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COVER NOTE

From: Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director

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To: Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union

Subject: Proposal for a Regulation of the European Parliament and the Council on guidelines for trans-European energy infrastructure and repealing Regulation (EU) No 347/2013
Regulatory Scrutiny Board Opinion

Delegations will find attached document SEC(2020) 431.

Encl.: SEC(2020) 431



EUROPEAN COMMISSION

Brussels, 1.12.2020
SEC(2020) 431 final

REGULATORY SCRUTINY BOARD OPINION

**Proposal for a Regulation of the European Parliament and of the
Council on guidelines for trans-European energy infrastructure and
repealing Regulation (EU) No 347/2013**

{COM(2020) 824 final}
{SWD(2020) 346 final}
{SWD(2020) 347 final}



EUROPEAN COMMISSION
Regulatory Scrutiny Board

Brussels,
RSB

Opinion

Title: Impact assessment / revision of TEN-E guidelines

Overall 2nd opinion: POSITIVE WITH RESERVATIONS

(A) Policy context

The TEN-E Regulation provides a planning framework for investment in trans-European energy networks. Projects of Common Interest (PCIs) contribute to the internal energy market, security of supply and sustainability. The projects are in pre-defined cross-border infrastructure corridors. They should be completed on time and be interoperable. The EU's ambitions for climate and energy policy require changes to the framework. This impact assessment analyses possible changes. It draws on an evaluation of the 2013 Regulation.

(B) Summary of findings

The Board notes the improvements to the report, notably as regards the context description and the logic of the intervention.

However, the report still contains significant shortcomings. The Board gives a positive opinion with reservations because it expects the DG to rectify the following aspects:

- (1) The report lacks a clear justification for the need to establish separate sustainability criteria for assessing candidate PCI projects that differ from the recent taxonomy Regulation.**
- (2) The rationale for keeping the explicit list of TEN-E infrastructure categories is not clear.**
- (3) It is not sufficiently clear to what extent the initiative can shorten delays in the permitting process if the drivers of the problem are largely under national control.**

This opinion concerns a draft impact assessment which may differ from the final version.

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(C) What to improve

(1) The report should provide a better justification for creating a separate system for assessing the sustainability of candidate projects of common interest. It is not clear why the TEN-E sustainability assessment requires specific selection criteria or how they would differ from those of the taxonomy Regulation. While the report acknowledges that the details of the sustainability methodology would be developed later with the ENTSOs and ACER, the report should at least provide the minimum requirements to align the PCI selection with EU policy objectives.

(2) The report should be more specific on how it will ensure that the mandatory sustainability criterion will take precedence over other criteria in the project selection process, to ensure alignment with the Green Deal. It should also clarify why it proposes not to apply the sustainability criterion to electricity projects. Although these automatically fulfil the taxonomy requirements for climate mitigation, they should also do no significant harm to other environmental and social objectives.

(3) The report should better substantiate why the revised Regulation should keep the list of infrastructure categories. It should consider how it can make the initiative more future-proof. It should also explain why it does not directly use the taxonomy Regulation to ensure the alignment of the list with the Green Deal.

(4) The evaluation concludes that the delays in acquiring the permits for PCIs are largely influenced by national laws and practices. The report should be clearer about the role of the EU versus national levels in addressing these delays. In this context, it should better explain the inclusion and the likely effectiveness of the policy option on ‘use of urgent court procedures’, as it would only apply to Member States that have such procedures in place (less than half).

The Board notes the estimated costs and benefits of the package of the preferred options in this initiative, as summarised in the attached quantification tables.

(D) Conclusion

The DG may proceed with the initiative.

The DG must revise the report in accordance with the Board’s findings before launching the interservice consultation.

If there are any changes in the choice or design of the preferred option in the final version of the report, the DG may need to further adjust the attached quantification tables to reflect this.

Full title	Revision of the Trans-European Energy Networks (TEN-E) Regulation
Reference number	PLAN/2020/6566
Submitted to RSB on	9 November 2020
Date of RSB meeting	Written procedure

ANNEX: Quantification tables extracted from the draft impact assessment report

The following tables contain information on the costs and benefits of the initiative on which the Board has given its opinion, as presented above.

If the draft report has been revised in line with the Board's recommendations, the content of these tables may be different from those in the final version of the impact assessment report, as published by the Commission.

I. Overview of Benefits (total for all provisions) – Package of preferred options		
Description	Amount	Main recipient (stakeholder group)
A) SCOPE		
<ul style="list-style-type: none"> Broadened scope to reflect technological developments for smart electricity grids (elements of Option A.1.1; expanding the category on electricity storage would not be proposed) 		
Direct benefits		
Reduced transaction costs	Not possible to monetise benefit.	Benefits for project promoters.
Facilitate the integration of renewable energy sources at distribution level	Not possible to monetise benefit.	Benefits for owners of renewable energy generation units at distribution level.
Indirect benefits		
Provision of demand-side flexibility by consumer connected to the distribution grid	Not possible to monetise benefit. Higher penetration of smart grids will allow for 120 GW-150 GW of flexible load available by 2045	Benefits identified for citizens and society as a whole, transmission system operators
Support in the uptake of electric cars	Not possible to monetise benefit.	Benefits identified for citizens and society as a whole
Comprehensive control and monitoring of the grid would reduce the need for curtailment of renewables and enable competitive and innovative energy services for consumers.	Not possible to monetise benefit. According to the IEA, investments in enhanced digitalisation would reduce curtailment in Europe by 67 TWh by 2040 ¹ .	Benefits identified for citizens and society as a whole
<ul style="list-style-type: none"> Limit scope to new and repurposed hydrogen network / Power-to-Gas installations (Option A.2.1) as well as smart gas grids and retrofits of existing natural gas transmission assets for hydrogen admixtures/blends with safeguards in place to ensure renewable and low-carbon gases are transported (elements of Option A.2.2; new transmission pipelines for decarbonised gases and inclusion of advanced natural gas PCIs would not be proposed) 		
Direct benefits		
Description	Amounts	Comments
GHG emission reduction from the substitution of fossil fuels by renewable or low-carbon hydrogen	Not possible to monetise benefit. In general, GHG emission reduction potential in the range of 20-65 MtCO ₂ /a, corresponding to 1.4%-4.5% of the reduction gap at EU-28 level	Benefits identified for citizens and society as a whole
GHG emission reduction from the substitution of natural gas with biogas	Not possible to monetise benefit. In general, GHG impact ranges from a 156 tCO ₂ eq per TJ reduction to a 17 tCO ₂ eq per TJ increase in emissions	The exact impact will depend on the amount of renewable and low carbon gases injected into the grid and on the difference between the GHG intensity of the specific renewable and low carbon gas and the substituted fuel. Benefits identified for citizens and society as

¹ with demand-response accounting for 22 TWh and storage accounting for 45 TWh - IEA 2016

		a whole
Increasingly interconnected hydrogen networks will create an internal market for hydrogen and offer benefits in terms of competition and security of supply	Not possible to monetise benefit. Up to 70% of additional demand for green hydrogen projected by German TSOs for 2025 and 2030 is expected to be covered by imports of decarbonised hydrogen from the Netherlands	Benefits for administrations (NCAs), energy producers/ industry
Indirect benefits		
Leveraging investments in hydrogen technologies	In general, depending on the scenario, 7.5 billion or 29 billion EUR of value added can be generated annually in the whole EU-28, by investment in and operation of hydrogen technologies.	Benefits for energy producers/ industry
Job creation generated by hydrogen-related investments and operations	Not possible to monetise benefit. 29100–103 100 direct jobs (in production and operations & maintenance) and contribute to further 74 100–241 150 indirect jobs between 2020 and 2030	Benefits identified for citizens and society as a whole
Job creation generated by installed capacity of renewable hydrogen electrolysers	Not possible to monetise benefit. Between 140,000 and 170,000 jobs for manufacturing and maintenance of 2x40 GW electrolyser capacity up to 2030.	Benefits identified for citizens and society as a whole
Avoidance of stranded assets through the conversion of existing natural gas assets into dedicated hydrogen pipelines	Reduction of up to 90% compared to new build	Benefits for administrations (NCAs), energy producers/ industry
B) GOVERNANCE / INFRASTRUCTURE PLANNING		
<ul style="list-style-type: none"> Integrated offshore renewable development plans per each sea basin for better infrastructure planning and project implementation (Option B.1.1); strengthened governance of the TYNDP planning and preparation and sustainability of the gas infrastructure categories as proposed under the preferred option on “Scope” (Option B.2.1) 		
Direct benefits		
Deployment cost savings	10 percent in cost savings, equivalent to between EUR 300 million and EUR 2500 million for five projects alone, depending of the size of the comparable conventional projects	Benefits identified for citizens and society as a whole, project promoters (including transmission system operators), administrations (NCAs)
GHG emission reduction from the substitution of fossil fuels by offshore renewable energy.	Not possible to monetise benefit. Given the expected deployment the emissions reductions can be considered significant in a mid-term perspective. These would depend on the actual deployment rate and the greenhouse gas intensity of the electricity it replaces. This is influenced by various factors including demand and supply patterns, price sensitivities, localisations, grid congestions	Benefits identified for citizens and society as a whole
Indirect benefits		
Job creation in offshore RES sectors (wind, wave, tidal, floating solar)	Not possible to monetise benefit. Approx. 520 000 jobs, as follows: <ul style="list-style-type: none"> - Increase from current 77,000 jobs in offshore wind to more than 200,000 jobs. - 400,000 jobs in the ocean energy sector (e.g. wave, tidal, floating solar) by 2050 	Benefits identified for citizens and society as a whole
C) PERMITTING AND PUBLIC PARTICIPATION		

<ul style="list-style-type: none"> Accelerating the completion of the permitting process though proposing to use preferential treatment for the PCIs on court proceedings (Option C.1.1. without sub-option on shortening of the time limit for the permitting process); one-stop shop per sea basin for offshore renewable projects (Option C.1.2) 		
Direct benefits		
Avoidance of delay costs due to court proceedings	A delay of 2 years due to an average court procedure was estimated at a cost of 150 million € ² .	Benefits identified for society at large, but also for project promoters (including transmission system operators), administrations (NCAs)

II. Overview of costs – Package of preferred options							
		Citizens/Consumers		Businesses		Administrations	
		One-off	Recurrent	One-off	Recurrent	One-off	Recurrent
Action (a) Broadened scope for regulated assets (smart grids)	Direct costs				Administrative burden (project promoters): participation in regional group meetings, collection and submission of information required for network planning, monitoring and reporting		Administrative burden: participation in regional group meetings (NRAs), organisation of regional group meetings, monitoring
	Indirect costs		Potential increase of network tariffs		Potential increase of network		Potential increase of network tariffs
Action (b) Establishment of integrated offshore development plans	Direct costs				Administrative costs (mainly TSOs / ENTSOs): participation in regional group meetings, collection and submission of information required for network planning		Administrative burden: participation in regional group meetings (NRAs, ACER), organisation of regional group meetings, monitoring (Commission, ACER)
	Indirect costs		Potential increase of		Potential increase of		Potential increase of

² Renewable Grid Initiative and ENTSOE, Value of timely implementation of “better projects”, May 2019, Working Paper https://eepublicdownloads.azureedge.net/clean-documents/Publications/Position%20papers%20and%20reports/20190517_RGI_ENTSOE_working_paper_better_projects.pdf

			network tariffs		network tariffs		network tariffs
Action (c) Integrated infrastructure plans	Direct costs				Administrative costs related to the coordinated approach (mainly TSOs, DSOs and ENTSOs): data collection, participation in meetings		Administrative costs related to the increased oversight for the Commission and ACER (between EUR 80 000 and 150 000, one additional FTE)
	Indirect costs						
Action (d) One-stop shop per sea basin for offshore renewable projects	Direct costs					Administrative costs to establish the one stop shop	
	Indirect costs						
Action e) Inclusion full investment costs	Direct costs						Administrative costs related to the strengthened obligation on NRAs