

● Trans-European Energy Networks

2nd TEN-E Information Day

Brussels, 20th May 2008

Directorate-General
 for Energy
 and Transport



EUROPEAN
COMMISSION

Mr. Heinz Hilbrecht
 Mr. Jean-Arnold Vinois
 Ms. Catherine Eginard
 Mr. Patrick Bourrel
 Ms. Donatella Salvi
 Ms. Marie-Hélène Fassotte
 Mr. Jochen Hierl
 Mr. Charles White

Director
 Head of Unit
 TEN-E Project Officer
 TEN-E Project Officer
 Financial Officer
 Policy Officer (DG ENV)
 Senior economist (EIB)
 Public relations (DG REGIO)

● Agenda

- Evolution of the TEN-E Policy
 - » Questions and Answers
- TEN-E Legal framework
- TEN-E Call 2008
- TEN-E Decision
 - » Questions and Answers
- Other sources of financing
 - » Questions and Answers
- Open Discussion

● Trans-European Energy Networks

Energy Policy

Jean-Arnold Vinois

Head of Unit Energy Policy and Security of Supply
Directorate General for Energy and Transport

● Outline

- The new Strategic Energy Review
- Security of Supply as a key objective
- TEN-E Guidelines – Green Paper
- TEN-E – The Coordinators experience
- Conclusions

● The new Strategic Energy Review

● March 2007 European Council

- » Energy Package (including PIP actions) of January 2007 confirmed
- » *“The Commission is invited to put forward an **updated Strategic Energy Review** in early 2009, which will serve as the basis for the new Energy Action Plan from 2010 onwards to be adopted by the Spring 2010 European Council”.*

● Triple challenge

Competitiveness

- Internal Market
- Interconnections (**TEN-E**)
- **European electricity and gas grid**
- Research and innovation
 - Clean coal
 - Carbon sequestration
 - Alternative fuels
 - Energy efficiency
 - Nuclear

Sustainable Development

- **Renewable** energy
- Energy efficiency
- Nuclear
- Research and innovation
- Emission trading

Security of supply

- International Dialogue
- European stock management (oil/gas)
- Refining capacity and **energy storage**
- **Diversification of sources and routes**

FULLY
BALANCED
INTEGRATED
AND
MUTUALLY REINFORCED

● 2nd Strategic Energy Review

- Focus on **Security of Supply** (of all fuels)
- Green paper on **TEN-E guidelines**
- **Evaluation report of Directive 2004/67/EC on Security of Gas Supply**
- Study on **Gas Storage** in the EU – is there a need for a common approach on gas **stocks**?
- Development of **indigenous production**
- Update on the state of **implementation** of the 1st Strategic Energy Review
- Definition of **external energy policy**

● The instruments for security of supply

- Internal market
- Solidarity
- Security of gas supply directive
 - » Gas Coordination Group
- Diversification of sources and supply routes
 - » Infrastructure
- LNG
- Storage
- Energy efficiency
- A common international energy policy
 - » Cooperation with current supply countries
 - » Opening up to new supply countries
- Co-ordination of TEN-E

**3rd package
IEM**

**Second
Strategic
Energy
Review**

Nov. 2008

TEN-E coordinators



- Security of Supply as key objective
- Infrastructure serves all 3 objectives
 - » Internal market
 - Interconnections
 - » Integration of renewables
 - Transportation
 - » Security of supply
 - Diversification of sources and routes

● TEN-E Guidelines

● Legal Basis for TEN

» Article 154-155 EC Treaty:

- Access to networks
- Interconnection and inter operability of national networks

» Article 176 A New Energy Title of Lisbon Treaty:

- Promote the inter connection of energy networks
- Support the internal market
- Preserve and improve the environment
- Spirit of solidarity

● TEN-E Guidelines

- Decision 1364/2006 European Parliament and Council
 - » Covers only gas and electricity
 - » Identifies:
 - 9 major axes for electricity
 - 164 projects of Common interest
 - 32 projects of European interest
 - » Identifies:
 - 6 major gas axes
 - 122 projects of Common interest
 - 10 projects of European interest

● TEN-E Guidelines – Green Paper

● Limitation of TEN-E

- » European network \neq sum of national grids
- » Member States favour national TSO's / industry
 - No concern for European added value
 - Lack of interconnector
- » Very long authorisation procedures
 - High-voltage overhead lines
- » Insufficient construction & investment levels

● Green Paper on TEN-E

- Towards the TEN-E Guidelines revision
- The Commission is launching a **public debate** on how European energy networks policy should develop
 - » Green paper (end 2008) key aims:
 - European grid development
 - Integrating new forms of energy
 - Solidarity tool
- How to proceed ?

● Green Paper on TEN-E

- TEN-E should include oil and CO₂ infrastructure beyond gas and electricity
- Building on internal market directives
- Contributions from various studies:
 - » Methodology
 - » Gas storage
 - » LNG
- Consultation of stakeholders
- Experience gained from the work of TEN-E European Coordinators

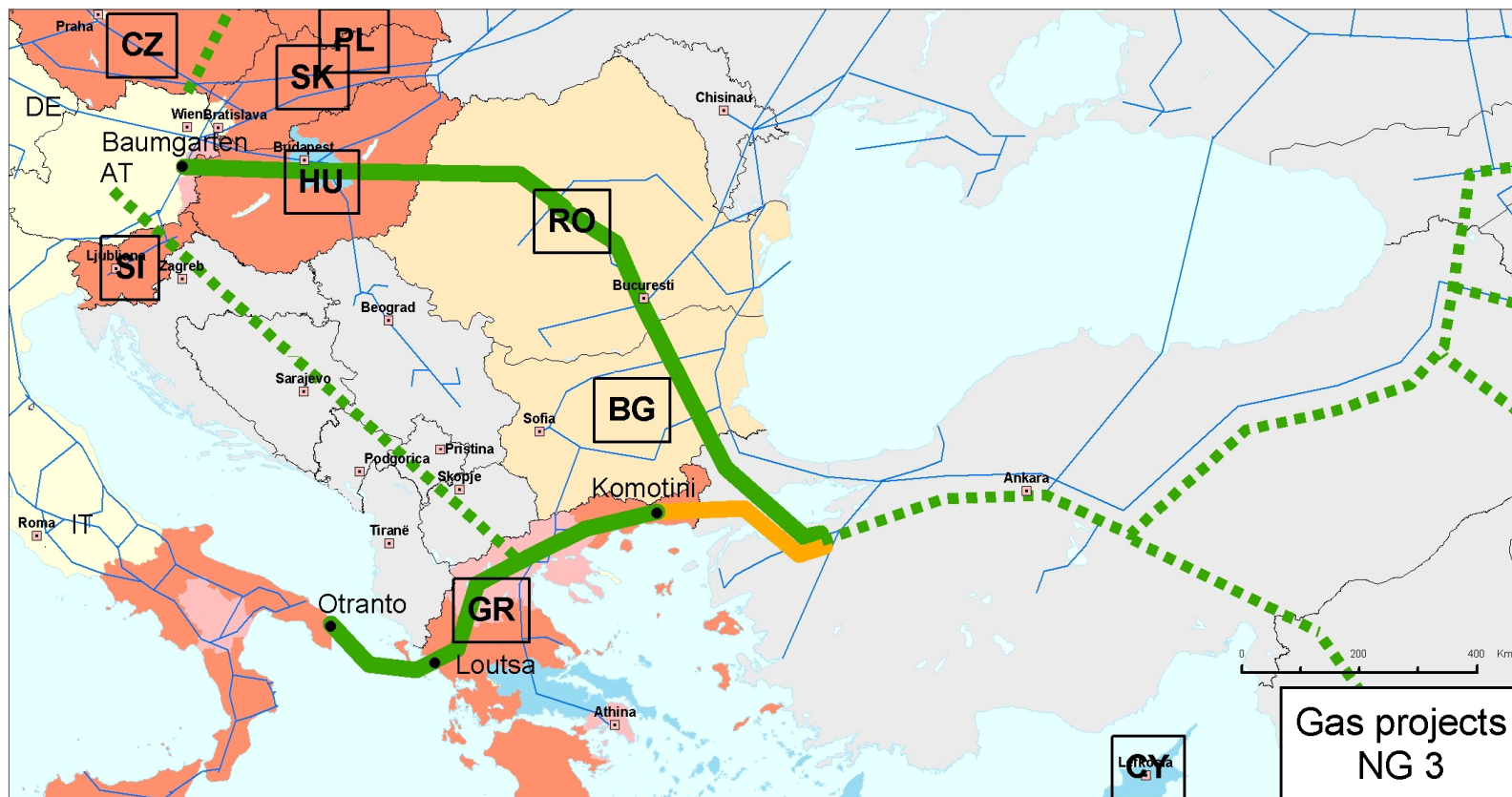
● TEN-E - The Coordinators experience

- In accordance with the TEN-E Guidelines and action plan of the PIP:
 - » 4 European coordinators have been appointed by the Commission (12 September 2007) to facilitate the implementation of the most critical identified Projects of European Interest
 - » 4 years mandate
 - » 4 projects (1 gas and 3 electricity) facing technical, political or financial difficulties have been selected

TEN-E - The Coordinators experience

● NG3 & NABUCCO gas pipeline:

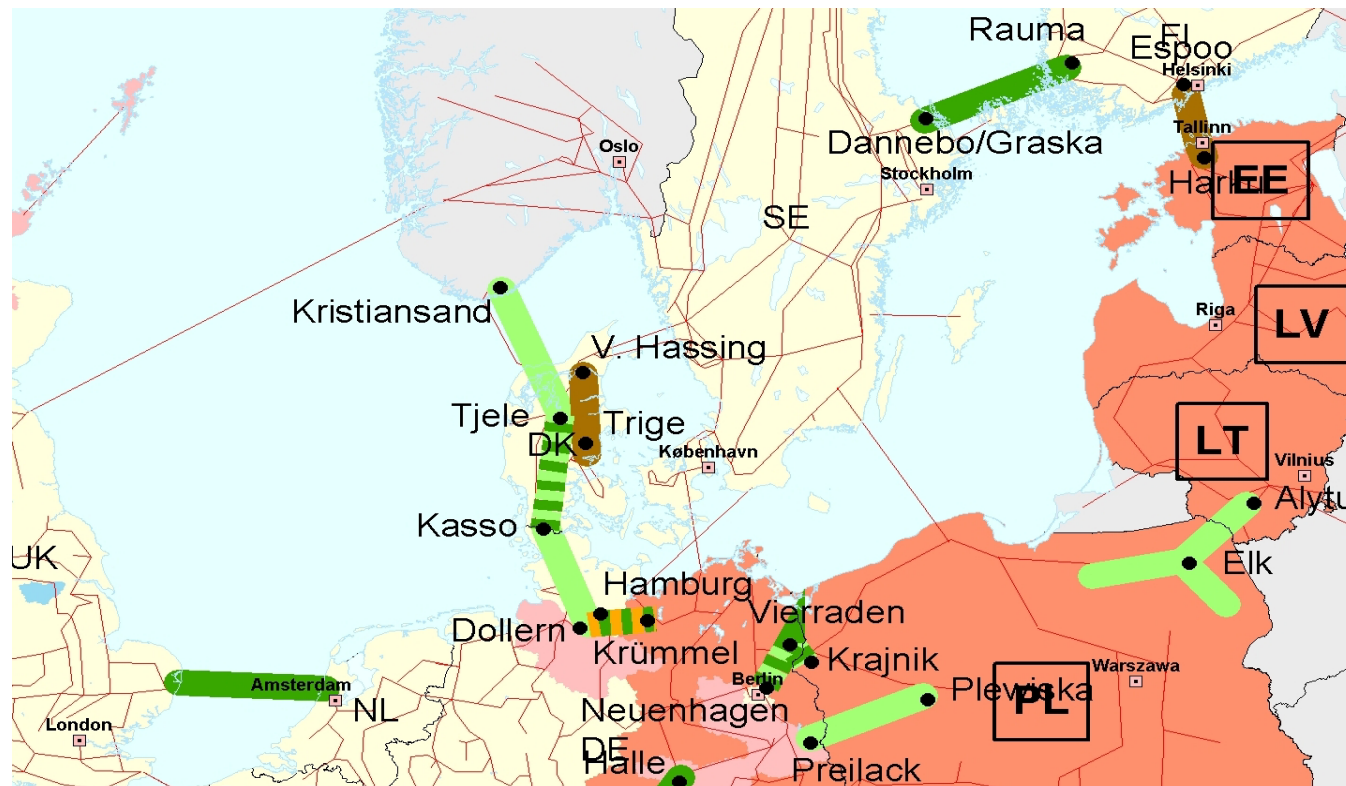
Mr van Aartsen



- TEN-E - The Coordinators experience

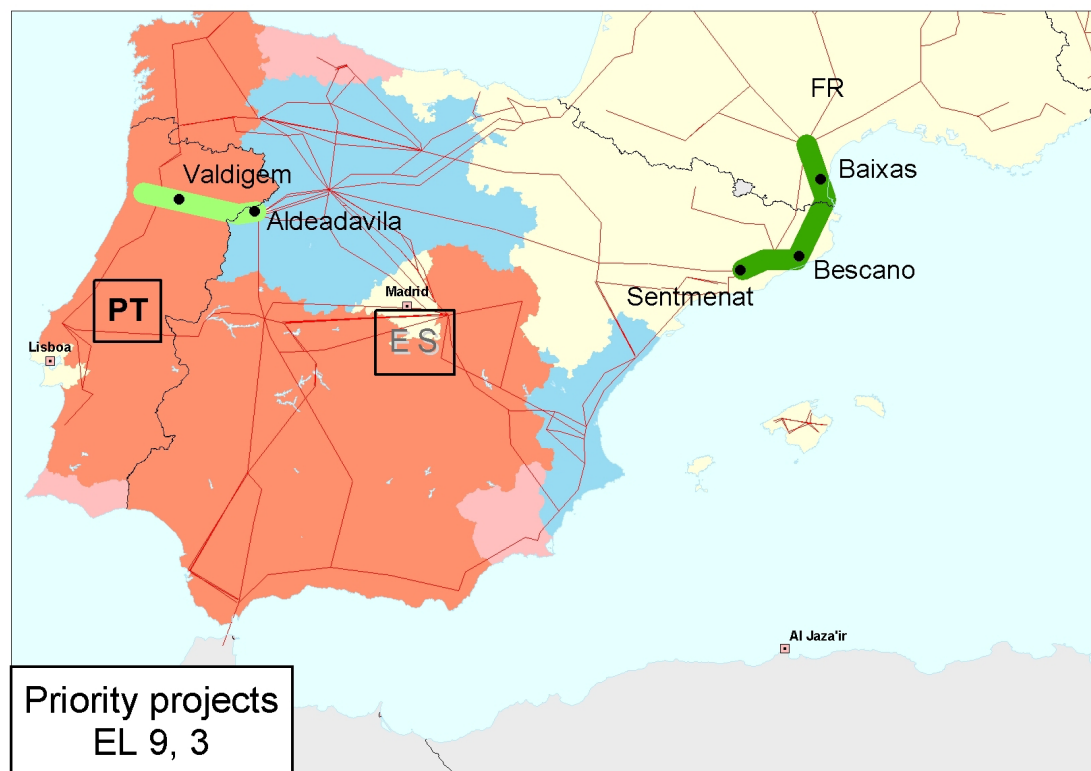
- Connection of offshore wind power in Northern Europe (North Sea, Baltic Sea):

Mr Adamowitsch



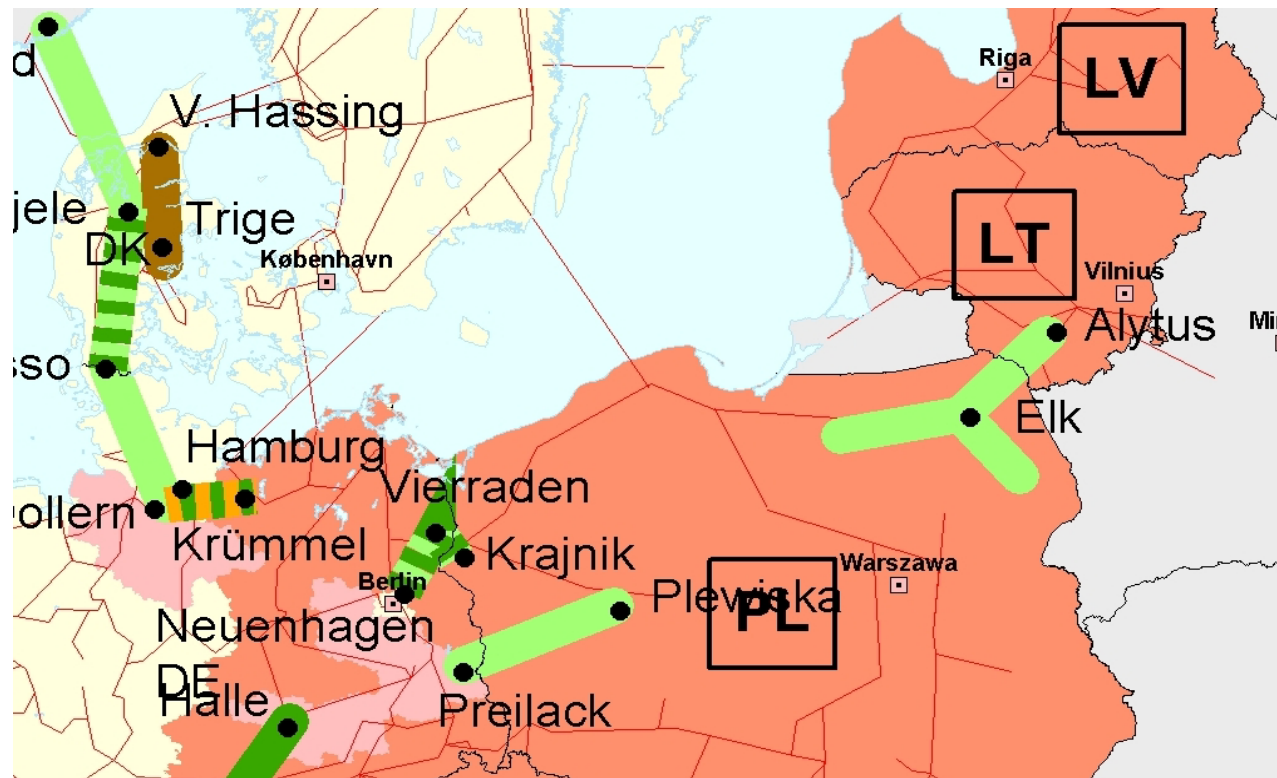
- TEN-E - The Coordinators experience

- Connection between France and Spain, especially Sentmenat (ES) – Bescanó (ES) – Baixas (FR) line: **Prof. Monti**



- TEN-E - The Coordinators experience

- Power link between Germany, Poland and Lithuania, especially Alytus – Elk (back-to-back station): **Prof. Mielczarski**



● TEN-E - The Coordinators experience

- Study case for other projects
- Enhance the dialogue between the various stakeholders
- Ability to listen to the stakeholders, to reach top political levels and to make an independent analysis
- New vision, new method to tackle the problems
- Coordinators reports:
 - » http://ec.europa.eu/ten/energy/coordinators/index_en.htm

● Conclusions

- The 2nd Strategic Energy Review will focus on the Security of supply
- “Security of Supply” is a driver to improve energy efficiency and to promote alternative fuels (renewables)
- Infrastructure is a key element of the Energy Policy
- The aim of the Green Paper is to prepare the adaptation of the TEN-E Guideline to the new Energy Policy
- Positive and constructive impact of the works of the coordinators

● Trans-European Energy Networks

TEN-E Funding

Ms Catherine Eginard	(DG TREN/C1)
Mr Patrick Bourrel	(DG TREN/C1)
Ms Marie-Hélène Fassotte	(DG ENV/D3)
Ms Donatella Salvi	(DG TREN/R1)

● Outline

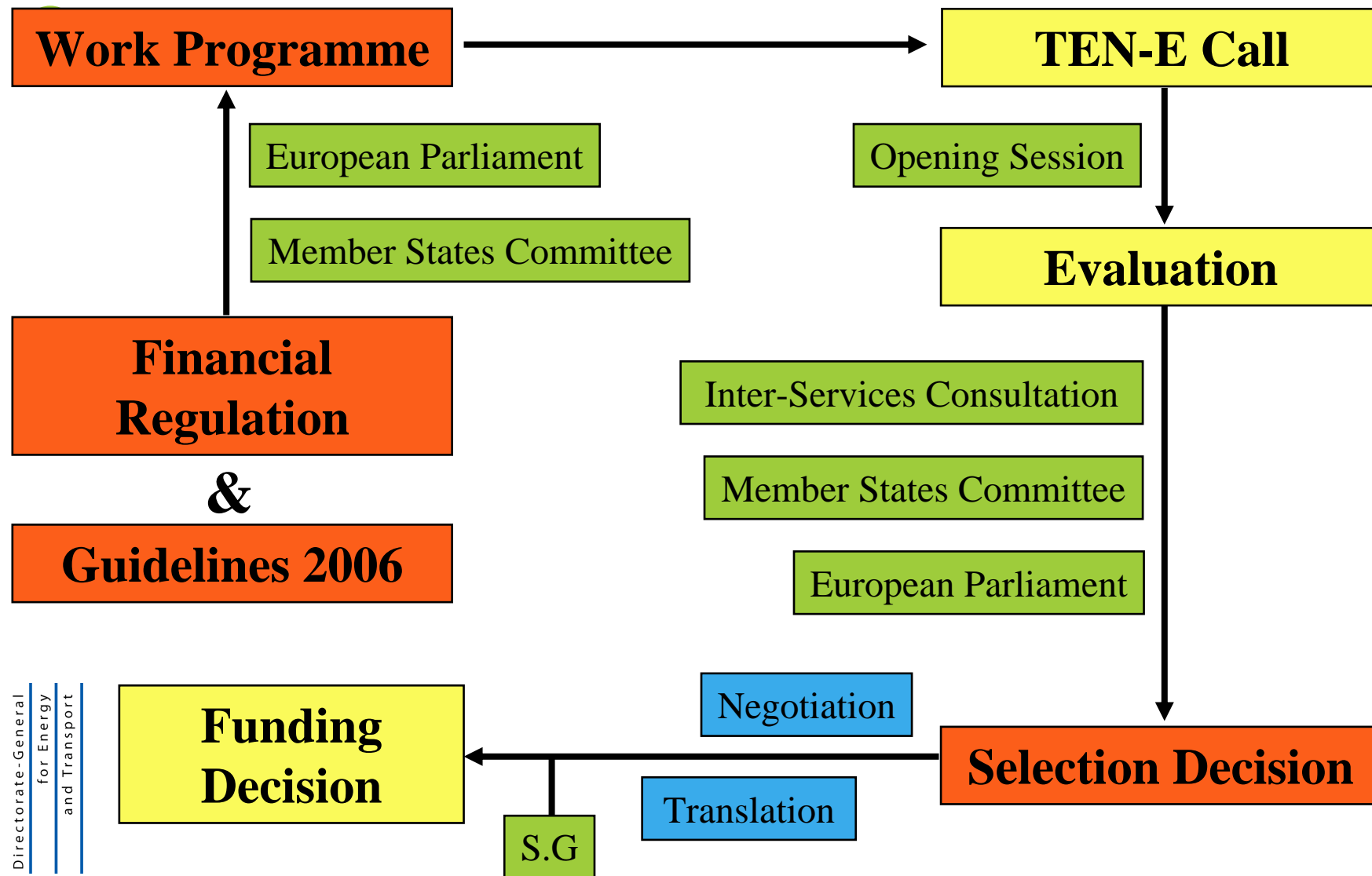
- TEN-E legal framework
 - » TEN-E Guidelines
 - » TEN Financial Regulation
 - » Work Programme 2008
- TEN-E Call for proposals 2008
 - » Proposal Submission Form
 - » Evaluation
- TEN-E Decisions
 - » Project life cycle

● TEN-E legal framework

- Guidelines 2006 (Decision N° 1364/2006)
- Financial Regulation 2007–2013 (Decision N° 680/2007)

Basis for 2008

- Work programme (adopted 16 April 2008)
- Call for proposals (published 28 April 2008)
- Selection Decision (to be adopted in December 2008)
- Funding Decision (to be notified beginning of 2009)



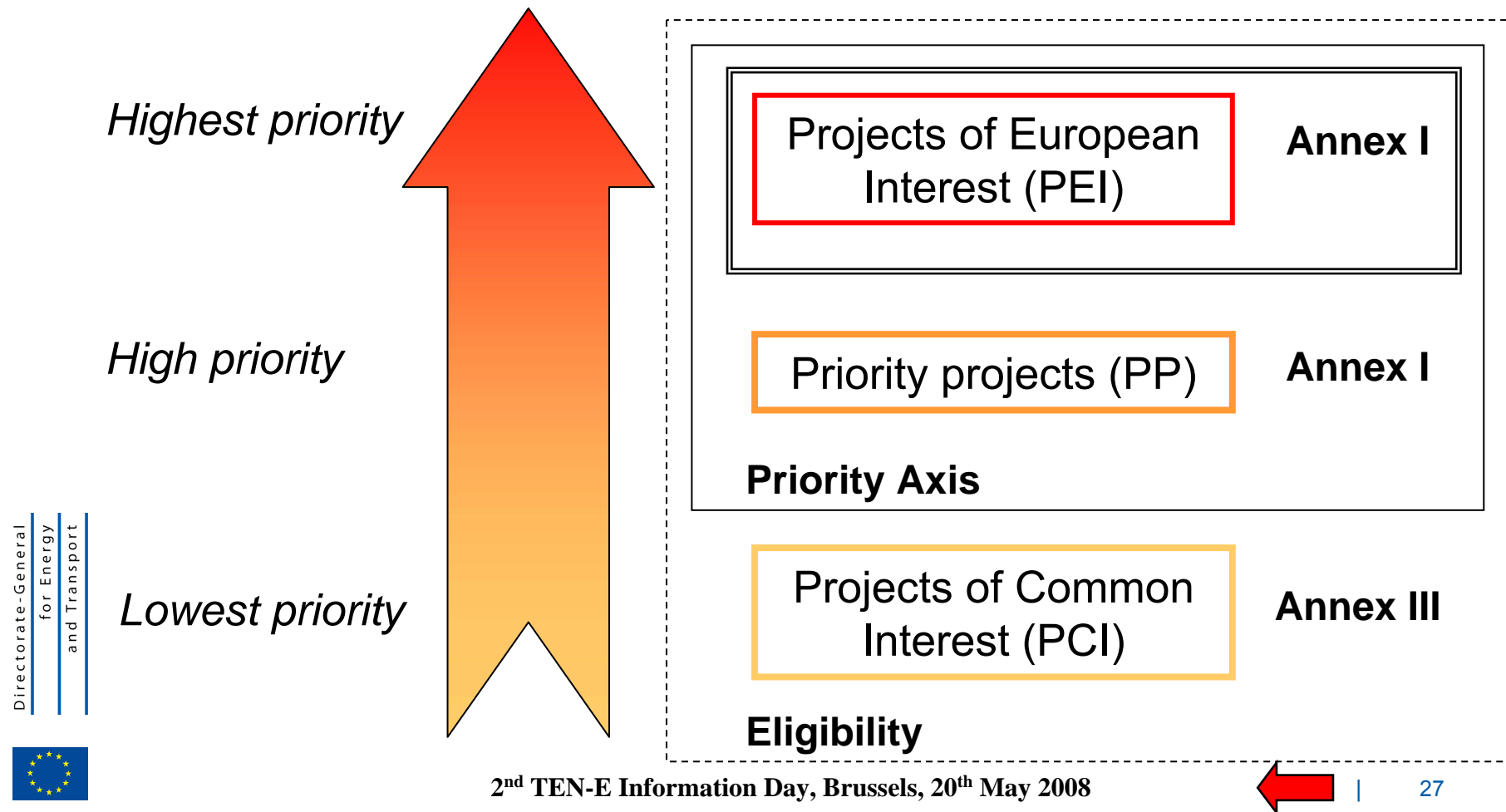
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● Decision n° 1364/2006 (OJ L262 – 22/09/2006)

- To define nature and scope of EC actions
- To establish guidelines (objectives, priorities and action lines)
- To identify:
 - » Projects of Common Interest (Article 6 - Annex III)
 - List of eligible projects for funding
 - » Priority Projects (Article 7 – Annex I)
 - List of Axes
 - » Project of European Interest (Article 8 – Annex I)
 - Selected project on the priority axes
 - Highest priority for funding

● Projects eligibility and priority

TEN-E guidelines 2006



● Financial Regulation TEN

- Define **conditions** and **methods** for granting Community financial aid:
 - » Projects of Common Interest with particular attention to projects of European interest
 - Development of networks
 - Security of supply (diversification of sources)
 - Connection to renewable energies
 - Safety, reliability and interoperability

● Financial Regulation TEN

- » Conditional on compliance with Community law
- » Agreement of the Member(s) State(s) concerned
- » Annual work programme and call for proposals
- » Forms:
 - Grants for studies (max. 50%) and works (max.10%) => It is a co-financing
 - Interest rebates on EIB loans

● Financial Regulation TEN

- Define **procedures** for granting Community financial aid:
 - » Budget 2007-2013 :155 millions €
 - » Comitology Procedure:
 - Financial Assistance Committee (Regulatory)
 - Scrutiny right of the European Parliament

● Financial Assistance Committee

- Composition
 - » Commission (chairman)
 - » 1 representative per Member State
 - » 1 representative of the EIB (European Investment Bank)
- Role
 - » Assist the Commission
- Voting system
 - » Qualified majority (obtained with 255/345 votes)
- Voting on
 - » The annual Work Programme
 - » The Commission proposed ranking list of selected projects



● Work programme TEN-E 2008

- Based on:
 - » TEN Financial Regulation (2007-2013)
 - » TEN-E 2006 Guidelines
- Takes into account:
 - » Priority Interconnection Plan (PIP)
 - » European Council Action Plan
- Defines:
 - » 2008 Budget (22,26 Mio €)
 - » Eligibility criteria
 - » Grounds of exclusion
 - » Selection criteria
 - » Award criteria

● Work programme TEN-E 2008

● Eligibility criteria:

» Eligible applicants

- Member States, public or private bodies, international organisations and joint undertaking
- Excluded, all legal or natural person outside EU countries

» Eligible projects

- Annex III of the Guidelines
- Compliance with Community law
 - Environmental protection
 - Competition and State aids
 - Public procurement
- Other sources of financing:
No other Community financial aid

● Work programme TEN-E 2008

● Selection criteria

(does not apply to Member States, public bodies, joint undertakings and international organisations)

» Financial capacity

- Annual accounts for the last financial year only for private bodies

» Technical capacity

- Appropriate documents to prove the experience in carrying out the work
 - List of actions already executed of the same nature

● Work programme TEN-E 2008

● Award criteria (9)

- | | |
|--|--------|
| » Maturity | 15/100 |
| » The need to overcome financial obstacles | 5/100 |
| » The stimulating effect of the Community intervention on public and private finance | 5/100 |
| » The soundness of the financial package | 10/100 |
| » Socio-economic effects | 10/100 |
| » Environmental consequences | 15/100 |
| » The degree of contribution to the continuity and interoperability of the network, as well as to the optimisation of its capacity | 15/100 |
| » The degree of contribution to the improvement of service quality, safety and security | 15/100 |
| » Quality of the application | 10/100 |



● TEN-E CALL 2008

- Call for Proposals for TEN-E funding is published on the Europa Website:

http://ec.europa.eu/dgs/energy_transport/grants/proposal_en.htm

- » Call TEN-Energy 2008
- » Grant Proposal submission Form & Checklist
- » Legal entity form
- » Draft Commission Decision

- » Annual Work programme
- » TEN Financial Regulation
- » TEN-E Guidelines

● TEN-E CALL 2008

● How to apply to TEN-E funding ?

- » Use the proposal submission form (mandatory)
- » Pay special attention to all necessary signatures, dates and stamps throughout the submission form
- » Submit by registered mail, private courier or deliver by hand
- » Use the correct address (central mail service of the Commission)
- » Respect the deadline of **30th June 2008**

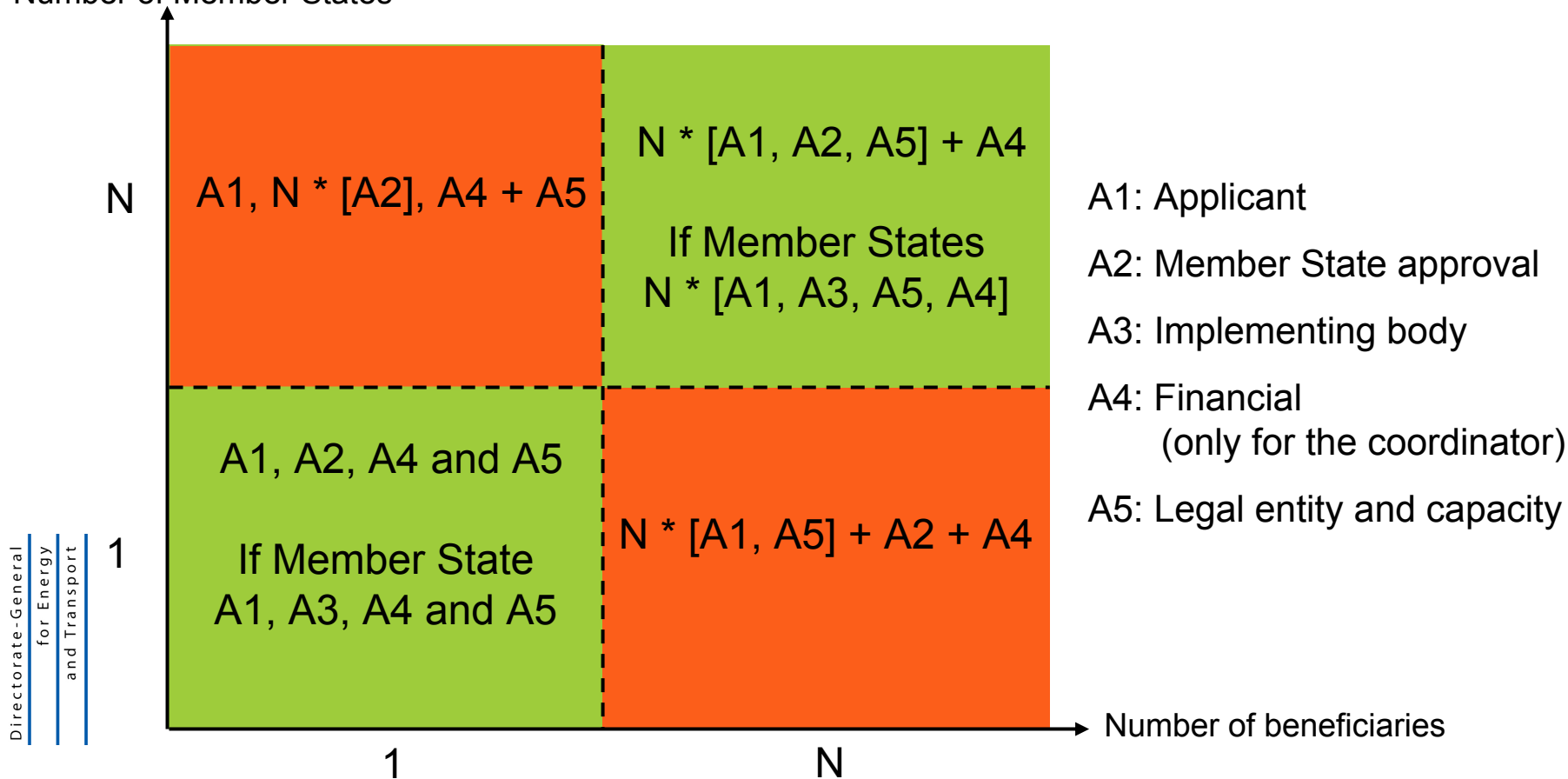
● TEN-E CALL 2008

- Structure of the Submission Form
 - » Cover page and Table of Content
 - » PART A: Administrative information
 - » PART B: Information on the **Project**
 - » PART C: Information on the **Action**
 - » PART D: Compliance with Community law
- **Project**: refers to a physical or technological infrastructure which pursues the completion of a higher indivisible objective
- **Action**: refers to the part of the project for which a TEN-E financial aid is requested

TEN-E CALL 2008

PART A: Administrative information

Number of Member States



● TEN-E CALL 2008

● PART B: Information on the **Project**

- » Identification of the project and location
- » Description of the project: technical data, outline, scope, goals, needs and complexity
- » Impact of the project: (1) ex-ante evaluations, (2) contribution to the TEN-E policy, (3) competition, (4) social economic and (5) environmental
- » Implementation of the project: (1) planning, (2) budget, (3) coordination and cooperation

● TEN-E CALL 2008

● PART C: Information on the **Action**

» Technical information

- Location of the action + map
- Detailed description: outline, scope, goals, objectives
- **Work programme**
 - Split into Activities, sub-Activities
 - Detailed description by Activities, sub-Activities
- Action planning: duration, milestones and time table based on the **Work programme**
- Description of the milestones and means of verification

● TEN-E CALL 2008

● PART C: Information on the **Action**

- » Maturity of the Action
- » Financial information
 - Eligible costs start date = **1/07/2008** or later
 - Eligible costs ([§III.3.7 p.32 of Decision model](#))
 - Clearly indicate in the table the requested financial TEN-E contribution in Euro
 - The indicative breakdown by beneficiary of eligible costs must refer to the **Action Work programme**
 - Indirect costs = maximum flat rate funding up to 7% of total eligible direct costs
 - Complementary information

● TEN-E CALL 2008

● PART D: Compliance with Community law

» State aid

» Environmental protection

- Consultation of environmental authorities
- Development Consent
- EIA Directive
- SEA Directive
- Natura 2000
- Water Framework Directive

Must be correctly and completely filled in regarding legal compliance, SEA, EIA, Natura 2000 and Water Framework Directive requirements

● EIA/SEA Directives

- Largely intended to improve decision-making
- Both require description and assessment of likely significant environmental effects
- Public consultation on env. information
- Env. information & results of consultation to be taken into account
- Alternatives to be identified

● EIA milestones

- 1) Non-technical EIS summary (including alternatives analysis)
- 2) Results of the consultations with competent environmental authorities (CEA)
- 3) Results of public consultations (incl transnational)
- 4) Information on the decision provided to the public:
 - content of the decision;
 - main reasons and consideration upon which it is based;
 - mitigation measures

(2, 3 & 4 can be a statement, conclusion or certification by CEA)

● SEA milestones

- 1) Non-technical Environmental Report summary
- 2) Results of the consultations with competent environmental authorities (CEA)
- 3) Results of public consultations (incl transnational)
- 4) Statement on environmental integration; how the results of consultations and environmental report have been taken into account and the reasons for choosing the plan or programme in the light of other reasonable alternatives
- 5) The measures decided concerning monitoring

● Nature Directives (Birds and Habitats)

- A combination of species and habitats protection constitute the NATURA 2000 network of sites
- No *a priori* prohibition of new activities within N2000 (case-by-case basis)
- Article 6 of Habitats provides for assessment to determine significant negative effect on the site, designation of mitigation measures or other alternatives or even compensatory measures – in last resort

● Natura milestones

- Natura 2000 statement certified by the appropriate competent authority
- Annex II-A when significant negative effect on site(s) including study as per Art 6 of Habitats Directive with physical interventions
- Annex II-B not significant negative effect on site(s)
- Map of project and nearest N2000 site(s)

● Water Framework Directive

- Aims at maintaining and improving the aquatic environment in the Community (mainly with the quality of the waters)
- Article 4.7 describes conditions for new activities
- Article 4.7 requires mitigation measures

● Water milestones

- If action causes deterioration to water status, specify if steps taken to mitigate adverse effects and explain if other means exist to achieve objectives of the project
- Annex II-C if no deterioration of water status or failure to achieve good status

● Making the process simpler

- Start early and consult!
- Carefully fill in the application form
- Consult environmental colleagues when filling it in
- Provide summarized information
- Provide the environmental information early on
- Keep in regular contact with your DG TREN Desk Officer!

● Frequent problems

- Date of development consent missing
- Difficulty in choosing between (EIA) Annex I and Annex II projects
- EIA documents not included
- Annexes II-A, B and C (Natura and Water) not signed, stamped or dated
- Natura 2000 map not included
- Poor understanding of SEA question

● Key conclusions

- EIA-SEA Directives must be respected
- The Directives are not an obstacle but an opportunity
- Establish joint teams between those working on environmental issues and the project development
- Start-early and consult
- Funding will only be issued when all environmental requirements are fulfilled (documents approved by Commission)

● References

- EIA Guidance on <http://europa.eu.int/comm/environment/eia/home.htm>
- SEA Guidance on <http://www.europa.eu.int/comm/environment/eia/home.htm>
- For cross border Project:
 - » ESPOO on <http://www.unece.org/env/eia/welcome.html>
 - » BEACON on <http://www.transport-sea.net>
- Nature Guidance on <http://ec.europa.eu/environment/nature/home.htm>
- WFD Article 4.7 guidance: http://forum.europa.eu.int/Public/irc/env/wfd/library?l=/framework_directive/thematic_documents/environmental_objectives&vm=detailed&sb=Title
- Guide to environmental legislation
- http://ec.europa.eu/ten/transport/legislation/index_en.htm



● TEN-E CALL 2008

● Last advice

- » Use and do not modify the submission form
- » Use the [check list](#)
- » Submission form **MUST** be signed by all beneficiary(ies) and Member State(s)
- » Deadline: **30/06/2008**
- » Be aware that:
 - The quality of the submission form is a evaluation criteria
 - Good argumentation is required
 - The submission form will serve as basis to draft the Commission decision (if selected)



● Opening Session

● Role

» Verify conformity of formal requirements:

- On time (post mark) and delivering procedure respected (2 sealed envelopes)
- Signed original by the applicant(s) and Member State(s)
- Correct 2008 submission form used

● Not compliant proposals will not be evaluated

● Unique project reference is attributed (ex: E239/08 or G144/08)

● Evaluation

- Evaluation criteria described in the Call for proposals are applied equally to all proposals
- 3 eliminatory steps
 - » Eligibility criteria (Applicants, Annex III, Member State agreement, compliance with Community law, others sources of financing)
 - » Selection criteria (financial and technical capacity)
 - » Award criteria (quality of the proposal, maturity, etc...)

● Evaluation

- Done by a committee composed by internal experts in Gas and Electricity
- Each proposal is evaluated at least by 2 independent experts
- Each proposal is subject to a Consensus report
- Ranking list of the selected proposals
- Final selection depending on the available budget



● Selection procedure

- Consultation of the Commission services concerned
 - » Legal Service, Secretariat General, Budget, Environment, Relex, Ecfm, ...
 - » The evaluation report could be adapted
- Financial Assistance Committee (positive opinion)
- European Parliament (Scrutiny right)
- Commission Selection Decision on the list of projects to receive financial aid

● Negotiations

- The financial aid allocated is **not negotiable**
- Correct the proposal according to requirements of the consensus report (basis and framework will always be the proposal as it was evaluated – **No “add on”**)
- Update timetable and breakdown costs (if necessary)
- Completion of negotiations leads to draft the funding Commission decision

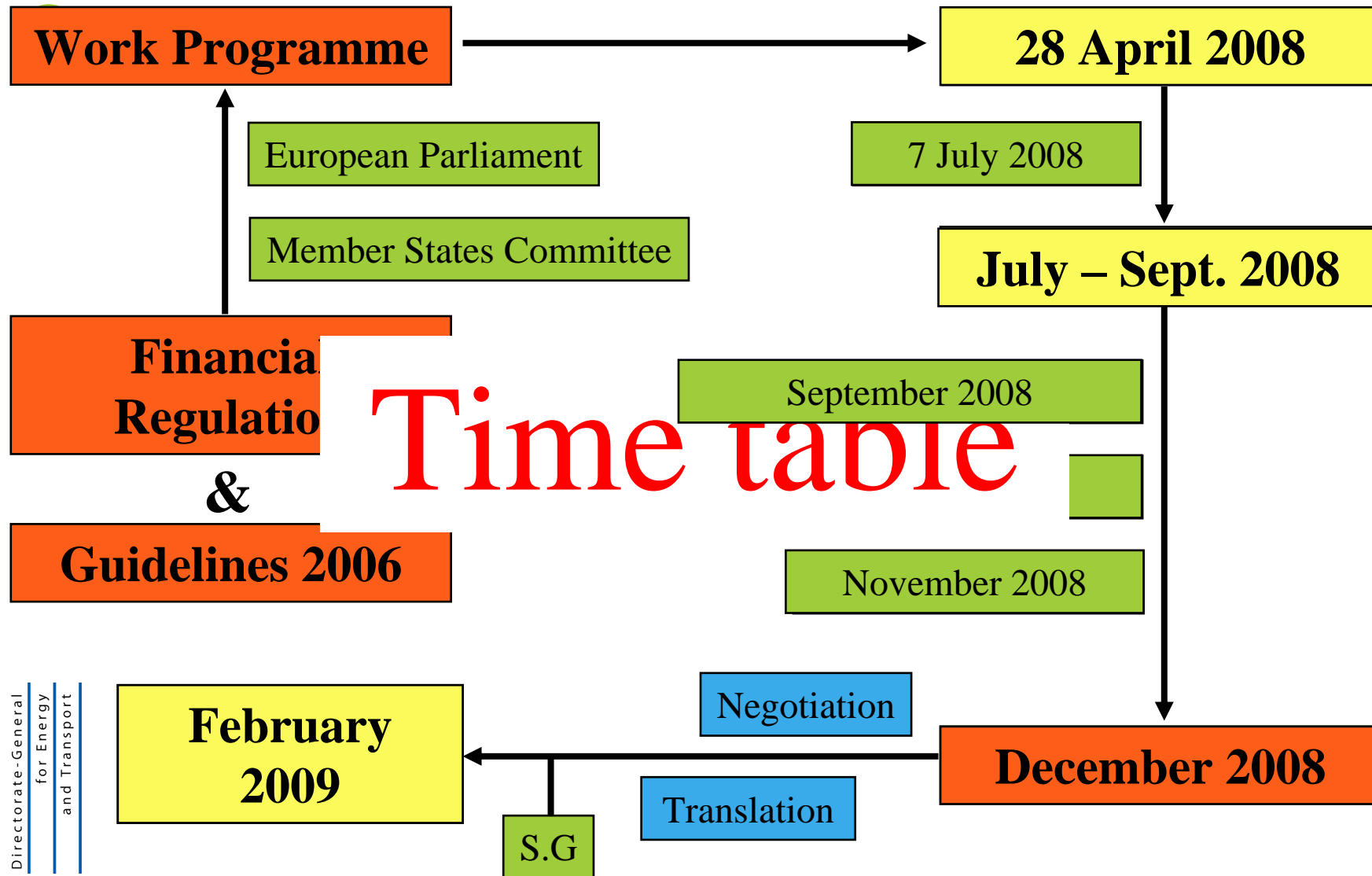
● Administrative procedure

- Commitment: reservation of the budget in the Commission's accounting system
- Translations: Decision in all beneficiary languages
- DG TREN: Signature of the Decision
- Secretariat General: Official notification of the Decision to all beneficiaries and Member States

● Commission Decision

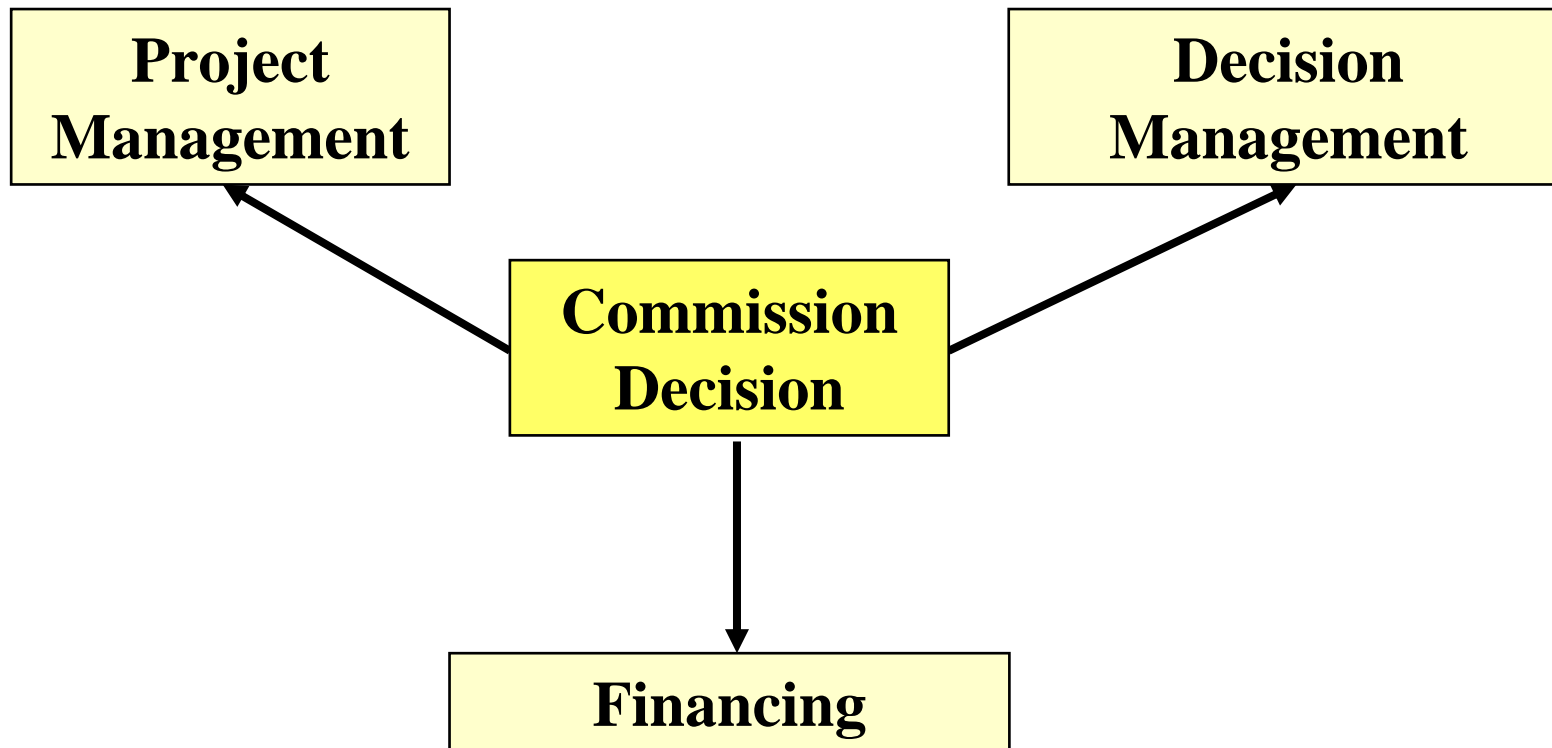
- Decision text (4 articles)
 - » Beneficiary, financial aid, conditions of implementation and addresses
- Annex I: Special conditions
 - » Financing of the action
 - » Payments (pre-financing, interim and final payment)
 - » Reporting obligations
 - Technical implementation summary
 - Interim and final technical reports and financial statements
- Annex II: Description of the action and estimated budget
 - » Financial aid (form, project of common interest)
 - » Technical information (duration, location, activities and milestones)
- Annex III: General conditions





Directorate-General
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● Project Management - Planning

- Validity period of the Decision = Eligible cost period
 - » Start date is **1/07/2008** or later
 - » End date of the action
- Decision notification date = Day D
 - » Notification of all beneficiaries
 - » Starting point for the reporting time table

● Project Management – Reporting

- Reporting dates:
 - » Day D = Decision notification date
 - » D + 6 months = Technical Implementation Summary (TIS)
 - » D + 6 months + 1 year = TIS
 - » ... every year until day E
 - » Day E = End date of the action
- TIS = State of progress ([see I.3.2 of the model Decision](#))
 - » No payment
 - » Technical summary
 - » Financial summary

● Project Management – Reporting (1)

- Interim Technical Implementation Report (ITIR)
 - » Interim payment request
 - Up to 70% of the Community financial aid
 - At least 6 months before the end date of the action
 - » Technical report
 - » Financial statement
 - List of expenses
 - Certification of the reality and the conformity of the expenditure incurred

● Project Management – Reporting (2)

- Final Technical Implementation Report (FTIR)
 - » Final payment request (balance)
 - » Technical report
 - Validation by Member State
 - » Financial statement
 - List of expenses
 - Certification of the reality and the conformity of the expenditure incurred

● Decision Management – Modifications (1)

- Written request by the beneficiary(ies)
 - » Justification mandatory
 - » Supported by the Member State
 - » At least one month before the End date
- Modifications shall not have the purpose or the effect of calling into question the Decision to grant the Community financial aid and shall not result in unequal treatment of applicants (see III.2.7 of model Decision)

● Decision Management – Modifications (2)

- Modification to the indicative cost breakdown
 - » In case adjustment between activities exceeds 20% of the total eligible costs, the Commission approval is required
 - » The Commission have 60 calendar days to approve or refuse the modification
- Other modifications
 - » Change of beneficiary
 - Transmission of responsibility
 - Name of the company
 - » Time extension request
- A modification takes minimum 5 weeks !

● Payments (1)

● Pre-financing

- » 30% of the Community financial aid
- » Bank guarantee
 - Compulsory for private companies if pre-financing exceeds EUR 150 000. For public bodies no bank guarantee is requested
 - Fixed model: no add-ins or no expiry date

● Interim payment

- » 40% of the Community financial aid if pre-financing
- » 70% if no pre-financing
- » Must be requested at the latest 6 months before the end date of the project
- » Bank guarantee released

● Payments (2)

● Final payment

- » Must be requested maximum 12 months after the end date of the project
- » The payment of the balance is determined on the basis of the aggregate amount of payments already made
- » If the total amount already paid exceeds the amount of the financial aid, the Commission will issue a recovery order for the surplus
- » The total amount paid will in no circumstances exceed the maximum amount of the financial aid
- » All payments are made in €
- » Conversion of actual costs into euro will be made at the monthly accounting rate established by the Commission for the month following the end of the reporting period

● Financial reports

- List of all expenses giving a breakdown of activities of the eligible costs (including supporting documents)
- Certification from the Member State of the reality and the conformity of expenditures incurred
- Audit certificate, if an external audit is carried out
- Other sources of EU funds should be identified

● **Financial concerns: Closing the project**

- Audits can be carried out by the Commission (by its own staff or other external body on its behalf) during or after the end date of the project
- Beneficiaries shall keep all original documents relating to the granted Action for a period of 5 years from the date of the final payment
- Where appropriate, the audit findings may lead to a recovery of funds