

Kliment Naumoski

**PECI/PMI  
permit granting:  
progress made  
& pending challenges**

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Are the improvements proposed by R347 enough to improve the process in practice (**legal act provisions vs practical implementation and application on the national level**)?

# Article 13: Incentives

- ☉ Where a project promoter incurs higher risks for the development, construction, operation or maintenance of PCI...
- ☉ ...NRA shall ensure that appropriate incentives are granted to that project...
- ☉ NRA Decision considers the results of CBA and further analyses on specific risks and mitigation measures

# Advantages

- ④ Attractive investment environment for different stakeholders
- ④ Timely realization of the project
- ④ Implementation of novel state-of-the-art technologies
- ④ Strong incentive for R&D, new design and technologies

# Practical implementation missing!?

- ⦿ Mature CBA methodology is already applicable in the practice
- ⦿ Proven techniques for risk assessment of investments are on disposal
- ⦿ NRAs to share best-practice and draft methodology for risk assessment and granting incentives
- ⦿ Possible solutions
  - ▲ Implementation of CBCA guidelines
  - ▲ Priority Premium Schemes that include both national & EU component (USA practice is good example)

Is there **any other obstacle**, not directly addressed by R347, which resolution could facilitate the permitting process even more?

# Article 18: Organization of the permit granting process

- ⦿ ...each Member State shall designate one national competent authority which shall be responsible for facilitating and coordinating the permit granting process for PCI...
- ⦿ Comprehensive decision (3 schemes):
  - a) integrated scheme: sole legally binding decision issued by the competent authority; other authorities give their opinion as input to the procedure
  - b) coordinated scheme: the comprehensive decision comprises multiple individual legally binding decisions issued by several authorities concerned, which shall be coordinated by the competent authority
  - c) collaborative scheme: the comprehensive decision shall be coordinated by the competent authority

# Obstacles

- ⦿ The number of Entities in charge for permissions (Ministries, Agencies, Local Authorities)
- ⦿ The number of Entities in charge of the EIA - (Ministry, Local Authorities, NGOs, IFIs)
- ⦿ Difficulties in the authorization procedures to get the permissions for the construction
- ⦿ Veto powers in the context of the public hearing
- ⦿ The decision is affected by the opinions of all the local authorities concerned by the project

**Still missing STREAMLINED PROCEDURE**



**Any other improvement** from the national point of view (experience from different CPs, e.g the national Law can introduce option of issuing partial permits, permits for the part of the investment object, if it is necessary. This could enable more effective and parallel work on different stages of permitting for different parts of the investment object,....any other idea?)

# Evolution in national legislation in granting permit for construction

When to complete land acquisition in order to get permission for construction?

## Previous process

- ▲ Land acquisition has to be fully completed prior application for construction permit

## Transitive solution

- ▲ Partial permits for separate sections of OHLs

## Existing procedure

- ▲ Land acquisition has to be started with design and permitting phase and completed when operational consent is issued

# Financial monetization of technical benefits

- ⊙ CBA methodology could quantify most of the benefits in physical (technical) terms
- ⊙ Financial assessment missing
  - ▲ Financial impact on TSOs business
  - ▲ Impact to countries economies
- ⊙ Financial model should monetize technical benefits
- ⊙ Achievement of financial model depends on its design
  - ▲ Experience in business
  - ▲ Engineering judgment
  - ▲ Market reflections

# Financial monetization of technical benefits

- ④ Financial model is crucial in project development
  - ▲ Comparison of variants
  - ▲ Ranking of projects
  - ▲ Investigation on project feasibility
- ④ Could be used in
  - ▲ PCI/PECI selection process
  - ▲ Application of funds of IFIs
- ④ Positive case: FS on 400 kV interconnection MK – AL
  - ▲ Both TSO actively involved from the very beginning
  - ▲ Prepared according to CBA methodology
  - ▲ Added value: Financial analyses
  - ▲ Approved by EBRD → **loan (37 M€)\* + grant (12 M€)\***

\*MK part of interconnection



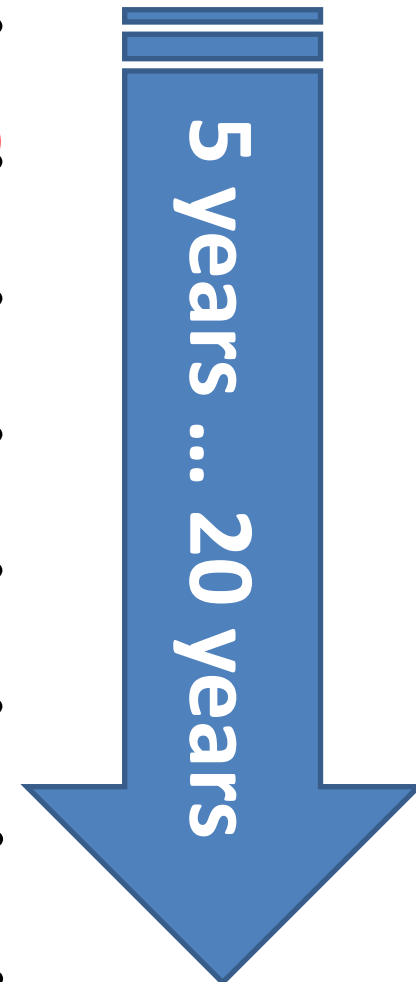
# BACK-UP SLIDES



# Procedure for Implementation of the Project

- 1 National grid development studies, Investment plan
- 2 Feasibility Study for particular project (techno-economical analyses, preliminary design, financing, EIA)
- 3 Urban design, conditions for spatial planning
- 4 EIA – Environmental Impact Assessment Study
- 5 Basic Design, Permission for construction (land acquisition has to be started!)
- 6 Financing & Tendering
- 7 Construction
- 8 Licensing, operational consent (land acquisition has to be finished!)

Evolution  
in  
national  
legislative



# F & E Analyses – Benefits

Financial Benefits to MEPSO & OST	Economic benefits for MK & AL
Reduced losses ~ import price	Reduced losses => reduction of transmission tariff
Reduced unsupplied electricity ~ transmission tariff	Reduced unsupplied electricity ~ GDP (MK:959 €/MWh / AL:1280 €/MWh)
Increased gen and reduced spillages ~ transmission tariff	Increased gen and reduced spillages => profit to GEN companies
Revenues from balancing services: supply of base and peak load 80 MW/5 h ~ transmission tariff	Reduced losses & CO2 emission ~ CO2 penalties
Increased transmission capacities and transits ~ transit price (0.05 €/MWh)	Increased capacity margin (smaller system reserves) ~ CAPEX (1 M€/MW, 25 k€/MW)