

Minutes of the PECl/PMI MEETING –Electricity GROUP, 26. May 2020

Meeting Via Webex: 10:00-12:00

Attendance:

Energy Community Secretariat: Violeta Kogalniceanu (Chair), Adam Balogh, Davor Bajš

European Commission: Adam Szolyak (DG ENER), Aleksander Vigne (DG ENER), Miguel Vareta Sanchez (DG NEAR)

Consultants: Borbála Takácsné Tóth, András Mezősi, Enikő Kácsor, (REKK), Daniel Grote, Martin Paletar (DNV GL)

Anca Antemir, RO, Transelectrica

Andriy Vovk, ENTSOE

Arta Qorolli Ost, AL

Biljana Ramic, Ministry Serbia

Biljana Trvic, AERS SER

Branka Vasilj MEPSO, North Macedonia

Edina Aganovic NOSBiH, BiH

Elizabeta Arsova MEPSO, North Macedonia

Giorgi Butchvelashvili, GSE, GE

Inna Astapova, Ukrenegro, UA

Isidora Armus, Energy Agency, SER

Jaksa Riger, REGAGEN, MN

Kliment Naumoski, MEPSO, North MK

Ljupko Teklic, HOPS, HR

Nebojsa Vucinic, EMS, RS

Yuliya Nechepurenko, Ukrenegro, UA

Nikola Janjic, NOS BiH, BA

Nodar Ruadze, GSE, GE

Obrad Skrba, NOS BiH, BA

Oksana Plakhotniuk, Ministry, UA

Lucia Mihalikov, SEPS, SK

Ruslana Demianenko, NPC Ukrenegro, UA

Sasa Skakic, DERK, BA

Sime Kuzarevski, MEPSO, North MK

Srdjan Boskovic, EMS, RS

Tamar Gvatua, Ministry, GE

Svitlana Volkova, Ukrenegro, UA

Zurab Ezugbaia, GSE, GE

Zaza Chikhradze, Ministry, GE

Country	Ministry	NRA	TSO
Albania			
Bosnia and Herzegovina		X	X
Georgia	X		X
Moldova			X
Montenegro		X	
Serbia	X	X	X
North Macedonia			X
Ukraine	X		X
Croatia			X
Romania			X

Violeta Kogalniceanu from Energy Community Secretariat welcomes the Group and announces some basic technical rules of the meeting related to the online format and introduces the agenda. The main goal of the meeting is to agree on a preliminary list of PECl/PMI list to be proposed to the Ministerial Council, who will take the political decision on the final list. The Regulation 347/2013 obliges us to do a public consultation on the full list of projects that were proposed for a PECl/PMI label. Altogether 7 answers were received, mainly from NGOs, summarized in the following table.

Project #	# of responses	From	Note
EL_01	1	NGO Network	"Care should be taken with the routing as it looks like it goes through the Tara National Park in Serbia"
EL_07	1	NGO Network	End of the line connects to Burshtyn coal PPT, thus there is a threat to carbon leakage. If the PPT closes down in 2023 and carbon price in UA is at reasonable level, the project can help to balance RES intermittency btw UA and SK
EL_09	3	NGO, NGO Network, Company	Project will not help market integration as NPPpower is not market priced; decommiss. fund is inadequate – waste is not solved; project will not help RES integration; doubts about the legal procedures for ENV protection and the observance of the rights of ordinary citizens-owners of land. "In view of balancing solar PV and wind expected to increase in capacity in the South Ukraine Prymorska region, this project would be welcome." The project should be used to connect current and future RES and not to export nuclear power. NPP is old, vulnerable unsolved waste issues. Potential to reduce UA dependency from RU to import less carbon intensive electricity from RO wind generation. Intermittency could be balanced, if not used for nuclear power export. The project contributes to market integration, SoS, competition and EnC policies
EL_12	1	NGO Network	Does not appear priority due to planned commissioning date. The project has to favor connecting existing and planned RES (sa Cibuk wind farm, Kostolac planned PV and wind) and not supporting Kostolac coal PPT and planned new units. Integration of Portile de Fier and planned RES is beneficial.
EL_13	1	NGO Network	Would support regional integration with EU. May help to balance GE power system seasonal fluctuations. But if used for power expert, might lead to increased invest. in hydro in GE resulting in ENV & social problems. There is potential to substitute RU power import in winter.

András Mezősi (REKK) summarizes the methodology applied for the assessment. He introduced shortly the overview of the 6 submitted electricity transmission projects, that all met the basic eligibility

criteria checked in the verification phase and qualified for further assessment in the CBA modelling and MCA. The total cost of the submitted projects is ~2900 million €. Andras presents the CBA modelling methodology and the scenarios applied together with assumptions applied. These assumptions and input data used were already discussed and agreed upon in the previous meeting (March 2020). The results of the PINT project assessment are explained in depth on a project-by-project basis.

Q&A: Srdjan Boskovich (EMS):

- Asks to correct the routing of EL_12 Serbia and Romania on the map. Project EL_12 consists of the following investments:
 - New 400 kV OHL SS Portile de Fier - SS Djerdap 1
 - New SS Belgrade West 400/110 kV
 - New 400 kV OHL SS Cibuk 1 - SS Belgrade WestAnswer: (Borbála Tóth REKK): we will correct, thank you
- Slide 7: He announces that the commissioning date of the project has been changed during the assessment to 2028.
Answer (Violeta Kogalniceanu, ECS): we cannot change that data at this point of the process.
- Slide 14: CO2 quota prices: In TYNDP NT 2030 28 €/tonnes was used.
Answer: Enikő Kácsor (REKK): we cross checked the CO2 price with ENTSO-E and the document published on ENTSOs website was used.
- Slide 14: price for lignite was not shown, and it is much lower than coal
- Answer (András Mezősi, REKK): we distinguish between prices for hard coal and lignite in the modelling.
- REKK has higher prices than the ENTSO-E prices (2030 ~+5 €/MWh, 2040 ~+10 €/MWh). Why is that?
Answer: András Mezősi (REKK): only part of the ENTSOs inputs are used (though, a big part of them), but for example we have more detailed information on installed capacities (on a block level), and also we use a different natural gas price (coming from our own gas market model EGMM) – REKK applies their own model, not the ENTSO-E's model.
- Proposed new sensitivity for EL_12 in base case remove 1.6 GW wind in Serbia and then add NTC increase RS-RO and add the wind capacity in Serbia.
Answer: Violeta Kogalniceanu (ECS): the consultant cannot do this additional sensitivity for a particular project, we already agreed on what to model and analyse (including which sensitivities) at the previous meetings; this should be done for all projects the same way.

Zaza Chikhradze (Ministry, GE):

- What is the reason for high prices in Turkey?
Answer: Andras Mezősi (REKK): We assume that Turkey will join the ETS and face a high increase of demand; this is why prices are high on the wholesale level.
- Can we have the data in detail?
Answer Violeta Kogalniceanu (ECS): all inputs were shared on the previous meetings, and the report is uploaded on the meeting section on ECS webpage, restricted to members of the Group but we are happy to send you them once more.

Obrad Skrba (NOSBiH):

- EL_03: transmission loss benefits were not submitted: 3.2 million Euros were submitted in the questionnaire due to misunderstanding – can you please add the submitted results?

Answer: András Mezősi (REKK): We will cross check it, but this will not turn the project into an NPV positive one.

Daniel Grote (DNV GL) presenting the results of the multi criteria assessment. Points out that the difference between the scores serves the purpose to help relative ranking of the projects. He is explaining in depth the individual project results related to System Adequacy Index, Herfindahl Hirschman Index and also to the Project Implementation Progress indicator. Based on the scoring and weighting the relative ranking resulted in three projects meeting the general criteria of the regulation:

EL_01: Trans Balkan (Trans Balkan Corridor – Double OHL 400 kV Bajina Basta (RS) – Visegrad (BA); 400 kV Kragujevac - Kraljevo 2 and 2x400 kV Obrenovac - Bajina Basta)

EL_07: 400 kV Mukacheve (Ukraine) – V.Kapusany (Slovakia) OHL rehabilitation

EL_09: 750 kV Yuzhnoukrainsk (Ukraine) – Isaccea (Romania) OHL rehabilitation and modernisation

Violeta Kogalniceanu presents the proposal of the ECS secretariat for the preliminary list:

EL_01 qualifies to be a PECl,

EL_07 and EL_09 qualify for a PMI label.

Discussion:

Representative of Georgian TSO (GSE) comment (**Zurab Ezugbaia**): indeed, project EL_13 undersea cable is in an early phase and we might not have enough information on the project. However, three main points are to be raised:

- The submarine cable was planned with the optical cable inside. Costs included the cost of these optical wire in the assessment. According to promoters estimate the benefits and revenues related to the telecommunication services should also be taken account of. These revenues might be significant (8-10% of the total revenues). Please indicate this comment if possible.
- OPEX figures: due to lack of knowledge and experience the initial understanding for the volume of OPEX was overestimated. It was commented by REKK and signal was given, however the feasibility study was not yet ready to provide more precise data. We can now share benchmarking data on similar PCI project where Capex/OPEX ratio shows that the original OPEX submitted was unrealistic. It could be changed to more realistic figures, and that can change results.
- Losses: unfortunately, not substantiated by feasibility study, we could not assess the impact on losses. However, the trend should be decreasing. At least the losses should be netted.
- The same project was assessed for the PEPI projects, and comparing the results there are significant differences. He would like to ask why?

Answer: Violeta Kogalniceanu (ECS): clarifies that the assessment is about assessing more mature projects. All projects were modelled with the input project data (CAPEX, OPEX, commissioning year, length, NTC, etc.) supplied by the project promoters. After the modelling is performed, and the results are presented, changes of input data are not possible. However, the PECl/PMI assessment is repeated every two years and additional project data gained in the meantime can be introduced in a new process. ECS also need to follow the progress of the PECl and PMI 2018 selected projects on the PLIMA platform, as developments must be reported to the Ministerial Council. Promoters are invited to do these updates in PLIMA, and to work on the already selected projects towards their implementation.

Ljupko Teklic, Croatian TSO (HOPS) asks to correct the EL_12 Croatia and Bosnia and Herzegovina on the map, one section is missing (North-West section, Lika – Melina line 400 kV in Croatia).

Adam Szolyak (European Commission DG ENER): The process is designed in a way that it is flexible enough to incorporate wider benefits and costs and externalities as well.

CONCLUSIONS:

The Electricity Group supported the preliminary list of PECO and PMI projects to be proposed to the Permanent High Level Group members, for their endorsement, and later to the Ministerial Council, for its approval, based on the assessment carried out and based on the proposal of the Energy Community Secretariat:

PECO: EL_01: Trans Balkan (Trans Balkan Corridor – Double OHL 400 kV Bajina Basta (RS) – Visegrad (BA); 400 kV Kragujevac - Kraljevo 2 and 2x400 kV Obrenovac - Bajina Basta)

PMI: EL_07: 400 kV Mukacheve (Ukraine) – V.Kapusany (Slovakia) OHL rehabilitation

PMI: EL_09: 750 kV Yuzhnoukrainsk (Ukraine) – Isaccea (Romania) OHL rehabilitation and modernisation

Violeta Kogalniceanu (ECS): Thanks all participants for their work and cooperation and closes the meeting.

Next steps: The minutes of the meeting, the finalised presentation (including updated maps), the list of participants and the proposed PECO/PMI list will be circulated.