

3rd PECE/PMI Electricity Group Meeting

Energy Community Secretariat, Vienna
10:00 – 16:00 13 February 2018

1. Introduction

- Energy Community Secretariat (ECS) welcomed the participants and presented the schedule of the PECE/PMI process, leading up to the Ministerial Council approval of the PECE/PMI list in October 2018. The Secretariat proposed 4 meetings in total. The fourth meeting will be on 22 May, on which the draft preliminary list of PECE/PMI projects should be proposed to the decision making body of the Group. In case that another meeting would be needed, this will be set in June, prior to the PHLG meeting.

2. All project promoters/TSOs were present, with the exception of NOS – BiH Project Submissions

Summary of project data received, data verification, clarifications and data replacement done with promoters

- The Secretariat has reminded the Contracting Parties that the list of PECE/PMI 2018 will replace the 2016 List and that the CPs and project promoters need to fulfil their obligation and send to ECS the full data on projects and the country data. The deadline for **final** data verification and clarification has been prolonged until **21st February**.
- It is agreed to collect additional data on generation “must run” units. Data should be sent to ECS until 21 February 2018, by the Group members.
- EI_01: It was agreed that consultants shall use the submitted commissioning dates for all sections. Change in the length of the section EI_01b has been reported by EMS, Ivan Trkulja will send the update until **21st February**. Representative of Montenegro confirmed that submitted data shall be used for the section EI_01d.
- EI_02: Only the length on the MK side was reported by the project promoter MEPSO, and total length of the OHL, including the Albania line is 151km. To reflect the full interconnector costs, it was agreed that the Consultant will add the total costs of Macedonian line to the Albanian part of the OHL.
- EI_03: Project promoter shall recheck the NTC value and inform ECS if any update is necessary until **21st February**. Data related to the part of the line that should be built in Croatia are missing. NOS BiH needs to engage with CR TSO and provide ECS the missing project data on the Croatian side of the IC. ECS together with the consultants will not be able to proceed with the project assessment process if they do not receive the missing data until **28th February 2018**.
- EI_04: Project promoter shall recheck the NTC value and inform ECS if any update is necessary until **21st February**. BA Ministry and NRA will check with NOS BiH why there is a difference in the lengths of the submitted OHLs between submitted and ENTSO-E TYNDP data. Data related to the part that should be built in Croatia are missing. NOS BiH needs to provide ECS the missing data. ECS together with the consultants will not be able to proceed with the project assessment process if do not receive the missing data until **28th February 2018**.
- EI_05: Project promoter shall recheck the NTC value and inform ECS if any update is necessary until **21st February**. Data related to the part that should be built in Croatia are missing. NOS BiH needs to provide ECS the missing data. ECS together with the consultants will not be able to proceed with the project assessment process if do not receive the missing data until **28th February 2018**.
- EI_06: Project has been submitted by both involved TSOs: Transelectrica and Moldelectrica. MD to recheck the CAPEX. Moldelectrica informed the Group that project is part of the National TYNDP, but for now, National TYNDP is available only in Moldovan language. Moldelectrica to send the National Plan highlighting the project.
- EI_07: Project has been submitted by both involved TSOs: SEPS (SK) and Ukrenergo (UA). As minor communication problem between SEPS and Ukrenergo has been reported by Slovakian TSO during the 2nd Technical Meeting of CESEC-E, ECS as a mediator organised short meeting between Slovakian and Ukrainian TSOs and resolved all standing issues, that were more of communication nature. In order to keep track on the developments related to this particular project we agreed that ECS will be invited on the first PMU meeting scheduled for the beginning of March in Bratislava. Ukrenergo informed the Group that project is part of the new draft of the National TYNDP. The submitted

cost data the Slovakian-Ukrainian project (EL_7) appeared to be smaller than the lower interquartile boundary. The submitted cost for the Slovakian-Ukrainian project is missing on the Slovakian side. This should be provided by SEPS **by 28 February**.

- EI_08: Data related (length, CAPEX, capacity) to the part that should be built/refurbished in Poland are missing. Ukrenergo needs to contact Polish TSO to provide ECS the missing data. ECS together with the consultants will not be able to proceed with the project assessment process if do not receive the missing data until **28th February 2018**. The submitted cost data, by Ukrenergo, is not even close to benchmarked data. Ukrenergo needs to clarify and justify the submitted cost data. Ukrenergo to send ECS/REKK the National Development Plan with the indication of the project.
- EI_09: The project supported by both involved TSOs, Ukrenergo and Transelectrica No further clarifications needed.
- EI_10: **Project not eligible, as it does not meet the Regulation criteria**. ECS-EU4Energy and GE project promoter will discuss the continuation of the
- project assessment in in another parallel exercise for Eastern Partnership countries.
- EI_11: **Project not eligible, as it does not meet the Regulation criteria**.

For all projects that are going to be assessed it is agreed to use NTC values as submitted by project promoters. Project promoters are invited to recheck and if necessary update NTC values presented during the meeting, until **21st February**.

Country data are still missing or not complete for three countries Bosnia and Herzegovina, FYR of Macedonia and Ukraine. Deadline for the submission of the missing country data is set to **21st February**.

Project eligibility summary

- Projects: EI_01, EI_02 are eligible as PEI candidates for further assessment.
- Projects: EI_06, EI_07 and EI_09 are eligible as PMI candidates for further assessment.
- Projects EI_10 and EI_11 are **not eligible, as they do not meet the Regulation criteria**.
- Eligibility of the projects EI_03, EI_04, EI_05 and EI_08 is still questionable due to the lack data from the counterpart TSOs. NOS BiH and Ukrenergo had been given new deadline of 28 February to get feedback and all the necessary data from the partner TSOs PSE (PL) and HOPS (HR), if not projects will have to be defined as being **not eligible**.

The participants have noted the presentations

3. Methodological Questions

Analysis methodology, assumptions, scenarios, multi-criteria assessment finalization

- REKK presented the final draft methodology for the PEI/PMI 2018 selection process. The process flow is similar to the one used for the PEI/PMI 2016 selection process, except that this time ENTSO-E will provide all necessary network and market simulation results, for the projects that are part of the ENTSO-E TYNDP, as agreed between EnC and ENTSO-E Secretariat earlier. ENTSO-E inputs should be submitted to ECS until 12th April 2018. **PEI/PMI Electricity Group approved the proposed Methodology**.
- REKK/DNV will deliver overall results to the ECS at least two weeks before the last PEI/PMI Electricity Group meeting, scheduled for 22nd May 2018.
- The geographical scope of the countries for which proper influence of the project will be calculated includes the EnC Contracting Parties plus, and neighbouring EU Member States plus Slovenia; in case that Poland – Ukraine project will be found non eligible, the Poland and consequently Slovenia will not be part of the geographical scope
- It is agreed to apply the assumption of CO₂ pricing from 2030 on. From this year on, not only EU member countries will apply carbon values in their electricity system, but also EnC Community CPs. The carbon value is foreseen at 33 Euro/tCO₂ in 2030, increasing to 88 Euro/tCO₂ by 2050 according to the latest European Energy forecasts. No complementary social cost of carbon calculation will be carried out.

- Geographical area of benefit calculations: REKK will calculate project costs and benefits for the EnC countries, and the direct neighbours (directly connected by infrastructure): Italy, Croatia, Hungary, Romania, Bulgaria, Greece, Poland, Slovakia
- NPV vs. Benefit/cost ratio: REKK will calculate both NPV and B/C ratios for the projects, but we will use the B/C ratio in the PINT (Put-in-one-at-time) case for ranking the projects. Both information will be available for the project promoters for their own project.
- Sensitivity assessment will be carried out for the following variables:
 - Fuel price: 50% increase/decrease by 2050 on gas prices will be checked.
 - CO2 price: half of the assumed price of the reference will be used in this sensitivity scenario
 - Demand estimations: +/-0.5% change/year will be assumed for the demand projections
- DNV GL presented proposed methodology for the multi-criteria project assessments. **PEI/PMI Electricity Group approved the proposed Methodology together with the proposed weighting factors (n the attached ppt from the meeting).**
- The participants agreed to the methodology, the indicators and their weights as proposed in the methodology.

The participants noted the presentations

- ECS will upload the presentations, meeting conclusions, member organisations and the agenda on the Energy-Community website, in line with the provisions of the Regulation (Annex II/1/6).