

ACER

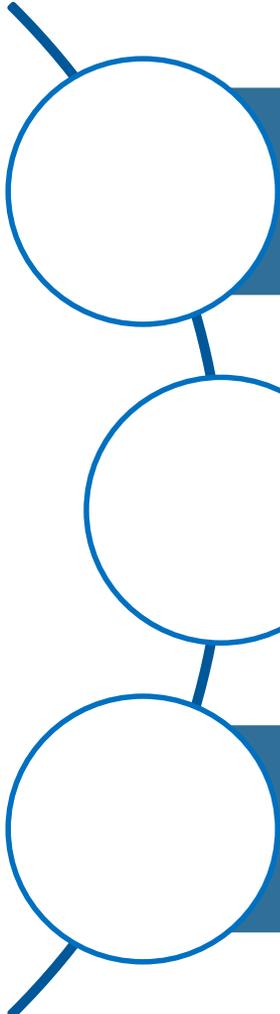
 Agency for the Cooperation
of Energy Regulators

Overview of past investment request decisions including CBCA

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The views expressed in this presentation are the views of the speaker and do not necessarily reflect the views of the Agency for the Cooperation of Energy Regulators, or of any of its Boards.



ACER role in investment requests / CBCA
under TEN-E Regulation

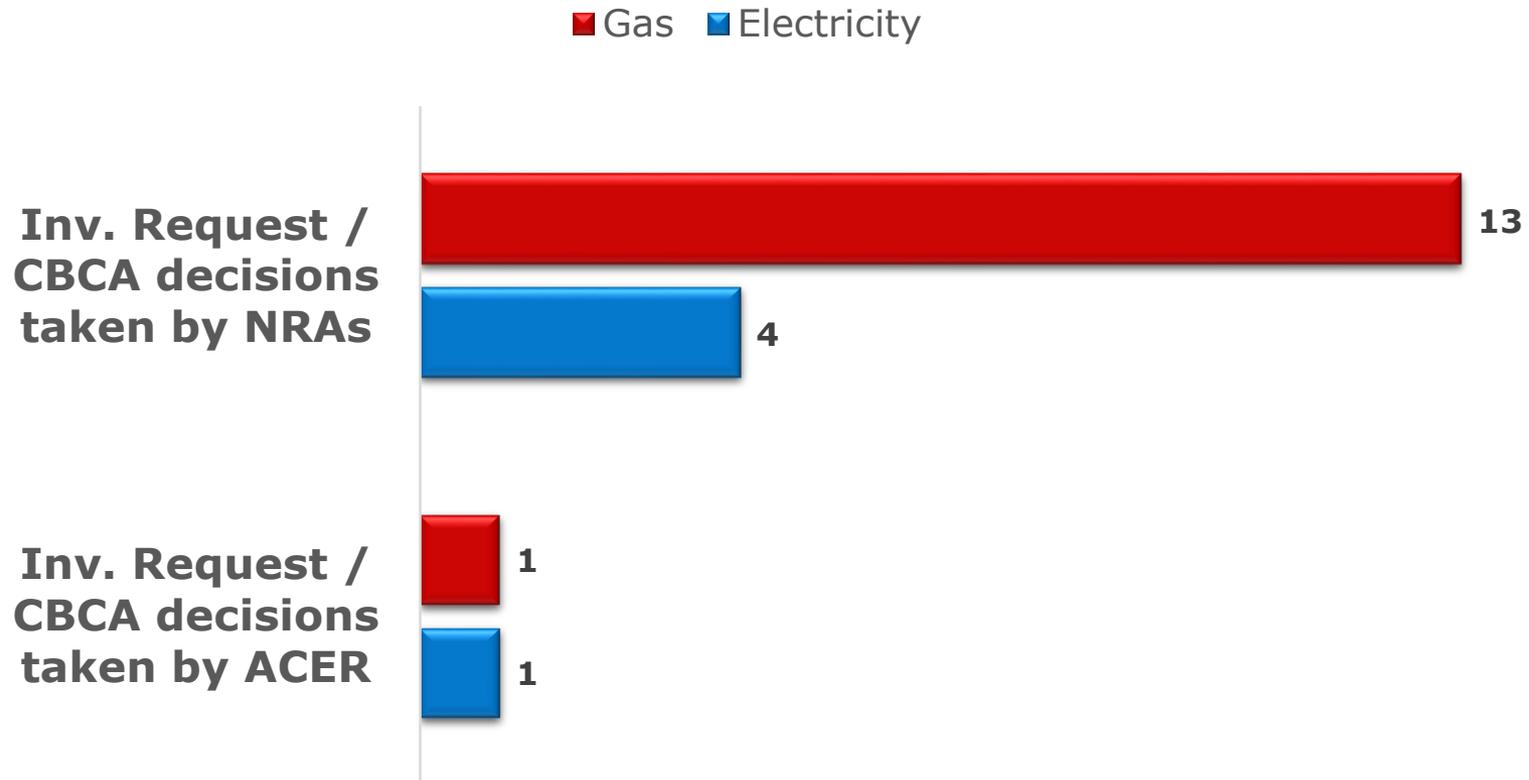
Overview of investment requests /
CBCA decisions

CBCA monitoring – Main findings

Investment requests and CBCA decisions in TEN-E Regulation

- Article 12(3): project promoters submit investment request to NRAs concerned
 - » Project-specific CBA
 - » Business plan evaluating the financial viability of the PCI
 - » if the promoters agree, a substantiated proposal for the cross-border cost allocation
- Article 12 (4):
 - » NRAs shall take coordinated decisions to allocate the costs and notify the Agency, within 6 months
- Article 12 (6):
 - » If NRAs have not reached an agreement on the investment request within 6 months, they shall inform the Agency without delay.
 - » ACER, in this case or upon a joint request from NRAs, shall take the decision on the investment request including CBCA as well as the way the cost of the investments are reflected in the tariffs within 3 months (extension is possible)

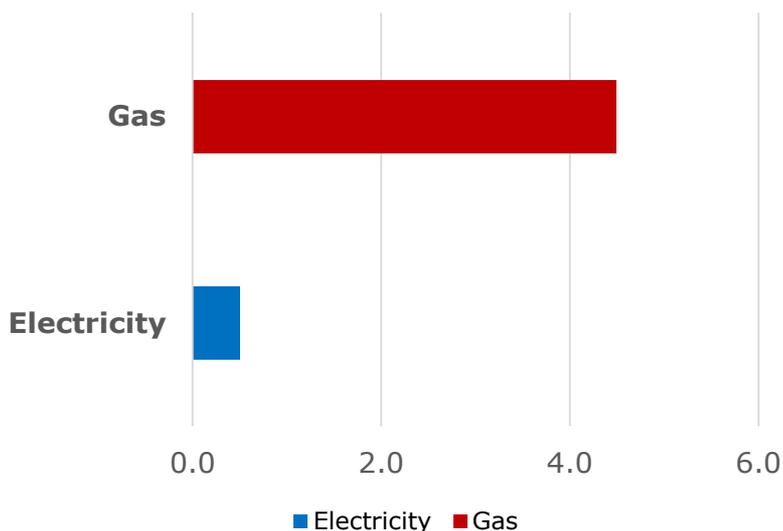
Investment requests with CBCA – state of play



*Note: investment requests and CBCA decisions may contain several PCIs
 Period covered: from 31.10.2013 until last update on 21.01.2016*

Investment Requests with CBCA - Costs

Total Investment costs (in € bln)



Average Investment costs per investment request (in € mln)

	Total Investment Costs (in € million)	Number of investment requests with CBCA	Investment cost / investment request (in € million)
Gas	4,497	14	321
Electricity	497	5	99

Period covered: from 31.10.2013 until last update on 21.01.2016

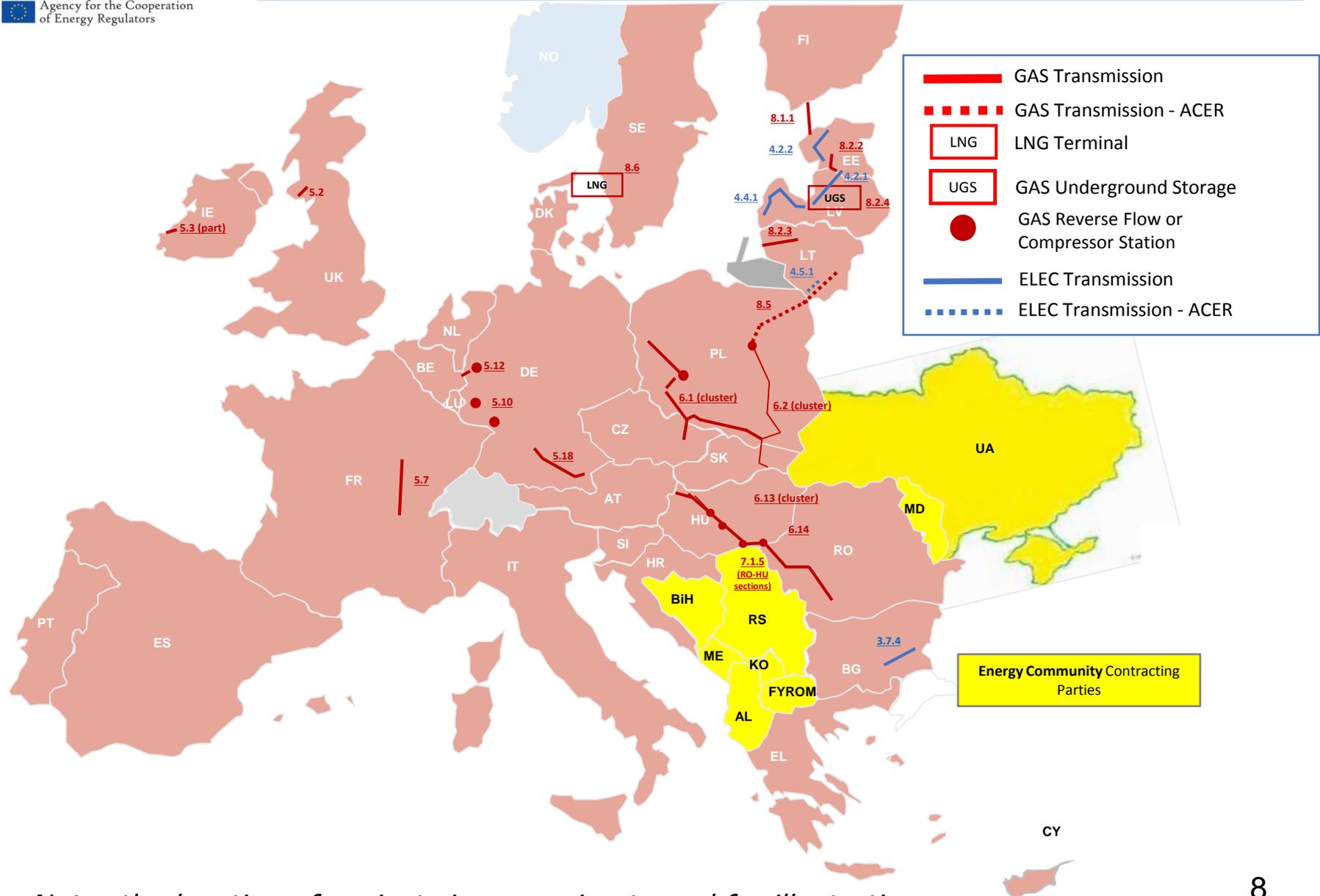
Note: many promoters indicated their intention to apply for CEF to cover significant part of the investment costs

Electricity projects with inv. req./ CBCA decision

PCI code	Project name	Status
3.7.4.	Internal line between Maritsa East 1 and Burgas	Decision adopted
4.2.1	Interconnection between Kilingi-Nõmme (EE) and Riga CHP2 substation (LV)	Decision adopted
4.2.2	Internal line between Harku and Sindi (EE)	Decision adopted
4.4.1	Internal line between Ventspils, Tume and Imanta (LV)	Decision adopted
4.5.1	LT part of interconnection between Alytus (LT) and LT/PL border	Decision adopted (by ACER)

PCI code	Project name	Status
5.10	Reverse flow interconnection on TENP pipeline in Germany	Decision adopted
5.12	Reverse flow interconnection on TENP pipeline to Eynatten (Germany)	Decision adopted
5.18 NSIWest	Reinforcement of the German network to reinforce interconnection capacities with Austria [Monaco pipeline phase I] (Haiming/ Burghausen -Finsing)	Decision adopted
5.2	Twinning of Southwest Scotland onshore system between Cluden and Brighthouse Bay (UK)	Decision adopted
5.3 (part)	Shannon pipeline connecting PCI Shannon LNG Terminal located between Tarbert and Ballylongford (IE) in Count Kerry to the national gas grid at Foynes.	Decision adopted
5.7	Reinforcement of the French network from South to North on the Bourgogne pipeline between Etrez and Voisines (France) [Val de Saone project]	Decision adopted
6.1 (cluster)	Cluster Czech – Polish interconnection upgrade and related internal reinforcements in Western Poland, including 11 PCIs.	Decision adopted
6.2 NSIEast (cluster)	Interconnection Poland – Slovakia , and 3 PCIs belonging to cluster 6.1	Decision adopted
8.2.3	Capacity enhancement of Klaipeda-Kiemenui pipeline in Lithuania	Decision adopted
8.2.4	Modernization & expansion of Incukalns Underground Gas Storage	Decision adopted
8.5 BEMIP	Gas Interconnection Poland-Lithuania (GIPL)	Decision adopted (by ACER)
8.6	Gothenburg LNG terminal (Sweden)	Decision adopted
8.1.1 8.2.2	Balticconnector Enhancement of Estonia-Latvia interconnection	Decision adopted
7.1.5 6.13 SGC & 6.14 NSIEast	7.1.5 Gas pipeline from Bulgaria to Austria via Romania and Hungary (RO-HU Sections) 6.13 Cluster RO-HU-AT (HU TSO) 6.14 Cluster Transit and reverse flow in RO-HU (HU-RO TSO)	Decision adopted

Inv. Request with CBCA decisions (Ele and Gas)



Note: the location of projects is approximate and for illustration

Agency CBCA Summary report

- The vast majority of the investment requests refer to projects located in one MS
- CBA methodologies
 - Project specific CBA calculations generally in line with ENTSOs (draft) methodologies
 - Shortcomings: calculation of benefits at cluster level, only one scenario (in ele), lack of sensitivity analysis
 - Most NRAs carried out further work to validate the CBA results
- The national net impacts based on CBA are generally positive => in the majority of cases, NRAs allocated the costs only to those MS which are hosting the project (territorial principle)

Agency CBCA Summary report

- Reasoning for allocating cost only to hosting countries:
 - » Lack of net negative impact in the hosting country
 - » Lack of significant net positive impact (less than 10% of the total net positive impacts) in each of the non-hosting Member States.
- Allocation of costs:
 - » In most cases, 100% of the investment costs allocated
 - » In some cases, partial allocation of the investment costs due to excessive increase in transmission tariffs. NRAs relied on EU funds to fill the financing gap
- Some decisions retained the NRAs' right to revise the CBCA in case the funding from external sources will prove to be insufficient

The opinions expressed in this presentation are those of the author and do not necessarily represent the official views of the Agency for the Cooperation of Energy Regulators unless explicitly stated otherwise. The presentation is intended to help interested parties understand the Agency's functions and facilitate the accomplishment of the Agency's mission.

Thank you for your attention!



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