plans

Investment

Making plans happen

PCI list → REG. 347 Permitting, CBCA, incentives, financing

Cost benefit analysis

Cost benefit analysis → TYNDP

Regulatory input in PCI-list

Regulatory input in PCI-list → PCI list

Done by ENTSO-E, Agency’s opinion

Done by EC/MS. Agency’s opinion

Done by NRAs via Reg. groups

Different decision makers for each task

Done by TSO, NRA’s opinion or approval

Clarification for colour scheme
EU Transmission infrastructures needs

TYNDP 2014:

- 127 clusters of investments for main bottlenecks
- 370 investments (108 of which are under consideration or beyond 2024)
- 104-144 billions € (mid-term mature projects: 35-42 billions €)
- mitigating prices from 2 to 5 €/MWh (in Vision 1 - 4)

Source: ENTSO-TYNDP and ACER calculations
How to make this happen?

• More expedient **permit granting** procedures
  • Priority status, including for EIA procedures
  • Competent authority to manage permitting
  • Time limits for procedures (3.5 years max)
  • Enhanced transparency and public participation

• More robust and coordinated methodologies and tools (Cost-benefit analysis, Scenarios, TYNDP and PCI selection process)

• Regulatory and other support measures
  • Incentives
  • Financial support (Tariffs)
  • **Cross-border cost allocation**
ACER opinion No. 16/2014:
Almost one third of the investment components encounter delays! More than 75% of the delays are due to permitting issues!

**“Delayed”** corresponds to an investment which is still needed at the expected date, but cannot be delivered on time due to various external factors

**“Rescheduled”** corresponds to an investment which is voluntarily postponed by a TSO due to changes of its external driver
ACER’s recommendation on CBCA

ACER recommendation No. 07/2013:

To enable investments which faces the “problem” of uneven distribution of costs and benefits across countries

To provide Project Promoters with a framework for the submission of CBCA requests

To facilitate the NRAs’ coordination and decision-making process
WHEN? Compensations are provided if at least one country hosting the project is deemed to have a negative net benefit.

TO WHOM? To all countries hosting the project and exhibiting a negative net benefit.

HOW MUCH? Compensate negative net benefit in the relevant countries as much as possible.

Unless the relevant NRAs agree otherwise.
Only countries with a "significant" positive net benefit

“significance threshold” equal to 10 % of the sum of positive net benefits accruing to all net benefiting countries

A lower significance threshold may be considered, in particular
  » if the net benefits above the threshold are not sufficient to cover the compensation required or
  » if the amount of compensation places an unreasonable burden to a contributing country

Allocation rule (for contributors): proportionately to the level of net benefits of each country exceeding the significance threshold
CBCA might be a powerful tool to harmonise national regulatory frameworks.

However, given the existing framework (the methodological development and the practical implementation of CBA are still at an early stage), CBCA shall remain the exception (importance of the negative net benefit principle).

One important lesson learnt from the 1st PCI round: CEF may give NRAs and PPs perverse incentives to rely too much on EU grants - EU grants shall remain the last resort measure once all the existing tools have been explored.

An updated ACER Recommendation on CBCA is expected for summer 2015 (10%, timing, form and level of the compensation, uncertainty handling, affordability of tariffs increase).
Thank you for your attention!

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