Council of the European Union
General Secretariat

Brussels, 11 March 2021

WK 3503/2021 INIT

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CONTRIBUTION

From:	General Secretariat of the Council
To:	Working Party on Energy
Subject:	EL comments on Art.4-6 & Annex IV of the TEN-Regulation

Delegations will find in the annex the EL comments on Art.4-6 & Annex IV of the TEN-Regulation.

EL COMMENTS

CHAPTER II

PROJECTS OF COMMON INTEREST AND PROJECTS OF MUTUAL INTEREST

Article 4

Criteria for projects of common interest and projects of mutual interest

1. Projects of common interest shall meet the following general criteria:

(a) the project is necessary for at least one of the energy infrastructure priority corridors and areas;

(b) the potential overall benefits of the project, assessed according to the respective specific criteria in paragraph 3, outweigh its costs, including in the longer term;

(c) the project meets any of the following criteria:

(i) involves at least two Member States by directly crossing the border of two or more Member States;

(ii) is located on the territory of one Member State and has a significant cross-border impact as set out in point (1) of Annex IV.

(iii) is located in islands non sufficiently connected to the trans-European energy networks that are small connected or isolated systems according to Directive 2019/944 and contribute significantly to the decarbonisation objectives of the island energy system and those of Union, and to sustainability in the territory in which it is located.

Commented [ ]: Greece strongly supports the inclusion of interconnections with non-interconnected islands, taking into account that the legal basis of the Regulation is art 170 of the TFEU. Those isolated regions have immense RES potential that cannot be exploited and integrated in the EU system and market without the necessary interconnections.

2. Projects of mutual interest shall meet the following general criteria:

(a) the project contributes significantly to the decarbonisation objectives of the Union and those of the third country and to sustainability, including through the integration of renewable energy into the grid and the transmission and distribution of renewable generation to major consumption centres and storage sites, and;

(b) the potential overall benefits of the project, assessed in accordance with the respective specific criteria in paragraph 3 at the European Union level, outweigh its costs, including in the longer term;

(c) the project is located on the territory of at least one Member State and on the territory of at least one third country and has a significant cross-border impact as set out in point (2) of Annex IV;

(d) for the part located on Union territory, the project is in line with Directives 2009/73/EC and (EU) 2019/944 where it falls within the infrastructure categories described in points (1) and (3) of Annex II;

(e) the third country or countries involved have a high level of regulatory alignment or convergence to support the overall policy objectives of the Union, in particular to ensure:

i) a well-functioning internal energy market;

ii) security of energy supplies based on cooperation and solidarity;

iii) an energy system, including production, transmission and distribution, on a trajectory towards decarbonisation in line with the Paris Agreement and the Union's climate objectives; and, in particular, avoiding carbon leakage;

iv) fulfilling EU recognized safety levels.

(f) the third country or countries involved support the priority status of the project, as set out in Article 7, and commit to comply with a similar timeline for accelerated implementation and other policy and regulatory support measures as applicable to projects of common interest in the Union.

3. The following specific criteria shall apply to projects of common interest falling within specific energy infrastructure categories:

(a) for electricity transmission, distribution, and storage projects falling under the energy infrastructure categories set out in points (1)(a), (b), (c) and (e) of Annex II, the project is to contribute significantly to sustainability through the integration of renewable energy into the grid and the transmission or distribution of renewable generation to major consumption centres and storage sites, and at least one of the following specific criteria:

(i) market integration, including through lifting the energy isolation of at least one Member State and reducing energy infrastructure bottlenecks; competition, interoperability and system flexibility;

(ii) security of supply, including through interoperability, system flexibility, cybersecurity, appropriate connections and secure and reliable system operation.

(b) for smart electricity grid projects falling under the energy infrastructure category set out in point (1)(d) of Annex II, the project is to contribute significantly to sustainability through the integration of renewable energy into the grid, and at least two of the following specific criteria:

(i) security of supply, including through efficiency and interoperability of electricity transmission and distribution in day-to-day network operation, avoidance of congestion, and integration and involvement of network users;

(ii) market integration, including through efficient system operation, and use of interconnectors and lifting the energy isolation of at least one Member State which is not yet connected to the Trans-European electricity network;

(iii) network security, flexibility and quality of supply, including through higher uptake of innovation in balancing, cybersecurity, monitoring, system control and error correction.

(iv) facilitating smart energy sector integration.

(c) for carbon dioxide transport projects falling under the energy infrastructure categories set out in point (5) of Annex II, the project is to contribute significantly to all of the following specific criteria:

(i) avoid carbon dioxide emissions while maintaining security of energy supply;

(ii) increase the resilience and security of carbon dioxide transport;

(iii) efficient use of resources, by enabling the connection of multiple carbon dioxide sources and storage sites via common infrastructure and minimising environmental burden and risks.

(d) for hydrogen projects falling under the energy infrastructure categories set out in point (3) of Annex II the project is to contribute significantly to sustainability, including by reducing greenhouse gas emissions, by enhancing the deployment of ~~renewable~~ hydrogen, with emphasis to hydrogen from renewable sources, or other ~~safe and sustainable~~ low carbon technologies and supporting variable renewable power generation by offering flexibility and/or storage solutions. Furthermore, the project is to contribute significantly to at least one of the following specific criteria:

Commented [redacted]: We believe that all low carbon technologies should be included in line with the principle of technological neutrality

(i) market integration, including by connecting existing or emerging hydrogen networks of Member States, or otherwise contributing to the emergence of an Union-wide network for the transport and storage of hydrogen, and ensuring interoperability of connected systems;

(ii) security of supply and flexibility, including through appropriate connections and facilitating secure and reliable system operation;

(iii) competition, including by allowing access to multiple supply sources and network users on a transparent and non-discriminatory basis.

(e) for electrolysers falling under the category set out in point (4) of Annex II, the project is to contribute significantly to all of the following specific criteria:

(i) sustainability, including by reducing greenhouse gas emissions and enhancing the deployment of renewable or low carbon hydrogen.

(ii) security of supply, including by contributing to secure, efficient and reliable system operation, or by offering storage and/or flexibility solutions, such as demand side response and balancing services;

(iii) enabling flexibility services such as demand response and storage by facilitating smart energy sector integration through the creation of links to other ~~linking different~~ energy carriers and sectors.

(f) for smart gas grid projects falling under the energy infrastructure category set out in point (2) of Annex II, the project is to contribute significantly to sustainability by enabling and facilitating the integration of renewable and low-carbon gases, such as biomethane, low carbon or renewable hydrogen, into the gas distribution ~~and~~ transmission and storage systems ~~networks~~ in order to reduce greenhouse gas emissions. Furthermore, the project is to contribute significantly to at least one of the following specific criteria:

(i) network security and quality of supply by improving the efficiency and interoperability of gas systems ~~transmission and distribution~~ in day-to-day network operation by, among others, addressing challenges resulting from the injection of gases of different qualities through the deployment of innovative technologies and cybersecurity;

(ii) market functioning and customer services;

(iii) facilitating smart energy sector integration through the creation of links to other energy carriers and sectors and enabling demand response.

New paragraph (g)
(g) for natural gas infrastructure projects which should remain, for a transition phase, eligible for PCI status:

(a) they have already been granted the PCI status according to the previous Regulation, or can prove their advanced implementation level or permitting or mature stage
(b) or can contribute for a transitional period until 2040 to the promotion of hydrogen and renewable or low carbon gases or are able to be retrofitted with renewable or low-carbon gases, or hydrogen.

Accordingly, for the selection process of these projects, the selection criteria of article 4, the gas priority corridors set out in Annex I.2, the infrastructure categories set out in Annex II.2 and the indicators set out in Annex IV of Regulation 347/2013 will be applied. The energy infrastructure categories to be developed in order to implement the energy infrastructure priorities of projects able to be retrofitted with renewable or low-carbon gases, or hydrogen, should include any equipment or installation essential for the retrofitted system to operate safely, securely and efficiently.

4. For projects falling under the energy infrastructure categories set out in points (1) to (4) of Annex II, the contribution to the criteria listed in paragraph 3 of this Article shall be assessed in accordance with the indicators set out in points (3) to (7) of Annex IV.

Commented [redacted]: In order to enable the production of hydrogen on an industrial scale from renewable sources or with low carbon emissions, it is necessary to have intermediate storage facilities for the production surplus against short-term demand. In gas transmission systems, underground storage facilities provide this flexibility for hourly coverage of seasonal operational needs. Gas storage facilities are the basis of a strong and resilient energy system especially when there are growing shares of intermittent renewable energy. They can store renewable gases on a large scale, thus contributing to security of supply through physical availability by avoiding congestion of pipelines and increased investment in new power transmission lines in the system. The revision of the Regulation should support the construction and conversion of underground gas storage infrastructure (gas, biogas and hydrogen mixtures) when they can be used and to support the development of the future hydrogen network.

Commented [redacted]: The full utilization of the existing natural gas infrastructure will be of vital importance for the energy system, to facilitate the development of renewable electricity and gas (biomethane, hydrogen and synthetic methane) and to ensure security of energy supply. In some cases, natural gas may be the most cost-effective solution for reducing emissions in the medium term, since it can curtail greenhouse gas emissions (60% less CO2 than coal) but also other pollutants such as NOx and SOx (up to 99% less than coal). It is our belief that existing gas PCIs, which are either being constructed or have entered the permit granting process or will be in a mature stage when the amended Regulation will be implemented should remain eligible for a transitional period until 2030, since all these projects contribute to the energy transition towards climate neutrality. This is in line with par. 14 of the European Council Conclusions (December 2020) which underlines the role of natural gas as a transition fuel. Furthermore, it reflects ACER's position on the amendment of the TEN-E Regulation, in which it proposes the "*Introduction of a limited transitional period for natural gas PCIs that are already part of the list that is valid at the entry into force of the revised Regulation. Natural gas PCIs which are in the implementation phase could play an important role for market integration, security of supply and the transition to a low-carbon energy system in some Member States and regions of the EU. To remove their PCI status under the legislative proposal may create obstacles for their implementation, as the projects would be unable to benefit from accelerated permit granting, and possibly from regulatory and financial instruments under the TEN- E rules*".

5. In order to facilitate the assessment of all projects that could be eligible as projects of common interest and that could be included in a regional list, each Group shall assess each project's contribution to the implementation of the same priority corridor or area in a transparent and objective manner. Each Group shall determine its assessment method on the basis of the aggregated contribution to the criteria referred to in paragraph 3. That assessment shall lead to a ranking of projects for internal use of the Group. Neither the regional list nor the Union list shall contain any ranking, nor shall the ranking be used for any subsequent purpose except as described in point (14) of Section 2 of Annex III.

In assessing projects, each Group shall give due consideration to:

(a) the urgency of each proposed project in order to meet the Union energy policy targets of decarbonisation, market integration, competition, sustainability and security of supply;

(b) complementarity with regard to other proposed projects;

(c) for proposed projects that are, at the time, projects of common interest, the progress of the project implementation and its compliance with the reporting and transparency obligations.

As regards smart electricity grids and smart gas grids projects falling under the energy infrastructure category set out in points (1)(d) and point (2) of Annex II, ranking shall be carried out for those projects that affect the same two Member States, and due consideration shall also be given to the number of users affected by the project, the annual energy consumption and the share of generation from non- dispatchable resources in the area covered by those users.

Article 5

Implementation and monitoring

1. Project promoters shall draw up an implementation plan for projects of the Union list ~~common interest~~, including a timetable for each of the following:

(a) feasibility and design studies including, as regards, climate adaptation and compliance with environmental legislation and with the principle of "do no significant harm" ~~as defined in Article 17 of Regulation (EU) 2020/852;~~
(b) approval by the national regulatory authority or by any other authority concerned;
(c) construction and commissioning;
(d) the permit granting schedule referred to in Article 10(5)(b).

2. TSOs, distribution system operators and other operators shall co-operate with each other in order to facilitate the development of projects of common interest in their area.

3. The Agency and the Groups concerned shall monitor the progress achieved in implementing the projects of common interest and, where necessary, make recommendations to facilitate the implementation of projects of common interest. The Groups may request that

additional information be provided in accordance with paragraphs 4, 5 and 6, convene meetings with the relevant parties and invite the Commission to verify the information provided on site.

4. By 31 December of each year following the year of inclusion of a project of common interest on the Union list pursuant to Article 3, project promoters shall submit an annual report, for each project falling under the categories set out in points (1) to (4) of Annex II, to the competent authority referred to in Article 8.

That report shall include details of:

(a) the progress achieved in the development, construction and commissioning of the project, in particular with regard to permit granting and consultation procedures as well as compliance with environmental legislation, with the principle that the project "does not do significant harm" to the environment, and climate adaptation measures taken;

(b) where relevant, delays compared to the implementation plan, the reasons for such delays and other difficulties encountered;

(c) where relevant, a revised plan aiming at overcoming the delays.

5. By 31 January, each year, the competent authorities referred to in Article 8 shall submit ~~to the Agency and~~ to the respective Group the report referred to in paragraph 4 of this Article supplemented with information on the progress and, where relevant, on delays in the implementation of projects of common interest located on their respective territory with regard to the permit granting processes, and on the reasons for such delays. The contribution of the competent authorities to the report shall be clearly marked as such and drafted without modifying the text introduced by the project promoters.

6. By 30 April of each year when a new Union list should be adopted, the Agency shall submit, to the Groups a consolidated report for the projects of common interest subject to the competency of national regulatory authorities, evaluating the progress achieved and make, where appropriate, recommendations on how to overcome the delays and difficulties encountered. That consolidated report shall also evaluate, in accordance with Article 5 of Regulation (EU) 2019/942, the consistent implementation of the Union-wide network development plans with regard to the energy infrastructure priority corridors and areas.

7. Where the commissioning of a project of common interest is delayed when compared to the implementation plan, other than for overriding reasons beyond the control of the project promoter, the following measures shall apply:

(a) in so far as measures referred to in Article 51(7)(a), (b) or (c) of Directive (EU) 2019/944 and Article 22(7)(a), (b) or (c) of Directive 2009/73/EC are applicable according to respective national laws, national regulatory authorities shall ensure that the investment is carried out;

(b) if the measures of national regulatory authorities pursuant to point (a) are not applicable, the project promoter shall choose a third party to finance or construct all or

part of the project. The project promoter shall do so before exceeding a two year delay when compared to the date of commissioning in the implementation plan;

(c) if a third party is not chosen according to point (b), the Member State or, when the Member State has so provided, the national regulatory authority may, within two months of the expiry of the period referred to in point (b), designate a third party to finance or construct the project which the project promoter shall accept;

(d) where the delay compared to the date of commissioning in the implementation plan exceeds two years and two months, the Commission, subject to the agreement and with the full cooperation of the Member States concerned, may launch a call for proposals open to any third party capable of becoming a project promoter to build the project according to an agreed timeline;

(e) where points (c) or (d) are applied, the system operator in whose area the investment is located shall provide the implementing operators or investors or third party with all the information needed to realise the investment, shall connect new assets to the transmission network or, where applicable, the distribution network and shall generally make its best efforts to facilitate the implementation of the investment and the secure, reliable and efficient operation and maintenance of the project of common interest.

8. A project of common interest may be removed from the Union list in accordance with the procedure set out in Article 3(4) if its inclusion in that list was based on incorrect information which was a determining factor for that inclusion, or the project does not comply with Union law.

9. Projects which are no longer on the Union list shall lose all rights and obligations linked to the status of project of common interest arising from this Regulation.

~~However, a project which is no longer on the Union list but for which an application file has been accepted for examination by the competent authority shall maintain the rights and obligations arising from Chapter III, except where the project is no longer on the list for the reasons set out in paragraph 8.~~

10. This Article shall be without prejudice to any Union financial assistance granted to any project of common interest prior to its removal from the Union list.

Article 6

European coordinators

1. Where a project of common interest encounters significant implementation difficulties, the Commission may designate, in agreement with the Member States concerned, a European coordinator for a period of up to one year renewable twice.

2. The European coordinator shall:

(a) promote the projects, for which he or she has been designated European coordinator and the cross-border dialogue between the project promoters and all concerned stakeholders;

(b) assist all parties as necessary in consulting concerned stakeholders and obtaining necessary permits for the projects;

(c) where appropriate, advise project promoters on the financing of the project;

(d) ensure that appropriate support and strategic direction by the Member States concerned are provided for the preparation and implementation of the projects;

(e) submit every year, and where appropriate, upon completion of their mandate, a report to the Commission on the progress of the projects and on any difficulties and obstacles which are likely to significantly delay the commissioning date of the projects. The Commission shall transmit the report to the European Parliament and the Groups concerned.

3. The European coordinator shall be chosen on the basis of his or her experience with regard to the specific tasks assigned to him or her for the projects concerned.

4. The decision designating the European coordinator shall specify the terms of reference, detailing the duration of the mandate, the specific tasks and corresponding deadlines, and the methodology to be followed. The coordination effort shall be proportionate to the complexity and estimated costs of the projects.

5. The Member States concerned shall fully cooperate with the European coordinator in his or her execution of the tasks referred to in paragraphs 2 and 4.

ANNEX IV

RULES AND INDICATORS CONCERNING CRITERIA FOR PROJECTS OF COMMON INTEREST AND FOR PROJECTS OF MUTUAL INTEREST

(1) a project with significant cross-border impact is a project on the territory of a Member State, which fulfils the following conditions:

(a) for electricity transmission, the project increases the grid transfer capacity, or the capacity available for commercial flows, at the border of that Member State with one or several other Member States, having the effect of increasing the cross-border grid transfer capacity at the border of that Member State with one or several other Member States, by at least 500 Megawatt compared to the situation without commissioning of the project, or the project decreases energy isolation of non-interconnected systems in one or more Member States;

(b) for electricity storage, the project provides at least 225 MW installed capacity and has a storage capacity that allows a net annual electricity generation of 250 Gigawatt-hours/year;

(c) for smart electricity grids, the project is designed for equipment and installations at high- voltage and medium-voltage level. It involves transmission system operators, transmission and distribution system operators or distribution system operators from at least two Member States. Distribution system operators can be involved only with the support of the transmission system operators, of at least two Member States, that are closely associated to the project and ensure interoperability. A project covers at least 50000 users, generators, consumers or prosumers of electricity, in a consumption area of at least 300 Gigawatthours/year, of which at least 20 % originate from variable renewable resources. The limit related to the number of users and the consumption cut-off point do not apply for small isolated systems (Definition Directive (EU) 2019/944);

(d) for hydrogen transmission, the project enables the transmission of hydrogen across the borders of the Member States concerned, or increases existing cross-border hydrogen transport capacity at a border between two Member States by at least 10 % compared to the situation prior to the commissioning of the project, and the project sufficiently demonstrates that it is an essential part of a planned cross-border hydrogen network and provides sufficient proof of existing plans and cooperation with neighbouring countries and network operators;

(e) for hydrogen storage or hydrogen reception facilities referred to in point (3) of Annex II, the project aims at supplying directly or indirectly at least two Member States;

(f) for electrolysers, the project provides at least ~~100~~ 50 MW installed capacity and the brings benefits directly or indirectly to at least two Member States;

(g) for smart gas grids, a project involves transmission system operators, transmission and distribution system operators or distribution system operators from at least two Member States. Distribution system operators can be involved only with the support of

the transmission system operators, of at least two Member States, that are closely associated to the project and ensure interoperability.

(2) A project of mutual interest with significant cross-border impact is a project which fulfils the following conditions:

(h) for projects of mutual interest in the category set out in point (1)(a) and (e) of Annex II, the project increases the grid transfer capacity, or the capacity available for commercial flows, at the border of that Member State with one or more third countries and brings significant benefits, either directly or indirectly via interconnection with a third country, under the specific criteria listed in in Article 4(3), to at least one Member State or in case of a cluster of Projects to at least two Member States. The calculation of the benefits for the Member States shall be performed and published by the ENTSO for Electricity in the frame of Union-wide ten-year network development plan;

Commented [ ]: Greece strongly supports this amendment and would like to be preserved in future revised versions of the text

(i) for projects of mutual interest in the category set out in point (3) of Annex II, the hydrogen project enables **or in case of a gas project will enable within 7 years of its commissioning,** the transmission of hydrogen **or gas** across at the border of a Member State with one or more third countries and proves bringing significant benefits, either directly or indirectly via interconnection with a third country under the specific criteria listed in in Article 4(3), to at least one Member State or in case of a cluster of Projects to at least two Member States. The calculation of the benefits for the Member States shall be performed and published by the ENTSO for Gas in the frame of Union-wide ten-year network development plan;

Commented [ ]: The inclusion of interconnection projects with third countries (especially those of the Energy Community) is a very positive point of the revision proposal, but we believe that it should be used, in a first phase, for the inclusion of gas projects as well. It is pointed out that the penetration of natural gas and interconnections between third countries, especially in the Western Balkans, lag far behind the EU and are deemed necessary in order to achieve their climate targets. Projects completed, such as the TAP pipeline, which marks the start of the long-awaited Southern Gas Corridor, have helped increase power supplies, strengthen interconnections and significantly improve security of supply. The same applies for projects under construction such as the IGB, or future projects such as the South Kavala UGS, the FSRU in Alexandroupolis, the Interconnector Bulgaria - Serbia (IBS).What needs to be enhanced now is the possibility to strengthen the process of phasing out lignite in these areas through the expansion of the use of natural gas as an intermediate fuel and through new infrastructure, which, in addition to natural gas, would be able to carry new renewable fuels, such as hydrogen and biogas, when these become available in commercially viable quantities. The North-South Corridor is expected to be particularly important for the energy transition as, in the future, the quantities of hydrogen produced in the south or imported by sea will be projected to supply the rest of Europe.

(j) for projects of mutual interest in the category set out in point (5) of Annex II, the project can be used to transport anthropogenic carbon dioxide by at least two Member States and a third country.

(3) Concerning projects falling under the categories set out in points (1)(a), (b), (c) and (e) of Annex II, the criteria listed in Article 4 shall be evaluated as follows:

(a) transmission of renewable energy generation to major consumption centres and storage sites measured in line with the analysis made in the latest available Union-wide ten-year network development plan in electricity, in particular by:

(i) for electricity transmission, estimating the amount of generation capacity from renewable energy sources (by technology, in megawatts), which is connected and transmitted due to the project, compared to the amount of planned total generation capacity from those types of renewable energy sources in the Member State concerned in 2030 according to the National Energy and Climate Plans submitted by Member States in accordance with Regulation (EU) 2018/1999 of the European Parliament and of the Council[1];

[1] Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, amending Regulations (EC) No 663/2009 and (EC) No 715/2009 of the European Parliament and of the Council, Directives 94/22/EC, 98/70/EC, 2009/31/EC,

(ii) or electricity storage, comparing new capacity provided by the project with total existing capacity for the same storage technology in the area of analysis as defined in Annex V;

(b) market integration, competition and system flexibility measured in line with the analysis made in the latest available Union-wide ten-year network development plan in electricity, in particular by:

(i) calculating, for cross-border projects, the impact on the grid transfer capability in both power flow directions, measured in terms of amount of power (in megawatt), and their contribution to reaching the minimum 15% interconnection target, for projects with significant cross-border impact, the impact on grid transfer capability at borders between relevant Member States, between relevant Member States and third countries or within relevant Member States and on demand-supply balancing and network operations in relevant Member States;

(ii) assessing the impact, for the area of analysis as defined in Annex V, in terms of energy system-wide generation and transmission costs and evolution and convergence of market prices provided by a project under different planning scenarios, notably taking into account the variations induced on the merit order;

~~(b) transmission of renewable energy generation to major consumption centres and storage sites measured in line with the analysis made in the latest available Union-wide ten-year network development plan in electricity, in particular by:~~

~~(i) for electricity transmission, estimating the amount of generation capacity from renewable energy sources (by technology, in megawatts), which is connected and transmitted due to the project, compared to the amount of planned total generation capacity from those types of renewable energy sources in the Member State concerned in 2030 according to the National Energy and Climate Plans submitted by Member States in accordance with Regulation (EU) 2018/1999 of the European Parliament and of the Council[2];~~

~~(ii) or electricity storage, comparing new capacity provided by the project with total existing capacity for the same storage technology in the area of analysis as defined in Annex V;~~

(c) security of supply, interoperability and secure system operation measured in line with the analysis made in the latest available Union-wide ten-year network development plan in electricity, notably by assessing the impact of the project on the loss of load expectation for the area of analysis as defined in Annex V in terms of generation and transmission adequacy for a set of characteristic load periods, taking into account expected changes in climate-related extreme weather events and their impact on infrastructure resilience. Where applicable, the impact of the project on independent and reliable control of system operation and services shall be measured.

2009/73/EC, 2010/31/EU, 2012/27/EU and 2013/30/EU of the European Parliament and of the Council, Council Directives 2009/119/EC and (EU) 2015/652 and repealing Regulation (EU) No 525/2013 of the European Parliament and of the Council, OJ L 328, 21.12.2018, p. 1

(4) Concerning projects falling under the category set out in point (1)(d) of Annex II, the criteria listed in Article 4 shall be evaluated as follows:

(a)	Level of sustainability	:	This criterion shall be measured by assessing the extent of the grids' ability to connect and transport variable renewable energy.
(b)	Security of supply	:	This criterion shall be measured by the level of losses in distribution and /or transmission networks, the percentage utilisation (i.e. average loading) of electricity network components, the availability of network components (related to planned and unplanned maintenance) and its impact on network performances, the duration and frequency of interruptions, including climate related disruptions.
(c)	Market integration	:	This criterion shall be measured by assessing the innovative uptake in system operation the energy isolation and interconnection, as well as the level of integrating other sectors and facilitating new business models and market structures.
(d)	Network security, flexibility and quality of supply	:	This criterion shall be measured by assessing the innovative approach to system flexibility, cybersecurity, efficient operability between TSO and DSO level, the capacity to include demand response, storage, energy efficiency measures, the cost-efficient use of digital tools and ICT for monitoring and control purposes, the stability of the electricity system and the voltage quality performance.

(5) concerning hydrogen falling under the category set out in point (3) of Annex II, the criteria listed in Article 4 shall be evaluated as follows:

(a) Sustainability measured as the contribution of a project to: greenhouse gas emission reductions in different end-use applications, such as industry or transport; flexibility and seasonal storage options for renewable electricity generation; or the integration of renewable and low carbon hydrogen with a view to consider market needs and promote renewable hydrogen.

(b) market integration and interoperability measured by calculating the additional value of the project to the integration of market areas and price convergence, to the overall flexibility of the system.

(c) security of supply and flexibility measured by calculating the additional value of the project to the resilience, diversity and flexibility of hydrogen supply.

(d) competition measured by the project's contribution to supply diversification, including the facilitation of access to indigenous sources of hydrogen supply.

(6) concerning smart gas grid projects falling under the category set out in point (2) of Annex II, the criteria listed in Article 4 shall be evaluated as follows:

(a) level of sustainability measured by assessing the share of renewable and low-carbon gases integrated into the gas network, the related greenhouse gas emission savings towards total system decarbonisation and the adequate detection of leakage.

(b) quality and security of supply measured by assessing the ratio of reliably available gas supply and peak demand, the share of imports replaced by local renewable and low-carbon gases, the stability of system operation, the duration and frequency of interruptions per customer.

(c) facilitation of smart energy sector integration measured by assessing the cost savings enabled in connected energy sectors and systems, such as the heat and power system, transport and industry.

(7) concerning electrolyser projects falling under the category set out in point (4) of Annex II the criteria listed in Article 4 shall be evaluated as follows:

(a) sustainability measured by assessing the share of renewable hydrogen, or low carbon hydrogen, or hydrogen meeting the criteria defined in point (4) (a) (ii) of Annex II integrated into the network, and the related greenhouse gas emission savings;

(b) security of supply measured by assessing its contribution to the safety, stability and efficiency of network operation, including through the assessment of avoided curtailment of renewable electricity generation;

(c) the facilitation of smart energy sector integration measured by assessing the cost savings enabled in connected energy sectors and systems, such as the gas, hydrogen, power and heat networks, the transport and industry sectors, and the volume of demand response enabled.

Note from the Presidency: Given the political sensitivity of the smart gas grids category as well as of the inclusion of the natural gas projects corridors, we will leave this points open until the end of this first round discussion.

The deadline for comments on this proposal is March 11th.