Contribution ID: 2c98fe73-979e-43c0-83c7-ba095851b78f
Date: 31/03/2023 10:00:00

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

Energinet

* 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.

Energinet finds that the CBA/CBCA process has potential to be relevant tools for illustrating the common value of infrastructure projects and – if designed right – secure proportionate cost sharing, enabling cross border investments in energy infrastructure. In reality, however, there are a number of challenges related to the CBCA process as it is designed today, which might hamper rather than foster cross border cooperation on energy infrastructure:

Challenges related to CBCA:
- The CBCA process is often complex involving many parties (TSOs, NRAs, Member states), tight coordination, documentation requirements etc. and great administrative burden for the projects involved. This comes with a risk of slowing rather than fostering investments in transmission infrastructures.
- CBCA decisions are generally seen as a tradeoff between potential project funding (as a necessary step towards applying for CEF funds) and the risks associated with potentially damaging cooperation between TSOs in different member states as a CBCA request often involves asking your European TSO colleagues for money to fund your prioritized project.
- The CBCA is not better than the CBA behind. Making a cost-benefit-analysis dealing with future uncertainty and contrafactual calculation is basically always difficult. As an example, in offshore hybrid grid projects there is often a discussion on which reference to use, as there is not necessarily a clear counterfactual. CBAs for new hydrogen infrastructure projects face the same issue. This could lead to the use of several counterfactual configurations instead of only one main option. Additionally, it is generally difficult to separate the value of each project from the value of other projects. For instance, in the years to come, several offshore wind projects are expected in the countries around the North Sea, where the socioeconomic net benefits in each project to some extend will be affected by other projects in parallel.

Energinet experiences with CBCA decisions:
- On Viking Link (electrical interconnector between Denmark and UK), Energinet decided not to apply for CEF funding during the construction phase as the project is heavily reliant on the sharing of reserves (700 MW) across the Danish/German border with the German TSO – Tennet. As Germany has huge social economic benefits from Viking Link, CBCA was considered a complication in achieving an agreement with Tennet about the sharing of these reserves. Therefore, we decided not to apply for any CEF funding.
- In other instances, Energinet has applied for CEF funding as was the case with Baltic Pipe (an offshore gas pipeline between Denmark and Poland). CBCA was also necessary to split costs for the transit route between Denmark and Poland (Energinet and Gaz System). The compressor station CS Zealand (a major component in the project) could potentially be placed in both Denmark and Poland, however technically a location in Denmark would be most efficient. In the CBCA it was defined how Gaz System should compensate Energinet to balance cost/benefits.
- Energinet has started a CBCA analysis and process for the Triton Link project (hybrid project for a connection between Denmark and Belgium via a Danish Energy Island in the North Sea) in order to make the project applicable for CEF funds (grants for works).

- 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

Yes, there may be drawbacks with postponing the publication of cost-sharing guidelines for new project categories, such as inefficiencies from diverging interpretation as well as delaying investment decisions.

However, the underlying CBA is still under development for a large share of the new project categories such as hydrogen, energy islands and hybrid projects, making it premature to publish recommendations already. Guidelines for new categories should be done carefully without rushing and requiring amendments afterwards.

Hybrid projects that combine transmission and generation assets should have its own specific category, as allocation and sharing of costs and benefits in these projects can be especially complex given the number of possible project participants involved, as well as due to the hybrid nature of these projects. These projects also include a risk of double-counting of benefits, as it may be difficult to decide on which benefits accrue because of transmission assets and which accrue because of generation assets.

* 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?

Nothing to add.

- 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.

A thorough risk-based cost-benefit-analysis should form the basis for the CBCA decision. Without one, cost-allocation between project owners could easily result in over- or under compensation. Technically, when conducting a cost-benefit-analysis one should aim at calculating the expected benefit, i.e. the mean of the investment's socio-economic value across various probability weighted scenarios. The risk of the investment's socio-economic value should also be measured. Both mean and risk cannot be assessed without the use of some sort of scenario.

The advantage of using the TYNDP (and the coming ONDP) scenarios is that they are well recognized and have been through public consultation.

It is useful to update/supplement the TYNDP scenarios with national data from the home countries involved in the project. The national data has often been through the same level of public consultation as the TYNDP scenarios but are often more updated. If project promoters and NRAs are allowed to introduce their own scenarios, it should be secured that the input data and scenario building approach is compliant with the common guidelines used at pan-European level, e.g. in TYNDP.

The disadvantage of using the TYNDP (and ONDP) scenarios is that they are not designed to form the basis for distributing actual costs between countries or project participants. Scenarios are only best guesses and expectations for the future.

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

See the above. The TYNDP scenarios are often outdated when they are ready to be used in market models.

* 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.

Nothing to add.

- 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?

```
Nothing to add.
```

* Please indicate the key elements that the project-specific CBA should provide in the context of investment requests and CBCA decision-making?

```
The CBA should provide a calculation of expected net benefits and their
distribution between Member States, in society (producers, consumers, TSOs), as
well as across sectors (e.g., electricity, hydrogen) to reap the benefits of
energy system integration. Also, some risk analysis should be provided.
```

* How should cost uncertainty be addressed in the project-specific CBA and in the CBCA decision-making?

```
Simulation analysis like Monte Carlo should be used. Differences in risk
profiles could be important. Two promotors involved in a common project with
equal NPV mean for the two promotors but with very different distribution
function for the outcome (different risk) should be compensated differently with
CEF and possibly trigger a CBCA where the low risk part transfers funds to the
high risk part. Risk should be seen as a cost.
```

* 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.

It depends on benefit category or type of emissions.

All socioeconomic factors should be included in the CBA and hence in a CBCA. However, some factors are very difficult to assess and should be evaluated with great care. One thing to consider could be the geographic/local impact of the sustainability benefit.

If CO2 emission credits from one Member State to another is part of the project financing, this (monetization of the carbon externality) should be reflected in the calculation and distribution of net benefits as a part of the CBA. If this is not the case, CO2 emissions should only be included in the total socioeconomic welfare of the project but should not be considered for CBCA purposes.

- 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.

The approach should remain a voluntary negotiated solution between NRAs of the hosting countries with a possibility to diverge from the mechanism suggested in the Recommendation. The NRAs have a deep understanding of country specific needs or context that might be relevant to the allocation of costs.

* 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?

A positive net benefit for the hosting country seems to be a prerequisite for project realization in most cases. In projects that are considered economically viable from a European perspective, but commercially unviable from the perspective of one of the hosting countries, 'compensating the loser' is key to secure project realization for the benefit of the whole.

The ideal that those who benefit from the project compensate those who are disadvantaged by the project is difficult to achieve. Experience has shown that net negative impacts are sensitive to the scenarios and calculation tools used. Different TSOs might forecast different costs and benefits depending on their methodology, reference scenarios etc. which leads to disputes on the outcome of the CBA and CBCA.

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

- (●) Yes
- ( ) No

* Please, justify your answer

Nothing to add.

- 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?

```
Expected net benefits.
Risks related to costs.
Risks related benefits and tangible lesser tangible benefits.
TSOs' proposals
NRAs' proposals
Anticipated regional development in general
An uncertainty range linked to the applied scenario(s).
```

* 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.

```
ACER and NRAs should apply the same approach.
```

- 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.
  - [ ] No / not significantly.

☑ Other options

*Please, justify your answer

Nothing to add.

*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.

As stated in the introduction a CBA can be a useful tool to illustrate the value creation in other countries than the hosting countries. Despite this, there can be discussions and possibly disagreements on the relevant counterfactual. There can also be several 'main' results from the CBA and thereby CBCA results (besides further sensitivities) e.g. in the North Sea there are several parallel hybrid interconnector projects in the pipeline between the future energy hubs, that can influence each other

Thus, the individual CBCA is not necessarily a useful tool to reallocate cost for each project. If a multi-project/multi-country CBCA is performed and results for this is widely accepted, it might prove more useful that the individual CBCA's. But the significant costs that will be needed to build out the offshore transmission infrastructure will require considerable effort for which the availability of European funding will be a precondition. While currently available amounts of CEF funding will be insufficient to satisfy this condition, additional mechanisms should be made available. This could e.g., be via specific Sea Basin Investment Funds to which financing is funneled from Member States (either (landlocked) MS not directly involved in the projects, or both MS directly and not directly involved) benefiting from offshore grid projects (e.g., hybrid projects) in this specific Sea Basin based on the distribution of net benefits as calculated in the Sea Basin CBA.

It should be possible – if the NRAs agree – to make (minor) changes to the publicly consulted dataset. If for instance a hybrid electricity interconnector project combining two energy hubs is analyzed, the counterfactual needs to take into account which connections and offshore wind (if any?) there would be connected to the energy hubs without the analyzed hybrid project. The predefined scenario data do not always include a relevant reference.

- 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

As of now, we see no reason to lower the limit.

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

Nothing to add.

Contact

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