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CONTRIBUTION

From:	General Secretariat of the Council
To:	Working Party on Energy
Subject:	EE comments on Articles 1-4 and Annexes I-IV of the revised TEN-E Regulation (ST 8208/21 REV 1)

Delegations will find in the annex the EE comments on Articles 1-4 and Annexes I-IV of the revised TEN-E Regulation (ST 8208/21 REV 1).

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NOTE

From:	General Secretariat of the Council
To:	Delegations
No. Cion doc.:	14088/20 + ADD1-ADD5
Subject:	Presidency revised proposal for the TEN-E Regulation

Delegations will find in annex the ***corrected*** Presidency revised proposal for the TEN-E Regulation.

In the current revision: new text is **bold underline**, deleted text is either ~~strikethrough~~ or ~~**bold strikethrough**~~. Text added in the previous revisions is **bold** and deletions made are replaced with **[ ]**.

Delegations are invited to send written comments to the Presidency and to the Secretariat in copy, energy@consilium.europa.eu:

The deadline for comments is:

- **May 6th for articles 1-3 and Annexes I, II and III;**
- **May 11th for articles 4-10 and Annexes IV and VI;**
- **May 13th for articles 11-31 and Annex V.**

ANNEX

CHAPTER I

GENERAL PROVISIONS

Article 1

Subject matter and scope

1. This Regulation lays down guidelines for the timely development and interoperability of the priority corridors and areas of trans-European energy infrastructure set out in Annex I ('energy infrastructure priority corridors and areas') that contribute to the Union's 2030 climate and energy targets and **[ ]** the climate neutrality objective by 2050 **and to ensure interconnections, energy security, market and system integration and competition for all Member States, ~~and~~ as well as energy at a price that is affordable for households and companies.**

2. In particular, this Regulation:

(a) addresses the identification of projects of common interest necessary to implement priority corridors and areas falling under the energy infrastructure categories **[ ]** set out in Annex II ('energy infrastructure categories');

(b) addresses the identification of projects of mutual interest.

(c) *(ex point b)* facilitates the timely implementation of projects of common interest **and projects of mutual interest** by streamlining, coordinating more closely, and accelerating permit granting processes and by enhancing **transparency and** public participation;

(d) *(ex point c)* provides rules **[ ]** for the cross-border allocation of costs and risk-related incentives for projects of common interest **and projects of mutual interest**;

(e) *(ex point d)* determines the conditions **and the criteria** for eligibility of projects of common interest **and projects of mutual interest** for Union financial assistance;

[ ] *(ex point e was deleted)*

Article 2

Definitions

In addition to the definitions in Directives 2009/73/EC, (EU) 2018/2001[1] and (EU) 2019/944 of the European Parliament and of the Council and in Regulations (EC) No 715/2009, [ ] and (EU) 2019/943, the following definitions shall apply for the purposes of this Regulation:

(1) 'energy infrastructure' means any physical equipment or facility falling under the energy infrastructure categories which is located within the Union, or linking the Union and one or more third countries;

(2) 'comprehensive decision' means ~~the final~~ **a** decision or set of decisions taken by a Member State authority or authorities, not including courts or tribunals, that determines whether or not a project promoter is authorised to build the energy infrastructure to realise a project of common interest **or a project of mutual interest** by having the possibility to start, or procure and start, the necessary construction works ('ready-to-build status') without prejudice to any decision taken in the context of an administrative appeal procedure;

(3) 'project' means one or several lines, pipelines, facilities, equipment or installations falling under the energy infrastructure categories;

[1] Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources, OJ L 328, 21.12.2018, p. 82

(4) 'project of common interest' means a project [ ] **necessary** ~~**likely**~~ to implement the energy infrastructure priority corridors and areas set out in Annex I and which is part of the Union list of projects of common interest referred to in Article 3 ~~**and/or projects set out in Annex II developed in disadvantaged, less connected, peripheral, outermost or isolated regions, such as islands, where there is no direct link with the energy system of the Union or where cross border effects are not possible, in each cases with a significant positive impact on the EU energy and climate targets according to the criteria established in this regulation**~~;

(5) 'project of mutual interest' means a project promoted by at least one Member State in cooperation with third countries, **pursuant the letters of support from the governments of the directly affected countries expressing their support for the project or other non binding agreement** ~~**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 [ ]**;

(6) 'energy infrastructure bottleneck' means limitation of physical flows in an energy system due to insufficient transmission capacity, which includes inter alia the absence of infrastructure;

(7) 'project promoter' means one of the following:

(a) a transmission system operator (TSO), distribution system operator **(DSO)** or other operator or investor developing a project of common interest **or a project of mutual interest**;

(b) where there are several TSOs, [ ] **DSOs**, other operators, investors, or any group thereof, the entity with legal personality under the applicable national law, which has been designated by contractual arrangement between them and which has the capacity to undertake legal obligations and assume financial liability on behalf of the parties to the contractual arrangement;

Commented [redacted]: This part should be deleteted, as there is no cross-border relevance.

Commented [redacted]: We prefer reverting back to original wording – PMI's should be promoted by at least 2 Member States

(8) 'smart electricity grid' means an electricity network where the grid operator can digitally monitor **or** ~~**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 **or other~~s~~** 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, **including the necessary physical upgrades to integrate renewable and low carbon gases**;

(10) "repurposing~~ed/converted infrastructure~~" means physical upgrade of existing natural gas infrastructure for ~~use of~~ dedicated use of pure 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 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 climate neutral system.**~~

(~~10~~**1**1) '**competent authorities** [ ]" means authorities that, under national law, are competent to issue different permits and authorisations related to the planning, design and construction of immovable assets, including energy infrastructure;

(~~11~~**1**2) 'works' means the purchase, supply and deployment of components, systems and services including software, the carrying out of development and construction and installation activities relating to a project, the acceptance of installations and the launching of a project;

(~~12~~**1**3) 'studies' means activities needed to prepare project implementation, such as preparatory, feasibility, evaluation, testing and validation studies, including software, and any other technical support measure including prior action to define and develop a project and decide on its financing, such as reconnaissance of the sites concerned and preparation of the financial package;

(~~13~~**1**4) 'national regulatory authority' means a national regulatory authority designated in accordance with Article 39(1) of Directive 2009/73/EC or Article 57(1) of Directive (EU) 2019/944 or;

(~~14~~**1**5) 'commissioning' means the process of bringing a project into operation once it has been constructed;

(~~15~~**1**6) '[ ] **concerned** national regulatory authorities' means the national regulatory authorities in the Member States [ ] **hosting a project or taking part in cross-border cost-sharing of a project providing a significant positive impact**;

(~~16~~**1**7) 'climate adaptation' is a process that ensures that the resilience to the potential adverse impacts of climate change of energy infrastructure is ensured through a climate vulnerability and risk assessment, including through relevant adaptation measures.

~~**(1**9**) "Agency" is the European Union Agency for the Cooperation of Energy Regulators established by Regulation (EU) 2019/942**.~~

~~**(**20**)** '**infrastructure falling under the competency of national regulatory authorities' means infrastructure either regulated or exempted as provided for in Article 63 of Regulation 2019/943**.~~

CHAPTER II

PROJECTS OF COMMON INTEREST AND PROJECTS OF MUTUAL INTEREST

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.**

[ ]

2. Each Group shall adopt its own rules of procedure, having regard to the provisions set out in Annex III.

3. The decision-making body of each Group shall adopt a regional list **of projects of common interest and projects of mutual interest** [ ] drawn up in accordance with the process set out in Section 2 of Annex III, the contribution of each project to implementing the energy infrastructure priority corridors and areas and their fulfilment of the criteria set out in Article 4. ~~**The list may include both projects of common interest and projects of mutual interest.**~~

Where a Group draws up its regional list:

(a) each individual proposal for a project of common interest shall require the approval of the states, to whose territory the project relates; where a state does not [ ] give its approval, it shall present its substantiated reasons for doing so to the Group concerned;

(b) it shall take into account the advice from the Commission that is aimed at having a manageable total number of projects of common interest **and projects of mutual interest**.

4. The Commission shall be empowered to adopt delegated acts in accordance with Article **19** of this Regulation [ ] in order to establish the 'Union list' **(including proposed projects of common interest and projects of mutual interest)** [ ], subject to the second paragraph of Article 172 of the Treaty on the Functioning of the European Union.

In exercising its power, the Commission shall ensure that the Union list is established every two years, on the basis of the regional lists adopted by the decision-making bodies of the Groups as established in point (2) of Section 1 of Annex III, following the procedure set out in paragraph 3 of this Article.

The first Union list pursuant to this Regulation shall be adopted by 30 November 2023 at the latest.

5. The Commission shall [ ]:

(a) ensure that only those projects that fulfil the criteria referred to in Article 4 are included;

(b) ensure cross-regional consistency, taking into account the opinion of the Agency for the Cooperation of Energy Regulator**s** ('the Agency') as referred to in point (12) of Section 2 of Annex III;

(c) take into account the opinions of Member States as referred to in point (9) of Section 2of Annex III;

(d) aim for a manageable total number of projects of common interest on the Union list.

6. Projects of common interest included on the Union list pursuant to paragraph 4 of this Article under the energy infrastructure categories set out in points (1)(a), (b), (c) and (e) of Annex II, shall become an integral part of the relevant regional investment plans under Article 34 of Regulation (EU) 2019/943 [ ] and of the relevant national 10-year network development plans under Article 51 of Directive (EU) 2019/944 [ ] and other national infrastructure plans concerned, as appropriate. Those projects shall be conferred the highest possible priority within each of those plans. This paragraph shall not apply to projects of mutual interest.

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 **or indirectly (via interconnection with a third country)** crossing the border of two or more Member States;

(ii) is located on the territory**, either inland or offshore**, 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 systems 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 [[redacted]]: This criterion should be deleted, as there is no cross-border relevance.

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

(a) the project contributes significantly to the **[ ]** Union**<u>'s climate and energy objectives expressed in Article 1 paragraph 1</u>** 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 **[ ]** convergence **<u>of the policy framework</u>** 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 **<u>pathway</u> [ ]** towards **<u>climate neutrality</u> [ ]** in line with the Paris Agreement and the Union's climate objectives; and, in particular, avoiding carbon leakage;

iv) fulfilling EU [ ] safety [ ] legislation.

(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**

Commented [...]1: Distribution projects should be included only if they have cross-border imapct.

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 or low carbon** 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:

(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** [ ] 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 [ ] **ensuring** the integration of **a plurality 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:

(i) network security and quality of supply by improving the efficiency and interoperability of gas 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.

4. For projects falling under the energy infrastructure categories set out in points (1) to [ ] (**5**) 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~~**8**) of Annex IV.

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 (**13** ~~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 **and climate objectives** ~~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.

ANNEX I

ENERGY INFRASTRUCTURE PRIORITY CORRIDORS AND AREAS

1. PRIORITY ELECTRICITY CORRIDORS

(1) North-South electricity interconnections in Western Europe ('NSI West Electricity'): interconnections between Member States of the region and with the Mediterranean area including the Iberian peninsula, notably to integrate electricity from renewable energy sources and reinforce internal grid infrastructures to foster market integration in the region.

Member States concerned: Austria, Belgium, **Denmark**, France, Germany, Ireland, Italy, Luxembourg, Netherlands, Malta, Portugal and Spain;

(2) North-South electricity interconnections in Central Eastern and South Eastern Europe ('NSI East Electricity'): interconnections and internal lines in North-South and East-West directions to complete the internal market and integrate generation from renewable energy sources.

Member States concerned: Austria, Bulgaria, Croatia, Czech Republic, Cyprus, Germany, Greece, Hungary, Italy, Poland, Romania, Slovakia and Slovenia;

(3) Baltic Energy Market Interconnection Plan in electricity ('BEMIP Electricity'): interconnections between Member States and internal lines in the Baltic region, to foster market integration while integrating growing shares of renewable energy in the region.

Member States concerned: Denmark, Estonia, Finland, Germany, Latvia, Lithuania, Poland and Sweden.

2. PRIORITY OFFSHORE GRID CORRIDORS

(4) Northern Seas offshore grid ('NSOG'): integrated offshore electricity grid development and the related interconnectors in the North Sea, the Irish Sea, **the Celtic Sea**, the English Channel and neighbouring waters to transport electricity from renewable offshore energy sources to centres of consumption and storage and to increase cross-border electricity exchange.

Member States concerned: Belgium, Denmark, France, Germany, Ireland, Luxemburg, the Netherlands and Sweden;

(5) Baltic Energy Market Interconnection Plan offshore grid ('BEMIP offshore'): integrated offshore electricity grid development and the related interconnectors in the Baltic Sea and neighbouring waters to transport electricity from renewable offshore energy sources to centres of consumption and storage and to increase cross-border electricity exchange.

Member States concerned: Denmark, Estonia, Finland, Germany, Latvia, Lithuania, Poland and Sweden;

(6) South and **West** ~~East~~ offshore grid: integrated offshore electricity grid development and the related interconnectors in the Mediterranean Sea **(including Cadiz Gulf)**, **[ ]** and neighbouring waters to transport electricity from renewable offshore energy sources to centres of consumption and storage and to increase cross-border electricity exchange.

Member States concerned: **[ ]** France, **Greece,** Italy, Malta, **[ ] Portugal [ ]** and Spain;

(7) South and **East** ~~West~~ **[ ]** offshore grid: integrated offshore electricity grid development and the related interconnectors in the **[ ] Mediterranean Sea, Black Sea and neighbouring waters** to transport electricity from renewable offshore energy sources to centres of consumption and storage and to increase cross-border electricity exchange;

Member States concerned: **Bulgaria, Cyprus, Croatia, Greece, Italy, Romania and Slovenia.**

(8) *(based on original point (7)* **Atlantic [ ]** offshore grid: integrated offshore electricity grid development and the related interconnectors in the North Atlantic Ocean waters to transport electricity from renewable offshore energy sources to centres of consumption and storage and to increase cross-border electricity exchange.

Member States concerned: France, Ireland, Portugal and Spain.

3. PRIORITY CORRIDORS FOR HYDROGEN AND ELECTROLYSERS

(9) Hydrogen interconnections in Western Europe ('HI West'): hydrogen infrastructure **including the repurposing of gas infrastructure**, enabling the emergence of an integrated hydrogen backbone, **directly or indirectly (via interconnection with a ~~including through~~ third country~~ies~~),** connecting the countries of the region and addressing their specific infrastructure needs for hydrogen supporting the emergence of an EU-wide network for hydrogen transport.

Electrolysers: supporting the deployment of power-to-gas applications aiming to enable greenhouse gas reductions and contributing to secure, efficient and reliable system operation and smart energy system integration. Member States concerned: Austria, Belgium, **Czech Republic,** Denmark, France, Germany, Ireland, Italy, Luxembourg, Malta, the Netherlands, Portugal, and Spain;

(10) Hydrogen interconnections in Central Eastern and South Eastern Europe ('HI East'): hydrogen infrastructure **including the repurposing of gas infrastructure,** enabling the emergence of an integrated hydrogen backbone, **directly or indirectly (via interconnection with a ~~including through~~ third country),** connecting the countries of the region and addressing their specific infrastructure needs for hydrogen supporting the emergence of an EU-wide network for hydrogen transport.

Electrolysers: supporting the deployment of power-to-gas applications aiming to enable greenhouse gas reductions and contributing to secure, efficient and reliable system operation and smart energy system integration. Member States concerned: Austria, Bulgaria, Croatia, Cyprus, Czech Republic, Germany, Greece, Hungary, Italy, Poland, Romania, Slovakia and Slovenia;

(11) Baltic Energy Market Interconnection Plan in hydrogen ('BEMIP Hydrogen'): hydrogen infrastructure, **including the repurposing of gas infrastructure**, enabling the emergence of an integrated hydrogen backbone, **directly or indirectly (via interconnection with a ~~including through~~ third country~~ies~~),** connecting the countries of the region and addressing their specific infrastructure needs for hydrogen supporting the emergence of an EU-wide network for hydrogen transport.

Electrolysers: supporting the deployment of power-to-gas applications aiming to enable greenhouse gas reductions and contributing to secure, efficient and reliable system operation and smart energy system integration. Member States concerned: Denmark, Estonia, Finland, Germany, Latvia, Lithuania, Poland and Sweden.

4. PRIORITY THEMATIC AREAS

(12) Smart electricity grids deployment: adoption of smart grid technologies across the Union to efficiently integrate the behaviour and actions of all users connected to the electricity network, in particular the generation of large amounts of electricity from renewable or distributed energy sources and demand response by consumers.

Member States concerned: all;

(13) Cross-border carbon dioxide network: development of carbon dioxide transport **and storage** infrastructure between Member States **and with neighbouring third countries** in view of the deployment of carbon dioxide capture and storage **and enabling CO2 [ ] utilization including for synthetic fuel gases**.

Member States concerned: all;

(14) Smart gas grids: Adoption of smart gas grid technologies across the Union to efficiently integrate a plurality of renewable and low-carbon gas sources into the gas network, support the uptake of innovative **digital and others** solutions for network management and facilitating smart energy sector integration and demand response**, as well as necessary physical upgrades to integrate renewable and low carbon gases.**

Member States concerned: all.

ANNEX II

ENERGY INFRASTRUCTURE CATEGORIES

The energy infrastructure categories to be developed in order to implement the energy infrastructure priorities listed in Annex I are the following:

(1) concerning electricity:

(a) **any physical equipment designed to allow transport of electricity on the high and extra-high voltage level, including high-voltage overhead transmission lines,** ~~considering internal lines in MS (including connections between islands) and interconnections between MS~~ **[ ]** if they have been designed for a voltage of 220 kV or more, and underground and submarine transmission cables, if they have been designed for a voltage of 150 kV or more. ~~For small isolated systems and some Member States (if applicable and justified), the voltage limits can be reduced to the maximum voltage in use on the system~~;

(b) **energy storage facilities in the electricity system [ ]** on a permanent or temporary basis in above-ground or underground infrastructure or geological sites, provided they are directly connected to high-voltage transmission lines designed for a voltage of 110 kV or more~~. For small isolated systems and some Member States (if applicable and justified), the voltage limits can be reduced to the maximum voltage in use on the system~~;

(c) any equipment or installation essential for the systems referred to in points (a) and (b) to operate safely, securely and efficiently, including protection, monitoring and control systems at all voltage levels and substations;

Commented [ ]: This part should not be included here. It is the matter of meeting the criteria of Article 4. We especially cannot support a reference to connections between islands, which does not guarantee that islands will be connected to EU central networks.

Commented [ ]: We do not see cross-border relevance.

Commented [ ]: We do not see cross-border relevance.

(d) **Smart electricity grids: [ ] any equipment or installation, digital** systems and components integrating ICT, through operational digital platforms, control systems and sensor technologies both at transmission and medium **and high** voltage distribution level, aiming at a more efficient and intelligent electricity transmission and distribution network, increased capacity to integrate new forms of generation, storage and consumption and facilitating new business models and market structures;

(e) any equipment or installation falling under category referred to in point (a) having dual functionality: interconnection and **[ ]** offshore **[ ] grid connection system** from the offshore generation sites to two or more **[ ] Member States and third countries participating in projects of common interest and projects of mutual interest, including landlocked** Member States ~~countries~~**,** as well as any offshore adjacent equipment or installation essential to operate safely, securely and efficiently, including protection, monitoring and control systems, and necessary substations if they also ensure technology interoperability inter alia interface compatibility between different technologies, ('offshore grids for renewable energy'). ~~And includes the onshore prolongation of this equipment and the domestic grid reinforcement necessary to ensure an adequate and reliable transmission grid and to supply electricity generated offshore to landlocked Member States countries.~~

Commented [redacted]: This should be deleted. Onshore cross-border projects should be covered under p 1 (a).

(2) concerning smart gas grids:

~~(a)~~ any of the following equipment or installation aiming at enabling and facilitating the integration **a plurality** of renewable and low-carbon gases (including biomethane or hydrogen) into the **gas** network: digital systems and components integrating ICT, control systems and sensor technologies to enable the interactive and intelligent monitoring, metering, quality control and management of gas production, transmission, distribution**, storage** and consumption within a gas network. Furthermore, such projects may also include equipment to enable reverse flows from the distribution to the transmission level and related necessary upgrades to the existing network.

(3) concerning hydrogen:

(a) transmission pipelines for the transport of hydrogen, giving access to multiple network users on a transparent and non-discriminatory basis, which mainly contains high-pressure hydrogen pipelines **[ ]** ;

(b) **[ ]** storage facilities connected to the high-pressure hydrogen pipelines referred to in point (a);

(c) reception, storage and regasification or decompression facilities for liquefied hydrogen or hydrogen embedded in other chemical substances with the objective of injecting the hydrogen**, where applicable,** into the grid;

(d) any equipment or installation essential for the hydrogen system to operate safely, securely and efficiently or to enable bi-directional capacity, including compressor stations**;**

~~**e) any equipment or installation allowing for hydrogen or hydrogen-derived fuels use in the transport sector within the TEN-TE core network.**~~

Commented [redacted]: Transport-related equipment should be covered in TEN-T regulation.

Any of the assets listed ~~**in points (a), (b), (c), and (d)**~~ may be newly constructed assets or **dedicated hydrogen assets** converted from natural gas **assets [ ]**, or a combination of the two.

~~**During a transitional period, repurposed gas assets could be used for transport or storage of higher blends of hydrogen with natural gas.**~~

~~**Where they involve newly constructed assets, they shall include an assessment of the hydrogen demand and be dimensioned to satisfy this demand without creating overcapacity.**~~

(4) concerning electrolyser facilities:

(a) electrolysers that: (i) have at least **[ ] 50** MW capacity, (ii) the production complies with the life cycle greenhouse gas emissions savings requirement of 70 % relative to a fossil fuel comparator of 94g CO_2e/MJ **[ ]**. Life cycle greenhouse gas emissions savings are calculated using the methodology referred to in Article 28(5) of Directive (EU) 2018/2001 or, alternatively, using ISO 14067 or ISO 14064-1. **The life-cycle GHG emissions must include indirect emissions**. Quantified life-cycle GHG emission savings are verified in line with Article 30 of Directive (EU) 2018/2001 where applicable, or by an independent third party, and (iii) have also a network-related function;

(b) related equipment.

(5) concerning carbon dioxide:

(a) dedicated pipelines, other than upstream pipeline network, used to transport carbon dioxide from more than one source, i.e. industrial installations (including power plants **where Member States have no other means than to deploy carbon capture and storage in electricity production**) that produce carbon dioxide gas from combustion or other chemical reactions involving fossil or non-fossil carbon-containing compounds, for the purpose of permanent geological storage of carbon dioxide pursuant to Directive 2009/31/EC of the European Parliament and of the Council[2];

[2] OJ L 140, 5.6.2009, p. 114.

(b) facilities for liquefaction and **[ ]** storage of carbon dioxide in view of its further transportation. **Without prejudice to those Member States in which geological CO2 storage is prohibited, t**his **also [ ]** includes infrastructure within a geological formation used for the permanent geological storage of carbon dioxide**, not involving the use of CO2 for enhanced recovery of hydrocarbons**, pursuant to Directive 2009/31/EC and associated surface and injection facilities. **The infrastructure related to geological CO2 storage to be developed by a project promotor in the recipient Member State is limited to the infrastructure, associated surface and injection facilities necessary to allow the cross-border transport and storage of CO2 originating from a project promoter operating in another Member State within which geological CO2 storage is technically unfavourable or prohibited**;

(c) any equipment or installation essential for the system in question to operate properly, securely and efficiently, including protection, monitoring and control systems.

ANNEX III

REGIONAL LISTS OF PROJECTS [ ]

1. RULES FOR GROUPS

(1) with regard to energy infrastructure falling under the competency of national regulatory authorities, ~~**(as defined under Article 2)**~~, each Group shall be composed of representatives of the Member States, national regulatory authorities, TSOs, as well as the Commission, the Agency, **the EU DSO entity** and the ENTSO for Electricity or the ENTSO for Gas **[ ] [ ].**

For the other energy infrastructure categories, each Group shall be composed of the representatives of the Member States, project promoters concerned by each of the relevant priorities designated in Annex I and the Commission [ ].

(2) depending on the number of candidate projects for the Union list, regional infrastructure gaps and market developments, the Groups and the decision-making bodies of the Groups may split, merge or meet in different configurations, as necessary, to discuss matters common to all Groups or pertaining solely to particular regions. Such matters may include issues relevant to cross-regional consistency or the number of proposed projects included on the draft regional lists at risk of becoming unmanageable.

(3) each Group shall organise its work in line with regional cooperation efforts pursuant Article 61 of Directive (EU) 2019/944, Article 7 of Directive 2009/73/EC, Article 34 of Regulation (EU) 2019/943, and Article 12 of Regulation (EC) No 715/2009 and other existing regional cooperation structures.

(4) each Group shall invite, as appropriate for the purpose of implementing the relevant priority **corridors and thematic areas** designated in Annex I, promoters of a project potentially eligible for selection as a project of common interest as well as representatives of national administrations, of regulatory authorities, and TSOs from third countries. The decision to invite third country-representatives shall be based on consensus.

(4a) Each Group for the corrdidors defined in Annex I (2), as appropriate, shall invite representatives of the landlocked Member States, competent authorities, national regulatory authorities, TSOs and promoters of a project potentially eligible for selection as a project of common interest.

(5) each Group shall invite, as appropriate, the organisations representing relevant stakeholders**, including representatives from third countries** — and, where deemed appropriate, directly the stakeholders **to express their specific expertise** — including producers, distribution system operators, suppliers, consumers and **EU based** organisations for environmental protection. The Group may organise hearings or consultations, where relevant for the accomplishments of its tasks.

(6) as regards the meetings of the Groups, the Commission shall publish, on a platform accessible to stakeholders, the internal rules, an updated list of member organisations, regularly updated information on the progress of work, meeting agendas, as well as meeting minutes, where available. The deliberations of the decision-making bodies of the Groups and the project ranking in accordance with Article 4(5) are confidential. **All decisions concerning to the functioning and work of the regional groups shall be made by consensus.**

(7) the Commission, the Agency and the Groups shall strive for consistency between the different Groups. For that purpose, the Commission and the Agency shall ensure, when relevant, the exchange of information on all work representing an interregional interest between the Groups concerned.

(8) the participation of national regulatory authorities and the Agency in the Groups shall not jeopardise the fulfilment of their objectives and duties under this Regulation or under Articles 58, 59 and 60 of Directive (EU) 2019/944 and Articles 40 and 41 of Directive 2009/73/EC, or under Regulation (EU) 2019/942.

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) an assessment of their projects with regard to the contribution to implementing the priorities set out in Annex I, **for projects of common interest**;

(b) an analysis of the fulfilment of the relevant criteria defined in Article 4;

(c) for projects having reached a sufficient degree of maturity, a project-specific cost-benefit analysis based on the methodologies developed by the ENTSO for electricity or the ENTSO for gas pursuant to Article 11;

(d) **for projects of mutual interest, the letters of support from the governments of the directly affected countries expressing their support for the project or other non binding agreements ~~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~~**.

(e) any other relevant information for the evaluation of the project.

This information is made available to the Decision Making Body of the relevant regional Group, the NRAs, the ENTSOs.

(2) all recipients shall preserve the confidentiality of commercially sensitive information.

(3) the proposed electricity transmission and storage projects of common interest falling under the categories set out in points (1)(a), (b), (c) and (e) of Annex II are projects that are part of the latest available Union-wide **TYNDP** [ ] for electricity, developed by the ENTSO for Electricity pursuant Article 30 of Regulation (EU) 2019/943. The proposed electricity transmission and storage projects of common interest falling under the categories set out in point (1)(e) of Annex II are projects that derive from and are consistent with the integrated offshore network development plan referred to in Article 14 (2).

(4) as of 1 January 2024, the proposed hydrogen projects of common interest falling under the categories set out in point (3) of Annex II are projects that are part of the latest available Union-wide ten-year network development plan [ ].

(5) by 30 June 2022 and, subsequently, for every Union-wide ten-year network development plans, the ENTSO for Electricity and ENTSO for Gas shall issue updated guidelines for inclusion of projects in their respective Union-wide ten-year network development plans, referred to in points (3) and (4), in order to ensure equal treatment and transparency of the process [ ].

The ENTSO for Electricity and ENTSO for Gas shall consult with the Commission and the Agency about their respective draft guidelines for inclusion of projects in the Union-wide ten-year network development plans and take due account of the Commission's and the Agency's recommendations before the publication of the final guidelines.

(6) proposed carbon dioxide transport projects falling under the category set out in point (5) of Annex II shall be presented as part of a plan, developed by at least two Member States, for the development of cross-border carbon dioxide transport and storage infrastructure, to be presented by the Member States concerned or entities designated by those Member States to the Commission.

(7) **Application of the selection criteria**

(a) the ENTSO for Electricity [ ] and the ENTSO for Gas [ ] shall present to the Group the assessment methodology they use to evaluate the selection criteria in the TYNDP.

(b) <u>for</u> projects falling under the competency of national regulatory authorities ~~(as defined in Article 2).~~ [ ] the national regulatory authorities, and where necessary the Agency, shall, where possible in the context of regional cooperation pursuant to Article 61 of Directive (EU) 2019/944 and Article 7 of Directive 2009/73/EC, check the consistent application of the criteria and of the cost-benefit analysis methodology and evaluate their cross-border relevance. They shall present their assessment to the Group. **<u>The Commission will ensure that criteria and methodologies referred to in Article 4 and Annex IV shall be applied in a harmonised way to guarantee consistency across the regional groups.</u>**

(8) [ ] **For all other projects**, the Commission shall evaluate the application of the criteria set out in Article 4. The Commission shall also take into account the potential for future extension to include additional Member States. The Commission shall present its assessment to the Group. **The Group shall be composed of representatives of the Member States, national regulatory authorities, TSOs, as well as the Commission, the Agency and the ENTSO for Electricity or the ENTSO for Gas, as relevant, project promoters. For projects applying for project of mutual interest status, third countries representatives and regulatory authorities shall be invited.**

(9) **Member States opinions and approbations:** each Member State to whose territory a proposed project does not relate, but on which the proposed project may have a potential net positive impact or a potential significant effect, such as on the environment or on the operation of the energy infrastructure on its territory, may present an opinion to the Group specifying its concerns. **Each individual proposal for a project of common interest or/and mutual interest shall require the approval of the Member States, to whose territory the project relates; where a Member State does not give its approval, it shall present its reasons for doing so to the Group concerned;**

(10) [ ] The Group shall examine, at the request of a Member State of the Group, the substantiated reasons presented by a State pursuant to Article 3(3) for not approving a project of common interest or a project of mutual interest related to its territory.

(11) **Ranking:** the Group shall meet to examine and rank the proposed projects ~~**approved**~~ **assessed in accordance with previous points** taking into account the assessment of the regulators, or the assessment of the Commission for projects not falling within the competency of national regulatory authorities. **The Group shall be composed by the decision making body of the regional Group and the NRAs. The deliberations are confidential.**

(12) **ACER opinion:** the draft regional lists of proposed projects falling under the competency of national regulatory authorities drawn up by the Groups, together with any opinions as specified in point (9), shall be submitted to the Agency six months before the adoption date of the Union list. The draft regional lists and the accompanying opinions shall be assessed by the Agency within three months of the date of receipt. The Agency shall provide an opinion on the draft regional lists, in particular on the consistent application of the criteria and the cost-benefit analysis across regions. The opinion of the Agency shall be adopted in accordance with the procedure referred to in Article 22 (5) of Regulation (EU) 2019/942.

(13) [ ] ~~a)~~ Where, on the basis of the **draft** regional lists [ ], and after having taken into account the Agency opinion, the total number of proposed projects [ ] on the Union list would exceed a manageable number, the Commission shall **advice** [ ] each Group concerned, not to include in the [ ] **regional** list projects that were ranked lowest by the Group concerned in accordance with the ranking established pursuant to Article 4(5).

~~b)~~ **(14)** ~~**The**~~ **Within one month of the date of receipt of the Agency's opinion, the decision making body of each Group shall adopt its final regional list, respecting the provisions set out in Article 3(3), on the basis of the Groups' proposal and taking into account the opinion of the Agency and the assessment of the national regulatory authorities submitted in accordance with point (7), or the assessment of the Commission for projects not falling within the competency of national regulatory authorities proposed in accordance with point (8), and the advice from the Commission that is aimed at having a manageable total number of projects of common interest, especially at borders related to competing or potentially competing projects. The decision making bodies of the Groups shall submit the final regional lists to the Commission, together with any opinions as specified in point (9).**

~~c) The Group shall be composed by the decision making body.~~**The deliberations are confidential.**

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]: This part should be deleted, as this does not demonstrate that a project has significant cross-border impact.

(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 (as defined in 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 **[ ] 50** MW installed capacity and **[ ] it** 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 [ ]: We prefer reverting back to original wording – PMI projects should bring benefits to at least two Member States

(i) for projects of mutual interest in the category set out in point (3) of Annex II, the hydrogen project enables the transmission of hydrogen 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 [redacted]: We prefer reverting back to original wording – PMI projects should bring benefits to at least two Member States

(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[3];

[3] **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, 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**

(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;

[ ]

(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.

(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 efficienc 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) **enabling flexibility services such as demand response and storage by** facilitation of smart energy sector integration **through the creation of links to other energy carriers and sectors** 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) **enabling flexibility services such as demand response and storage by** the facilitation of smart energy sector integration **through the creation of links to other energy carriers and sectors** 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 [ ].

(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~~ the expected net volume of ~~connected installations of at least [XX%]~~ CO2 abated over project lifetime 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 technoligical solutions in the absence of the project;

b) increased resilience and security of carbon dioxide transport assessed as the demonstration by the project promoter that any improvements made by the project can be used in further projects;

(c) efficient use of resources ~~by establishing the existence of a sustained demand for carbon utlisation of at least [XX]% of the volume of the capacity of~~ assessed as the ~~transport~~ potential to connect multiple CO2 sources and storage sites via the proposed common infrastructure~~, and avoidance of environmental risk by ensuring the long-term neutralisation of transported carbon dioxide~~.