Council of the European Union
General Secretariat

Brussels, 26 March 2021

WK 4230/2021 INIT

LIMITE

ENER

CONTRIBUTION

From:	General Secretariat of the Council
To:	Working Party on Energy
Subject:	LU comments on Art. 11-13 and Annex V of the TEN-E Regulation (ST 7124/21)

Delegations will find in the annex the LU comments on Art. 11-13 and Annex V of the TEN-E Regulation (ST 7124/21).

Revised proposal regarding articles 11, 12, 13 and annex V

Comments from Luxembourg

25 March 2021

We would like to thank the Presidency for the revised compromise proposal. We are grateful for the inclusion of wording making it clearer what is meant by the "energy efficiency first" principle, notably in article 13 (1). In annex V, we support the new wording on a broader dimension of the CBA, the reference to interdependencies between projects, the socio-economic dimension and increased transparency.

Despite these improvements, we however believe that the text still falls short of a convincing solution to avoid potential conflicts of interest between project promoters and scenario-makers – happening to be the same organisations in most cases – and ensure that scenarios are not exclusively supply-centred. To remedy these concerns, we would like to reiterate our comments from 26 February 2021 where we proposed the establishment of a new structure, the Energy Infrastructure Council (EIC) including a broad range of stakeholders as well as independent expertise.

In addition, ENTSO-G should not be given for hydrogen the role it has for natural gas as we would not like to prejudge the market regulation of future hydrogen networks which will not necessarily follow the regulatory framework of natural gas.

Article 11

Energy system wide cost-benefit analysis

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 draft 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.

Article 12

Scenarios for the ten-Year Network Development Plans

Commented [■]: This responsibility should rather be into the hands of a newly established Energy Infrastructure Council (EIC) which would include independent experts and representatives of at least: the European Network of Transmission System Operators (ENTSO) for Electricity, the EU DSO entity, electricity storage operators, electricity market participants, electricity customers, independent aggregators, demand-response operators, electricity producers (all of the above as defined in Directive 2019/944), organisations involved in hydrogen production, transmission, storage and consumption, organisations involved in generation, transmission and consumption of heat, operators of heating systems, consumers of heat, organisations involved in energy efficiency solutions and building renovation, local authorities, and civil society organisations.

This comments apply throughout the text and will not be repeated on all relevant paragraphs.

1. By [31 July 2022], the Agency, after having conducted an extensive consultation process involving the Commission, the Member States and at least the organisations representing all relevant stakeholders, including the ENTSO for Electricity, the ENTSO for Gas and the ~~,~~ Union DSO entity, ~~and relevant hydrogen sector 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 and shall define standards for a transparent, non-discriminatory and robust elaboration of the scenarios taking into account best practices in the field of infrastructures assessment.

   The guidelines shall also take into account energy system integration priorities, including ~~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 Union's 2030 climate and energy targets and the climate neutrality objective by 2050 ~~latest medium and long-term European Union decarbonisation targets~~ and take into account the latest available Commission scenarios to achieve them. , including a scenario leading to a 100% renewable energy system by 2050 in line with the Paris Agreement, as well as the National Energy and Climate Plans.

Commented [ ]: Same comment as the previous article – should be the role of the newly established EIC.

Commented [ ]: The words "take into account" are too weak and should be replaced with "operationalise" or "implement".

Commented [ ]: In line with our recent request to the Commission, we support the establishment of a 100% renewable energy scenario and we propose the addition of this part of the sentence.

Article 13

Infrastructure Gaps Identification

1. Every two years the ENTSO for Electricity and the ENTSO for Gas shall publish ~~and submit to the Commission and the Agency~~ the infrastructure gaps reports developed within the framework of the Union-wide ten-year network development plans.

Commented [ ]: Same comment as the previous article – should be role of the newly established EIC.

ANNEX V

ENERGY SYSTEM-WIDE COST-BENEFIT ANALYSIS

(5a) it shall include and explain how the do-no significant harm principle is implemented in all the steps of the ten-Year Network Development Plans.

Commented [redacted]: We suggest the addition of a reference to the DNSH principle that should be a guiding principle of the CBA methodology.

(7) it shall, at least, take into account the capital expenditure, operational and maintenance expenditure costs as well as the costs induced for the related system over the ~~assessment~~ technical lifecycle of the project as a whole and decommissioning and waste management costs, including external costs~~where relevant.~~. It shall also assess likely employment, GDP, air quality and energy security impacts. The methodology shall give guidance on discount rates (including an up-to-date realistic discount rate for energy efficiency measures that would accurately reflect capital costs and enabling policies, and not discriminate demand-side measures compared to supply-side infrastructure), assessment lifetime and residual value to be used for the cost- benefit calculations. It shall furthermore include a mandatory Benefit-to-Cost ratio and the Net Present Value, as well as a differentiation of benefits according to the level of reliability of their estimation methods. Quantitative benefits regarding the environmental impact of the projects shall also be taken into account.

Commented [redacted]: The reference to discount rates should be accompanied by this explanatory sentence giving substantial indications about what is meant by a realistic discount rate.

Note from the Presidency: We took good note of MS comments regarding article 11° (1) and we will work together to find a solution and cover all the categories in the CBA.

Commented [redacted]: Thank you for that. Indeed all categories should be covered by the CBA.