



# Projects of Common Interest 2018 - 2019

## Meeting of TEN-E GAS Regional Groups

7-8 May 2019

DG ENER, Networks & Regional Initiatives

07 May 2019: <https://webcast.ec.europa.eu/pci-gas-regional-group-07-05-19>

08 May 2019: <https://webcast.ec.europa.eu/pci-gas-regional-group-08-05-19>

# Agenda - 7 May



1. Welcome and general introduction
2. PCI assessment methodology presentation – for discussion
3. Outcomes of the consultations: NRAs consultation

Lunch break

4. BEMIP RG– 360° scrutiny of the candidate PCIs
5. NSI West Gas RG -- 360° scrutiny of the candidate PCIs



# PCI assessment methodology [for discussion]

# Principles

## Framing the PCI assessment process

# General Principles



PCI candidates that are commissioned by the end of 2019, or that do not fulfil the relevant criteria and requirements as set out in this Regulation are not to be on the next Union list.

Each individual proposal for a project of common interest requires, in order to be on the Union list, the approval of the Member States, on whose territory the project is built.

# Methodology - Principles



All the PCI candidates [including existing PCIs] will be subject to the same selection process for the establishment of regional lists and for the establishment of the Union list of PCIs.

The prioritization of candidate PCIs will be done using a multi-criteria approach.

The PCI assessment exercise will be based on benefits related to the 2030 "Distributed Generation " scenario which is used in the TYNDP 2018.

# Monitoring - Principles



All **candidates holding PCI label** that did not indicate any progress in their implementation since their inclusion in the latest PCI list, will not be recommended for inclusion in the fourth PCI list unless duly justified.

All **candidates holding PCI label** that are delayed will be asked to duly justify their delay.

The lack of proper justification may have a negative impact on the assessment of the candidate PCI, by the relevant TEN-E Regional Group/s.

All **candidate PCIs** that delivered incoherent information in the PCI process [especially commissioning date, current status and the afferent costs] have to duly justify the detected discrepancies.

The lack of proper justification may have a negative impact on the assessment of the candidate PCI, by the relevant TEN-E Regional Group/s.

# Criteria to be checked for each of the submitted candidate PCI





## Transmission infrastructure

- transmission pipelines for the transport of natural gas and bio gas that form part of a network which mainly contains high-pressure pipelines, excluding high-pressure pipelines used for upstream or local distribution of natural gas;
- any equipment or installation essential for the system to operate safely, securely and efficiently or to enable bi-directional capacity, including compressor stations;
- for gas transmission, the project concerns investment in reverse flow capacities or changes the capability to transmit gas across the borders of the Member States concerned by at least 10 % compared to the situation prior to the commissioning of the project;



## Gas storage and LNG

- underground storage facilities connected to the above-mentioned high-pressure gas pipelines;
- reception, storage and regasification or decompression facilities for liquefied natural gas (LNG) or compressed natural gas (CNG);
- for gas storage or liquefied/compressed natural gas, the project aims at supplying directly or indirectly at least two Member States or at fulfilling the infrastructure standard (N-1 rule) at regional level



## Necessary for the EU energy pillars

- The project is **necessary for at least one of the energy infrastructure priority corridors and areas**

## Project benefits outweigh costs

- the **potential overall benefits of the project**, assessed according to the respective specific criteria in paragraph 2, **outweigh its costs**, including in the longer term;

## Impacts EU Member States

- meets **any** of the following:
  - involves at least two Member States by directly crossing the border of two or more Member States;
  - is located on the territory of one Member State and has a significant cross-border impact as set out in Annex IV.1;
  - crosses the border of at least one Member State and a European Economic Area country.



The project contributes significantly to at least one of the following specific criteria for gas projects:

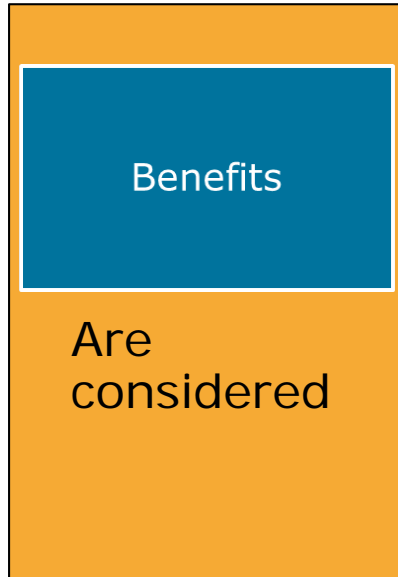
- market integration, inter alia through lifting the isolation of at least one Member State and reducing energy infrastructure bottlenecks; interoperability and system flexibility
- security of supply, inter alia through appropriate connections and diversification of supply sources, supplying counterparts and route
- competition, inter alia through diversification of supply sources, supplying counterparts and routes;
- *Sustainability, inter alia through reducing emissions, supporting intermittent renewable generation and enhancing deployment of renewable gas;*



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# Assessment methodology

# Input data



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only if the project addresses at least one of the infrastructure needs identified within a given region,

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only by considering those Member States that are concerned by the needs, i.e. that do not meet the thresholds agreed by the Regional Groups,

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(at maximum) to an extent that is necessary to address the need, thus until the threshold agreed by the Gas Regional Group is reached,

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by "rewarding" more those PCI candidates which improve a situation of a Member State being in a worse position than other Member States concerned.

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# Assessment objective

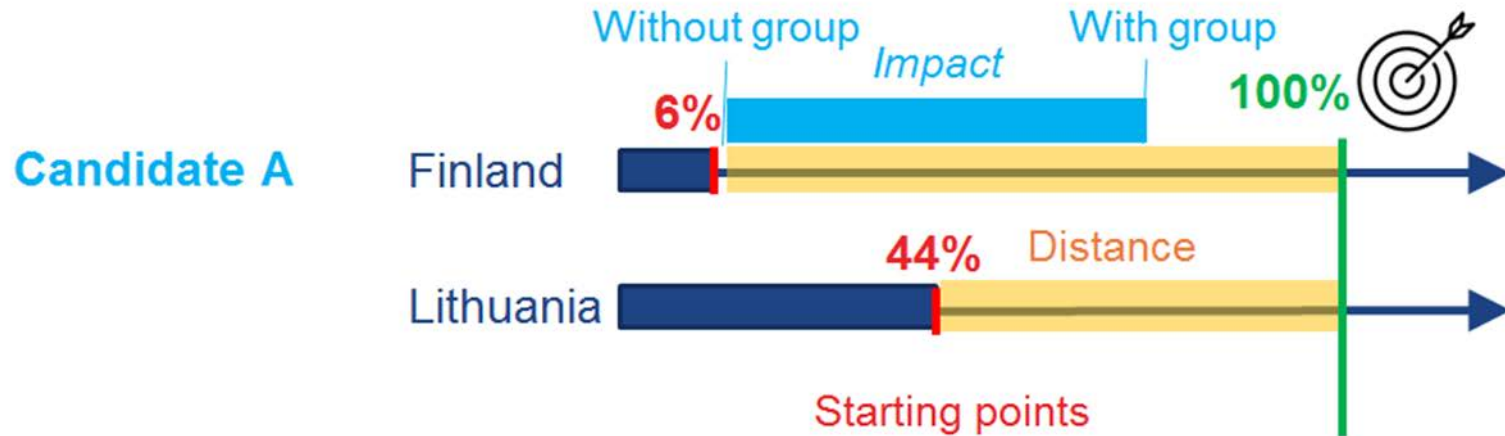


**The objective is to measure the contribution of each PCI candidates to mitigating the Regional needs**

The approach consists in:

1. Measuring the impact of each PCI candidate **with** and **without** the group and therefore computing the **improvement [impact]** of the project
2. Calculating the contribution of each PCI candidates to reaching the agreed thresholds

# Measuring the impact and the distance to the target



The **target**[threshold] has been fixed by Regional Groups (same for all countries)

The "**starting point**" is a value which describes the initial situation of the Member States' concerned that PCI candidates are expected to remedy. (per country)

The "**distance**" is what separate "starting point" from "target" (per country)

The "**impact**" is the value which shows the level of improvement that is being brought by the assessed PCI candidate under a given infrastructure need for a Member State concerned.



# Indicators , thresholds and points



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Security of supply	Curtailed demand	Threshold -> 100%	Score 1-10 (non-linear approach)
	Single largest infrastructure disruption	Threshold -> 0%	Score 1-10 (non-linear approach)
	Access to a new source	No threshold	Direct scoring (0 or 10)
Competition	Supply source dependence	Threshold -> 25%	Score 1-10 (non-linear approach)
	Supply source access	Threshold -> 3	Score 1-10 (discreet approach)
	LNG and Interconnection Capacity Diversification	Threshold -> 5000	Score 1-10 (non-linear approach)
Market integration	Physical isolation	No threshold	Direct scoring (0 or 10)
	Adaptation to high-calorific gas	No threshold	Direct scoring (0 or 10)

# Example – for Supply source access - I



Step 1: calculate the impact with and without the project

Target	3	3	3	3
Value Type	MS 2	MS 4	MS 5	MS 6
A. Starting Point	1	2	2	1
B. Distance	2	1	1	2
C. Without group	1	2	2	1
D. With group	3	3	2	2
E. Impact	2	1	0	1
F. POINTS (0-10)	10.00	4.00	0.00	6.00

Number of supply sources <b>without</b> the project group	Number of supply sources <b>with</b> the project group	Points awarded
0	1	<b>10</b>
1	2	6
2	3	4
3	4	0

The impact [=improvement] is calculated only for the relevant countries [as identified in the needs exercise]

Improving the situation for 1 to 2 sources will receive higher points than improving the situation from 2 to 3 sources

# Example – for Supply source access - II



Step 2: calculate the distance to the target

Target	3	3	3	3	
Value Type	MS 2	MS 4	MS 5	MS 6	
A. Starting Point	1	2	2	1	
B. Distance	2	1	1	2	
C. Without group	1	2	2	1	
D. With group	3	3	2	2	
E. Impact	2	1	0	1	Total Distance - relevant countries only
F. POINTS (0-10)	10.00	4.00	0.00	6.00	28.00

The further from the target the higher the points allocated to calculate the distance -> non-linear approach.

e.g. being 2 distance away from the target gets more points than being 1 distance away from the target.

The distance is calculated only for the relevant countries [as identified in the needs exercise]

# Example – for Supply source access - III



Step 3: Calculate the final score related to this need for the assessed project

Target	3	3	3	3		
Value Type	MS 2	MS 4	MS 5	MS 6		
A. Starting Point	1	2	2	1		
B. Distance	2	1	1	2		
C. Without group	1	2	2	1		
D. With group	3	3	2	2		
E. Impact	2	1	0	1	Total Distance - relevant countries only	Score - relevant countries only
F. POINTS (0-10)	10.00	4.00	0.00	6.00	28.00	7.14

$20/28 * 10 = 7,14$  POINTS

# Aggregated score for each energy pillar



Competition	Supply source dependence	e.g. 5	e.g. Final score for the competition pillar is: $(5+7+0)/3 = 4$
	Supply source access	e.g. 7	
	LNG and Interconnection Capacity Diversification	e.g. 0	

The same approach is applied for the market and security of supply pillar.

# Final score for the project



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Security of supply	Curtailed demand	e.g. 5	e.g. Final score for the SOS pillar is: $(5+7)/2 = 6$
	Single largest infrastructure disruption	e.g. 7	
Competition	Supply source dependence	e.g. 5,5	$(5,5+4,2+8)/3 = 5,9$
	Supply source access	e.g. 4,2	
	LNG and Interconnection Capacity Diversification	e.g. 8	

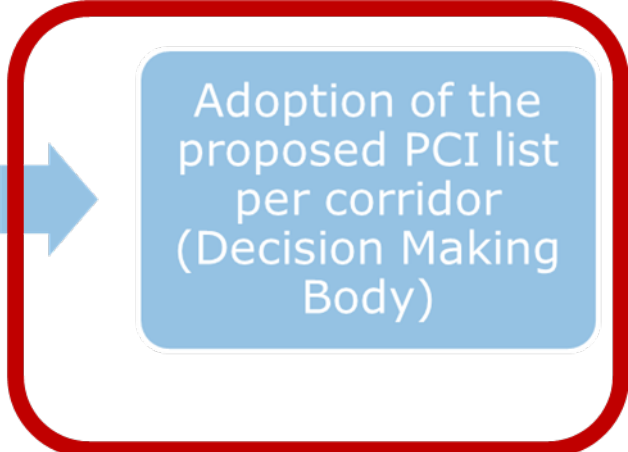
$$(6 + 5,9 + 0) / 3 = 3.97$$

Example for a project that only brings security of supply and competition benefits.

Market integration is zero points for this project [no benefits related to market integration were identified].



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Adoption of the  
proposed PCI list  
per corridor  
(Decision Making  
Body)

Based on the final score of each project the candidate PCIs will be ranked.

**!!!** This ranked list is confidential and will be shared only with the Regional Group members [in line with the TEN-E Regulation ].

The list for each Regional Group will be submitted to the Decision Making Body for approval, ACER will be requested to give its opinion on consistent application of the criteria and the cost-benefit analysis across regions for the draft regional lists.

# Next steps – PCI assessment methodology



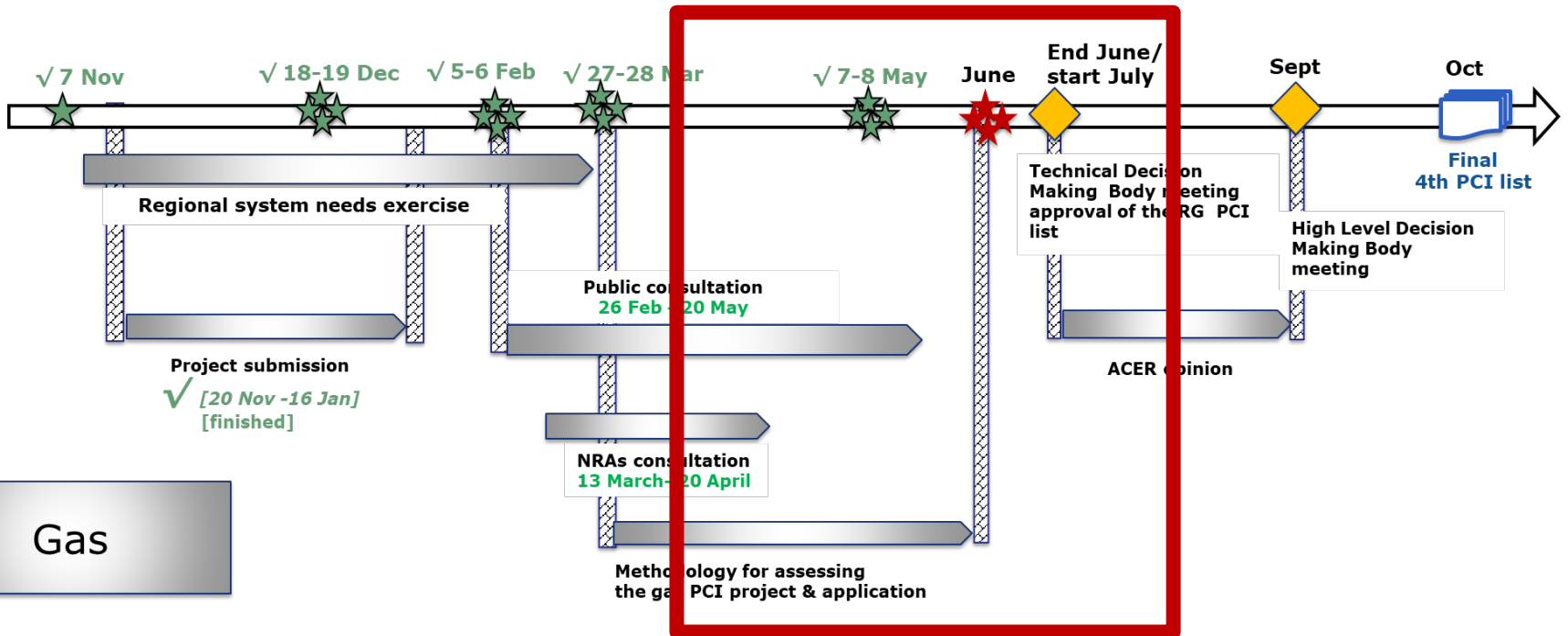
- Mid May - the Commission to send the draft methodology for comment to the Regional Groups
- Mid May – end May – comment period for the Regional group members
- First part of June:
  - application of the PCI assessment methodology. The preliminary ranking will delivered only to the RGs members [in line with the TEN-E Regulation].
  - RGs meetings to validate the methodology and the draft regional lists.



# PCI process - status



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