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## **CONTRIBUTION**

From:	General Secretariat of the Council
To:	Working Party on Energy
Subject:	CY comments on the TEN-E Regulation

Delegations will find in the annex the CY comments on the TEN-E Regulation.

## Cyprus Preliminary Written Comments for EWP– Examination of TEN-E Regulation Articles 11, 12, 13 and Annex V

### CHAPTER IV

#### CROSS-SECTORAL INFRASTRUCTURE PLANNING

##### CY 1 GENERAL COMMENT

Cyprus in line with our comments on previously examined articles reiterates that according to the Explanatory memorandum par. (17) of this Regulation, projects of mutual interest (PMIs) should be considered in the same manner as projects of common interest (PCIs), with all provisions related to PCIs applying also to PMIs, unless otherwise specified.

##### Article 11

##### CY 2 GENERAL COMMENT

Cyprus expresses its scrutiny reservation about unnecessary process duplication in article 11, which causes additional administrative burden.

##### Article 11 (1)

1. By [16 November 2022], the European Network of Transmission System Operators (ENTSO) for Electricity and the ENTSO for Gas shall publish and submit to Member States, the Commission and the Agency their respective methodologies, including the network and market modelling, for a harmonised energy system-wide cost-benefit analysis at Union level for projects of common interest and projects of mutual interest falling under the categories set out in ~~points (1)(a), (b), (c) and (e) and point (3) of Annex II.~~

Those methodologies shall be applied for the preparation of each subsequent Union-wide ten-year network development plans developed by the ENTSO for Electricity or the ENTSO for Gas pursuant to Article 8 of Regulation (EC) No 715/2009 and Article 30 of Regulation (EU) 2019/943. Those methodologies shall be drawn up in line with the principles laid down in Annex V and be consistent with the rules and indicators set out in Annex IV.

Prior to submitting their respective methodologies, the ENTSO for Electricity and the ENTSO for Gas shall conduct an extensive consultation process involving at least the organisations representing all relevant stakeholders, including the entity of distribution system operators in the Union ('EU DSO entity'), all relevant hydrogen, biogas, biomethane, synthetic gas (low carbon and renewable gases) stakeholders and, where it is deemed appropriate the national regulatory authorities and other national authorities.

##### CY 3 COMMENT

- (1) The proposed deadline it seems to be very short for such a complex procedure.
- (2) Also, as we have already stated in our previous comments the provisions for projects of common interest and for projects of mutual interest should be the same.

- (3) Cyprus proposes the wording “*points (1)(a), (b), (c) and (e) and point (3) of*” to be deleted so as to include all categories of Annex II in the CBA process.
- (4) The word “*involving*” should be further clarified.
- (5) Cyprus is of the opinion that relevant stakeholders involved in the consultation process should represent the wider sector of low carbon and renewable gases like biogas, biomethane, synthetic gas and not only Hydrogen.

#### **Article 11 (3) – (7)**

3. The ENTSO for Electricity and the ENTSO for Gas, shall update the methodologies taking due account of the Agency’s opinion, as referred to in paragraph 2, and submit them to the Commission and Member States for their opinion.
4. Within three months of the day of receipt of the updated methodologies, the Commission and Member States shall submit its opinion to the ENTSO for Electricity and the ENTSO for Gas.
5. No later than three months of the day of receipt of the Commission’s and Members States’ opinion, as referred to in paragraph 4, the ENTSO for Electricity and the ENTSO for Gas shall adapt their respective methodologies taking due account of the Commission’s and Member states’ opinion, and submit them to the Commission and Member States for approval.
6. Where the changes to the methodologies are considered to be of incremental nature, not affecting the definition of benefits, costs and other relevant cost-benefit parameters, as defined in the latest Energy system wide cost-benefit analysis methodology approved by the Commission and Member State, the ENTSO for Electricity and the ENTSO for Gas shall adapt their respective methodologies taking due account of the Agency’s opinion, as set out in paragraph 2, and submit them for the Agency’s approval.
7. In parallel, the ENTSO for Electricity and the ENTSO for Gas shall submit to the Commission a document justifying the reasons behind the proposed updates and why those updates are considered of incremental nature. Where the Commission deems that those updates are not of incremental nature, it shall, by written request, ask the ENTSO for Electricity and the ENTSO for Gas to submit to it the methodologies. In such case the process described in paragraphs 2 to 5 applies.

#### **CY 4 COMMENT**

- (1) Cyprus strongly believes that to safeguard the transparency of the whole process, MSs should be involved in the preparation of the methodologies and the approval of the final decision should be taken in consensus by both the Commission and the MSs.
- (2) The wording “incremental nature” in paragraphs (6) and (7) is vague and should be further clarified.

#### **Article 11 (11)**

11. By [31 December 2023], the ENTSO for Electricity and the ENTSO for Gas shall jointly submit to the Commission and the Agency a consistent and interlinked energy market and network model including electricity, gas and hydrogen and other low carbon and renewable gases transmission infrastructure as well as storage, LNG and electrolyzers, covering the energy infrastructure priority corridors and the areas drawn up in line with the principles laid down in Annex V.

#### **CY 5 COMMENT**

The proposed deadline it seems to be very short for such a complex procedure.

## Article 12 (1)

1. By [31 July 2022], the Agency, after having conducted an extensive consultation process involving the Commission and at least the organisations representing all relevant stakeholders, including the ENTSO for Electricity, the ENTSO for Gas, Union DSO entity, and relevant hydrogen sector and other low carbon and renewable gases stakeholders, shall publish the framework guidelines for the joint scenarios to be developed by ENTSO for Electricity and ENTSO for Gas. Those guidelines shall be regularly updated as found necessary.

The guidelines shall include the energy efficiency first principle and ensure that the underlying ENTSO for Electricity and ENTSO for Gas scenarios are fully in line with the latest medium and long-term European Union decarbonisation targets, ~~and~~ the latest available Commission scenarios and should take due account of transitional period for decarbonisation and intermediate repurposing of infrastructure.

[...]

3. The ENTSO for Electricity and ENTSO for Gas shall invite the organisations representing all relevant stakeholders, including the Union DSO entity and all relevant hydrogen and other low carbon and renewable gases stakeholders, to participate in the scenarios development process.

## CY 6 COMMENT

(1) Regarding the added wording “and other low carbon and renewable gases” in paragraphs (1) and (3) the justification is the same as comment CY 3 point (5).

(2) The phrase: “latest medium and long-term European Union decarbonisation targets” needs further clarification.

(3) Cyprus considers that the phrase: “should take due account of transitional period for decarbonisation and intermediate repurposing of infrastructure” should be added so as to ensure that this period is not to be overlooked/ignored.

## Article 12 (5) – (8)

5. Within three months from the receipt of the draft joint scenarios report together with the input received in the consultation process and a report on how it was taken into account, the Agency shall submit its opinion to the ENTSO for Electricity, ENTSO for gas and the Commission and Member States.

6. The Commission with Member States, giving due consideration to the Agency opinion defined under paragraph 5, shall submit its opinion to the ENTSO for Electricity and the ENTSO for Gas.

7. The ENTSO for Electricity and the ENTSO for Gas shall adapt their joint scenarios report, taking due account of the Agency’s opinion, in line with the Commission’s and Member States opinion and submit the updated report to the Commission for its approval.

8. Within two weeks of the approval of the joint scenarios report by the Commission with Member States in accordance with paragraph 7, the ENTSO for Electricity and the ENTSO for Gas shall publish their joint scenarios report on their websites. They shall publish the corresponding input and output data in a sufficiently accurate form, taking due account of the national law and relevant confidentiality agreements.

## CY 7 COMMENT

Same as previous comment CY 4 point (1).

### Article 13(1)

[...]

When assessing the infrastructure gaps the ENTSO for Electricity and the ENTSO for Gas shall implement the energy efficiency first principle and consider with priority all relevant non-infrastructure related solutions to address the identified gaps.

*Prior to submitting their respective reports, the ENTSO for Electricity and the ENTSO for Gas shall conduct an extensive consultation process involving all relevant stakeholders, including the Union DSO entity, all relevant hydrogen and other low carbon and renewable gases stakeholders and all the Member States representatives part of the priority corridors defined in Annex I.*

## CY 8 COMMENT

(1) For the assessment procedure related to infrastructure gaps, additional methodology guidance is needed explaining how the energy infrastructure could be implemented.

(2) Also, the phrase “***non-infrastructure related solutions***” should be further clarified.

### Article 13 (2) – (4)

2. The ENTSO for Electricity and the ENTSO for Gas shall submit their respective draft infrastructure gaps report to the Agency and the Commission and Member States for their opinion.

3. Within three months following receipt of the infrastructure gaps report together with the input received in the consultation process and a report on how it was taken into account, the Agency shall submit its opinion to the ENTSO for Electricity or ENTSO for Gas and the Commission and the Member States.

4. The Commission with Member States, considering the Agency’s opinion referred to in paragraph 3, shall draft and submit its opinion to the ENTSO for Electricity or the ENTSO for Gas.

## CY 9 COMMENT

Same as previous comment CY 4 point (1).

### Article 13 (5)

5. The ENTSO for Electricity and the ENTSO for Gas shall adapt their infrastructure gaps reports taking due account of the Agency’s opinion, ~~and~~ in line with the Commission’s and Member States’ opinion and the transitional period for decarbonisation and intermediate repurposing of infrastructure before the publication of the final infrastructure gaps reports.

## CY 10 COMMENT

Same as previous comments CY 4 point (1) and CY 6 point (3).

## **ANNEX V**

The methodology for a harmonised energy system-wide cost-benefit analysis for projects of common interest and project of mutual interest shall satisfy the following principles.

### **CY 11 COMMENT**

Same as comment CY 3 point (2).

## **ANNEX V (1)**

(1) the area for the analysis of an individual project shall cover all Member States and third countries, on whose territory the project is located, all directly neighbouring Member States and all other Member States significantly impacted by the project. For this purpose, **ENTSO for electricity and ENTSO for gas shall cooperate with all the relevant system operators in the relevant third countries.**

### **CY 12 COMMENT**

Cyprus considers that clarification is needed on how this cooperation between ENTSOs and system operators in the relevant third countries could be achieved.

## **ANNEX V (4)**

(4) it shall give guidance for the development and use of network and market modelling necessary for the cost-benefit analysis. The modelling shall allow for a full assessment of economic, including market integration, security of supply and competition as well as lifting energy isolation, social and environmental and climate impacts, including the cross-sectorial impacts. The methodology shall include details on why, what and how each of the benefits and costs are calculated.

### **CY 13 COMMENT**

Cyprus supports that the wording “as well as lifting energy isolation” should be added so as to align the wording with article 170 (2) of the TFEU which is the legal basis of this Regulation.

## **ANNEX V (8)**

(8) it shall ensure that the **climate adaptation measures** taken for each project are assessed and reflect the cost of greenhouse gas emissions in a consistent manner with other Union policies.

### **CY 14 COMMENT**

The phrase “*climate adaptation measures*” should be further clarified.