RGI RESPONSE TO THE EC CONSULTATION ON THE REVISION OF THE TEN-E REGULATION

1. Effectiveness

Upgrading the existing energy infrastructure and building the needed grid to integrate increasing shares of renewables, and thus allow the decarbonisation of the energy system, is a major challenge for the coming decades. In Europe, in particular, the timely building of a robust and interconnected grid constitutes a precondition for an integrated, secure and competitive internal energy market. The European Commission (EC) actively strives to promote this through the Projects of Common Interest (PCIs). These projects represent the opportunity to accelerate the European clean-energy transition. It is, however, important to recognise that the energy landscape in Europe has changed substantially since the adoption of the Regulation (EU) No 347/2013 on guidelines for trans-European energy infrastructure (TEN-E). The Paris Agreement, 2030 energy targets, the Clean Energy Package have played a major role here, and climate polices, such as the recently launched Green New Deal and Climate Law will bring considerable further evolutions. Therefore, it is important that the revised TEN-E reflects changing energy scenarios by making them compliant with climate neutrality targets, by taking into consideration the new technologies and innovation needed, and by promoting stricter nature protection and larger involvement of civil society (following the principles of the Aarhus Convention), while creating value and benefits for both.
It is important to consider the following elements:

- **System evolution**. We are progressively moving from a high centralised to a dual system in which decentralised structures are increasingly important. Facilitating interactions and synergies across the voltage levels is an element which must be taken into account by the revised TEN-E. The optimised use of decentralised resources should result in projects contributing not only to the regional, national and European systems, but also to the creation of local services and values.
- **Energy planning.** While the role of future grid infrastructure in achieving the energy transition is recognised as highly crucial, an increasing RES based energy system will need more than grids to provide the required system flexibility. We must develop new flexibility options, and support investments, to control frequency and voltage and facilitate new technologies to provide energy storage, among others. As stated in RGI's input to the Energy Sector Integration strategy, the EC should develop a comprehensive and holistic approach to 'sector integration' which includes electricity and gas, but also all sectors which have the potential to speed up decarbonisation and provide flexibility and optimisation opportunities for the system. The revised TEN-E Regulation will therefore need to include mechanisms that support the planning and deployment of needed transport infrastructure to support the integration of a variety of energy sectors. Dedicated support schemes and research programmes for new technologies should be designed to give specific support where needed without burdening the TEN-E with the complexity of sectors integration. However, coherence between the revised TEN-E and future dedicated mechanisms should be assured and complementarities foreseen in the text of the legislation.

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- The TEN-E framework should include new forms of infrastructure projects such as digitalisation and customer participation, among others, to take into account the current needs and future trends in the European energy sector and foster innovation, provided that these technologies are mature enough to be implemented. Investments in digitalisation are a cost-effective way to optimise the use of the current physical infrastructure, therefore limiting the need for additional future development, and to serve more functions. Regulatory recognition for non-copper investments should also be stimulated as this may bring not only innovation, but also more public support. With regards to consumers and prosumers, they should be in general encouraged to make their consumptions more flexible and allowed to use their flexibility for self-optimisation and to provide system services, when needed. Digital innovation for better customer participation should be promoted.

- **Energy policies**. PCI projects should include projects/investments that are instrumental for the well-functioning and resilience of the electricity system during the decarbonisation process. In particular, PCI projects should be able to demonstrate a significant contribution to the long-term climate objectives, the provision of the needed flexibility and system security, but also prove their ability to avoid a lock-in incompatible with the climate objectives. The energy infrastructure we plan and build today will determine the success in reaching climate neutrality goals by 2050. It is therefore necessary to fully assess the short-term needs and impacts as well as the long-term objectives and impacts. In this context, coherence and coordination across the policy spectrum, as suggested in the Green Deal, should be also reflected in the revised TEN-E Regulation, which has so far not fully occurred.

2. Permit granting process

RGI represents different organisations and experiences across the EU. Each Member State has indeed streamlined the overall permit process by applying different procedures and delivering different speed and efficiency. Therefore, RGI recommends taking into consideration the following and diverse elements in the revision of the TEN-E Regulation:

- **Factors having an impact on fast-track procedures**. In general, permitting procedures envisaged in the TEN-E Regulation are valid, but in practice they have generally proven neither to speed-up the permitting process nor to reduce the associated costs. Different factors have hindered stronger results. We name the most common ones stressing the fact that there are differences from country to country: the national pre-existing regulatory provisions/organisation and the role and capacity of the Permitting Competent Authorities is not always aligned with the objectives of speeding up permitting processes. In particular, the pre-existing organisation of the authorisation process at the national level has proven to be an important factor in determining the success of permitting fast-track procedures. Where the one-stop-shop model has matched with national provisions, it has avoided the creation of additional administrative burdens (e.g. additional reporting) and made the process simpler and faster. RGI consider the one-stop shop to be positive, if coherent and aligned with existing structures/institutions in a given country. Therefore, the optimal way to support faster permitting procedures for PCI projects should be discussed with relevant

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authorities and project developers at national level with the aim of removing the duplication of administrative requests, where they appear to be redundant.

- **Instruments to improve clarity on PCI projects implementation**. Some NRAs have developed guidance on how to operate PCI projects, contributing to a base for additional clarity and reliability. The revised TEN-E regulation could set up the base for innovative practices to become the standard for PCI projects, once having proven to be successful. RGI would welcome the elaboration of standards/guidelines that could be adopted by relevant national permitting authorities – ideally on a voluntary basis in a test phase. The standards should serve to provide guidance and reference, but also sufficient flexibility to cope with specific local issues.
- Implementing fast-track procedures should not be done at the expense of nature protection and stakeholder engagement. It is RGI's view that reducing the efforts on these two elements would result in lengthier processes and eventually lead to massive delays.

3. Public consultation

With regards to the process of public consultation for PCI projects, RGI recommends taking into consideration the following aspects in the revision of the TEN-E Regulation:

- Consultation processes and the management of the outcomes differ from one project to another. Each PCI project reflects specific issues, involvement processes and degree of outcome inclusion into project development. Also, the number of consultations depends on the situation and the response of the territory. A high level of flexibility has to be recognised in order to respond accordingly. Customised approaches based on local issues should be developed and flexibility in adapting the process to respond to legitimate requests should be embedded in the regulatory framework, including for costs recovery purposes. This would increase the ability of project promoters to actively engage with the territory while at the same time clarifying the financial boundaries of engagement processes.
- The timing of engagement, ideally at an early stage, and the quality of the involvement play a crucial role. In fact, the engagement of stakeholders should not start in the permitting phase in order to obtain the authorisation. Stakeholder engagement should be a core component of energy planning from scenario planning to single project implementation. The use of environmental/biodiversity and social criteria/indicators to prioritise projects with higher sustainable indices in the selection process helps to deliver better projects to citizens. It is also important to implement integrated collaborative planning. Due to the multiple policy objectives, integrated collaborative planning with an ecosystem and circular economy perspective is needed. This will also increase the coherence across the European policies and objectives including the Biodiversity Strategy 2030.
- Since acceptance at the local level is crucial for the timely implementation of projects, the revised TEN-E regulation should foresee the possibility to use PCI projects to systematically create local value, also thanks to new innovative financing arrangements. This would create new opportunities across regions in the European Union and stimulate understanding of the role of Europe in meeting local needs. Best practices and success stories should be shared to inspire all PCI projects.

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4. PCI selection process

With regards to the selection process of PCI projects, RGI recommends taking into consideration the following aspects in the revision of the TEN-E Regulation:

- In view of the renewed European commitment to climate neutrality, PCI projects should only include projects that contribute to long-term climate objectives and do not create a lock-in.
- An analysis of system needs should be performed in order to understand which technologies can address them better, being understood however that substitution between technologies to meet a given need is possible in a very limited number of cases. The assessment should include the economic, environmental, social costs and benefits.
- The revised TEN-E Regulation should fully support a more integrated electricity system as well as the achievement of the electricity interconnection target of 15% by 2030, needed to maximise a cost-effective energy transmission from regions with high renewable potential (wind and solar). Each new interconnector should be subject to a cost-benefit analysis as for other grid infrastructure projects.
- New categories of projects should be considered (e.g. ad hoc category for neighboring third countries) or shares of existing categories should be increased (e.g. smart grids) when contributing to the pan-European common interest by providing the needed flexibility, creating synergies at the different voltage levels, integrating different sectors, fostering innovation and connecting, when possible, the small-scale with the large-scale, thus also creating local value. In particular:
    - The continuous increase of RES and electrification, in accordance with climate targets, will require further investments in distribution infrastructure. A coordinated planning across the voltage levels would provide untapped opportunities for optimisation, as well as a better understanding on the role of distributed resources, including behind-the-meter flexibility options. Even if these projects have a predominantly national/local impact, they are fundamental for RES integration at the national level and also to reaching European targets. According to the principle of subsidiarity, and beyond the revised TEN-E regulation, the EC could consider supporting them when necessary. We thus believe that the revised TEN-E regulation does not need to include this new category of projects, in case they are foreseen in other regulations and supporting schemes. However, where relevant, the planning of the related infrastructure should be increasingly coordinated.
    - The production of hydrogen using the expected surplus of RES electricity would allow long term (seasonal) storage, add flexibility to the energy system and contribute to the decarbonisation of other sectors. To avoid confusion, the wording “Green hydrogen” should be reserved exclusively for gases produced from electricity generated by variable RES. There is a great need to fund research and pilot projects and then gradually retrofit existing gas infrastructure for green hydrogen and, only when necessary, build a hydrogen infrastructure with defined and clear criteria. We believe that financial support should be allocated to these tasks, but that the TEN-E regulation should not be used for generation projects, rather that dedicated mechanisms should be designed. However, the integration of infrastructure requirements and related necessary planning should be part of the revised TEN-E.

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- Offshore wind development will also require offshore grid development in line with the carrying capacities of the sea, as well as reinforcement on land. The revised TEN-E should foresee support for integrated offshore planning, including an ecosystem-based approach as foreseen by the Maritime Spatial Planning Directive (2014/89); it should foresee and stimulate hybrid solutions thus also resolving the contradictions with other policy requirements (e.g. the interconnection target).
- Investments in digitalisation are a cost-effective way to optimise the use of the current physical infrastructure and to serve more functions, therefore limiting the need for additional future development.

RGI is aware that PCI projects as per their name have to serve a common interest and that the funding resources/subsidies are limited. However, RGI asks the EC to assess which funding instruments at the European level are more appropriate to support investments in the above technologies, because their development is key to reaching the EU climate targets.

Cost Benefits Analysis (CBA)

- The CBA methodology applied to PCI projects does not satisfactorily reflect their social and environmental impacts. By protecting biodiversity, enhancing the local environment, supporting local ambitions, among others, projects can ensure the creation of local value for the environment and communities. All of this, if systematically embedded in the project design, could contribute to overcoming public opposition. In particular, the social welfare benefit criteria used in the current methodology is not considered sufficient by those suffering the physical impacts of the infrastructure. Therefore, it is necessary to strengthen collaboration among National Regulatory Agencies (NRAs), TSOs and civil society in order to develop new indicators for inclusion in the CBA which can capture these benefits and monetise them, thus allowing project promoters to develop “better projects” through a participatory planning. Similarly, the TEN-E regulation could foresee the creation of local benefits by PCI projects. This would have the dual-benefit of removing the conservative approach of many regulatory bodies, and creating best practices at European level with potentially a broader national impact to be extended to all national projects as well.

Ten Year Network Development Plan (TYNDP)

- Ensure that modelling tools (supporting the process of scenario creation at the base of the project selection process for PCI projects) provide accurate pictures of the future energy system configuration and needs, in line with the climate goals for 2030 and 2050. This implies that scenarios with high shares of renewable energy sources (RES) and electrification should also be modelled, as this would allow for a better understanding of potential infrastructure requirements, challenges and opportunities. Moreover, disclosure of costs and

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feasibility statements with regard to adopted technology options should be also explained in the assumptions to increase transparency and accuracy.

- It is important to clarify that the formulation of scenarios and the modelling of selected scenarios are two related, but mutually independent activities. While the process of scenario formulation and approval can be potentially coordinated by independent bodies, the modelling of the required grid infrastructure, being a central element of the planning, should be led by those who have the legal responsibility of the electricity/gas system. A high level of interaction between different institutions and consultations with stakeholders must be implemented in both processes. Cases of conflict of interest should be clearly assessed.
- The process of formulation and approval of scenarios should be increasingly neutral, clear and transparent. Stakeholder engagement in the process of elaboration of scenarios should be improved and better structured through well-defined procedures and timeline, and appropriate funding for capacity building.
- For coherence, a technical alignment between TSOs on how to consider the impact of different variables in the comparison between the National Energy and Climate Plans (NECPs) scenarios and the ENTSO-E business-as-usual scenario is needed.
- RGI invites the EC to positively consider the inclusion of projects between European Members and neighbouring Countries, especially when they contribute to speeding up the energy transition on both sides of the participating Countries, foster integration of RES and improve security of supply and integration of power markets. It is paramount that the selected projects contribute to the European energy and climate targets and that the same standards of nature protection and stakeholder engagement are applied on both sides of the interconnector**.**
- PCI non-regulated assets (e.g merchant lines) should be carefully scrutinised in order to evaluate the reliability of the information provided in particular with reference to technical aspects and timeline of projects. If not correct, these projects can potentially endanger the feasibility and trustworthiness of the entire TYNDP package. Equal treatment to all project promoters, Transmission System Operators (TSOs) and non-TSOs, must be guaranteed.

Selection criteria

- There is a need for clarity on the assessment of projects' contribution to sustainability. In particular, it should be ensured that the selected projects contribute to achieving national and EU climate neutrality. Consequently, projects that contribute to energy security, but not to climate neutrality should not be included in the PCI list, as this could result in diminished relevance of the label and of citizens' trust therein. Therefore, there is a need to elaborate concrete and clear criteria to assess sustainability in its broad sense and time horizon, taking into account long-term climate goals (therefore the role of new infrastructure should be assessed for its entire lifetime), but also nature protection aspects along with the systemic, economic, environmental and social dimensions of the infrastructure project.

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5. Governance and roles

Strengthening the monitoring of ongoing PCI projects is essential in order to identify and remove potential bottlenecks and ensure that interconnection projects are delivered in a timely manner. National bodies should guarantee appropriate monitoring and share the results with EU institutions with the aim of providing a European overview.

6. Financing

Access to financing is perceived as complicated, not fully transparent and in some countries, not beneficial. RGI recommends taking into consideration the following aspects in the revision of the TEN-E Regulation:

- First, the Connecting Europe Facility for Energy (CEF Energy) funding should be granted to regulated assets and to projects in line with the decarbonisation targets.
- The Cross-Border Cost Allocation (CBCA) should be a pragmatic, fair and clear process. It should be pragmatic by being an exemption rather than a standard process for filling financing gaps. It should be fair by involving non-hosting countries only in exceptional cases and based on fair selection criteria with respect to relative benefits. Non-hosting countries should contribute to the funding of CBCA projects only on a voluntary basis. It should be clear by developing stable and simple cost-allocation provisions.
- RGI recommends a simplified access to financial support instrument which needs to be fully aligned with the EU taxonomy for sustainable finance.

This document represents the effort of RGI Members, of TSOs and NGOs, to provide a European common perspective for the revision of TEN-E-e Regulation. RGI Members may also choose to submit their individual positions.

About the Renewables Grid Initiative (RGI):

RGI is a unique collaboration of NGOs and TSOs from across Europe engaging in an 'energy transition ecosystem-of-actors'. We promote fair, transparent, sustainable grid development to enable the growth of renewables to achieve full decarbonisation in line with the Paris Agreement. RGI Members originate from a variety of European countries, consisting of TSOs from Belgium (Elia), Croatia (HOPS), France (RTE), Germany (50Hertz, Amprion, TenneT and TransnetBW), Ireland (EirGrid), Italy (Terna), the Netherlands (TenneT), Spain (Red Eléctrica de España), Switzerland (Swissgrid) and Norway (Statnett); and the NGOs BirdLife Europe, Climate Action Network (CAN) Europe, Friends of the Earth Ireland, Fundación Renovables, Germanwatch, Legambiente, NABU, Natuur&Milieu, the Royal Society for the Protection of Birds (RSPB), Transport & Environment (T&E), WWF International and ZERO. RGI was launched in July 2009.

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