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ANNEX 1

ANNEX

to the

COMMISSION IMPLEMENTING DECISION

on amending Decision C(2014)2080 establishing the multiannual work programme for granting financial aid in the field of trans-European energy infrastructure under the Connecting Europe Facility for the period 2014-2020

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1. BASIC ACTS

Regulation (EU) No 1316/2013¹ of the European Parliament and of the Council of 11 December 2013 establishing the Connecting Europe Facility, amending Regulation (EU) No 913/2010 and repealing Regulations (EC) No 680/2007 and (EC) No 67/2010 (hereinafter the 'CEF Regulation'),

Regulation (EU) 347/2013² of the European Parliament and of the Council of 17 April 2013 on guidelines for trans-European energy infrastructure and repealing Decision No 1364/2006/EC and amending Regulations (EC) No 713/2009, (EC) No 714/2009 and (EC) No 715/2009 (hereinafter the 'TEN-E Regulation')

Commission Delegated Regulation (EU) No 89/2016³ of 18.11.2015 amending Regulation (EU) No 347/2013 of the European Parliament and of the Council on guidelines for trans-European energy infrastructure as regards the Union list of projects of common interest,

Regulation (EU, EURATOM) No 966/2012⁴ of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 (hereinafter the 'Financial Regulation') and in particular Article 53, thereof,

Commission Delegated Regulation (EU) No 1268/2012⁵ of 29 October 2012 on the rules of application of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union (hereinafter the 'Rules of Application') and in particular Article 94 thereof,

¹ OJ L 348 of 20.12.2013, p.129.

² OJ L 115 of 25.4.2013, p.39

³ OJ L 19 of 27.1.2016

⁴ OJ L 298 of 26.10.2012, p.1

⁵ OJ L 362 of 31.12.2012, p.1

2. BUDGET

The total amount for the activities launched in 2014, 2015 and 2016 in terms of indicative commitment schedule (in EUR)⁶ is as it follows :

AMENDED ACTIVITY 2014 : Commitments schedule										
Action	Indicative time	Budget line	2014	2015	2016	2017	2018	2019	2020	Total
GRANTS	Commission Decision C(2014)8580	32 02 01 01	124,373,261	33,420,222	0	2,813,682	3,947,003	33,058,544	9,358,475	206,971,187
		32 02 01 02	122,042,833	26,313,827	0	2,813,682	3,947,003	33,058,544	9,358,475	197,534,365
		32 02 01 03	121,042,833	40,805,448	0	2,813,682	3,947,003	33,058,544	9,358,475	211,025,986
	Total GRANTS		367,458,927	100,539,497	0	8,441,046	11,841,010	99,175,633	28,075,425	615,531,538
Procurement for programme support actions	1 contract- call for tenders	32 02 01 01	0							0
		32 02 01 02	0							0
		32 02 01 03	1,000,000							
Total PROCUREMENT		1,000,000								1,000,000
Financial Instruments	Commission Decision C(2014)9588	32 02 01 04	40,771,000							40,771,000
		Total FIN. INSTRUMENTS		40,771,000						
Total 2014 activities			409,229,927	100,539,497	0	8,441,046	11,841,010	99,175,633	28,075,425	657,302,538

AMENDED ACTIVITIES 2015										
Action	Indicative time	Budget line	2014	2015	2016	2017	2018	2019	2020	Total
GRANTS	Commission Decision C(2015) 5388 and C(2016)	32 02 01 01		82,035,307	0	0	722,083	14,772,862	2,586,892	100,117,144
		32 02 01 02		89,240,173	0	0	722,083	14,772,862	2,586,892	107,322,010
		32 02 01 03		74,749,552	0	0	722,083	14,772,862	2,586,892	92,831,389
	Total GRANTS			246,025,032	0	0	2,166,250	44,318,586	7,760,676	300,270,544
Procurement for programme support actions	call for tenders- second quarter 2015	32 02 01 01		1,200,984						1,200,984
		32 02 01 02		0						0
		32 02 01 03		0						
Total PROCUREMENT				1,200,984						1,200,984
Financial Instruments	Commission Decision C(2014)9588	32 02 01 04		48,518,000						48,518,000
		Total FIN. INSTRUMENTS			48,518,000					
Total 2015 activities				295,744,016	0	0	2,166,250	44,318,586	7,760,676	349,989,528

AMENDED ACTIVITIES 2016										
Action	Indicative time	Budget line	2014	2015	2016	2017	2018	2019	2020	Total
GRANTS	Commission Decision C(2016) 5132 and the other expected in March 2017 ; synergy work programme	32 02 01 01			165,593,584	0	0	52,862,171	38,554,585	257,010,340
		32 02 01 02			165,343,584	0	0	43,565,007	26,874,167	235,782,758
		32 02 01 03			165,194,400	0	0	43,565,007	27,023,357	235,782,764
	Total GRANTS				496,131,568	0	0	139,992,184	92,452,110	728,575,862
Procurement for programme support actions	call for tenders- second quarter 2016	32 02 01 01			1,142,999					1,142,999
		32 02 01 02			250,000					250,000
		32 02 01 03			400,000					400,000
Total FIN. PROCUREMENT				1,792,999						1,792,999
Financial Instruments	Commission Decision C(2014)9588	32 02 01 04								0
		Total FIN. INSTRUMENTS				0				
Total 2016 activities					496,131,568	0	0	139,992,184	92,452,110	730,368,861

The total amount for the activities to be launched in 2017 in terms of indicative commitment schedule is as it follows (in EUR)⁷:

⁶ The allocation for 2014 includes EUR 2330 428 corresponding to assigned revenue. The table on amended activities for 2016 already includes the forecast for commitment on the basis of the expected Award Decision following the results of the second call for proposals launched in 2016 (adoption envisaged for March 2017)

⁷ The allocation for 2015 includes EUR 950 984 corresponding to assigned revenue. The allocation for 2016 includes EUR 75 750 corresponding to assigned revenue; the allocation for 2017 include similarly EUR 5 165 861 corresponding to assigned revenue. This amount may be increased to include further appropriations corresponding to assigned revenue, if they are available at the time when the financing decision is adopted

The table below refers to the four budget lines:

32 02 01 01 Further integration of the internal energy market and the interoperability of electricity and gas networks across borders

32 02 01 02 Enhancing Union security of energy supply

32 02 01 03 Contributing to sustainable development and protection of the environment

32 02 01 04 Creating an environment more conducive to private investment for energy projects

NEW ACTIVITIES 2017										
Action	Indicative time	Budget line	2014	2015	2016	2017	2018	2019	2020	Total
GRANTS	1 call for proposals, April 2017	32 02 01 01				203,445,245	-	10,246,897	52,741,192	266,433,334
		32 02 01 02				204,328,127	-	10,246,897	52,558,309	267,133,333
		32 02 01 03				203,695,388	-	10,246,897	52,491,049	266,433,334
		Total GRANTS				611,468,760	-	30,740,691	157,790,549	800,000,000
Procurement	call for tenders-second quarter 2017	32 02 01 01				300,000				300,000
		32 02 01 02				300,000				300,000
		32 02 01 03				-				-
		Total PROCUREMENT				600,000	-	-	-	600,000
Financial Instruments		32 02 01 04				-	-	-	-	-
		Total FIN. INSTRUMENTS				-	-	-	-	-
		Total RESERVED				612,068,760	-	30,740,691	157,790,549	800,600,000

The total commitment appropriations for all activities covered by this Multiannual Work Programme (activities 2014, 2015 and 2016 and 2017) are as it follows:

TOTAL: All activities covered by MAP 2014-2020										
Action	Indicative time	Budget line	2014	2015	2016	2017	2018	2019	2020	Total
GRANTS	2014-2020	32 02 01 01	124,373,261	115,455,528	165,593,584	206,258,927	4,669,087	110,940,474	103,241,144	830,532,005
		32 02 01 02	122,042,833	115,554,000	165,343,584	207,141,809	4,669,087	101,643,310	91,377,843	807,772,466
		32 02 01 03	121,042,833	115,555,000	165,194,400	206,509,070	4,669,087	101,643,310	91,459,773	806,073,473
		Total GRANTS	367,458,927	346,564,528	496,131,568	619,909,806	14,007,260	314,227,094	286,078,760	2,444,377,944
Procurement	2014-2020	32 02 01 01		1,200,984	1,142,999	300,000				2,643,983
		32 02 01 02			250,000	300,000				550,000
		32 02 01 03		1,000,000		400,000				
		Total PROCUREMENT		1,000,000	1,200,984	1,792,999	600,000			4,593,983
Financial Instruments	2014	32 02 01 04	40,771,000	48,518,000						89,289,000
		Total FIN. INSTRUMENTS	40,771,000	48,518,000	0					89,289,000
		Total RESERVED	409,229,927	396,283,512	497,924,567	620,509,806	14,007,260	314,227,094	286,078,760	2,538,260,927

3. OBJECTIVES

This multiannual work programme aims to enable projects of common interest to be prepared and implemented within the framework of the trans-European networks policy in the energy sector. In particular, this multiannual work programme shall contribute to supporting energy infrastructure projects of common interest that have significant societal benefits and that ensure greater solidarity among Member States, but which do not receive adequate financing from the market. Special focus shall be placed on the efficient use of public investment.

4. FORMS OF FINANCIAL ASSISTANCE, INDICATIVE AMOUNTS AVAILABLE AND TIMETABLE

This multiannual work programme shall provide financial assistance for the implementation of projects of common interest in the form of:

- grants for studies and grants for works, as well as
- procurement for programme support actions

The Commission plans the following activities under programme support actions as defined in Article 2(7) of the CEF Regulation: A study on how Eastern Mediterranean gas resources can increase the EU's security of supply and procurement activities to support the TEN-TEC front

office which allows interactions with beneficiaries and applicants in the CEF-E grant management. Calls for tenders and specific contracts under a framework contract may be used for programme support actions.

This multiannual work programme shall also cover the costs of external experts evaluating the received proposals submitted pursuant to calls for proposals under this multiannual work programme (Article 204 of the Financial Regulation) for a maximum amount indicated in the table below.

Activities to be covered in 2017 (grants and procurement activities)

Forms of assistance	Indicative timetable	Indicative amounts (up to EUR)
Grants	1 call for proposals (April)	800,000,000
Procurement for programme support actions	Calls for tenders – Q2 2017 1 contracts	450,000
Experts evaluating proposals	expert contracts	150,000
TOTAL		800,600,000

Activities carried out in 2016

Forms of assistance	Indicative timetable	Indicative amounts (up to EUR)
Grants	2 calls for proposals: - Award Decision C(2016) 5132 - launch: June 2016 Award Decision (expected March 2017) ⁸ Synergy call for proposals: - launch: September 2016 Award Decision (expected April 2017)	707,361,686 20,000 000 (32 02 01 01 budget line)

⁸ Following positive opinion of the CEF Committee on 17.02.2017

Procurement programme actions	for support	Calls for tenders – Q2 2016 4 contracts	1,792,999
Experts proposals	evaluating	expert contracts	84,583
TOTAL			709,259,268 (excluding synergy call)

Activities carried out in 2015

Forms of assistance		Timetable	Amounts (up to EUR)
Grants		2 calls for proposals - Award Decision (C(2015) 5388) - Award Decision C(2016) 728	346,564,528
Procurement programme actions	for support	Calls for tenders – Q2 2015 2 contracts	1,200,984
Experts proposals	evaluating	expert contracts	98,472
Financial instruments		Work Programme 2015 C(2015)8847	48,518,000
TOTAL			396,381,984

Activities carried out in 2014

Forms of assistance		Timetable	Amounts (EUR)
Grants		Call for proposals: Award Decision C(2014)8580	367,458,927
Procurement programme actions	for support	Call for tenders – Q1 2015 1 contract	1,000,000

Financial instruments	Launch of CEF Debt Instrument C(2014)9588	40,771,000
TOTAL		409,229,927

5. RESULTS EXPECTED FROM THE FINANCIAL ASSISTANCE

It is expected that the financial assistance (grants and programme support actions) contributes to further the development and the implementation of projects of common interest in electricity and gas, helping to achieve the broader energy policy objectives of:

- increasing competitiveness by promoting the further integration of the internal energy market and the interoperability of electricity and gas networks across borders;
- enhancing Union security of energy supply, and
- contributing to sustainable development and protection of the environment, inter alia by the integration of energy from renewable sources and by the development of smart energy networks.

In accordance with recital 57 of the CEF Regulation, this multiannual work programme aims at directing the major part of the financial assistance to electricity projects, subject to market uptake, the quality and maturity of actions proposed and their financing requirements, while fully recognising the importance of the gas projects on the PCI list.

Furthermore, in accordance with recital 8 of the CEF Regulation, this multiannual work programme aims at financing actions contributing to the Union's mid-term and long-term objectives in terms of decarbonisation.

6. GRANTS

6.1. Eligible applicants

Pursuant to Article 9 of the CEF Regulation:

- Proposals shall be submitted by one or more Member States or, with the agreement of the Member States concerned, by international organisations, joint undertakings, or public or private undertakings or bodies established in Member States.
- The proposals may be submitted by entities which do not have legal personality under the applicable national law, provided that their representatives have the capacity to undertake legal obligations on their behalf and offer guarantee for the protection of the Union's financial interests equivalent to that offered by legal persons.
- The proposals submitted by natural persons shall not be eligible.
- Where necessary to achieve the objectives of a given project of common interest and where duly motivated, third countries and entities established in third countries may participate in actions contributing to the projects of common interest. They may not

receive funding under this Regulation⁹, except where it is indispensable to achieve the objectives of a given project of common interest.

- In the calls for proposals the Commission will draw the applicants' attention to Articles 106 to 108 (exclusion criteria) and Article 131 (applications for grants) of the Financial Regulation, as well as to Article 141 of the Rules of Application.

6.2. Eligible actions

6.2.1. Projects of common interest

In line with Article 7 of the CEF Regulation, only actions contributing to projects of common interest as identified in the Commission Delegated Regulation No 89/2016 of 18.11.2015 shall be eligible for support through Union financial aid in the form of grants.

Pursuant to Article 14(1) of the TEN-E Regulation, projects of common interest falling under the categories set out in Annex II.1, 2 and 4 of the TEN-E Regulation are eligible for Union financial assistance in the form of grants for studies (and financial instruments).

Pursuant to Article 14(2) and (3) of the TEN-E Regulation, projects of common interest falling under the categories set out in Annex II.1(a) to (d), 2 and 4 of the TEN-E Regulation, except for hydro-pumped electricity storage projects, are also eligible for Union financial assistance in the form of grants for works if they fulfil all of the following criteria:

- the project specific cost-benefit analysis pursuant to Article 12(3)(a) provides evidence concerning the existence of significant positive externalities, such as security of supply, solidarity or innovation;
- the project has received a cross-border cost allocation decision pursuant to Article 12; or, for projects of common interest falling under the category set out in Annex II.1(c) and that therefore do not receive a cross-border cost allocation decision, the project shall aim to provide services across borders, bring technological innovation and ensure the safety of cross-border grid operation;
- the project is commercially not viable according to the business plan and other assessments carried out, notably by possible investors or creditors or the national regulatory authority. The decision on incentives and its justification referred to in Article 13(2) shall be taken into account when assessing the project's commercial viability.

Pursuant to Article 14(4) of the TEN-E Regulation, projects of common interest falling under the categories set out in Annex II.1(e) of the TEN-E Regulation, smart grids, are also eligible for Union financial assistance in the form of grants for works, if the concerned project promoters can clearly demonstrate the significant positive externalities generated by the projects and their lack of commercial viability, according to the business plan and other assessments carried out, notably by possible investors or creditors or, where applicable, a national regulatory authority.

⁹ The eligibility criteria formulated in Commission notice Nr. 2013/C 205/05 (OJEU C 205 of 19.07.2013, pp.9-11) shall apply for all actions under this work programme, including with respect to third parties receiving financial support in the cases where the respective action involves financial support to third parties by grant beneficiaries in accordance with Article 137 of the Financial Regulation.

6.2.2. *Other sources of financing*

Pursuant to Article 129 of the Financial Regulation, no Union financial aid shall be awarded to actions receiving funds from other sources of EU financing. In no circumstances shall the same costs be financed twice by the Union budget.

In accordance with Article 125 of the Financial Regulation, grants shall not have the purpose or effect of producing a profit within the framework of the action. Where a profit is made, the Commission shall be entitled to recover the percentage of the profit corresponding to the Union contribution to the eligible costs actually incurred by the beneficiary to carry out the action.

6.3. **Eligible costs**

Costs shall be eligible from the date on which an application for financial aid is lodged.

Pursuant to Article 130 of the Financial Regulation, no grants may be awarded retrospectively for actions already completed.

6.4. **Selection criteria for grants**

6.4.1. *Financial capacity*

The applicants must have stable and sufficient sources of funding to maintain their activity throughout the period during which the action is being carried out and to participate in its funding. The applicants shall provide their annual accounts for the last two financial years for which the accounts were closed or a letter of support in case the applicant has been operating for less than one financial year. These documents must be attached to the application for aid.

The need to demonstrate the financial capacity does not apply to Member States, third countries, international organisations, public bodies established in the EU and transmission system operators certified following the procedures laid down in Articles 10 or 11 of Directive 2009/72/EC¹⁰ or Articles 10 or 11 of Directive 2009/73/EC¹¹ and joint undertakings established in the EU which qualify as public bodies.

6.4.2. *Operational capacity*

The applicants must have the operational and technical competencies and capacities required to complete the proposed action for which the grant is awarded and must provide appropriate documents attesting to that capacity (e.g. organisations' activity report, proof of the experience in carrying out infrastructure actions).

The need to demonstrate the operational capacity does not apply to Member States, third countries, international organisations, public bodies established in the EU and transmission system operators certified following the procedures laid down in Articles 10 or 11 of Directive 2009/72/EC or Articles 10 or 11 of Directive 2009/73/EC and joint undertakings established in the EU which qualify as public bodies.

The waiver of the verification of the operational capacity is allowed pursuant to a choice of the authorising officer.

6.5. **Award criteria for grants**

The proposals will be evaluated against the following award criteria taking into account the list of general orientation as stipulated in Article 17(5) and in Part V of the Annex of the CEF Regulation:

¹⁰ OJ L 211 of 14.8.2009, p.55

¹¹ OJ L 201 of 1.8.2009, p.94

- (1) Maturity of the action with regard to the developmental stage of the project, based on the implementation plan (Article 5(1) of the TEN-E Regulation)
- (2) Cross-border dimension of the action, area of impact and number of Member States involved in the action
- (3) Extent of the positive externality provided by the action involving works, impact of the action on solidarity
- (4) Need to overcome financial obstacles
- (5) Soundness of the implementation plan proposed for the action
- (6) Stimulating effect of the CEF financial assistance on the completion of the action
- (7) Priority and urgency of the action, will the project remove bottlenecks, end energy isolation and contribute to the implementation of the internal energy market.

In the evaluation process, consideration will be given to the implementation of the Third Energy Package rules (Directive 2009/72/EC; Directive 2009/73/EC; Regulation 714/2009; Regulation 715/2009) for the Member States involved, and as relevant to the completion of the action.

6.6. Co-financing rate for grants

The maximum co-financing rates laid down in Article 10(3) of the CEF Regulation are applicable.

7. FINANCIAL INSTRUMENTS

In 2017, the annual work programme for financial instruments will be adopted without any contribution from CEF energy, as the 2017 commitment appropriations of EUR 77 291 975 are set to be transferred to an instrument for energy efficiency in line with the review of the Multi-Annual Financial Framework 2014-2020 (budget line 32 02 01 04).

8. COMPLIANCE WITH UNION LAW

In accordance with Article 23 of the CEF Regulation, only actions in conformity with Union law and which are in line with the relevant Union policies shall be financed, in particular those relating to competition, the protection of the environment, public procurement, permit granting and public participation as required by the relevant provisions of the TEN-E Regulation.