

# Eurelectric feedback on the EC's proposal for the revision of the TEN –E Regulation

---

A Eurelectric paper

March 2021

Eurelectric represents the interests of the electricity industry in Europe. Our work covers all major issues affecting our sector. Our members represent the electricity industry in over 30 European countries.

We cover the entire industry from electricity generation and markets to distribution networks and customer issues. We also have affiliates active on several other continents and business associates from a wide variety of sectors with a direct interest in the electricity industry.

### We stand for

The vision of the European power sector is to enable and sustain:

- A vibrant competitive European economy, reliably powered by clean, carbon-neutral energy
- A smart, energy efficient and truly sustainable society for all citizens of Europe

We are committed to lead a cost-effective energy transition by:

**investing** in clean power generation and transition-enabling solutions, to reduce emissions and actively pursue efforts to become carbon-neutral well before mid-century, taking into account different starting points and commercial availability of key transition technologies;

**transforming** the energy system to make it more responsive, resilient and efficient. This includes increased use of renewable energy, digitalisation, demand side response and reinforcement of grids so they can function as platforms and enablers for customers, cities and communities;

**accelerating** the energy transition in other economic sectors by offering competitive electricity as a transformation tool for transport, heating and industry;

**embedding** sustainability in all parts of our value chain and take measures to support the transformation of existing assets towards a zero carbon society;

**innovating** to discover the cutting-edge business models and develop the breakthrough technologies that are indispensable to allow our industry to lead this transition.

Dépôt légal: D/2021/12.105/11

Distribution & Market Facilitation Committee  
Generation & Environment Committee  
Market & Investment Committee  
Electrification & Sustainability Committee  
Ad hoc Task Force on TEN E Regulation

Contact:  
Louise Rullaud, Advisor Distribution & Market Facilitation,  
Infrastructure & Flexibility Lead – [lrullaud@eurelectric.org](mailto:lrullaud@eurelectric.org)

# Eurelectric feedback to the EC's proposal on the revision of TEN-E Regulation

A Eurelectric paper

March 2021

## KEY MESSAGES

- Eurelectric welcomes the revision of the Trans-European Networks for Energy (TEN-E) regulation to future-proof Trans-European energy infrastructure and deliver on climate ambitions. Therefore, the TEN-E Regulation (including infrastructure planning) should be consistent with the Green Deal objectives, especially regarding the Energy Efficiency First Principle.
- Overall, the proposal's direction is correct. It aims to align regulation with the infrastructure investment needs of the long-term climate strategy, and shift its weight from fossil infrastructures to electricity. We welcome the series of new provisions aimed at simplifying and fast tracking the permit granting process, notably by adapting the requirements to the project.
- The proposal broadens the categories of eligible assets. However, there is room for improvement on the eligibility criteria: the cross-border criterion should be simplified to remove current hindrance for specific types of projects, like smart electricity grids. Moreover, while we welcome the mandatory "sustainability" criterion for all categories of projects eligible to PCI status, we believe that the environmental benefits should be assessed based on projects' RES integration or CO2 reductions.
- The proposal fails to effectively support projects at distribution level. Eurelectric's study, *Connecting the Dots*, shows that DSOs will need €375-425 billion of investments by 2030, a 50-70% increase relative to the last decade, largely driven by the ongoing energy transition. Thus, it is crucial that decentralised projects can apply for PCI status where they offer replicability across the EU or synergies for Member States. It will include most of the smart electricity grids projects, which are mostly at low voltage level, and managed by the DSOs. Moreover, those projects should also be able to benefit from the incentives framework, as laid down in Article 16 and 17.
- The TEN-E Regulation and its new hydrogen infrastructure category should also be aligned with the objectives of the Energy System Integration and EU Hydrogen Strategies. We must prioritise support for the decarbonisation of existing hydrogen infrastructure in a targeted and cost-effective manner, using the sound cost-benefit analysis of national regulators. Therefore the TEN-E Revision should ensure a cost-effective and future-proof approach to hydrogen infrastructure development. We believe that additional criteria can be added to select hydrogen projects based on their capacity to decarbonise the hard to abate sectors and provide additional flexibility options to the overall system.

- With regards to European network planning (scenario building, CBA), Eurelectric suggests explicitly mentioning in the Regulation that the European Commission shall ensure the consistency of the TYNDP scenarios with the 2050 climate neutrality objectives. Regarding the involvement of DSOs in network planning: since integrating systems are not limited to the TSO level, there needs to be a greater role for DSOs in the TYNDP process. DSOs, via the future EU DSO Entity, should be closely involved in the development of the TYNDP scenarios and in the selection of PCIs, starting with the scenario building exercise.
- We welcome the proposal for a coordinated approach to the long-term deployment and integration of offshore renewables between two or more member states. However, we regret that the draft TEN-E Regulation does not include the development of electricity transmission infrastructure from offshore wind farms connected radially as potential PCIs and demonstrating a cross-border impact.
- We welcome the new category “Project of Mutual Interest” (PMI), which ensures the continuous compatibility of third country cross border projects with European environmental and climate standards. However, we suggest relaxing the current eligibility criteria, until the PMI respects the decarbonisation objectives of the Union and those of the third countries involved.

## Overall comment

Eurelectric welcomes the revision of the TEN-E Regulation which is a first step in future-proofing transeuropean energy infrastructure and delivering on the climate ambition. In this respect, the TEN-E Regulation (including infrastructure planning) should be consistent with the Green Deal objectives, especially with the energy efficiency first principle (i.e. scenarios, identification of infrastructure gaps, which ensures that the most efficient solutions for the identified system needs are actually selected).

In this respect, Eurelectric believes that the proposal shall be improved as follows:

### Energy infrastructure categories (Articles 1, 4 and Annexes II/IV)

As a general remark, the « energy infrastructure categories » cannot be a shortcut for competitive services missing economic signals. It is key to avoid past mistakes with emerging energy vectors.

#### ○ Fossil fuels energy infrastructure categories (Article 1)

Eurelectric welcomes the reorientation of the TEN-E Regulation for the promotion of infrastructures that contribute to a sustainable and cost-effective decarbonisation path for Europe. The removal of the energy infrastructure categories relying on fossil fuels only (including oil and natural gas) is a positive step. Indeed, it is acknowledging the substantial improvements over the past years in the connection and supply resilience of the oil and natural gas network.

Moving forward, Eurelectric believes that it is now time for a revised TEN-E Regulation to give priority to the integration of renewable energy and system flexibility projects while fostering cross-border exchanges. Under the energy efficiency first principle, the TEN-E Regulation should consider to limit non-electricity based solutions to situations where it proves to be cost-effective and helpful for the decarbonisation path. Any allocation of funding for the repurposing of existing fossil fuel infrastructures should be based on cost-efficiency and avoid stranded assets. To do so, a case-by-case approach should be applied, respecting a thorough Cost Benefit Analysis (CBA).

#### ○ Cross-border criterion (Article 4)

The cross-border criterion should be simplified: the current definition appears as a hindrance to specific types of projects such as smart electricity grids. In 2017, only 6 smart grid projects were identified at the 4<sup>th</sup> PCI list out of 170. The current cross border criteria are not future proof with the wider decentralization and digitalization going on, and the decarbonisation objective.

New market conditions, energy sector decentralization and rapid increase of distributed energy sources (DERs) encourage local projects which can have positive effects on the wider system. Bottlenecks due to local congestion, consequences from natural disasters are increasing as systems and networks, even local, are becoming more interconnected across the EU. Demand side response (DSR) and other DERs appliances can have a cross-border impact (e.g. substitute for cross-border transport), although it must be enabled by a smart distribution grid, with suitable cross-border opportunities of data exchange.

Eurelectric believes that cross-border criteria are still relevant, but needs to be adapted. The European added value for smart electricity grid projects could be assessed based on:

- The participation of at least **two** Member States without necessarily involving a physical common border. Cross-border cooperation may be fulfilled through strong cooperation on replicability, scalability and/or standardisation cooperation. Indeed, the potential for replicability on the expected synergies rather than the strict criterion of geographic scope,

makes more sense when it comes to DSO, digital or DSR and other significant smart electricity grid projects.

- The participation of DSOs from at least two member States, without the mandatory “closely association” support from TSOs from at least two member States. Eurelectric believes that the involvement of several Member States through DSOs only is sufficient to ensure the “significant cross-border impact” and the interoperability.
- **Sustainability criterion (Article 4)**

While we welcome that “Sustainability” is now a mandatory criterion for the allocation of all the PCI project label and to access related EU financial assistance for works and studies, we believe that the environmental benefits of any category of projects should be assessed by the RES integration or CO2 reduction. CO2 emissions threshold or CO2 emissions savings should be defined along a carbon-neutral scenario (not a business as usual scenario) under which projects should be eligible.

Considering the long life time, the potentiality for a project of becoming a stranded asset should be carefully assessed as the system progresses towards carbon neutrality. Furthermore, the Energy Efficiency First principle should also be embedded in the sustainability criterion. This would indeed be consistent with recital (21): *“It is important to ensure that only infrastructure projects for which no reasonable alternative solutions exist may receive the status of project of common interest. For that purpose, the infrastructure gaps identification will follow the energy efficiency first principle and consider with priority all relevant non-infrastructure related solutions to address the identified gaps”*. In this sense :

- Electricity transmission and storage projects: not only integration of renewable and low-carbon energy sources into the grid and the transmission of renewable generation to major consumption centres and storages sites but also the electrification of the economy for the sake of efficiency.
- Smart electricity grids, projects: not only the integration of renewable energy into the grid but also the electrification of the economy for the sake of energy efficiency.
- H2 projects: these projects are applied to contribute significantly to smart sustainability by reducing greenhouse gas emissions in end-use applications such hard to abate sectors where more energy efficient solutions are not feasible, by enhancing the deployment of renewable hydrogen, and supporting variable renewable power generation by offering flexibility and/or storage solutions.
- Smart gas grid projects: enabling and facilitating the integration of renewable and sustainable low-carbon gases, such as biomethane, into the gas distribution and transmission networks in order to reduce greenhouse gas emissions in sectors where more energy efficient solutions are not feasible. [A definition of «low carbon» is required].

- **Electricity category**
  - **Electricity storage projects**

The current criteria require that a project provide at least 225 MW installed capacity which constitutes very high entry barrier. An enlargement of the eligibility condition to support storage project with local character and allowing the aggregation of resource should be considered taking into consideration the indirect benefit that these storage systems give to the European network balancing which could represent a cross-border impact.

The eligibility criteria should be lowered to support storage project connected to the high and medium voltages grid. Even with the proposed level of voltages, storage systems can contribute to the European balancing network and bring a cross-border impact. More generally, all kinds of low carbon facilities including all types of hydropower storage should be eligible for PCI status.

Eurelectric recalls that pursuant Recital (62) of Directive (EU) 2019/944 on common rules for internal market for electricity, as a general principle, storage facilities should not be owned, developed, managed or operated by operators, but rather provide market-based and competitive services.

- **Electricity transmission projects**

Eurelectric believes that the selection criteria for electricity could be improved. For instance, the current requirement regarding capacity calculation is not relevant when it comes to offshore projects.

It is paramount to amend the specific evaluation criteria for the inclusion of lower voltage lines up to 150 kV in the PCI list and to apply the same criteria to the projects that are and/or will be included in the TYNDP and in any other following list. The reduction from a 150 kV to a 110 kV voltage level could be useful to the reduction of congestions, increase in exchanges through additional transport capacity, market integration and support the development of private investments in the power transmission sector

Furthermore, a criterion of DER integration area should be also assessed.

- **Smart Electricity Grids projects**

The impact assesment led by the EC fully acknowledges the need to adress investment at distribution level to upgrade the grid<sup>1</sup>. In its recent landmark study, Eurelectric found out that European distribution grids will need investments of €375-425 billion until 2030 which means to ramp up grid investments by 50-70% in the 2020s compared to the previous decade. A significant part of the investment needs is driven by the ongoing energy transition: expansions and replacements related to integration of variable renewables such as solar and wind, 70% of which will be connected at distribution level, as well as to the progressive electrification of industry, transport, buildings and deploying energy storage facilities.

Therefore, it is crucial that decentralised projects can apply for PCI status where they offer replicability accross the EU or synergies for more than one Member State. It will allow most of the smart electricity grids projects to be included as they happen mostly at low voltage level which is managed by the DSOs. It encompasses projects related to the electrification of heat and transport as well as the increasing connections of new customers categories such as prosumers, but also EVs and small scale storage.

In this respect, Eurelectric urges to consider:

- Enlarging the eligibility mainly, but not limited, to high and medium voltage levels networks i.e. projects implemented below medium voltage level should also be eligible.
- Removing the mandatory participation of TSOs which was one of the main blocking barrier.
- Including, in addition to the the renewable and low-carbon energy sources integration criterion, a further criterion such as ratio related to penetration of EV or heat pump

---

<sup>1</sup>EC impact assesment (p.11) « An annual average investment of EUR 50.5 billion are needed in the electricity transmission and distribution grids, to achieve the 2030 targets alone. This compares to an annual average investment of EUR 24 billion in the period 2011-2020. This means that the grid investment should double from the previous decade.

penetration, that are the actual relevant challenges for distribution grids to contribute in energy transition targets.

- Harmonising the framework between smart electricity grids projects and smart gas grid projects while ensuring the electrification - as first principle. Smart gas grid projects seem to be privileged regarding the application of criteria. In the proposed revised Regulation, Eurelectric notices that smart electricity grid projects need to comply with 3 criteria out of 4 (instead of 6 out of 6 in the 2013 Regulation). Nevertheless, smart gas grid projects only have to comply with 2 criteria out of 4 (linked to the next subsection). In the same way, smart electricity grid projects need to comply with thresholds in terms of users, consumption area and share of variable renewable sources that are not required for smart gas grid projects.

- **Smart gas grid category**

The new concept of “smart gas grid” should promote infrastructures supporting the transformation of the gas system for its new dual role. On the one hand, decarbonised molecules will be used in the hard-to-electrify sectors. On the other hand, gas can provide additional flexibility solutions when and where efficient for the energy system.

The main objective of the TEN-E revision should reflect the irreversible decline of fossil fuels (including natural gas) to reach the 2050 objective of carbon neutrality. Therefore strict criteria should be applied to use public funds only for technologies that contribute to this path.

Decarbonising the economy requires further direct electrification and, where this is not possible, the use of other energy carriers such as gas. One way to produce renewable and low-carbon gases relies on the the conversion of carbon-free electricity into molecules. Thus, synergies between sectors, technologies and regulatory frameworks should be fostered to ensure a coordinated planning and operation of the energy system.

Therefore the definition of “smart gas grid” category should reflect on:

- the new role and aspect of the gas infrastructure, with energy efficiency at its core. This category needs to facilitate the necessary upgrade on the gas infrastructure to deal with new gas quality requirements (i.e. interoperability, quality management, digitalisation, maintenance and repurposing). As a first and essential step, a proper definition of “low-carbon” and “renewable” gases should be included. Moreover, the gas grids need smart grid technologies in order take renewable gases on a larger scope and contribute to the reduction of greenhouse emissions.  
The linkages with other energy carriers and sectors (for instance low-carbon and renewable gases). On the latter, coherence with the step-wise approach promoted by the EU hydrogen Strategy should be ensured.
- The strengthening of security of supply and flexibility provision to the energy system.

- **Hydrogen category**

Hydrogen will have a role when it is essential. The TEN-E Regulation and its new hydrogen infrastructure category should also be aligned with the objectives of the Energy System Integration and EU hydrogen Strategies.

Therefore, the support to dedicated hydrogen infrastructure should be targeted and cost-effective, on the basis of a sound cost-benefit analysis by the national regulators. Such analysis should take into account the development of electricity grids, clean and renewable electricity supplies, as well as the growth of hydrogen demand. As underlined by the EU Hydrogen Strategy, the hydrogen

market will evolve progressively. This careful approach has been retained by step-wise approach of the Commission's strategy, in order to progressively size the potential of the hydrogen market.

As suggested by the EU Hydrogen Strategy, the first phase should decarbonise the existing hydrogen production. Therefore the TEN-E Revision should ensure a cost-effective and future-proof approach on hydrogen infrastructure development. For instance, smaller power-to-gas installations such as electrolysers can rely on short pipeline connections or by using small sections of the existing gas network in island configuration; thus gas pipelines retrofitting could initially be limited to small sections of the network connecting large hydrogen demand points from off-takers that can use hydrogen produced from electrolysis as an efficient decarbonisation solution.

In addition, Eurelectric believes that additional criteria can be added to select hydrogen projects based on its capacity to decarbonise the hard to abate sectors and to provide additional flexibility option to the overall system.

- **CO2 transport networks category**

Recital (16) states that *"The sustainability of the CO2 networks is addressed by their purpose to transport carbon dioxide"*. However, the sustainability of a CO2 network should not be analysed in isolation, but together with the upstream carbon capture processes justifying the need for that CO2 network. More specifically, if the carbon capture processes are not consistent all along their lifespan with the Green Deal's goals, and the EEF principle, then the associated infrastructures should not be eligible for the TEN-E Regulation.

- **Other missing criteria**

Cybersecurity and resilience should be embedded into the general objectives and declined in selection criteria and towards measurable indicators for each project and infrastructure categories.

Eurelectric welcomes that the project's contribution to energy security of supply has been updated in order to include its susceptibility to cyber security threats. However, Eurelectric is still missing the explicit link with the contribution to climate resilience and to unlock flexibility.

## **Project of Mutual Interest category (PMI)**

The rationale for the TEN-E Regulation is to help building the infrastructure required for the internal market, including the collaboration with members of the Energy Community, neighbouring countries and third countries which are part of the synchronous area of Continental Europe or strategic energy partners. Hence, Eurelectric welcomes that the proposal takes into account the contribution of third countries with the new category "Project of Mutual Interest" in order to ensure the continuous eligibility of electricity cross border projects, all complying with European environmental and climate standards ».

However, Eurelectric urges to consider to relax the current eligibility criteria as laid down in point (2) of Annex IV until it is respecting the above mentioned overarching principle. In the proposal, projects is qualified as "Project of Mutual Interest" if they are able to demonstrate significant net socio-economic benefits for at least two Union Member States and at least one third country. We believe that the significant net socio-economic benefits should be demonstrated with only one Union Member States and at least one third country.

Moreover, the PMI should be able to “contribute significantly to the decarbonisation objectives of the Union and those of the third country and to sustainability, including through the integration of renewable energy into the grid” and not only to the transmission but also distribution of “renewable generation to major consumption centres and storage sites”.

While Eurelectric welcomes that, among the eligibility criteria, the project shall contribute to the EU 2030 and 2050 targets, especially renewable and decarbonisation objectives, third countries can provide competitive balancing capacity, clean energy to Europe and therefore contribute to the EU’s energy and climate objectives for 2030 and 2050 through high renewables penetration.

## Process for PCI/permit granting

At first glance, Eurelectric welcomes the series of new provisions that aim at simplifying and fast tracking the permit granting procedure notably by adapting the requirements to the type of project (less authorizations and approvals depending on the nature and size of the project).

To further improve the procedure, Eurelectric urges to consider the following:

- The process to apply for the PCI status label should be adapted to the size of the project: where investment needs are below a defined threshold, an alternative simplified process could apply in order to facilitate the involvement of all type of entities.
- In practice, the consultation is mostly carried out by the project promoter (most developers of PCI projects have been transmission system operators, despite the fact that PCIs can also involve project promoters other than TSOs) and during the pre-application phase, with the promoter ultimately preparing and submitting a summary report to the competent authority together with the application file. With regard to this, the competent authority should be – by principle- in charge of the consultation or – as a second-best – receive not just the promoter’s summary report, but also the responses to the consultation. The proposal should be reviewed accordingly.
- Where a legal framework is already very demanding in terms of consultation at Member State level, some requirements from the EU Regulation may lead to time-consuming redundancy with no real benefit. It should be foreseen that, in such cases, additional requirements should not apply when they do not create added value for the community.
- The most frequent reasons for delays, such as the duration of permit granting, should be a key focus in the evaluation. If the time schedule will be exceeded, Eurelectric suggests that the European Commission shall be notified immediately by the competent authority, whereas the latter shall duly justify the delay and suggest a new project timetable.
- The reporting to ENTSO-E and to the Commission for all non-network related PCIs should be adjusted to the technology at hand to reduce the bureaucratic burden and increase the informative value of the data.

- **Network planning**

- **Stakeholders ‘ involvement in network planning ‘s process (articles 11 and 12)**

In the proposal, ENTSOs « shall invite the organisations representing all relevant stakeholders, including the Union DSO entity and all relevant hydrogen stakeholders, to participate in the scenarios development process. » Moreover, prior to submitting their respective methodologies, ENTSOs « shall conduct an extensive consultation process involving at least the organisations representing all relevant stakeholders, including the entity of distribution system operators in the

*Union ('EU DSO entity'), all relevant hydrogen stakeholders and, where it is deemed appropriate the national regulatory authorities and other national authorities. »*

While Eurelectric welcomes the explicit stakeholder's involvement in the process, we wonder why the proposal is clearly favoring hydrogen stakeholders compared to other stakeholders. Therefore, Eurelectric recommends to either refer to "*all relevant electricity, gas and hydrogen stakeholders*" either removed any reference to a particular stakeholder.

## **O Energy system wide cost benefit analysis (CBA) (article 11)**

While Eurelectric welcomes the introduction of the mandatory « interlinked model » to be developed jointly by ENTSOs which reflects significant methodological advancements of TSOs at national and European level, the current proposal does not include any reference to the distribution infrastructure. This is not consistent with the ongoing exercise for the joint ENTSOE/ENTSOG TYNDP 2022 which takes into account the distribution level in the scenarios but also with the conclusions of the [latest 2020 Energy Infrastructure Forum organised by the EC](#) that states the following:

*« [...] all relevant sectors, such as gas, electricity, heating and transport, shall be considered in an integrated perspective in the planning processes of all onshore and offshore, transmission and distribution infrastructure. The Forum agrees that, in order to comply with the Paris Agreement, the development of the European and local grids should include all the relevant interlinkages between sectors at the following planning stages: scenarios, infrastructure gaps identification and projects assessment. »*

The current structure on TYNDPs is still on national plans while there is a clear need for a more top down- approach.

The role of flexibility assets, mainly connected to DSO grids, should be more depicted into the CBA and scenarios. All possible flexible power assets (e.g. hydro storage and pump, batteries, fuel cells, DSR, smart charging) should be considered to meet the electricity demand in these situations. Peak demand and reserve margin/flexible capacity needs should also be made available, taking market-based demand response possibilities and different technical capabilities of generation resources available across Europe fully into account.

For projects with a lifespan not reaching 2050 («transitory»), special attention must be paid on whether they are compatible with the Green Deals goals in the longer-term – e.g., additional cost of removing later the remaining carbon emissions. In fact, a level playing field between «definitive» and «transitory» alternatives should be established ensuring that different timeframes and ambitions do not lead to distorted decisions (e.g., myopia). In this sense, it would be possible to modify the CBA methodology in the sense of incorporating for «transitory» alternatives a costs reflecting the need for additional later measures to abate the remaining carbon emissions.

Last but not least, Eurelectric supports the incorporation of the energy efficiency first principle in the CBA methodology (NB: a definition of this principle should be added, in line with the Governance Regulation). When several solutions are available for a system need identified, the selection criteria should duly consider the impact of each solution on energy efficiency. All types of flexibility resources and technologies should have the possibility to compete for the provision of the identified system needed.

## **O TYNDP scenario building (article 12)**

TYNDP scenarios should take better into account the different starting points and commercial availability of key transition technologies. This overarching principle should be translated/incorporated in the Regulation.

Eurelectric suggests to explicitly mention in the Regulation that the European Commission shall ensure consistency of the TYNDP scenarios with the 2050 and climate neutrality objectives.

Furthermore, the guidelines for the joint scenarios to be proposed by ACER should clearly prescribe that those scenarios shall be built assuming that end-users will adopt the most cost-efficient, technically, economically and environmentally sound energy efficiency measures, and that the most efficient energy production means are developed – i.e., scenarios fully reflecting the energy efficiency first principle.

## **O EU DSO Entity's role in the network planning process (articles 11 and 12)**

With regards to DSOs 'involvement, and since integration of systems is not limited to the TSO level, there is a need for a greater role of DSOs in the TYNDP process. DSOs should be closely involved into the development of the TYNDP scenarios and in the selection of PCIs, starting from the scenario building exercise. DSOs have an overview on the sources connected to their grid (EV, DER, heat pumps) as well as technologies that will provide flexibility to the energy system (batteries, networks digitalisation, Demand Side Response, Power-to-gas and other...) DSOs can provide useful assumptions as regards peak demand and the impact of flexible demand.

## **O Infrastructure Gaps Identification (articles 13)**

Eurelectric welcomes the energy efficiency as principle. The article 13 should mention that the infrastructure gaps identification for smart grids will be done by DSOs themselves, the selection between different options should rely on the relevant network operator's knowledge.

In this respect, In relation to the draft infrastructure gaps reports, prepared by ENTSOs and defined in article 13.2, it should be made public and subject to a consultation in order to make sure all alternative solutions have been indeed duly considered and analysed.

## **Offshore Strategy (articles 14 and 15, annex I)**

Eurelectric welcomes the specific emphasis put on multi sectoral synergy projects such renewable Cross-Border Projects which for instance, aim at maximizing the deployment and integration of offshore renewables connected to two or more countries. The revised TEN-E Regulation should contribute to offshore grid development.

While we welcome the proposal of a coordinated approach to long-term planning of the transmission network for each sea basin with a perspective until 2050 and new priority offshore grid corridors, we regret that the draft TEN-E Regulation does not recognise as potential PCIs the investments related to the development of electricity transmission infrastructure from offshore wind farms connected radially demonstrating a cross-border impact.

We believe that prioritizing only offshore grids for renewable energy having dual functionality of transmission and interconnection as well as traditional electricity interconnectors contradicts the ambitious objectives of the EU Offshore Renewable Energy Strategy since the majority of infrastructure will still base on radial connection. Acknowledging the future key role of offshore electricity in decarbonisation of the EU, it seems justified that incentives should be directed to radial connection infrastructure as well if a cross-border impact can be proven.

Eurelectric calls for consistency regarding the elaboration of development plans for onshore and offshore grids. An assessment of the TYNDP is conducted every two years, while network development plans for each sea basin are required to be updated every three years by ENTSO-E. This lack of uniformity could affect the consistency of the network planning at EU level. Also more empowerment is needed for all stakeholders when developing offshore planning.

As a general remark, the success of the one-stop-shop which applies to PCI projects varies across Member States and also between project structures. In general, the principle contains the potential for more efficient permitting – for PCIs and beyond.

In countries that introduced the one-stop-shop principle even before the introduction of TEN-E and/or beyond PCIs, processes might be better established and learning curves for both project promoters and permitting authorities have led to a smoothening of the processes. Nevertheless, discussions on responsibilities and obligations remain; e.g.: Which authority is responsible for granting permits for assets related to the PCI, but that under national provisions are in the hands of local authorities rather than of the authority representing the one-stop-shop? In this context, and notably with regards “offshore projects” it is also needed to clarify what steps need to be taken regarding PCI obligations, if another permitting entity is involved.

These examples show that it is difficult to establish a sacrosanct one-stop-shop process for all eventualities; in any case, the designated one-stop-shop entity should be prepared to provide rapid guidance/assistance in case questions on the process arise, in order not to waste time for process-related questions in the course of a project.

- **Incentives (articles 16 and 17)**

The main driver for project promoters to grant the PCI status is the possibility to also receive financial support from the Connecting Europe Facility (CEF).

However, in many Member States, regulated businesses are rather disincentivized to obtain PCI status and receive a grant from CEF. The financial disincentives is the main reason explaining why today only 6 projects related to smart electricity grids have been eligible to PCI status.

EU projects drives OPEX in the form of e.g. system operations and maintenance while the assets themselves can't be any basis for revenues. In most Member States, OPEX also is under efficiency requirements, which leads projects to create a negative financial impact.

Projects related to the Smart Grid category should also be able to benefit from incentives in Article 16 and 17. Furthermore, the incentives need to be adapted to fit DSOs. Currently DSOs and smart grid projects are not referred to in either article 16 or 17, we would therefore recommend the institutions to not treat these projects any different.

It must be assured that:

- DSOs aren't disincentivised by raising OPEX and punished with efficiency requirements for their PCI projects.
- DSOs can benefit from future regulatory depreciation allowance for any CAPEX related to maintenance, repair or replacement of project-related assets.

Furthermore, financial incentives don't necessarily have to be connected to grants. Projects making it to the PCI list could benefit from a "smartness bonus". Since there already is a well-functioning PCI selection process on the EU level, this could also foster other kinds of mechanisms rather than just the quite limited CEF-budget in relation to the huge investment need in grid infrastructure. A connection could also be made to e.g. the Horizon Europe program, where innovative solutions to support the energy transition are created. This would not only benefit the PCI-projects themselves, but also innovative solutions such as flexibility platforms to become more than just another flexibility platform that dies when the project is over.

## Other comments

- **Regional Group**

The role of Regional Groups should be strengthened:

- Transparency on the role, composition, list of projects proposed (including the corresponding analyses) and decision taking of the regional groups should be increased.
- DSO associations and the EU DSO entity should automatically be represented at each relevant groups without depending on the will of TSOs.
- Third countries involved in PMIs should be possible

- **Transitional provisions (new article 24)**

To assure a stable framework and to avoid delay that could arise from the change in legislation, the previous exemption granted to PCI projects, that already have submitted an application file before 16 November 2013, to comply with requirements from provisions of Chapter III of regulation Regulation (EU) No 347/2013 and from the new TEN-E regulation currently under discussion should be extended.

Eurelectric pursues in all its activities the application of the following sustainable development values:

Economic Development

Growth, added-value, efficiency

Environmental Leadership

■ Commitment, innovation, pro-activeness

Social Responsibility

■ Transparency, ethics, accountability



eurelectric

Union of the Electricity Industry - Eurelectric aisbl  
Boulevard de l'Impératrice, 66 – bte 2 - 1000 Brussels, Belgium  
Tel: + 32 2 515 10 00 - VAT: BE 0462 679 112 • [www.eurelectric.org](http://www.eurelectric.org)  
EU Transparency Register number: [4271427696-87](https://ec.europa.eu/transparency/regexp1/index.cfm?do=entity.entityDetail&entityId=4271427696-87)