PCI Implementation

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PCIs: 2018 highlights (gas, preliminary)

- 53 PCIs (25 identical to 2015 list), 98 investment items (1 item listed in two PCIs), 26 PCIs in NSI East
  - 42 transmission (pipelines, compressor stations)
  - 5 LNG re-gas terminals
  - 6 UGS
- Investment cost reported (ca. EUR 43.5 billion), but life-cycle cost for only 1/3 of the projects and monetised benefits for only 6 projects
- Investment to “peak” in 2022-2023 (EUR 25 billion), ca. 60% of investment to be incurred within 5 years. Realistic?
- 5-8 years from market test to commissioning (UGS, LNG tend to be longer)
- Nothing commissioned in last two years, 4-6 expected within 2 years
- Frequent rescheduling (36%), delays (26%) in just one year
CBCA: dealing with mature PCIs that bring net benefits

**Process**
- PCI list
- Investment Request
- CBCA decisions

**Tools & Assessment**
- Assessment of needs
  - CBA, evaluation methodology
- Business plan
  - Consultation of TSOs
- CBCA proposal
  - Market test (gas)
- In-depth assessment
- Cost allocation & tariffs assessment
  - Detailed CBA
  - Tariff effect
  - Financing

**Decision Makers**
- Commission & Member States
  - Promoter (s)
  - NRAs (or ACER)
    - Eligibility
      - Selection criteria
    - Technical evaluation
    - Award criteria
    - Grant agreement
  - Commission, in consultation with CEF
  - Committee & INEA

CEF
### Overview of CBCA decisions (key facts)

| 30 requests resulted in CBCA | ~ 2/3 located in only 1 MS |
| 28 taken by NRAs, 2 by ACER | ~ 1/3 X-border projects |
| **NRAs are the main decision-makers** | ~ € 12 bn in total |
| 14 taken in 2014 | ~ 60/40 in **Gas** / **Ele** |
| 4-6 annually in 2015-2017 (1 in 2018 by March) | **Total investment costs of PCIs with CBCA** |
| **Stabilizing trend over time** | **Most to host MSs** |
| **10 in **Ele**, 20 in **Gas**** | **CBCA decisions tend to follow the territorial principle** |
| **But in 2015-2018 more even (7 in **E**, 9 in **G**)** | **In all 30 investment requests**, project promoter(s) expressed **intention to apply for EU grants.** |
| **In **E**, 90% in BEMIP (5) and NSI East (4)** | **In **G**, more proportionately spread:** |
| **In **G**, 7 BEMIP, 6 NSI West, 5 NSI East, 2 SGC** | **ACER’s third edition of the CBCA monitoring report is here:** |


**+ Experiences**

- CBCA guidelines helped NRAs to streamline assessment process (content-wise and procedure-wise)
- NRAs and promoters generally followed the recommendations provided
- NRAs arrived in 28 out of 30 cases to CBCA decisions (within a 6-month period!)

**Room for improvement**

*For some investment requests:*
- No joint submission or not to all concerned NRAs
- CBA methodology / application
- Lack of sensitivity analysis

*For some CBCA decisions:*
- Only part of the costs allocated
- Lack of assessment of impact on tariffs
- Retained the right to revise the CBCA decisions if no CEF (conditional decisions…)
- Too brief in assessment

CBCA sets some main terms & conditions for investing, but not all. Affordability may still be an issue. Investment frameworks generally closed later, after CBCA.
Thank you for your attention!

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