



The path ahead for cross-border cost allocation

ACER, 16 March 2023

Targeted Stakeholders Workshop

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*DG ENER C.4: Infrastructure &
Regional Cooperation*

The new TEN-E Regulation

[EUR-Lex - 32022R0869 - EN - EUR-Lex \(europa.eu\)](#)

- **New infrastructure** categories: hydrogen, electrolysers, smart gas grids;
- New priority corridors and areas, with a **strong focus on electricity**;
- Oil and **natural gas projects** not eligible anymore for PCI status;
- Dedicated rules to facilitate the development of **offshore RES grids**;
- Strengthened **cross-sectoral** energy infrastructure planning;
- A new status for infrastructure projects with third countries: **projects of mutual interest (PMIs)**;
- Eligibility for **CEF funding for works** (except for electrolysers);
- **Next PCI/PMI list: November 2023.**

CBCA: legal basis in the TEN-E Regulation

- **Article 16: Enabling investments with a cross-border impact;**
 - **Revised and extended wording** as compared with Article 12 of the previous Regulation;
 - Objective: to ensure **a stable financial framework** for the development of PCIs while **minimising the need for financial support** (recital 47);
- **Who can request a CBCA?** Project promoters of the infrastructure categories set out in Annex II;
 - **Electricity:** transmission, point (1)(a); radial lines, (1)(b); energy storage, (1)(c); ancillary equipment, (1)(d); hybrid projects, (1)(f);
 - **Hydrogen**, point (3): pipelines, storage, regasification facilities etc., where they fall under the competence of national regulatory authorities in each Member State concerned;
 - **Smart electricity and gas grids**, points (1)(e) and (2).

Article 16: overview

- **§ 4:** Submission of an **investment request** by the project promoter(s);
 - Including: up-to-date project-specific CBA; business plan; if there is agreement, CBCA proposal;
- **§ 5:** CBCA decisions by the **relevant NRAs**;
 - **Rejection / partial rejection** if the relevant NRAs jointly conclude that the project or a part of it fails to provide a significant net benefit in any of the Member States of the relevant NRAs;
- **§ 7:** **ACER decision**, absent NRA decision within six months or by joint referral;
- **§ 11:** **ACER Recommendation** by 24 June 2023;
 - Consistency with the **cost-border cost sharing principles for offshore grids** (Article 15);
- **§ 12:** application mutatis mutandis to PMIs;
- **§§ 4, 5, 7: rules on scenarios** → at least the joint TYNDP scenarios (Article 12);
 - **Additional scenarios** if consistency with EU targets + same level of consultation and scrutiny.

EU renewable energy offshore strategy (2020)

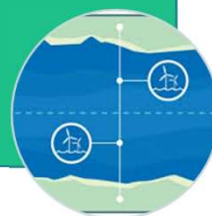
- Tracking progress on implementation of **Maritime Spatial Planning Directive**
- Establishing a **Community of Practice** on MSP, and a European Blue Forum for dialogue between sea users
- **Guidance document** on wind, energy development and EU nature legislation

Maritime Spatial Planning (MSP)



- **Revised TEN-E**: integrated offshore grid planning; sea basin one-stop shops for permitting
- **Revised Renewable Energy Directive**, raising renewables target to 45% by 2030
- Preparing a **Guidance on Cost Benefit Sharing** for joint renewables and cross-border projects

Grid and Market Framework



- **Pact for Skills**: large-scale skills partnership on offshore renewables
- Working group on offshore RES under the **Clean Energy Industrial Forum**
- Horizon Europe calls in support of the strategy, and **mapping of relevant EU funding instruments**

Industry, Value Chain, Jobs and Research & Innovation



[Offshore renewable energy \(europa.eu\)](http://europa.eu)

Offshore renewable grid development (revised TEN-E Regulation)



- The TEN-E operationalizes the ambitions in the EU Strategy for Offshore RES by including:
 - New infrastructure categories for **hybrid offshore grid projects and offshore radial lines** to implement **five offshore priority corridors** across the EU; where appropriate, hydrogen projects can also be included;
 - **Offshore grid planning** provisions;
 - Enhanced **regulatory tools**;
 - **Permitting provisions** to accelerate implementation to facilitate scale-up of offshore grids to the target 300 GW in 2050.

Offshore grid planning provisions

19 January 2023: [Member States agree new ambition for expanding offshore renewable energy \(europa.eu\)](https://europa.eu)

- **Non-binding agreements** to cooperate **on regional goals for offshore renewable generation per sea basin** (time horizon 2050, with intermediate steps in 2030 and 2040);
- **Overall ambition of installing approximately 111 GW** of offshore renewable generation capacity by 2030, nearly twice as much as the objective set out in the Offshore Strategy;

By the end of 2023: **High-level strategic integrated offshore network development plans (ENTSO-E);**

- High-level outlook on **offshore generation capacities potential** and **resulting offshore grid needs**;
- To be updated every two years;

By mid-2024: **Commission guidance** for offshore-specific CBA and **cross-border cost sharing (CBCS)**;

- With the involvement of Member States, relevant TSOs, ACER and NRAs;

By mid-2025: **Presentation by ENTSO-E of the results** of the application of the cost-benefit and cost-sharing to the priority offshore grid corridors.



Study on the allocation of costs and benefits for offshore infrastructure in EU sea basins

Workshop #1

11 July 2022

www.trinomics.eu

Specific objectives and scope

- 1) Develop set of concrete options, and **guidance and implementation guidelines** for each option, for sea basin **cost-benefit and cost-sharing**
 - applicable to integrated offshore network development plans (grid infrastructure)
 - considering the necessary interlinks with the related offshore renewable energy generation projects
- 2) Develop concrete, complete and **detailed guidance** on how CBA and CBCA of specific offshore transmission assets should be coordinated with the **financing, market and political arrangements of offshore generation sites** connected to them

Scope

- Focus on **electricity** infrastructure projects
- **Sea-basin** CBA and CBCS
- Task 2 is focused on electricity **transmission**
- Task 3 covers both electricity **generation and transmission**

Which path for CBCA?

8th Energy Infrastructure Forum, 2-3 June 2022, Copenhagen

- Conclusions, point 4: *“The Forum [...] requests ACER to include in their Recommendation on good practices for the treatment of investment requests for PCIs pursuant to TEN-E Regulation Article 16(11), guidance on how to address cost sharing for offshore cross-border infrastructure project investments.”*

Elements for consideration:

Currently

- Under-usage of the mechanism;
- Disparity in how NRAs approach CBCAs;
- CBCA as a mere CEF application requirement;

Objectives for the future

- Facilitate PCI implementation + better cost sharing;
- Fair inclusion of investment costs into tariffs;
- Ensuring investment allocation for riskier projects;
- Offshore grids: higher benefit dispersion?
- Anticipatory investments.



Thank you very much for your attention.

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