

Minutes of the PECl/PMI MEETING – ELECTRICITY GROUP, 2020.03.18

Meeting Via Webex: 11:00-13:30

Number of participants: 35

Energy Community Secretariat: Violeta Kogalniceanu (Chair), Adam Balogh, Nenad Sijakovic

European Commission: Adam Szolyak, Aleksander Vigne

Consultants: Borbála Takácsné Tóth, Alfa Diallo, Enikő Kácsor, András Mezősi, Gábor Horváth (REKK), Daniel Grote (DNV GL)

Representatives of

| Country | TSO | NRA | Ministry |
|------------------------|----------------|-----|------------------------------------|
| Albania | 0 | X | 0 |
| Bosnia and Herzegovina | NOSBIH | X | 0 |
| Georgia | GSE | 0 | 0 |
| Kosovo* | 0 | 0 | 0 |
| Moldova | 0 | 0 | 0 |
| Montenegro | CGES | 0 | 0 |
| Serbia | EMS | 0 | MoME |
| North Macedonia | 0 | 0 | 0 |
| Ukraine | | | Ministry of Energy and Environment |
| Croatia | 0 | 0 | 0 |
| Romania | Transelectrica | | |
| | | | |

ELIGIBILITY & DATA VERIFICATION

The Consultant presented the **eligibility** check, and technical and cost data verification of the submitted 6 electricity transmission lines. Based on the evaluation all six submitted projects proved to be eligible, Trans Balkan Corridor (EL_01) for PECl, while the other five projects for PMI label.

For the further evaluation, however, more clarification is needed on submitted data, and the promoters were asked to give further insights and explanations on some projects. Also some additional data submission was necessary.

The following important clarifications were made related to the **project data** of the six projects:

- EL_01 (Trans Balkan Corridor)

There was a discussion about the NTCs of the Bosnian – Serbian, and Montenegrin-Serbian border, as ENTSO TYNDP 2018 values were not in line with the submitted values. Promoters explained, that the reason for the difference is, that the first section of the project was already commissioned and real flows on the line (IT-ME) were the basis of the submission of different NTCs to PECl/PMI assessment than to the ENTSOs TYNDP. As a final suggestion the participants agreed that the Consultants will use the submitted values for this project. Additionally, the Consultant and the representative of ENTSO-E agreed, that in the modelling they will include an NTC increase on the Italian-Montenegrin border as well, associated with the project: 600 MW in both directions.

Based on the Consultant's benchmarking the submitted investment costs of the projects were significantly lower, than the benchmarked values. The promoters explained, that the construction of the first section of the project was able to stay within budget, therefore the Promoters believe that the figures are realistic. They highlighted different regional costs and landscape characteristics as the potential source of the difference. The submitted CAPEX is also in line with the project's feasibility study. It was agreed that the submitted cost values shall be used in the assessment.

- EL_03 (Bosnia – Croatia)

The project promoters clarified the length difference between submitted and ENTSO-E TYNDP 2018 values. The change in the length of the project (since the ENTSO-E TYNDP 2018 submission) is a result of a detailed technical design study that came up with a much more precise figure. Therefore, the submitted length is to be used.

- EL_07 (Ukraine – Slovakia)

The promoters of the project were not present, any answer to the issues raised in the Data Report (see Section 3.3 of the Report on Project and Scenario Input Data) should be sent to the ECS and to the Consultants by 26 March 2020.

- EL_09 (Ukraine – Romania)

Romanian TSO representative explained, why the project is not in the NNDP: As the interconnection depends on the possibility of synchronous operation, as long as the synchronous operation is not possible, the project cannot be part of the Romanian NNDP. The representative also stated that it is highly likely, that additional internal network development will be necessary in order to the project to be realized, however the CAPEX of these investments is currently unknown. This also means, that submitted CAPEX data does not include the CAPEX of possible further development of the network, thus it is highly likely that it is much lower than the real CAPEX needed to be invested in order to realise the project.

As a final point it was highlighted that the submitted 1.000 MW NTC effect is only a target value, not surely the actual NTC increase which will be associated with the project. Without internal development, NTC may be smaller.

- EL_12 (North CSE corridor)

With respect to the North CSE corridor, the Consultant raised the issue, that cost values shall be broken down for Romania and Serbia, in order to make a proper analysis. Serbian promoter clarified that the submitted cost values were not joint costs, but only the cost of the Serbian side, which is very close to the actual expenses of the project as the Romanian side is very short. Promoters also promised however, that they try to get the relevant cost figures for the Romanian section as well by 26 March 2020 and send it to the ECS and to the Consultant.

- EL_13 (Black Sea Submarine Cable)

Because of the bad internet connection, the participants agreed that information will be sent via e-mail from Georgia and Romania jointly to the EC Secretariat. This letter of clarification arrived during the meeting.

Additionally, the representative of the Romanian TSO highlighted that the submitted 1050 MW NTC effect is only a target value, not surely the actual NTC increase which will be associated with the project. Without internal development NTC may be smaller.

COUNTRY DATA & SCENARIOS

Country data submissions and the two scenarios to be analysed were presented by the Consultant. Data availability was shown first, indicating for which years and countries should the consultant use its own estimation.

Then participants could see the assumed demand pathways, installed capacity data and the assumptions regarding input prices (natural gas, CO₂, coal). No objection or comment was made regarding the first two, thus they were considered agreed – with the exception of EnC BAU Albania and Moldova data: this can be updated if data is received from these countries.

Regarding the input prices one comment was added by the ENTSO-E representative (Andriy Vovk) on the 2025 value. Since then, data was cross-checked, no correction is needed for the value in the National Trends Scenario. However, it seems that both ENTSO-E and the Consultant uses PRIMES as the source for CO₂ price assumptions, and still the assumed prices are different.– As ENTSO-E may have access to more up-to-date EU PRIMES forecasts, it was agreed that the ENTSSOs data will be used.

Consultant was asked to include further information on the ENTSSOs National Trends scenario and its assumptions in the Final report.

In relation to **country data** and **scenario input data** the following has been agreed on:

- the presented data is to be used in the two scenarios, with two differences:
 - o the same CO₂ pathway will be used in both scenarios (ENTSSOs TYNDP 2020 values for National Trends)
 - o data for Albania and Moldova may be updated in the EnC BAU scenario
- further information will be added regarding the ENTSSOs National Trends Scenario in the Final Report

ASSESSMENT OF THE PROJETS

The Consultant presented a dummy project to illustrate the project assessment methodology.

For the **assessment methodology**, the following was agreed on:

- Only the two modelled baseline scenarios will be taken into account with a 50-50% weight (after some debate on the question whether the sensitivity scenarios should be included in the scoring as well or not. The results of the sensitivities will be also presented to the group but will not be incorporated in the scoring.)
- The weights applied for the 4 indicators in the multi-criteria analysis are as follows: CBA 60%, SAI 15%, HHI 10%, IPI 15%
- For projects where no progress in implementation can be documented between 2018 and 2020 (neither in the completed project implementation steps nor in the additional information provided in relation to project maturity in the questionnaire), a reduction to the score of the Implementation Progress Indicator of –10 will be applied.