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Public consultation on the update of ACER's Recommendation on good practices for the treatment of the investment requests, including cross-border cost allocation requests for projects of common interest

Fields marked with * are mandatory.

Overview

Regulation (EU) 347/2013 (https://eur-lex.europa.eu/legal-content/en/ALL/?uri=celex%3A32013R0347) introduced the cross-border cost allocation (hereinafter also 'CBCA') as a regulatory tool aimed at facilitating the implementation of projects of common interest (hereinafter also 'PCI'). Article 12 of Regulation (EU) 347/2013 included specific provisions on CBCA for PCIs. Such provisions also contained rules and legal deadlines for National Regulatory Authorities (hereinafter also 'NRAs') to decide and agree upon cost-sharing, and it placed the Agency as a last-resort decision maker in case of NRAs disagreement.

To facilitate the CBCA processes, the Agency issued its first CBCA Recommendation in 2013. The Agency also started regularly issuing monitoring reports on CBCA decisions. On 18th December 2015 the Agency issued an **updated CBCA Recommendation (https://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Recommendations/ACER%20Recommendation 05-2015.pdf)**, providing guidance to project promoters on the submission of an investment request, as well as to NRAs on the assessment of the investment request and the allocation of costs across Member States. The recommendation also touches upon tariff inclusion of the investment costs and details the reporting requirements of project promoters towards NRAs and Transmission System Operators of the relevant Member States.

Following the revision of Regulation (EU) 347/2013, **Regulation (EU) 2022/869 (https://eur-lex.europa.eu/eli/reg/2022/869/oj)** (hereafter also 'TEN-E Regulation') confirmed the role of NRAs and the Agency in the context of CBCA. Article 16(11) of the TEN-E states that, by 24 June 2023, "*the Agency shall adopt a recommendation for identifying good practices for the treatment of investment requests for projects of common interest. That recommendation shall be regularly updated as necessary, in particular to ensure consistency with the principles on the offshore grids for renewable energy cross-border cost sharing as referred to in Article 15(1). In adopting or amending the recommendation, the Agency shall carry out an extensive consultation process, involving all relevant stakeholders.*"

Why we are consulting

In the light of the revisited TEN-E Regulation provisions, and building on the results of the monitoring reports on CBCA decisions, the Agency has initiated the process of updating the 2015 CBCA Recommendation. As part of this process, the Agency has compiled a list of priority topics for stakeholder

consultation.

Stakeholders are encouraged to offer their experience and opinions on the existing CBCA Recommendation as well as on the topics identified by the Agency and described in this public consultation.

Responses should be submitted **by Friday 31st March 2023, 23:59 hrs (CET)** by filling in this ACER Survey form.

Data Protection and Confidentiality

The Agency will process personal data of the respondents in accordance with **Regulation (EU) 2018/1725 (https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32018R1725)**, taking into account that this processing is necessary for performing the Agency's consultation tasks. More information on data protection is available on the Agency's website.

Following this consultation, the Agency will make public: the number of responses received; organisation names, unless they should be considered as confidential; all non-confidential responses; and the Agency's summary of the evaluation of responses, in which the Agency may link responses to specific respondents or groups of respondents.
You may request that (1) the name of the organisation you are representing and/or (2) information provided in your response is treated as confidential. To this aim, you need to explicitly indicate whether your answer contains confidential information, and provide a valid reason if you want that the name of your organisation remains confidential.

The Agency will not publish personal data.

Respondent's data

* Name and Surname

[redacted]

* Email

[redacted]

* Organisation

Elia Belgium

* Country of your organisation

- Austria
- Belgium
- Bulgaria
- Croatia
- Cyprus

- Czechia
- Denmark
- Estonia
- Finland
- France
- Germany
- Greece
- Hungary
- Ireland
- Italy
- Latvia
- Lithuania
- Luxembourg
- Malta
- Netherlands
- Others
- Poland
- Portugal
- Romania
- Slovak Republic
- Slovenia
- Spain
- Sweden

Please, indicate here your country in case not available from the list above

Confidentiality

* Your response will be published on the Agency's public consultation web page. Please confirm that:

- [x] My response and name of my organisation can be published
- [ ] My response can be published without my organisation's name (You are asked to give a justification below)
- [ ] My response contains confidential information; a redacted version will be published (Please ensure you marked the specific text by preceding and closing it with [CONFIDENTIAL]. In addition, you are asked to give a justification below)

Confirmation

- [x] I accept that ACER processes my data in line with its data protection rules.

Contact informaton

The Agency will accept only feedback provided through this ACER Survey form.

For any other inquiry, please contact Stefano Astorri (Stefano.ASTORRI@acer.europa.eu).

Consultation questions

Question boxes can be extended by dragging the low right corner.
Question boxes do not allow more than 5000 characters.

- Introduction -

* Can you share your previous experiences and role with investment requests, CBCA decisions, and the 2015 Recommendation from the Agency? Also, please, include your overall perspective on these topics.

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Elia has never been consulted for a CBCA consultation with another TSO nor
submitted an investment request. Nonetheless, Elia has endeavored to follow the
developments of this topic in other countries.
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- Scope of the CBCA Recommendation -

While Regulation (EU) 347/2013 introduced CBCA for the project categories of electricity transmission projects and gas transmission, Liquefied Natural Gas (or compressed natural gas) and underground storage projects, the Regulation (EU) 2022/869 opens the CBCA to other project categories such as hydrogen, electricity storages, smart electricity-grids and smart gas-grids.

For some of these project categories there is currently very limited regulatory experience, or their cross-border impacts might not have been significantly explored. The related cost-benefit analysis (CBA) methodologies are still in the making and they are not expected to be adopted by the deadline for the CBCA Recommendation, while the first list under the revised TEN-E Regulation including the new project categories is expected towards the end of 2023. Finally, the European Commission's cost-sharing guidelines for the deployment of the sea-basin integrated offshore network development plans (Article 15 of the TEN-E Regulation) – which shall be considered by the CBCA recommendation for consistency – are due by June 2024.

Thus, with respect to the new project categories subject to CBCA, in the Agency's view, it could be today premature to include project-specific CBCA recommendations. Given the above, the Agency plans a two-step approach for updating its CBCA Recommendation.

A first step, by 24 June 2023, targeting the inclusion of general guidelines which could be applied by project promoters to any project category and (where relevant) more specific guidelines for "traditional projects" (i.e. electricity and gas, to the level the latter category is covered by the TEN-E provisions). Such update is likely to touch upon the elements already identified as priority topics for stakeholder consultation and described in this document.

Then, a second step, by 24 June 2025, building also on the European Commission's cost-sharing guidelines for the deployment of the sea-basin integrated offshore network development plans (due by June 2024), the first PCI Lists, the CBA Methodologies application for the new project categories, the first

experiences concerning CBCA decisions from new project categories, and the first scenarios following the Agency's Scenario Framework Guidelines. This second step could also include other project categories, to the extent these project categories would fall under NRAs competences.

*Do you see any drawback in the proposed 2-step approach?

- Yes
- No

*Please, justify your answer

Elia sees no urgent need for the more precise framework prior to the dates mentioned in the approach and therefore finds the proposed timing acceptable insofar:
1. The basic principles are sufficiently clear and preferably stable in the long term.
2. Offshore hybrid projects are specifically included as a new category, with clear and unambiguous guidelines. In our opinion, sufficient experience with offshore hybrid projects is present to define such guidelines in the first step of the approach proposed above.
Elia would also like to draw attention to the importance of foreseeing a transition period for the entry into force or at least the considering of the new ACER Recommendation for ongoing CBCA processes. Indeed, it would be particularly challenging for project promoters and NRAs that have initiated a CBCA process to adapt it to the new ACER Recommendation during the process. We would suggest such a transition period for at least 8 to 12 months (8 months being minimum delay consisting of the sum of the 6 months delay for the NRAs to take a joint CBCA decision and of the 2 months delay for TSO consultation). The same is true for the EC Recommendation by June 2024 and ACER recommendation by June 2025.

*With regards to the new project categories in the TEN-E (hydrogen, electricity storages, smart electricity-grids and smart gas-grids), do you see relevant changes to the proposed approach and, more in general, to the CBCA Recommendation?

The proposed timeline seems to rather align with other provisions in the TEN-E regulation to provide consistency between single-sector methodologies, which may concern these new project categories.

With relation to hydrogen projects, when evaluating the projects, it is important to ensure an overall reduction in CO2 emissions, considering all sectors. Indeed, producing hydrogen by means of electricity generated by fossil fuels could even increase CO2 emissions compared to classical methods of producing hydrogen, such as SMR for example. Even though currently CO2 emission reduction is not a parameter (or at least only indirectly via the cost of the ETS) when determining the cost allocation, the impact of the specific project should be made clear throughout all the stages of the project definition and realization.

- Scenarios for CBCA decisions -

Article 16(4) of the TEN-E require that each investment request is accompanied by a project-specific cost-benefit analysis ('CBA') considering at least the joint scenarios for network development planning (hereinafter also 'TYNDPs') referred to in Article 12 of the TEN-E Regulation.

Scenarios depict potential paths that energy demand and supply may take in the future. These scenarios are not predictions and, as such, the societal and financial consequences of a project's implementation will always carry a level of uncertainty. Additionally, scenarios may even lead to opposite outcomes when evaluating the project's cost-benefit analysis. From this perspective, it could be considered that the net-negative and net-positive impacts on the countries affected by the CBCA assessment (both hosting and non-hosting countries) should always be demonstrated at least in one reference scenario and/or should be confirmed in multiple scenarios[1].

In the Agency's view, the quality of the scenarios used for project assessment is a critical element for a robust allocation of costs among countries.

The Agency's **Scenario Framework Guidelines (https://www.acer.europa.eu/sites/default/files/documents/Official_documents/Acts_of_the_Agency/Framework_Guidelines/Framework%20Guidelines/FG_For_Joint_TYNDP_Scenarios.pdf)** adopted on 25 January 2023 request to build a set of scenarios which shall include, at least, a most-likely central scenario (based on National Energy and Climate Plans, 'NECPs') and low-economy and high-economy variants (as a stress test on network and project development).

As stated in Article 16(5), in allocating costs across borders, the relevant NRAs shall seek a mutual agreement based on, but not limited to, the project-specific CBAs submitted by project promoters, which will be based on joint TYNDP scenarios, after the first implementation of Article 12 of the TEN-E Regulation. The Agency considers that it is advisable to keep a balanced approach, by including all the variants recommended by the Scenario Framework Guidelines. NRAs shall consider all the relevant TYNDP scenarios and other scenarios for network development planning, allowing a robust analysis of the project of common interest. Within this framework, when allocating costs across borders, NRAs could jointly agree to attribute different weights to the CBA results from the different scenarios, considering the robustness of each scenario.

In the Agency's view, as indicated in Article 16(5) of TEN-E, the focus should always be on the mutual agreement of NRAs on which scenarios to be used. For this reason, the TEN-E Regulation envisages the possibility for both project promoters and NRAs to identify additional scenarios as long as these are consistent with the European Union's 2030 targets and its 2050 climate neutrality objectives and be subject to the same level of consultation and scrutiny as the process provided for in its Article 12. This option could be particularly relevant until TYNDP 2024 scenarios will be available, given the assessment in the Agency's **Opinion 6/2022 (https://www.acer.europa.eu/sites/default/files/documents/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2006-2022%20on%20draft%20TYNDP%202022%20Scenario%20Report.pdf)** on key elements of the draft TYNDP 2022 Scenario Report and the Agency's recommendation to swiftly update at least one scenario. The choice to use additional scenarios should be justified by tangible inputs and their compliance with the 2030 targets and 2050 climate neutrality objectives should be properly demonstrated.

[1]For example, by demonstrating the impacts in 75% of the scenarios chosen for the investment request.

* Please, explain which are, in your opinion, the advantages and disadvantages associated with the use of scenarios in the context of investment requests and CBCA decision-making.

Elia sees the following advantages:
• TYNDP provides common starting point for all
• It are widely consulted scenarios and therefore should merit a broad acceptance
• Multi-scenario approach is necessary to sufficiently account for uncertainties; a balanced consideration of the relevant scenarios seems appropriate to cover this
• Methodology for TYNDP can be applied on sets of projects as well and scenario definition can and should be consistent

Rather than disadvantages, Elia would like to provide the following points for further discussion:
• Consistency of model used (e.g. flow-based vs. NTC) is not treated in this proposal, while it has a significant impact on the outcome
• Currently, there are three scenarios in TYNDP. If they are to be used for cost/benefit allocation, it should be assessed whether more scenarios are needed to achieve the required accuracy. This should be a trade-off between the added value in accuracy and the practical cost of performing the CBA (workload, resources,…).

* Please, explain which are, in your opinion, the elements which would justify the use of additional scenarios compared to the TYNDP ones.

Elia sees the following elements:
• Freedom of involved member states to consider particular scenarios seems appropriate to cover specific concerns
• Given the time between the realization of the TYNDP scenario's and the final investment request, disruptive events might occur with a big influence on results. The war in Ukraine for example resulted in political ambitions which were not included in the TYNDP scenario's at the time, but influenced CBA results significantly.

* Please, provide specific and concrete suggestions on how the Agency's CBCA recommendation can support further guidance on how to deal with scenarios in the CBCA decision process.

The broad consultation on TYNDP scenarios is key to its validity and acceptance. It is therefore also a desirable prerequisite for additional CBCA scenarios. Consistency between TYNDP and CBCA scenarios should be applied as much as possible; though abstractions may be necessary. In that case, they should be sufficiently justified and the deviations clearly documented.

- CBA assessment and CBA methodologies -

While the CBCA responds to the challenge on how to distribute and assign the costs of energy infrastructure projects across beneficiary and cost-bearer countries, the CBA aims to assess, identify and quantify the social benefits stemming from the realisation of these projects.

The TEN-E Regulation states that the investment request shall be accompanied by an up-to-date project-specific CBA consistent with the relevant methodology developed pursuant to Article 11. Also, according to Annex V(7) of TEN-E, the ENTSOs' CBA methodologies should ensure that the countries on which the project has net positive or net negative impact are identified. Both positive impact and negative impact

should be quantified and, to the extent possible, monetised.

The CBA methodologies represent therefore a fundamental tool for CBCA, as a robust and shared methodology can provide a basis for identifying benefits and discuss compensations. In the Agency's view, in order to increase the transparency and foster constructive discussions on the benefits, the project-specific CBAs should quantify all relevant benefits in monetary terms to the extent possible and identify all countries impacted positively or negatively by the project. Not less important, the CBA Methodologies should allow for an integrated energy system assessment.

It should be noted that even if benefits should be monetized, they remain diverse. On the one hand, they are computed with widely diverse approaches which do not have the same level of reliability. On the other hand, some benefits are not as tangible as others. The presence of benefits with different reliability levels is a clear limit to adding benefits.

The rules for computing the national net balances of costs and benefits - currently set in Annex II of the CBCA Recommendation 05/2015 - are an essential element for the cost-benefit analysis (and the CBA methodologies) to be factored in the CBCA decisions. The TEN-E Regulation requires all potential PCIs to meet mandatory sustainability criteria. While it is vital to ensure that the project-specific cost-benefit analyses are properly designed to capture sustainability benefits, attributing these benefits among countries can be a complex task, particularly given the pan-European nature of some of these benefits. It is crucial to determine the scope of the sustainability impacts and to distinguish between types of emissions, whether they have a global impact (such as carbon dioxide or other greenhouse gas emissions) or a primarily localized impact (such as nitrogen dioxide, sulfur dioxide, and particulate matter).

* In case you were involved in CBCAs, please indicate, from your experience, the key issues related to the application of the CBA methodologies in the context of investment requests and CBCA decision-making?

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CBCAs are very dependent on data quality and methodology used (e.g. typically no
flow-based in long-term studies). In addition, it is reliant on many assumptions
which are not firm and could substantially change the outcome. As such, a multi-
scenario approach can provide a more nuanced view which decision makers can
consider. Another challenge is the duality of project-specific CBAs, with higher
precision but more narrow considerations, and more broad (e.g. long-term sea-
basin) study. The timing with regards to the Final Investment Decision is key.
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* Please indicate the key elements that the project-specific CBA should provide in the context of investment requests and CBCA decision-making?

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Elia would suggest the following elements:
•       Results per scenario (at least TYNDP)
•       Reference scenario results
•       Distribution at country level
•       Range of cost/benefit variability across scenarios
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* How should cost uncertainty be addressed in the project-specific CBA and in the CBCA decision-making?

Reference values, i.e. the result of the weighted scenarios ,should be included as a single number, as a reference is needed to fix the costs. Nevertheless, the applied weights for the reference scenario, uncertainty ranges from different scenario results and results for individual scenarios seem relevant complements for decision makers should take into account. In addition, a cost margin around the reference value seems an appropriate basis for discussion. It is important that these values are available in the first phases of the project, as it is often the starting point of discussions and key to achieving an agreement. To cover further uncertainties, it would also be beneficial to offer guidance when the estimated cost range is exceeded.

* Should sustainability benefits be taken into account in the CBCA decision process when allocating costs among the concerned countries?

- ○ Yes
- ○ Depending on benefit category / type of emissions
- ◉ No

* Please, justify your answer and provide concrete suggestions on how the Agency's CBCA Recommendation can deal with the allocation of sustainability benefits in the context of investment requests and CBCA decision-making.

At least not as a primary benefit. So-called "B1" indicators should be the starting point (i.e. SEW gains). Due to underlying fuel costs and ETS pricing, CO2 emission reductions are already taken into account to an extent. An added consideration would be the loss/gain for member states on their statistical RES contributions, but this could be a difficult exercise (what is the counterfactual…).

However, it should be recognized that greenhouse gas emission savings carry more benefits than contained in the B1 indicators. The problem is that this is not a "local", but a "global" gain, and thus not allocatable to a single country (and not even to the EU). The CBCA is therefore hard to make exhaustive. The existence of these "global" benefits presents an argument to reinforce the role of e.g. CEP funding to ensure they are realized.

- The compensation mechanism -

The current CBCA recommendations are based on the view that one of the main barriers for a project to be implemented is the net negative impact in a hosting country.

In the current CBCA recommendations (section 2.6 of CBCA Recommendation 05/2015), the Agency proposes the implementation of a "net loser compensation" mechanism, unless otherwise agreed upon by the NRAs during the decision-making process. This wording highlights the importance and priority of NRAs' agreement in CBCA decision-making. This approach is also deemed practical due to the high level of uncertainty associated with calculating benefits. In addition, agreements that go beyond the compensation of the net negative impact are also possible.

In the past years, there have been suggestions to go beyond the "net loser compensation", by ensuring that each hosting country would reach at least a minimum level of positive-net-benefit.

In its **Monitoring Reports on Cross-Border Cost Allocation Decisions (https://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Publication/2020-09_4th-ACER-CBCA-report.pdf)**, the Agency has noticed that, since 2015:

- All investment requests resulted in an agreement between the concerned NRAs on the allocation of the investments costs without need for the Agency to act as a last resort, with the exception of two CBCA procedures;
- In several instances, the decisions deviated from traditional cost sharing solutions, taking also into account the benefits of the projects.

*The Agency CBCA Recommendation 05-2015 recognises the importance and the priority given to the NRA's agreement in CBCA decision-making, by foreseeing the possibility to diverge from the mechanism suggested in the Recommendation itself. Do you think that the priority to NRAs' agreement should be revisited? Please justify your answer.

Elia supports that priority is given to an agreement between NRAs, as the country's specific context might be very relevant in the allocation of costs, for which NRA's have a deeper insight and understanding. The CBA, while it can provide useful insights, remains a broad, theoretical best forecast of expected costs and benefits. Investment decisions should be able to account for practical considerations as well. In addition, the CBCA may be a long process given the scale. The priority to NRA agreements can ensure that member states can continue to progress rapidly on developing their RES targets. A strict adherence to the CBCA might compromise this. Nevertheless, as more of a dispute resolution step, it remains a good mediation mechanism to ensure RES development moves forward across Europe in general.

*Can you provide your perspective on the specific and concrete advantages and disadvantages associated to the application of a "net loser compensation" mechanism and offer evidence to support this view?

The key disadvantage of this approach is that it further complexifies the negotiations for projects. The lump sum payment as currently foreseen in the ACER 2015 ACER guidelines seems particular unsuited for such context, as this even increases financial risks for TSO's.

*Do you think that the compensation mechanism currently foreseen in the Agency's CBCA Recommendation should be revisited?

- (●) Yes
- ( ) No

*Please, justify your answer

An alternative could be to investigate ways for member states to hedge their benefits beforehand (i.e. built-in hedging instruments into benefit allocation after the investment has been made). This could allocate long-term flows of costs and benefits in a more stable way.

- The Agency's role when dealing with CBCA -

The TEN-E Regulation indicates that where the relevant NRAs have not reached an agreement on the investment request, or upon a joint request from the relevant national regulatory authorities, the decision

shall be taken by the Agency within three months of the date of referral to the Agency. Before taking such a decision, the Agency shall consult the relevant NRAs and the project promoters.

The decision taken by the Agency would be based on the technical analysis of the project(s) and of its societal impacts on the relevant countries and may account for inputs from the project promoters and the relevant NRAs.

As such, the CBCA Recommendation aims not only to establish good practices for investment request handled by NRAs, but also to indicate the practices that the Agency intends in principle to apply when being competent. While the Agency expects this “default” method/approach to be suited for all investment requests, it will deviate from it where it considers such approach as not appropriate for a particular case. For instance, the Agency might choose to only implement the default approach on elements where the relevant NRAs have informed the Agency that they have not reached a consensus.

* What would you deem important to be considered by the Agency when taking a decision on CBCA?

For this question, we refer to the ENTSO-E reply to the consultation

* Should the CBCA Recommendation specify distinct approaches for NRAs and the Agency to implement?

- ○ Yes
- ◉ No

* Please, justify your answer and, in case of Yes, provide concrete elements where the approaches might differ.

Consistency in approach between NRAs and ACER seems desirable to preserve a consistent basis for decision making.

- Cross border cost allocation for offshore grid projects -

As indicated above, the Agency’s intention is to include the analysis of offshore projects in the 2025 update of the CBCA Recommendation. Still, given the expected increased role of offshore grids for renewable energy having the dual functionality of interconnection and of offshore grid connection[2] and considering the conclusion of the **Copenhagen Energy Infrastructure Forum 2022 (https://commission.europa.eu/system/files/2022-08/8th_energy_infrastructure_forum_-_final_conclusions.pdf)** which called for the Agency’s guidance on how to address cost sharing for offshore cross-border infrastructure project investments, the Agency includes some specific questions already in this public consultation.

Benefits from offshore grid projects could involve several countries and lead to misalignments between costs and benefits in each country while, based on the latest CBCA Monitoring Report, the Agency has observed that a limited number of CBCA decision have considered clusters of projects and have allocated costs to more than two countries.

Also, it must be noted that, according to the TEN-E Regulation, only the electricity transmission (interconnection) assets would be under the scope of the CBCA recommendation (i.e. not the offshore production facilities).

[2]According to the EU strategy on offshore renewable energy, adopted in 2020 "*the investment needs for the large-scale deployment of offshore renewable energy technologies by 2050 are estimated to be almost EUR 800 billion, around two thirds to fund the associated grid infrastructure and a third for offshore generation*".

* Can the CBCA Recommendation be improved to boost efficient investments in offshore grids for renewable energy?
  - [ ] Yes, as long as a multi-project/multi-country CBCA is performed.
  - [ ] Yes, by adjustments to the CBCA Recommendation.
  - [x] No / not significantly.
  - [ ] Other options

* Please, justify your answer

It should be understood that the CBCA process involves many steps and different parties with an intrinsic risk of complicating negotiations and delaying the progress in offshore development. As such, CBCA guidelines should remain as pragmatic as possible in order not to complicate the process where it isn't needed. A negotiated voluntary solution between the hosting countries should remain the preferred approach. If the project is not viable for the hosting countries alone, but economically viable from a European perspective, European funds can provide sufficient incentive instead.

* Please, provide specific and concrete suggestions on how the Agency's CBCA recommendation can provide further guidance on how to deal with offshore grids for renewable energy.

Before fixing certain methods/principles in regulation, it is to be investigated how the CBCA approach for offshore projects should be modified in order to cope with fast changing evolutions & extensions, to which energy hubs in particular are subject.

- Others -

In addition to the topics identified above, the Agency would also like to consult on other aspects, even if not a priority.
The CBCA Recommendation 05-2015, in section 2.6, specifies in 10% the threshold to be used to identify countries with significant net positive impact.
The application of such threshold allows to allocate costs only to these countries that will benefit with a sufficient degree of certainty. Its application also allows to keep the CBCA decision manageable by not considering countries with small benefits. Additionally, already today, the CBCA recommendation include the step-wise reduction of the threshold up to 5%, when the application of the 10% threshold would make not possible to cover the compensation required.

* Does the significance threshold and its step-wise reduction need to be revisited? If so, please, provide specific and concrete suggestions on how the significance threshold approach could be changed

The key point with the current threshold design is that it may discriminate based on the size of the Member States, since it concerns an absolute value. To mitigate this, the threshold could be defined as a relative quantity, weighed according to the electricity use of each member state (e.g. GDP for electricity-intensive sectors,…). Secondly, a more quantitative calibration exercise to assess an appropriate threshold seems desirable, so as to understand the impact of the threshold level before fixing it.

Finally, would you like to share anything else with us regarding the Agency's CBCA Recommendation?

One of the biggest issues in relation to the CBCA approach is the current "project based" approach and how to construct a viable CBCA for one project, knowing that the offshore structure and topology might change significantly in the future. In hybrid or meshed systems the context can completely change, which is a stark contrast with previous investment decisions. It risks countries not contributing if they are not sure about the benefits or it may delay further development. As suggested in previous answers, it could be beneficial in that sense to develop some type of hedging solutions for member state agreements. Such solutions do not seem to exist yet, but may be worth exploring.

Secondly, it should be ensured that cost-recovery principles for TSOs across Europe are adequate so as to not discourage or reduce incentives to participate in a CBCA request.

Furthermore, the guidelines should be kept as pragmatic as possible. Too many and too strict guidelines risk introducing delays the progress of offshore projects, which is to be avoided by any means.

Finally, in order to better understand the practical workings of a non-hosting country's involvement in CBCA projects, it would be beneficial to have some fictitious examples to illustrate the application of the principles.

Contact

Contact Form (/eusurvey/runner/contactform/CBCA_Recommendation_Update)