

TEN-E Regulation review

ENTSO-E Policy Recommendations



ENTSO-E, the Association of European Electricity Transmission Operators (TSOs) representing 42 members across 35 countries, welcomes the opportunity to input to the review of Regulation (EU) 347/2013 on guidelines for trans-European energy infrastructure (TEN-E Regulation) to make the regulatory framework fit for purpose to the twin energy and digital transition.

What should such a revision include?

1. Make the TEN-E Regulation fit for purpose to reach the European Green Deal ambitions and climate neutrality objective by 2050, acknowledging European electricity network as the backbone of the energy transition.

The TEN-E Regulation had been adopted to support the development of pan-European electricity transmission infrastructures necessary for the proper functioning of integrated energy markets via the identification of Projects of Common Interests (PCI). Moreover, the integration of different energy sectors to achieve the EU 2030 targets and EU climate neutrality by 2050, as highlighted by the European Commission (EC) in its Energy System Integration Strategy, will require a strongly interconnected European electricity transmission system. **ENTSO-E therefore welcomes the revision of the TEN-E Regulation to align the European regulatory framework with energy and climate neutrality objectives as put forward in the European Green Deal.**

Only a strong, resilient and flexible pan-European electricity transmission grid can take the full advantage of the profusion of renewable energy sources at European level, integrating large shares of renewable energy generated in mostly remote areas and making carbon-free electricity available in consumption centers throughout Europe. **To reach the net-zero GHG emission target by 2050, it is paramount that the TEN-E Regulation keeps incentivising and supporting electricity transmission network development as the very backbone for a successful energy transition in Europe.** In this regard, the fulfilment of the electricity interconnection target of at least 15% for 2030 that was set in the Governance Regulation, provided that system benefits outweigh costs, is an important contributor to reaching the Energy Union goals.

2. Make use of the TEN-E Regulation as a key instrument for an integrated infrastructure planning and as a catalyst for decarbonising the European energy system.

The reviewed TEN-E Regulation should reflect a long-term holistic “one system vision” for system planning to enable the development of efficient multi-layer, multi-player, cross-sector and cross-border coordination, cooperation and integration. It should furthermore provide a framework that supports full energy system integration. Addressing these expectations and building upon the current pan-European planning process, the Ten-Year Network Development Plan (TYNDP), ENTSO-E has developed a new multi sectorial planning support (MSPS). The MSPS provides an open framework and incentivises cooperation and coordination beyond electricity and gas sectors such as heat, transport and industry. It enables cross-sectorial considerations at all relevant steps of the planning process including extensive stakeholders’ engagement.

Considering the central role of electrification, and hence the electrical system, in the energy transition, ENTSO-E is willing to play a coordinating role and support the integration of the different energy carriers. Having the MSPS at hand, the TSOs are best equipped to identify the system needs in the most efficient and neutral way. By combining holistic system view, expert knowledge of real time system operation and asset management, as well as the ability of translating markets into physics, the TSOs developed tools and methodologies enabling assessment of the system-wide costs and benefits from a societal point of view.

3. Strengthen the PCI label as a mere presumption of usefulness and as a stable driver for project promoters

The PCI label is an indicator of projects’ potential usefulness for the society as a whole. As it stands in the current TEN-E Regulation, Regional Groups led by the EC draw up PCI lists relying on the technical expertise of ENTSO-E. The validation of projects of presumed usefulness under the cloak of the PCI label remains under the exclusive competence of national authorities, who ensure, through adequate studies, that the investments to be made are those that best serve the interests of the European consumers. **According to the TEN-E Regulation, the role of the TSOs and ENTSO-E is limited to providing advisory council based on technical expertise from a whole system perspective. The final selection and investment decisions**

In this perspective, common scenarios and interlinked modelling processes of ENTSO-E and ENTSO-G are paramount to analyse and capture the benefits of integrated system planning in close collaboration with relevant stakeholders. Furthermore, **through its roadmap on Multi-Sectoral Planning Support (MSPS), ENTSO-E commits to create an open environment for all stakeholders, facilitating integrated scenario building, simultaneous consideration of different system components and technologies as well as their mutual interactions on different operational levels.**

The TYNDP defines European forward-looking scenarios. It is the reference to evaluate network needs and lays the basis for PCI selection for electricity transmission projects and, as such, it is subject to the cost-benefit analysis (CBA). The CBA methodology elaborated by ENTSO-E for electricity projects and approved by the EC – after consultation with ACER and Member States – is meant to support the selection process of optimal solutions. They shall be fit for the future by providing clean, affordable and secure energy for all Europeans. The EC, as guardian of the European general interests, should remain responsible for approving the CBA methodology to ensure compatibility of infrastructure planning with EU decarbonisation targets.

lie with the policy makers and national regulatory authorities respectively. The revised Regulation should continue to draw upon this clear and balanced division of roles and responsibilities.

The two years frequency of the PCI selection process – irrespective of the status of projects – generates administrative burdens and cost over-runs for project promoters. **Therefore, once a project has previously been proven to be of common interest and has reached sufficient maturity, an efficient fast-track conformity assessment should be foreseen for such projects.**

4. Define eligibility criteria for a PCI status ready to meet new challenges

The conditions of eligibility for PCI status should be consistent with the Paris Agreement and the climate neutrality objectives by 2050 **without calling into question the criteria of significant cross-border impact, which is the keystone of the Regulation.**

In this respect, **TSOs call for the TEN-E Regulation to explicitly recognise the eligibility for PCI status of the necessary connections of large offshore hubs**, even if for some time they are used as radial ones. The successful integration of such an amount of renewable energy into the electricity transmission

system requires respective and innovative infrastructure extensions. **These investments can be the first building blocks of a future offshore grid realised either as hybrid or as meshed grids.** All maritime areas of the EU shall be considered for the development of the offshore grid: the priority corridors will therefore have to be extended accordingly.

To meet the Green Deal ambitions, **the TEN-E Regulation should also address new infrastructures categories** such as projects promoting innovative technologies and digital solutions as well as interconnections with third countries. Taking into

5. Support project realisation through fair and simple financing instruments and mechanisms

The TEN-E Regulation requires project promoters to consult all potentially beneficiary TSOs to seek additional financial contributions for PCIs. The currently applied cross-border cost allocation mechanism (CBCA) procedure is very complex and time-consuming. In this respect, the CBCA should not be a prerequisite, but only serve as measure of last resort. Hence, the default solution should foresee a negotiated voluntary solution for project financing between respective member states of hosting project promoters. Furthermore, alternative ways of cost sharing should be envisaged only in case a project is not commercially viable for the hosting countries, but economically viable from a European perspective. In such cases, European funding would be the preferred option. Given the upcoming need to invest in EU energy infrastructure necessary to reach the EU decarbonisation goals, **PCIs should indeed be supported by a fast track lane to access support from financial instruments** (i.e. CEF or specific programs).

6. Timely deliver PCIs through faster permitting and comprehensive public engagement

The timely implementation of projects needed to integrate growing shares of renewables in the energy system is a key prerequisite to meet European climate targets. Simplifying and speeding up permitting processes is one of the most important ways in which the TEN-E Regulation can support the concrete delivery of infrastructure required for decarbonising the energy system. **The TEN-E Regulation should therefore enhance support for creating synergies through streamlining processes, making them more flexible where needed and help speeding up significantly the deployment of critical infrastructure to support the Green Deal objectives.**

The new regulatory framework should minimise procedural layers and avoid redundancies. This would accelerate the permitting processes, reduce overall costs and increase legal certainty for all involved parties. In this context, it is important to note that planning obligations in permitting procedures have increased significantly. **Accordingly, any new permitting**

account projects of added-value for European consumers, the threshold of 500 MW of increased cross-border capacity determining the cross-border impact for electricity transmission infrastructures should be reassessed.

A successful energy transition can only happen with the involvement of the EU's immediate neighboring countries (among others the Balkans, North Africa and the Middle East) as it will further improve and allow a higher RES integration, as well as provide flexibility, by enabling EU market integration.

In addition, the TEN-E Regulation revision should improve its effectiveness in fostering network investments by **strengthening the synergies between the different available funding instruments**, notably the CEF (including CEF digital) and Horizon Europe. The new TEN-E Regulation should also support the introduction of appropriate incentive schemes at national level that are based on a positive CBA and thus address priority issues for the system by facilitating solutions where public and private entities cooperate to find the financial resources necessary to develop projects.

Finally, **consistency should be ensured between the TEN-E Regulation and the criteria of new financial instruments under the EU Taxonomy Regulation** to support financing of/ applicability to future projects in line with EU climate objectives.

measure introduced in the revised TEN-E Regulation should reflect these rising demands and strengthen effectiveness and efficiency of the permitting procedures.

Effective public participation and stakeholder engagement at the local, regional, national and cross-border levels is indispensable in permitting, leading to increased public acceptance of the process and delivery of better projects. **Public participation should therefore maintain a central and imperative role in TEN-E Regulation.**

In many cases, national provisions and voluntary steps taken by TSOs today already go beyond TEN-E Regulation obligations on public consultation. **When defining concrete participation and communication measures, the TEN-E regulatory framework should therefore provide the right level of flexibility to achieve the intended aim, without compromising on the ambition.**

Contact us:

@ENTSO_E | info@entsoe.eu
www.entsoe.eu

European Network of
Transmission System Operators
for Electricity

