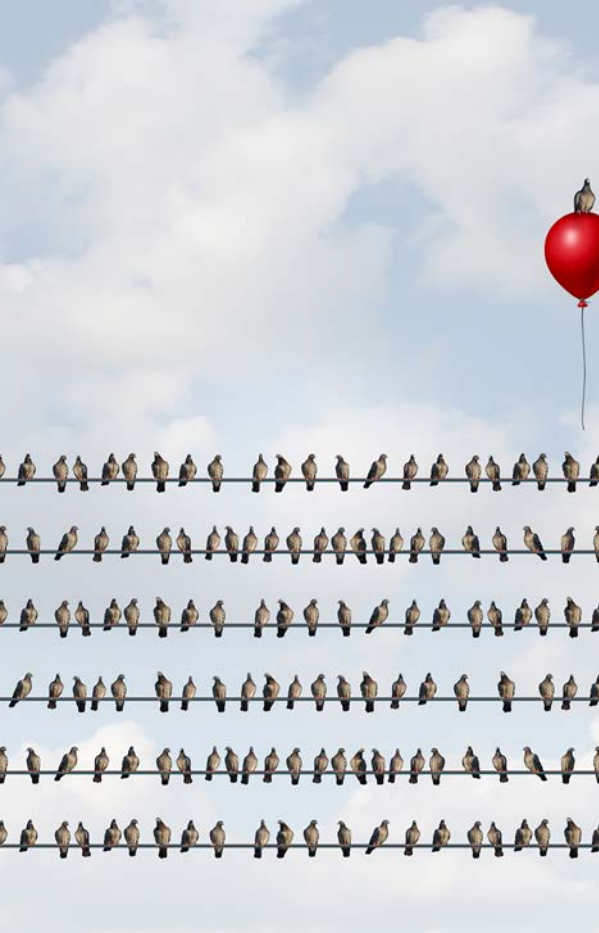


## Projects of Energy Community Interest and Mutual Interest (PECI/PMI) – Legal Background and Process Introduction

**Violeta Kogalniceanu**  
Head of Unit – Energy Efficiency and Infrastructure  
Vienna, 30 January 2020



Regulation (EU) 347/2013 on the Guidelines for Trans-European Energy Infrastructure, [TEN – E Regulation](#) adopted in October 2015, by the Ministerial Council of the Energy Community. Implementation deadline for all Contracting Parties - 31 December 2016.

Sets criteria for Projects of Energy Community and Projects of Mutual Interest (PECI/PMI)

## **PECI**

Priority energy infrastructure projects between two Contracting Parties or a Contracting Party and an EU Member State (EU MS); in case an EU MS is involved, then the project shall obtain the status of Project of Common Interest (PCI) within the EU first, in order to be eligible for PEGI status.

## **PMI**

The infrastructure project with an EU Member State that has no PCI status, can only obtain the status of Project of Mutual Interest (PMI) in the Energy Community.

## **Ministerial Council Recommendation R/2016/01/MC-EnC:**

To treat PMIs the same way as PEGIs within the Contracting Parties.

## Financial support

PEICs and PMIs are eligible for technical and financial support under EU Instruments:

- Instrument for Pre-accession Assistance (IPA) – national, in the Western Balkan countries
- Western Balkans Investment Facility (WBIF) – regional instrument
- Neighbourhood Investment Facility (NIF) – regional instrument for the Eastern Partnership Countries

The assistance may be in the form of:

- Technical studies, financial analysis, environmental impact assessment studies, etc.
- Investment grants

**Note the change in lending policies of IFIs towards GREEN AGENDA**



The energy infrastructure categories to be developed are the following:

**(a) high-voltage overhead transmission lines**, if they have been designed for a voltage of 220 kV or more, and underground and submarine transmission cables, if they have been designed for a voltage of 150 kV or more;

**(b) electricity storage facilities** used for storing electricity on a permanent or temporary basis in above-ground or underground infrastructure or geological sites, provided they are directly connected to high-voltage transmission lines designed for a voltage of 110 kV or more;

**(c) any equipment or installation essential for the systems** defined in **(a) and (b)** to operate safely, securely and efficiently, including protection, monitoring and control systems at all voltage levels and substations;

**(d) any equipment or installation**, both at transmission and medium voltage distribution level, aiming at two-way digital communication, real-time or close to real-time, interactive and intelligent monitoring and management of electricity generation, transmission, distribution and consumption within an electricity network in view of developing a network efficiently integrating the behaviour and actions of all users connected to it — generators, consumers and those that do both — in order to ensure an economically efficient, sustainable electricity system with low losses and high quality and security of supply and safety;

**Smart grids deployment:** adoption of smart grid technologies across the Energy Community to efficiently integrate the behaviour and actions of all users connected to the electricity network, in particular the generation of large amounts of electricity from renewable or distributed energy sources and demand response by consumers.

**The energy infrastructure categories to be developed are the following:**

- (a) transmission pipelines** for the transport of natural gas and bio gas that form part of a network which mainly contains high-pressure pipelines, excluding high-pressure pipelines used for upstream or local distribution of natural gas;
- (b) underground storage** facilities connected to the above-mentioned high-pressure gas pipelines;
- (c) reception, storage and regasification or decompression** facilities for liquefied natural gas (LNG) or compressed natural gas (CNG);
- (d) any equipment or installation essential** for the system to operate safely, securely and efficiently or to enable bi-directional capacity, including compressor stations;

The energy infrastructure categories to be developed are the following:

- (a) **pipelines** used to transport crude oil;
- (b) **pumping stations and storage facilities** necessary for the operation of crude oil pipelines;
- (c) **any equipment or installation essential** for the system in question to operate properly, securely and efficiently, including protection, monitoring and control systems and reverse-flow devices;

The Group includes representatives of the **Contracting Parties** and **Member States** concerned, the **European Commission, National Regulatory Authorities, TSOs**, as well as the **Energy Community Secretariat**, and upon invitation the **ENTSOs**.

(6) The internal rules, an updated list of member organisations, regularly updated information on the progress of work, meeting agendas, as well as final conclusions and decisions of each Group shall be published by the Energy Community Secretariat on the transparency platform referred to in Article 18.

## **Art 3/1:**

Decision-making powers in the Groups shall be restricted to the Parties to the Treaty (Ministry Representatives)

The decision-making body of each group shall adopt a **preliminary list** of proposed projects of Energy Community interest.

**(a)** each individual proposal for a project of Energy Community interest shall require the approval of the Contracting Parties or Member States, to whose territory the project relates; if a Contracting Party or a Member State decides not to give its approval, it shall present its substantiated reasons for doing so to the Group concerned;

**(b)** it shall take into account advice from the Energy Community Secretariat that is aimed at having a manageable total number of projects of Energy Community interest.

## Also Note

ECRB will be consulted and based on PHLG's consent, the Ministerial Council will approve the lists.

ECS will organize a public consultation on the submitted project candidates.



# Project categories and assessment criteria – PECI/PMI based on the Regulation 347/2013

<b>General Criteria</b>	<b>Potential Benefits outweigh costs</b>	Involves at least 2 CPs or a CP and a MS
		Located in one CP and has a Cross-border impact
	<b>Fits in the defined project categories</b>	
<b>Specific Criteria</b>	<b>Electricity</b>	Market Integration
		SoS
		Sustainability
	<b>Gas</b>	Same + Competition
	<b>Smart Grid</b>	
	<b>Oil</b>	SoS
Mitigation of Environmental Risk		
<b>PECI</b>	If involves a CP and a MS has to be PCI first in EU	
<b>PMI</b>	If involves a CP and a MS and is not PCI in the EU	



## Please re-consider project submission if:

- Project commissioning is realistically beyond 10 years – *also note political shift – Green Deal, COP21, carbon target setting*
- If no or minimal action has been taken since the previous PECl/PMI label has been awarded
- If no or minimal cooperation/communication exists between the counterparties
- If the project is politically unrealistic/ it is unrealistic to receive the approval of the Contracting Party/Member State concerned
- If no or minimal data has been supplied to the Energy Community Transparency Platform – PLIMA – some seriously lack credible data – Ghost Projects
- If no joint submission with the counterparty is possible – **only single file submissions will be accepted**
- If the project depends on the realization of another project first

**Cooperation and coordination: the implementation of a cross-border project requires multi-stakeholder cooperation; in case the PLIMA Data was not coordinated and filled out jointly, on time and with good data quality, that questions the project's credibility and future implementation. Such projects jeopardize the credibility and seriousness of the exercise towards external stakeholders and potential financiers.**



- ✓ PECI and PMI “labels” do not automatically guarantee project implementation; project promoters, investors (public or private) and markets that “want” the piece of infrastructure are needed
- ✓ If a project needs significant amount of grants and IFI financing to be built, this indicates that the market might not be ready for it... - *note also the change in political mood (COP and lending policies)*
- ✓ Energy markets and infrastructure should be developed in a coordinated manner, as these mutually reinforce each other.
- ✓ Cooperation between countries and institutions are of paramount importance for successful implementation
- ✓ Project is identified as Community Interest
- ✓ If implementation does not go ahead, there are measures in the Regulation in line with Article 6 . e.g. Project Coordinator, nomination of alternative project promoter, etc...

The background of the slide is a satellite-style image of the Earth at night, showing city lights. Overlaid on this are numerous glowing blue lines that represent energy transmission paths, connecting various points across the globe.

**Thank you  
for your attention!**

[www.energy-community.org](http://www.energy-community.org)

# BACKUP SLIDE – COMPETENT AUTHORITIES

## Regulation 347 – highlights

**BENEFITS**

### Permit granting and Public Participation

1. **Set up a National Competent Authority for permit granting before** A new body
  - An existing body with additional competences
2. **Accelerated permit granting procedure- the Comprehensive decision**
  - Integrated scheme – issued by the NCA – legally binding
  - Coordinated scheme – multiple individual binding decisions – several authorities concerned – coordinated by the NCA
  - Collaborative scheme – coordinated by the NCA, in consultation
  - Two step procedure with maximum 3.5 years
3. **Transparency and public participation**
  - Manual of Procedures for permit granting process published before Public consultations rules





## Cross Border Cost Allocation (CBCA)

- Possibility of sharing investment costs in case of cross – border(s) infrastructure investments, based on benefits and cost incurred by each project promoter

## Risk-related incentives in case a project promoter incurs higher risks

- Such as: Weighted Average Cost of Capital premium in justified cases, early costs recognition, shorter depreciation period, longer regulatory period...
- Methodology and criteria submitted by each National Regulatory Authority to the Regulatory Board before **30 June 2017**