The path ahead for cross-border cost allocation

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Targeted Stakeholders Workshop

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DG ENER C.4: Infrastructure & Regional Cooperation
The new TEN-E Regulation

- **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)
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)

- 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.
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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