



Minutes for the Smart Grid Thematic Group Meeting on 8. and 9. of September 2016

When: Thursday, 8.9.2016
From: 13.00 to 19.00
Where: Brussels, Conference Center Albert Borschette,
Room 3C, Rue Froissart 36, 1040 Etterbeek

Introduction by the European Commission

The meeting was opened by Kurt Glaeser, Deputy Head of Unit of DG Energy B1, announcing that this was the kick-off meeting for the selection of Smart Grid PCIs (SGPCI) for the 3rd Union-wide PCI list. He explained the set-up of this Thematic Group compared to the Regional Groups under the TEN-E framework and announced the cross-Regional Group Meetings for electricity and gas on 21./22. of September 2016. Furthermore, he detailed about the obligations on monitoring under the TEN-E Regulation for project promoters and the cooperation between ACER and the Competent Authorities for permit granting (Article 5, resp. Article 5(6)). Furthermore, he reported about the obligation of the European Commission to undertake an evaluation of the TEN-E and CEF Regulation in line with Article 17 of TEN-E Regulation, Article 27 of CEF Regulation and the Better Regulation Guidelines. A report will be prepared in 2017 and a public consultation will be conducted. Depending on the results of the review, a revision of the Regulations may be possible. Last, he explained about the ongoing call for proposals under the Connecting Europe Facility, which is open until 8. November 2016 and has an overall budget for grants for studies and grants for works of 600mn Euro.

The introduction by the European Commission continued with explanations by Sebastian Gras, Policy officer in DG Energy B1 unit, on the upcoming work of the Smart Grid Thematic Group (the Group).

He introduced the draft timetable of the Group for 2016/2017 (participants were requested to signal either now or later via email if it would be already now foreseeable that certain dates would be unsuitable because of public holidays or other events). Secondly, he presented a brief overview on "how to become a Smart Grid PCI". Thirdly, he reported on the lessons-learnt from the past Smart Grid PCI selection exercise (main lesson-learnt: few projects due to the legal requirement for Smart Grid PCIs from the TEN-E, was discussed extensively

later in the meeting). Furthermore, he gave a presentation on funding through grants for works vs. funding through tariffs. He concluded the introduction by showing where the information on Smart Grid PCIs can be found on the DG Energy website and remarks about transparency requirements with regards to meetings and decisions from the Group.

ACTION POINTS: see summary at the end.

Presentation by JRC: The cost-benefits analysis for PCIs – the Assessment Framework

Julija Vasiljevska gave a presentation on behalf of JRC on the Assessment Framework (Draft AF of 2014, published on JRC and ENER website) which has been used by the Group to assess PCI candidates for the 1st and 2nd list. The presentation included details on the "making-of" of the AF as well as on its application in 2013 and 2015. She presented in detail the elements of the AF, which included the full logic of the AF, the cost-benefit analysis for PCIs and the use of key-performance-indicators (KPIs) in line with the requirements of the TEN-E regulation. She provided an example for an assessment of a project and an overview of past assessment results.

ACTION POINTS: see summary at the end.

Presentation by ACER: Lessons learnt from the past Smart Grid selection process

Akos Hofstadter gave a presentation on behalf of ACER on the lessons-learnt from the past Smart Grid selection process. He stressed the importance of the NRAs assessment (pursuant to *Annex III 2 (7)*) in the assessment of SGPCIs and the process should allow proper coordination/harmonisation of these inputs by ACER. A second aspect was the AF itself: ACER recommended to focus on the general criteria that benefits shall outweigh costs and on the key monetised benefits of the project. With this regard ACER recommended to align the KPIs closer to the specific criteria mentioned in Article 4 of TEN-E, aim at more monetisation and include additional aspects such as disclose assumptions, include sensitivity analysis. ACER recommends a pre-screening of the candidate projects and a simplification of the selection methodology while ensuring more transparency including project promoters' applications/calculations. ACER also called for identify promising /innovative smart grid technologies and promote the replicable solutions across Europe. With regards to monitoring of SGPCIs, ACER recommended that this should always serve as an input for the following selection process.

ACTION POINTS: see summary at the end.

Updating the Terms of Reference

The Group went paragraph by paragraph through the current Terms of Reference (ToR) with regards to necessary or recommendable updates. The new draft Terms of Reference can be found in a separate document with amendments in track-changes.

ACTION POINT: The Group agreed that the EC will send the re-worked draft ToR to everyone on the mailing list for SGPCIs. Written input to be submitted until 30.9.2016. Members of the Groups to agree on the new Terms of Reference via email (as the next meeting is too far in the future).

Update on North-Atlantic Green Zone (NAGZ) Smart Grid PCI

Bob Hanna, Chief Technical Advisor from the Department of Communications, Climate Action and Environment of the Republic of Ireland, reported, due to the absence of project promoters of the NAGZ SGPCI, on the progress of the NAGZ PCI. Because of non-technical reasons, the project does not progress and will most likely not reapply for PCI status. The reasons for this are due to issues related to the regulatory framework in Northern Ireland. The Member States concerned are aware that the project is stalled. The EC explained that it is aware of the situation and informed about support given to the project. The EC expressed its regret for the development and explained that the project was selected for co-funding with grants for works under the CEF previously but has not signed the grant agreement. ACER remarked that the project promoters had not complied with their monitoring obligations under Article 5 in 2016.

ACTION POINT: The Group invited the EC to explore the difficulties that the project is facing and contact concerned Member States, NRAs, and project promoters to solve outstanding issues.

Presentation of SINCRO.GRID Smart Grid PCI

Mate Lasic, Head of Development of the Croatian Transmission System Operator HOPS, presented the project SINCRO.GRID with regards to the technical elements, the costs and benefits and the timetable for realisation. The project is advancing well.

End of the session

Start of next session

When: Friday, 9.9.2016
From: 10:00 to 13:30
Where: Brussels, Conference Center Albert Borschette,
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Presentation of Green-Me Smart Grid PCI

Raphael Rinald of Enel SpA gave a presentation on the progress of the Green-Me SGPCI with regards to the technical elements, the costs and benefits and the timetable for realisation. The main conclusions included the announcement of a new PCI application for the 3rd PCI list, possibly with a reviewed scale and timetable for the project.

The EC invited the present representatives of the concerned NRAs (Italy/France) to explain their national tariff regimes. They considered that the investment costs of the project seem rather small compared to the total investment volumes of the participating companies in the project. The NRA-representatives indicated that the project cost could be included in the tariffs according to the respective national frameworks.

ACTION POINT: The Group invited the EC to contact concerned NRAs and the companies with regards to swift implementation of the project and possible gaps in funding.

Continuation of discussion on Assessment Framework and implementation of the TEN-E Regulation

The Group continued the exercise of day one to collect input with regards to the improvement of the Assessment Framework, and the implementation of the TEN-E Regulation. The following input was agreed to look into with regards to the next meeting on 20.10.2016:

ACTION POINTS:

- The conditions under which the technical requirements in Annex IV(1)(e) are applicable should be reviewed by the EC, especially the requirement of 2 DSOs/2 TSOs.
- The 2014 (draft) AF should be reviewed with regards to the requirement to show significant cross-border impact; it ignores the possibility of Article 4 of having a project "directly crossing a border".
- The AF for SGPCIs 2017 should include examples/definitions on "directly crossing a border" (Article 4)

- The 2015 AF KPIs should be reviewed to be better aligned with the specific criteria for SGPCIs from the Article 4 of TEN-E
- The 2015 AF should be reviewed to also capture the benefits of cooperation, replicability of projects and experience, and innovation through SGPCIs
- The AF should provide examples of "involvement" of project partners (with regards to the technical requirement in Annex IV(1)(e))
- The AF for SGPCIs 2017 should aim at more monetisation and include additional aspects such as disclose assumptions, include sensitivity analysis
- The 2015 AF should be updated with regards to definitions of the 20% criterium of the technical requirements, and with regards to the reference year for the required data and with regards to a definition of RES variable/non-dispatchable.
- The AF for SGPCIs 2017 should be made less complex with regards to the number of KPIs
- The Group should specify and improve the involvement and coordination of ACER/NRAs in the selection process in order to improve consistency
- The Group should promote the concept of SGPCIs, the replicable innovative solutions and ensure transparency with regards to the selection process and the results
- The Group should ensure that the results of the ACER consolidated monitoring report are used as an input for the selection process
- The Group should include a pre-screening of candidate PCIs to ease the selection process for the Group
- The Group should make better use of the monitoring results mentioned under (4) in the Terms of Reference

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The Group agreed that further input/comments on the aforementioned topics and the Terms of Reference should be provided to the EC via email (ENER-B1-SMART-GRIDS@ec.europa.eu) by 30.9.2016.

The Group agreed to keep a "wide" invitation list, including all interested stakeholders (as stated in the draft Terms of Reference).

The participants of the meeting agreed to publishing the list of participants on the DG Energy website.

The EC will publish all presentations and the final minutes on the DG Energy website.

The next meeting with regards to detailed work on the Assessment Framework will be held on 20. October 2016 from 14h to 19h in Brussels (webstreaming will be provided as well as the possibility to give comments/questions via email ENER-B1-SMART-GRIDS@ec.europa.eu).