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## **CONTRIBUTION**

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From:	General Secretariat of the Council
To:	Working Party on Energy

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Subject:	HU comments on Art. 2-6 and Annex III-IV of the TEN-E Regulation (ST 7280/21)
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Delegations will find in the annex the HU comments on Art. 2-6 and Annex III-IV of the TEN-E Regulation (ST 7280/21).

## HU COMMENTS 30/3/2021

### TEN-E REVISION PROPOSAL REGARDING ARTICLE 2 - 6 AND ANNEX III AND IV

#### Article 2

##### Definitions

- (5) 'project of mutual interest' means a project promoted by at least one Member State in cooperation with third countries, ~~pursuant to an intergovernmental agreement or other arrangements~~, within the energy infrastructure categories in Annex II, which contributes to the Union's overall energy and climate objectives as referred in Article 1 (1), and which is part of the Union list of projects referred to in Article 3 [ ];
- (8) 'smart electricity grid' means an electricity network where the grid operator can digitally monitor and actively control specific actions [ ] of the users connected to it, and information and communication technologies (ICT) for communicating with related grid operators, generators, consumers and/or prosumers, with a view to transmitting or distributing electricity in a sustainable, cost-efficient and secure way;
- (9) 'smart gas grid' means a gas network that makes use of innovative ~~digital~~ solutions to integrate in a cost efficient manner a plurality of low-carbon and renewable gas sources in accordance with consumers' needs and gas quality requirements in order to reduce the carbon footprint of the related gas consumption, enable an increased share of renewable and low-carbon gases, and create links with other energy carriers and sectors;
- (10) **"repurposed/converted infrastructure" means physical upgrade of existing natural gas infrastructure for use of hydrogen or of a mixture of methane and biomethane with hydrogen at a pre-defined level.**
- ~~(11) "transitional period" means a period of time, which shall start on the date of entry into force of this Regulation and end on 31 December 2025, allocated for a MEKH progressive substitution of carbon based fuels to take place where adaptations and changes to upgrade physical infrastructures and construction of new infrastructures in order to ensure the shift from a fossil fuel mix based system into a fully 100% renewable source based system.~~
- (20) New definition on developed gas PCI projects definition**

#### Commented [ ]:

We maintain our previous position, we propose to delete this element or give exemptions for projects promoted in cooperation with EEA countries and Energy Community Contracting Parties, in line with para 17 of the preamble. Member States has the right/obligation to conclude IGA-s without explicit reference to those in the Regulation.

**Commented [ ]:** We support PL proposal to add demand response, and other flexibility solutions. We also support CZ comment to change cumulative and between monitor and control to alternative or, as in practice not all projects able to monitor and control actions.

**Commented [ ]:** We propose extension of solutions to other mechanical physical developments as well.

**Commented [ ]:** HU supports PRES proposal on repurposing, but we also support CZ proposal to have a separate category for retrofitted infrastructure in order to modification of the existing network to transport a mixture of methane (natural gas, biomethane, synthetic gas) with hydrogen.

**Commented [ ]:** We strongly oppose the new addition of transitional period. As the only purpose of the definition to provide a date for hydrogen blending in Annex 2, we propose a deadline setting there only, but much longer than 2025. Member States should be able to determine the necessary period of transition by themselves. We propose to delete it from the text. We are against all elements of the definition as red line.

**Commented [ ]:** We support inclusion of new para on Advanced PCI gas projects as set in common paper.

### Article 3

#### Union list of projects of common interest and projects of mutual interest

1. Regional groups shall be established ('Groups') as set out in Section 1 of Annex III. The membership of each Group shall be based on each priority corridor and area and their respective geographical coverage as set out in Annex I. Decision-making powers in the Groups shall be restricted to Member States and the Commission, who shall, for those purposes, be referred to as the decision-making body of the Groups. **Decision-making in the Regional Groups is based on consensus.**

The Commission shall be empowered to adopt delegated acts in accordance with Article 20 supplementing this Regulation concerning **the scope** and composition of the priority corridors and areas, **without prejudice to the competence that Member States retain in relation to third countries.**

**Commented [REDACTED]:** We maintain our position on deleting the empowerment on the scope of the priority corridors which is an essential element of the Regulation

### Article 4

#### Criteria for projects of common interest and projects of mutual interest

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

- (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:

**Commented [REDACTED]:** Support EL, CY, MT comments on isolated systems and energy islands.

- iv) **fulfilling EU recognized safety levels legislation.**

**Commented [REDACTED]:** We maintain our position, that high level regulatory alignment is impossible to control or ensure from EU side. We believe it is sufficient to require general support to EU objectives.

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

**Commented [REDACTED]:**  
Safety requirements of new energy infrastructure under the scope of this Regulation is established and controlled on national level, which should be maintained. In case such provision aims at sending certain political message, we propose to place it among Preambles and reference to technical safety levels should be included.  
Please clarify what is meant by EU safety legislation.

(3) of Annex II the project is to contribute significantly to sustainability, including by reducing greenhouse gas emissions, by enhancing the deployment of [ ] 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 do not support using Council Conclusion language here. Reference to low carbon hydrogen technologies is very important in order to develop related infrastructure. We should also refrain from pre-empting the discussion on Hydrogen terminology under TEN-E regulation. We propose to use the term low carbon hydrogen technologies.

(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 [ ] **ensuring** the integration of renewable and low-carbon gases, such as biomethane, or renewable hydrogen, into the gas distribution, [ ] transmission **and storage system** [ ] in order to reduce greenhouse gas emissions. Furthermore, the project is to contribute significantly to at least one of the following specific criteria:

Commented [REDACTED]: HU support PRES proposal for including storage system.

#### Article 5

##### Implementation and monitoring

1. Project promoters shall draw up an implementation plan for projects of [ ] **the Union list**, 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;**

Commented [REDACTED]: HU maintains the position to delete also the direct reference to the DNSH principle, we welcome the deletion of the reference to taxonomy regulation.

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;

Commented [REDACTED]: We maintain our position to delete the reference to DNSH principle. Repeating measures on a yearly bases compared to the implementation plan has no added value.

## ANNEX III

### REGIONAL LISTS OF PROJECTS [ ]

#### 2. PROCESS FOR ESTABLISHING REGIONAL LISTS

(1) promoters of a project potentially eligible for selection as a project of common interest or mutual interest wanting to obtain [ ] either status [ ] shall submit an application for selection as project of common interest or mutual interest to the Group that includes:

- (a) for projects of mutual interest, any information from the concerned Member State attesting an intergovernmental agreement or other arrangements have been signed or are in progress related to this project.

Commented [REDACTED]:

We propose to give exemptions for projects promoted in cooperation with EEA countries and Energy Community Contracting Parties, in line with para 17 of the preamble. IGA may not be necessary in case of those PMI-s.

## 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;

Commented [REDACTED]: We propose deletion of the 500 MW threshold as the CBA already proves sufficiently the increased grid transfer capacity and other benefits on EU level.

- (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 and low-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,

Commented [REDACTED]: Please include low voltage level.

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 (as defined in Directive (EU) 2019/944)**

(f) for electrolyzers, the project provides at least [ ] **50 MW** installed capacity and [ ] **it** brings benefits directly or indirectly to at least two Member States;

**Commented [REDACTED]:** We propose that the 20% share of renewable sources be deleted. The 20% share of renewable energy sources as eligibility criteria is difficult to meet, furthermore, the project itself will contribute to an increase in the share of renewable sources, thus to sustainable development goals

**Commented [REDACTED]:** HU is flexible to further lower minimum installed capacity level to 20MW.

~~(8) concerning carbon dioxide transport projects falling under the category set out in point (5) of annex II the criteria listed in Article 4 shall be evaluated as follows:~~

~~(a) carbon dioxide avoidance measured by a capture rate of connected installations of at least [XX%] and greenhouse gas emission reductions of connected installations of at least [XX%] on a lifecycle perspective;~~

~~(b) increased resilience assessed by the impossibility for connected installations emitting carbon dioxide to decarbonise their process at a similar cost with other technological solutions in the absence of the project;~~

~~(c) efficient use of resources by establishing the existence of a sustained demand for carbon utilisation of at least [XX%] of the volume of the capacity of the transport infrastructure, and avoidance of environmental risk by ensuring the long-term neutralisation of transported carbon dioxide;~~

**Commented [REDACTED]:** We do not support new criteria included. We support NL, DK and others justification and ask for returning to original text here.

**Note from the Presidency:** The deadline for comments on this proposal is **April 1<sup>st</sup>**.