



EUROPEAN COMMISSION

## MEMO

# Questions and answers: projects of common interest in energy

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### What are projects of common interest?

Projects of common interest (PCIs) are key infrastructure projects, which will help Member States to physically integrate their energy markets, enable them to diversify their energy sources and help bring an end to the energy isolation some of them are facing. They are the primary European tool to accelerate the deployment of the infrastructure necessary for the completion of the European energy market and to ensure that the European Union meets its goals of affordable, secure and sustainable energy.

### Which projects are on the list?

The list contains 195 projects. The majority are electricity and gas projects but it also includes 7 oil and 3 smart grid projects.

Electricity PCIs selected for this list are to enable the EU to meet its energy policy objectives of market integration and sustainability through an integration of renewable energy. The projects will also boost security of supply through an increased grid resilience and flexibility. They will allow for the attainment of the 10% electricity interconnection target.

Selected gas PCIs will help end the isolation of some EU regions still disconnected from the rest of the EU's gas networks and will enable diversification of gas sources and routes. The selected PCIs in the oil sector will also address the need to diversify oil supplies in the Central-Eastern EU region.

The full list of projects can be found: <https://ec.europa.eu/energy/en/news/commission-unveils-list-195-key-energy-infrastructure-projects>.

### What are the benefits of being on the list?

The projects will benefit from a number of advantages:

- strengthened **transparency** and improved public consultation;
- **accelerated permit granting procedures** (binding three-and-a-half-years' time limit);
- improved, faster and better streamlined **environmental assessment**;
- **a single national competent authority** will act as a one-stop-shop for permit granting procedures;
- **improved regulatory treatment** by allocating costs according to the net benefits, and regulatory incentives;
- possibility of receiving **financial assistance** under the Connecting Europe Facility (CEF) in the form of grants and innovative financial instruments.

## **The 2013 PCI list contained 248 projects. Why are there fewer projects this year?**

First, since the adoption of the first PCI list in 2013, 13 projects have been completed or will be commissioned by the end of 2015. Furthermore, 62 projects are expected to be completed by the end of 2017.

The number of PCIs has been reduced mainly in the gas sector to avoid creating capacity which exceeds the security of supply needs. The lower number of PCIs will allow a focus on the priorities in each region.

## **Will the projects on the list automatically get EU funds?**

Being included on the list is a precondition to apply for EU co-financing under the Connecting Europe Facility (CEF). Projects will be able to apply and compete for funding in a separate procedure. Not all projects from the list will need financial assistance. Many of them can be implemented without EU funds. In this case, they will benefit from the other advantages of the PCI status, such as an accelerated permit granting and improved regulatory treatment.

Oil projects are not eligible for funding under the CEF.

## **On what basis will projects be chosen to get EU funding? And when will that decision be taken?**

**a) Connecting Europe Facility (CEF) Grants:** The next call for proposals to receive grants under the Connecting Europe Facility (CEF) is scheduled for 2016. Project promoters can apply for grants for studies and grants for construction works. Grants for works, however, will be available only to those that face **difficulties in their commercial viability** despite their positive impact in contributing to the ending of isolation, to solidarity, to security of supply or to technological innovation. Objective cost-benefit analysis will be used to determine these parameters.

**b) CEF Financial instruments:** All PCIs are eligible, however the ultimate decision lies with the financing institutions, such as the EIB. Unlike grants, the management of the funds to be allocated as EU financial support via financial instruments will not be done through calls for proposals.

**c) European Fund for Strategic Investment (EFSI):** All energy projects, including PCIs are eligible and should benefit from the financial instruments under the European Fund for Strategic Investment worth at least € 315 billion.

**d) European Structural and Investment Funds:** Member States could also make use of the European Structural and Investment Funds to support their critical energy infrastructure projects. Furthermore, Member States intend to allocate approx. €2 billion to large infrastructure projects under the European Regional Development Fund (ERDF).

## **When will the next PCI list be published?**

In 2017. The list is updated every **two years**. Project promoters may propose **adding new projects** to the current list. Completed projects will be removed from the list as well as projects which have proven unfeasible. This will allow the EU to adapt the list to evolving market conditions and needs.

## **Which criteria does a project have to meet to be included on the PCI lists?**

In order for a project to become a 'project of common interest', it should:

- (1) have a significant **impact on at least two EU Member States**;
- (2) enhance **market integration** and contribute to the integration of Member States' networks;
- (3) increase **competition** on energy markets by offering alternatives to consumers;
- (4) enhance **security of supply**;
- (5) contribute to the EU energy and climate goals. It should facilitate the integration of an increasing share of energy from variable **renewable energy sources**.

Only those electricity and gas projects are allowed to become PCIs that have been included in the latest Ten-Year-Network Development Plans prepared by the European Network of Transmission System Operators for gas and for electricity, as these Plans will analyse the projects' benefits on the EU energy system.

### **What is the Commission doing to make sure that the projects on the list will actually get built?**

The Commission is closely monitoring the implementation of the projects and will propose corrective measures where and when needed. The monitoring is carried out by the trans-European Energy Networks (TEN-E) Regional Groups and is based on annual reports prepared by the Agency for Cooperation of Energy Regulators (ACER) and the national competent authorities. These reports also recommend ways to overcome delays and difficulties in implementing PCIs. The Commission will also launch a new tool, the Progress Watch, to monitor PCIs in real-time.

The Commission is closely monitoring the implementation of the projects and will propose corrective measures as soon as needed. The necessary corrective tools are mostly already in place.

The first ACER monitoring report was received on 30 June 2015.

### **How is the PCI list established and by whom?**

It is a bottom-up process: in short, first, project promoters propose their projects for selection. Then so-called Regional Groups including representatives from Member States, the Commission, transmission system operators and their European networks, project promoters, regulatory authorities as well as the Agency for the Cooperation of Energy Regulators (ACER) assess the projects' compliance with the criteria and their European added value. Based on this assessment the Commission adopts the list of projects of common interest via a delegated act procedure.

### **What is the next step?**

The list of projects will have to be submitted by the Commission to the European Parliament and Council. These institutions will have two months to oppose the list, or they may ask for an extension of two months to finalise their position. If within this timeframe neither the Parliament nor the Council reject the list, the list enters into force. It should be noted that Parliament or Council can only accept or reject the list as such but not request amendments to it.

### **More information**

For further information: **IP**

The full list of Projects of Common Interest by priority corridor can be found here: <https://ec.europa.eu/energy/en/news/commission-unveils-list-195-key-energy-infrastructure-projects>