

**Process for the establishment of the first European Union list of Projects of Common Interest (PCIs) and Projects of Mutual Interest (PMIs) under Regulation (EU) 2022/869 (the revised TEN-E Regulation)**

**FREQUENTLY ASKED QUESTIONS<sup>1</sup>**

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<sup>1</sup> **Disclaimer:** This document aims to reply to the most frequently asked questions regarding the establishment of the first Union list under Regulation (EU) 2022/869 and will be continuously updated as new developments, information and questions arise. This document does not reflect a legally binding interpretation of the provisions of Regulation (EU) 2022/869, nor does it represent the official position of the European Commission. We reserve the right to update and review this document over time.

## **ABBREVIATIONS**

ACER	Agency for the Cooperation of Energy Regulators
CAPEX	Capital Expenditure
CB	Cross-border
CBA	Cost-benefit Analysis
CEF	Connecting Europe Facility
DSO	Distribution System Operator
EHB	European Hydrogen Backbone
eNPV	economic Net Present Value
ENTSO-E	European Network of Transmission System Operators for Energy
ETS	Emissions Trading System
fNPV	financial Net Present Value
GHG	Greenhouse Gas
ICT	Information and Communications Technologies
JRC	Joint Research Centre
KPI	Key Performance Indicators
MS	Member State
NCA	National Competent Authority
NRA	National Regulatory Authority
OPEX	Operational Expenditure
PCI	Projects of common interest
PLI	Profit Loss Indicator
PMI	Projects of mutual interest
RES	Renewable Energy Sources
SGG	Smart Gas Grids
TEN-E	Trans-European Networks for Energy
TYNDP	Ten-Year Network Development Plan

## 1 Process

### 1.1 **For projects already in TYNDP 2022, during their application for the PCI/PMI process, will it be possible to modify/update answers to the questions under the Section “Projects of common interest”/ ”Projects of mutual interest” as was the case in the past?**

Yes, as in the past, this should be possible subject to the changes required. In such cases, please get in touch with ENTSO-E ([tyndp@entsoe.eu](mailto:tyndp@entsoe.eu)) and the Commission ([ENER-C4-PROJECTS@ec.europa.eu](mailto:ENER-C4-PROJECTS@ec.europa.eu)).

### 1.2 **Which is the information to be provided by the applicant to pass the eligibility check by the Regional Groups before needs/ranking?**

The relevant eligibility criteria for each infrastructure category is set out in Article 4 and Annexes I, II and IV. Project promoters have to ensure that sufficient information is provided in the application to demonstrate that the candidate project complies with these criteria.

### 1.3 **Are candidate projects accepted only if both sides of a project (e.g. interconnector) are applying for PCI/PMI status?**

Yes, both sides of a candidate project need to apply for PCI/PMI status where this is required for the project to be completed and functional, as in the case of interconnectors. Otherwise, the project’s EU relevance cannot be assessed.

### 1.4 **How does the selection process for PMIs look like, e.g. will there be a separate list or a different timeline?**

PMIs will be part of a separate specific section of the same Union list of Projects of Common Interest (PCIs) and Projects of Mutual Interest (PMIs). PMIs will follow the same process as PCIs and the same the timing of the process applies. However, some criteria for PMIs are different from those for PCIs (see below).

### 1.5 **Should a PCI application be made per TSO (per Member State) or rather jointly by all relevant TSOs from more than one Member State?**

The submission of a candidate project shall be done jointly by all the project promoters of the project, e.g. an interconnector between Member State A and Member State B, if promoted by the national TSOs, shall be submitted jointly by those TSOs.

### 1.6 **What is the difference between PCI/PMI status and status of renewable energy cross-border (CB RES) projects under the Connecting Europe Facility (CEF)?**

Different criteria apply for projects to receive the status of PCIs/PMIs and the status of CB RES. The criteria for PCIs/PMIs are set out in the TEN-E Regulation (see also Q1.2). The criteria for CB RES projects are set out in Commission Delegated Regulation (EU) 2022/342<sup>2</sup>. Whereas the status of PCIs/PMIs generally applies to cross-border energy transmission infrastructure project, the focus of CB RES project is on generation projects.

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<sup>2</sup> [http://data.europa.eu/eli/reg\\_del/2022/342/oj](http://data.europa.eu/eli/reg_del/2022/342/oj)

**1.7 Under the revised TEN-E Regulation natural gas infrastructure projects are no longer eligible for PCI status. However, there is a derogation for certain natural gas projects to maintain their status of PCI – could you explain in more detail?**

The category of natural gas infrastructure projects no longer exists in the revised TEN-E Regulation and no more natural gas PCIs are possible. The sole exception to this rule concerns Malta and Cyprus. Given the location and situation of Malta and Cyprus and the fact that they are still not connected to the natural gas network, the co-legislators considered that a limited derogation should be granted for gas projects aiming to connect these Member States to the trans-European gas network. This derogation is limited in time and subject to very strict conditions in view of the Union's overall energy and climate policy objectives.

Nevertheless, the revised TEN-E contains a transitional provision whereas natural gas PCIs, like all other PCIs included in the fifth Union list of projects of common interest established pursuant to Regulation (EU) No 347/2013, can continue to benefit from the accelerated permitting regime under the TEN-E Regulation for a period of 4 years if their permitting application file was accepted for examination by the competent authority while they were a PCI (Article 32(3)). This does not in any manner prolong their PCI status or grant them any additional rights.

**1.8 Can a project be relevant for more than one priority corridor (see article 4(1)(a) where it says 'at least one of the energy infrastructure corridors'? How do I know under which regional group to apply, if my project runs across two regional groups?**

The TEN-E Regulation defines a number of regional groups for electricity, offshore, hydrogen and electrolysers. If a promoter wants to submit a cluster of projects that extend across more regions we recommend to split the project per region and to mention in the application the connection with the other parts of the cluster. In the PCI/PMI process the overall benefits of the cluster of projects will be considered.

**1.9 Is it possible to present the application for PCI with more than one coordinator (for example jointly with two coordinators)?**

The PCI application should be made jointly by all project promoters involved in the development of the project. However, there should be only one coordinating applicant that acts as the main point of contact.

**1.10 Could you please confirm that a project promoter of a TYNDP project can also apply through its 100% subsidiary?**

This is a technical matter that pertains to the platform of ENTSO-E and should be checked with ENTSO-E ([tyndp@entsoe.eu](mailto:tyndp@entsoe.eu)). In accordance with the TEN-E Regulation, the project promoters submitting a project could change either during the PCI/PMI selection process or during implementation. This will require a notification in this respect to the relevant regional group, through the Commission, where also information on the status of the new project promoter is included demonstrating its ability to further pursue the development of the project.

**1.11 Is it possible to update the costs of the project (and other details), i.e. will the ENTSO-E platform allow for editing?**

See reply to Q1.1.

**1.12 Could you elaborate on the differences between including partners as affiliated entities or promoters?**

The projects submitted for the PCI/PMI selection process need to be submitted by their project promoters. In accordance with the TEN-E Regulation a ‘project promoter’ means one of the following:

(a) a transmission system operator (TSO), a distribution system operator (DSO) or another operator or investor developing a project on the Union list;

(b) in the case of more than one such TSO, DSO, other operator or investor, or any group thereof, the entity with legal personality under the applicable national law which has been designated by contractual arrangement between them and which has the capacity to undertake legal obligations and assume financial liability on behalf of the parties to the contractual arrangement.

If an affiliated organisation is included in the project application, it should be explained in which manner the affiliated organisation(s) are relevant for the project.

**1.13 Will project promoters be responsible for carrying out the CBAs or will this be done by the ENTSOs, in particular for a) electricity storage and b) electrolyzers?**

In line with the revised TEN-E Regulation the promoters of a candidate project are required to submit an application that includes among others an analysis of the fulfilment of the relevant criteria laid down in Article 4. This includes, for projects having reached a sufficient degree of maturity, a project-specific cost-benefit analysis consistent with the methodologies drawn up pursuant to Article 11.

In the case of projects that are part of the ENTSOs’ TYNDPs the ENTSOs can perform the respective CBAs, in agreement with the project promoters, which the promoters can then submit in the PCI/PMI process. This allows the Regional Groups to perform a consistent and detailed assessment.

For the storage and electrolyser projects, the CBAs will need to be performed in line with the relevant methodologies. Data submitted for the TYNDP for storage projects represents the main input in the assessment. This applies in a similar manner to electrolyzers should they be part of the TYNDP.

**1.14 Which scenario(s) for demand and supply are promoters expected to use to calculate the required indicators?**

The scenario/s to be used for this process are to be further defined in the PCI/PMI process. These scenarios must be chosen from the scenarios developed by ENTSOs for their 2022 TYNDP and must be in line with the requirements as set out in the revised TEN-E Regulation. Having cross-checked these scenarios against the policy objectives of the “Fit-for 55” proposals and RePowerEU plan, it appears that there are only two scenarios that can be considered relevant for this process: “Distributed Energy” and “Global Ambition”. The “National Trends” scenario that ENTSOs developed falls significantly below the latest targets, therefore it can be considered discarded from this process.

**1.15 How can project promoters perform the CBA and submit their projects when the final version of the methodologies has not been published yet?**

The first implementation of the revised TEN-E Regulation requires the running in parallel of a number of processes, in particular the development of the CBA methodologies in parallel with the submission of candidate projects.

Therefore, the PCI/PMI and submission process will allow the project promoters to: (i) submit their projects fulfilling the mandatory minimum criteria and data requirements and (ii) deliver additional data necessary for the assessment during the PCI/PMI process based on the final methodologies.

**1.16 Annex III.2 refers to projects having reached sufficient degree of maturity. But what does “sufficient degree of maturity” mean? Is there a definition somewhere?**

No definition is provided for sufficient degree of maturity. However, given that maturity is linked in the context to the possibility to submit a CBA, projects in an incipient stage of development, where not enough information are available, may not submit a CBA. However, like all candidate PCIs and PMIs, such projects still have to prove a positive benefit to cost ratio and, without a CBA, it might be difficult to achieve such proof. Therefore, all project promoters should strive as much as possible to submit as complete as possible CBAs.

**1.17 Why should the shadow cost of carbon and not the ETS value be used? ENTSO-E has an additional indicator of societal cost of carbon (B2) that should account for the difference in ETS value (as used in the overall modelling) and the shadow cost.**

The shadow (social) cost of carbon as used in other Union policies is used in the CBA methodologies of the ENTSOs in line with the requirement in Annex V(9). The draft methodologies, now under consultation, also include the reference as regards the shadow (social) cost of carbon to be considered.

**1.18 How can the NCA and NRA comment adequately on a project while benefits have not yet been specified?**

NRAs and other authorities can also ask for additional information from project promoters necessary to form their views if such information is not already available.

**1.19 Can project promoters withdraw the PCI application/candidature at any time?**

Yes.

## **2 PMIs**

**2.1 For electricity PMI candidate projects, who will calculate the significant benefits at EU level?**

Annex IV.2 states that the calculation of the benefits for the Member States shall be performed and published by the ENTSO for Electricity in the framework of the Union-wide ten-year network development plan. The project promoters will receive the results in due time for consideration in the PMI selection process.

## **2.2 Will there be a need to choose if to apply for PMI or PCI status?**

When submitting a project for PCI/PMI list, project promoters need to choose whether they apply for PCI or PMI status given that some of the criteria differ. This approach is taken for all infrastructure categories applicable to PMIs. For projects involving third countries, project promoters are encouraged to apply for PMI status.

## **2.3 How do I decide if I should apply for PCI or PMI status?**

For projects involving third countries, project promoters are encouraged to apply for the new PMI status catered for such purposes. However, it is not excluded that certain projects involving third countries may still be eligible for PCI status if they fulfil all relevant conditions, in particular, if they are able to prove a significant cross-border impact between two Member States in accordance with Annex IV (1). In the case of PMIs, only the proof of benefits at Union level is required, meaning benefits going beyond one Member State.

## **2.4 Can EEA countries (NO, ICE) apply for PCI or PMI status?**

EEA countries are considered third countries. In principle, projects with EEA countries should apply for PMI status.

## **2.5 Regarding PMIs, will the NRAs consultation consider the view of the NRA from the third country?**

The views of NRAs from third countries on PMI candidates can be taken into account by the Regional Group. They can be invited as stakeholders to the meetings.

## **2.6 How will the following general criteria for PMIs under Art. 4 be assessed: a) contribution to the Union's and the third countries' overall energy and climate objectives, b) high level of convergence of the third country's policy framework with that of the EU?**

The criteria will be assessed as follows:

*a) contribution to the Union's and the third countries' overall energy and climate objectives*

Candidate projects should provide evidence that the project is mutually beneficial and necessary for the energy transition and the achievement of the climate targets. Evidence could be provided through the CBA results or through other types of assessment.

*b) high level of convergence of the third country's policy framework with that of the EU*

As set out in recital 20 of the TEN-E Regulation, a high level of convergence of the policy framework should be presumed for the European Economic Area or Energy Community Contracting Parties or can be demonstrated in the case of other third countries through bilateral agreements that include relevant provisions on climate and energy policy objectives on decarbonisation and further assessed by the appropriate regional group with the support of the Commission.

In addition, the third country with which the Union cooperates in the development of projects of mutual interest should facilitate a similar timeline for accelerated implementation and other policy support measures, as provided for in the TEN-E Regulation. Therefore, projects of mutual interest should be treated in the same manner

as projects of common interest, with all provisions relative to projects of common interest applying also to projects of mutual interest, unless otherwise specified.

**2.7 Are hydrogen offshore grids included in the PMI category or only electricity grids?**

Both electricity grids (including offshore) and hydrogen pipelines are eligible categories for PMI status. Whether the hydrogen pipelines linked to a possible offshore project are assessed together will depend on the project and the interdependency between the two.

**2.8 Can smart gas grid projects apply for PMI status?**

Smart gas grid project (SGG) can only apply for PCI status as defined in Article 2(6).

**2.9 Is it possible to combine a PCI and a PMI project within one application if there are clear interlinks/interfaces?**

Project promoters need to choose whether to apply for PCI or PMI status, see also QError! Reference source not found. and 2.1.

**3 Electricity**

**3.1 How will the sustainability criteria apply for electricity transmission projects?**

All electricity transmission candidate projects have to prove that they contribute significantly to sustainability. Article 4(3)(a) refers inter alia to the integration of renewable energy into the grid and to reducing energy curtailment. This is reflected in ENTSO-E's CBA 3.0 in the following indicators: Renewable integration, CO<sub>2</sub> in a monetized form or in terms of tonnes as well as non-CO<sub>2</sub> elements. How these elements will be defined and will come into play for the PCI/PMI process is yet to be defined and discussed in the Regional Groups.

**3.2 How is electricity storage assessed since ENTSO-E does not capture all benefits for storage projects?**

Indeed, it might be the case that the model used for the TYNDP does not have the granularity to capture all benefits for storage projects, such as ancillary services, which is why the draft CBA methodology, now under consultation, is very relevant as regards the assessment of storage projects. All identified benefits, for which the relevant data and information is available, should be considered in the project assessment.

**3.3 Which of the presented indicators are KPIs or PLIs? Or in other words: which indicators are to be calculated by the project promoter?**

Project promoters need to submit all relevant data and calculation necessary for the assessment of their projects. It does not mean that all calculations will have to be performed by the project promoters (e.g. energy system modelling). Any need for additional data or calculations will be discussed once the methodologies are set and the submission process is closed. See also Qs 1.13, 1.14, 1.15.

**3.4 How will the benefits of projects that involve both electrolysis and electricity storage be assessed?**

The assessment is done separately within each infrastructure category based on the final methodology for each infrastructure category. The methodologies do not envisage



comparison among projects of different infrastructure categories but they underline the importance of a consistent approach to individual benefits across different infrastructure categories. Synergies across different infrastructure categories in a bigger cluster of individual candidate projects are important and how to capture and assess them is to be further discussed in the regional groups.

**3.5 Will there be two separate Regional Groups for electricity and offshore? In the past electricity infrastructure and offshore integration projects were discussed in the same Regional Group. Will there be separate processes/meetings this time?**

Yes, under the revised TEN-E Regulation electricity transmission and offshore projects will be discussed in separate Regional Groups, but all links will be considered in the assessment.

**4 Smart electricity grids**

**4.1 Regarding smart electricity grids: assuming the criteria are met, do we understand correctly that a cross-border Citizen Energy Community could qualify for PCI?**

Smart electricity grids can facilitate new market and business models and incorporate new types of consumption. As such, a smart electricity grid that enables a cross-border citizen energy community can indeed be a possibility, where it meets the applicable TEN-E criteria (e.g. voltage level, grid components/not the downstream, etc.).

**4.2 In the case of DSO only projects, how can project promoters demonstrate that interoperability is ensured?**

Smart electricity grid projects need to involve TSOs, TSOs and DSOs, or DSOs from at least two Member States. The project may involve only DSOs provided that they are from at least two Member States and provided that interoperability is ensured, in particular between the transmission and distribution network, at the planning (e.g. ensuring technological interface and exchanges of relevant data with the TSOs) and future operational level (e.g. ensuring the data exchange compatibility).

**4.3 How can a smart electricity grid project fulfil the criteria that it decreases energy isolation of non-interconnected systems in one or more Member States?**

Smart electricity grid projects need to involve TSOs, TSOs and DSOs, or DSOs from at least two Member States. The project may involve only DSOs provided that they are from at least two Member States and provided that interoperability is ensured. The project shall satisfy at least two of the following criteria: it involves 50 000 users, generators, consumers or prosumers of electricity, it captures a consumption area of at least 300 GW hours/year, at least 20 % of the electricity consumption linked to the project originates from variable renewable resources, or it decreases energy isolation of non-interconnected systems in one or more Member States. Therefore, the decrease of energy isolation of non-interconnected systems is only one of several criteria which does not need to be met by all projects.

## 5 **Smart gas grids**

### 5.1 **What is the scope of the category?**

The smart gas grids category covers infrastructure that enables the decarbonisation of the gas system by ensuring the uptake of renewable and low carbon gases into the gas transmission grid and the smartening of the gas distribution grid by supporting the uptake of innovative and digital solutions for network management and facilitating smart energy sector integration and demand response.

### 5.2 **Would smart gas grids investments in gas upstream, i.e. between wellhead and public TSO grid, also be eligible under the revised TEN-E?**

In principle, the TEN-E Regulation does not cover upstream infrastructure. The smart gas grids category aims at facilitating the integration of renewable and low carbon gases in the gas grids.

### 5.3 **Many of the potential smart gas grid projects could be quite local in their nature – what would be deemed an acceptable level of involvement of TSO/DSOs from two Member States? Is there any examples or guidelines for this?**

There is no specific guideline on the level of involvement of TSOs and DSOs for their engagement in a SGG project. Project promoters have to provide evidence on a cross-border impact and effects of interoperability of the project. The specificities may vary from project to project.

### 5.4 **Will a national DSO-TSO reverse flow project be eligible for PCI status as smart gas grid project (enabling biomethane flows across border) or shall the adjacent TSO from neighbouring country be part of the project?**

For SGG candidate projects, while the projects can be located on the territory of only one MS, the project has to be submitted jointly with the TSOs/DSOs of another Member State due to the cross-border impact requirements provided by the TEN-E Regulation.

### 5.5 **How likely is it in practice that such smart gas grid projects would comply with the general criteria set out in Article 4(1)(c)?**

The general criteria set out in Article 4(1) of the TEN-E are mandatory for all candidate projects and projects need to be designed accordingly. Like all candidate projects, smart gas grid projects also need to comply with the cross-border requirements by involving TSOs, TSOs and DSO or DSOs from at least two Member States. DSOs may be involved, but only with the support of the TSOs of at least two Member States that are closely associated to the project and ensure interoperability.

### 5.6 **Will the SGG category include projects for enhancing capacity at interconnection points by gas quality treatment?**

One of the main purposes of the SGG category is to improve the efficiency and interoperability of gas grids. Hence, if the project aims at enhancing the grid functioning, incl. IPs and addressing challenges resulting from the injection of gases of different qualities, in particular renewable gases, then the SGG project might be eligible for PCI status. Candidate projects need to fulfil all applicable criteria, including the mandatory sustainability criterion.

**5.7 Can you give some practical examples of smart gas grids projects? For example, can the replacement of compressors for transportation of hydrogen qualify as smart gas grid project? Can projects related to modification of natural gas transmission networks to transport blends be included in smart gas grids?**

Some investments under SGG may enable higher methane-hydrogen blends. For example, investment in digital solutions may enable a more efficient network management in case the gas quality is affected by injecting hydrogen into the grid. Equipment for DSO-TSO reverse flows could enable the integration of, not only biomethane, but also hydrogen produced in a decentralized way.

One of the examples can be equipment needed to enable reverse flows from DSO to TSO level. Another example can be installation of ICT systems which improve data gathering and better monitoring/forecasting of transmission/distribution/storage.

**5.8 Regarding smart gas grid: is there a threshold of intake of renewable and low carbon gases in the transmission network up to which a project can be considered a smart gas grid?**

There is no such threshold. We will assess the share of renewable and low carbon gases injected to the grid linked to the project and we will assess the GHG emissions savings achievable through the project.

**5.9 Biomethane projects are frequently limited in size: Can a CBA encompass a constellation of projects to limit administrative cost on small projects?**

Only projects that show a relevance for the Union are eligible for PCI status. PCI candidates have to abide by all the eligibility requirements including as regards cross-border impact which means that the project has to involve at least two Member States. The candidate project will have to abide by all these conditions, but there is no requirement regarding size.

**5.10 In the calculation of integration of RES gas and low-carbon gases, is priority given to RES gas, or are both gases treated equally in evaluation?**

Annex IV to the TEN-E Regulation provides details on how RES and low-carbon gases need to be taken into account. For smart gas grids sustainability is measured by assessing the share of renewable and low-carbon gases integrated into the gas network, the related greenhouse gas emission savings towards total system decarbonisation and the adequate detection of leakage.

## **6 Hydrogen**

**6.1 Do hydrogen or electrolyser projects need to be in the TYNDP?**

The CO<sub>2</sub>, electrolyser and hydrogen projects do not have to be part of the TYNDP2022 to apply for PCI or PMI status. Hydrogen projects will have to be part of the TYNDP as of 1 January 2024 in order to apply for the subsequent PCI/PMI list.

**6.2 Could a new-build gas pipeline project be eligible as PCI, provided that no later than 31/12/2029 the gas pipeline is repurposed to transport exclusively hydrogen?**

Hydrogen pipelines are eligible for PCI/PMI status. The TEN-E Regulation mentions new and existing hydrogen pipelines. More specifically, Annex II (3) states that “Any of the assets listed in points (a) to (d) may be newly constructed or repurposed from natural gas to hydrogen, or a combination of the two”. Article 31 of the revised TEN-E Regulation provides moreover for an exemption under which dedicated hydrogen assets might be used for predefined blend of hydrogen and natural gas for a transitional period until 2029. However, this transitional period applies only to dedicated hydrogen assets converted from natural gas assets, so a new pipeline would not fulfil these conditions.

Therefore, any pipeline which is not yet constructed could apply for PCI/PMI status only if it is proven that it will be used as a dedicated hydrogen asset already from the start of operation.

**6.3 Does hydrogen mean hydrogen transportation, production or both?**

The hydrogen infrastructure category means energy infrastructure for hydrogen transportation belonging to categories set out in Annex II.3. The TEN-E Regulation also provides for the specific infrastructure category of electrolyzers which relates to hydrogen production.

**6.4 Is it possible to submit one PCI/PMI application for a set of interlinked projects but falling under different infrastructure categories (each project with an own project promoter)?**

If a project is cross-border and promoted by more than one entity, then the submission should be coordinated between all the entities promoting the project. Project promoters need to decide if they submit a project application for PCI or PMI status. If projects belong to different categories, it is necessary to submit separate applications for the individual projects. Regarding the potential PCI application for project 3, if the electrolyzers form a single coordinated project, in line with TEN-E Regulation one application should be submitted, otherwise separate electrolyser project applications are required. Hydrogen and electrolyser projects are assessed based on two separate methodologies. For projects that are interrelated such as the H2 PMI/electrolyzers/H2 PCI candidates in the question above, interlinkages should be clearly spelled out in the applications and the regional groups will make sure to take into account synergies and interlinkages between the projects when they assess them.

**6.5 Will there be a methodology proposed for hydrogen storage projects?**

All hydrogen projects will be assessed on the basis of the same methodology which will also cover hydrogen storage.

**6.6 For hydrogen, can promoters use the ENTSOG methodology that is already under development? Otherwise, what is the process for adopting the methodology?**

The TEN-E Regulation mandates ENTSOG to develop a draft CBA Hydrogen methodology by April 2023, followed by MS and ACER opinion and finally the Commission approval, resulting in a final hydrogen CBA methodology no earlier than end of 2023. This is far too late for the 1st PCI/PMI process under the revised TEN-E Regulation.

Taking these limitations into consideration, the Commission has tasked JRC to elaborate a draft hydrogen CBA methodology. This will consider the input received from ENTSOG and ACER. This H2 methodology has as purpose to bridge the gap between the 1st hydrogen PMI/PCI process under the revised TEN-E Regulation and the ENTSOG methodology to come in time for the next PCI/PMI process.

This draft hydrogen methodology will be put to public consultation very soon. Its application might require a request to project promoters to provide additional data, as is the case for the other newly developed methodologies.

**6.7 Who will apply the JRC H2 methodology?**

The regional groups will be supported by the Commission (DG ENER with the support of JRC) to apply the methodology for H2. This will also consider any relevant input/results from the ENTSOG assessment.

**6.8 Why are there no references in the submission template to the benefits provided by the draft methodology?**

All benefits will be counted in the assessment. These benefits will be computed on the basis of the data you provide. If considered necessary, promoters might be asked to complete with supplementary data necessary during the assessment. See also Q1.15.

**6.9 Will there be two “separate and parallel assessments” for projects in TYNDP22 (ENTSOG) and for project not in the TYNDP22 (JRC)?**

No. Only one assessment will be performed which will cover all H2 candidate projects on the basis of the final CBA methodology. This will also consider any relevant input/results from the ENTSOG assessment.

**6.10 How are discrepancies between ENTSOG/JRC avoided?**

No discrepancies should arise as only one assessment will be performed.

**6.11 If the final methodology requires promoters to compute the indicators themselves, when are promoters expected to provide the CBA analysis? After the needs are identified by the PCI Regional Groups needs assessment (i.e. around spring)?**

Promoters will be required to compute and provide their CBA in line with the requirements of the TEN-E Regulation. The promoters should submit as much data relevant for the CBA analysis as possible during their application for PCI/PMI status. If considered necessary, promoters might be asked to complete with supplementary data necessary during the assessment. See also Q1.15.

**6.12 Do Articles 3(6) and (7) only refer to infrastructure category 1(a), (b), (c), (d) and (f) and are therefore not applicable to H2 projects? If so, why?**

Indeed, these provisions do not apply to H2 projects as the Hydrogen and gas markets decarbonisation package is expected to contain provisions on how H2 projects are to be included in national/regional development plans.

**6.13 Is there any “under consideration” notion for H2 projects as there is for electricity ones (Art. 3)?**

Without prejudice to the final provisions in respect of the inclusion of H2 projects in the national development plans (in line with the ongoing legislative negotiations for the Hydrogen and gas markets decarbonisation package), the TEN-E Regulation does not

preclude Member States from establishing the category of projects under consideration for H2 projects that are less mature.

**6.14 If a H2 project does not get the PCI status, can it still be included in the Regional/National Development Plans and how?**

The TEN-E Regulation does not contain provisions in this respect.

**6.15 How do you ensure RePower projects are implemented? Can they all receive PCI status?**

The REPowerEU Plan contains in Annex III a list of additional natural gas infrastructure needs on top of the gas projects in the 5th PCI list. Annex III of the REPower EU Plan also includes a few of the PCI projects that are directly linked and enabling other projects identified in the list. The Commission is following the implementation of such projects either through the regular reporting process for PCIs, or through the political high-level groups where the projects were identified in the first place. As the TEN-E Regulation no longer contains the natural gas infrastructure category, the projects listed in Annex III of the REPower EU Plan are not eligible to apply for PCI status.

**6.16 There are situations where national legislation has only temporarily recognised that a project promoter can build a H2 project. Thus, the promoter could change in time and depending on the evolution of the regulatory framework. Will this affect the PCI application?**

No. The promoter of a PCI can change even after the project becomes a PCI without affecting the status of the project. This will require a notification in this respect to the relevant regional group through the Commission where also information on the status of the new project promoter is included demonstrating its ability to further pursue the development of the project.

**6.17 Will each Regional Group adopt its assessment method?**

All regional groups dealing with one of the infrastructure categories will apply the assessment methodology taking into account regional specificities. The methodologies differ between the different infrastructure categories in line with the specific criteria provided by Article 4, but remain consistent amongst themselves.

**6.18 What is the granularity of PCI applicants? For example, can the five H2 corridors from the EHB be considered 5 big projects? Another example, can a national backbone be submitted with all the projects forming it or does it need to be split in several projects?**

The granularity of the projects depends of their specificities: who are the promoters or different status of development, existence of available data, etc. It is up to the project promoters to decide how they submit their projects provided they abide by the eligibility criteria in the TEN-E Regulation including as regards significant cross-border impact. One PCI/PMI project can consist of one or several investment items.

**6.19 What will the needs assessment for hydrogen infrastructure announced for March 2023 in REPower EU entail?**

The needs assessment will be conducted within each regional group, integrating the TYNDP2022 scenarios used for the PCI process, considering existing policy

frameworks such as REPower EU, available data at EU (including from ENTSOG) and Member States level. The assessment will be discussed and agreed in the three regional groups for H2. Discussions will start in late 2022, probably in a joint meeting of all groups.

## **7 Electrolysers**

### **7.1 If a project includes both electrolyser and a H2 storage do they need to submit two applications?**

If the project consists of the electrolyser and the connection pipeline to the network then they can submit it as one project. However, a project including an electrolyser and a H2 storage project would have to be split depending on the size and type of the related H2 storage project. Storage and electrolyser projects will be assessed based on different assessment criteria.

### **7.2 Is the submission of one joint PCI/PMI application including H2 infrastructure and H2 production via electrolysers possible?**

Given that H2 infrastructure and electrolysers will be assessed based on different criteria, the submission should be split in two and contain clear information on the links between the two proposals to enable that all benefits can be taken into account in the assessment.

### **7.3 Why does the submission template for electrolyser projects not contain references to the benefits provided by the draft methodology?**

All benefits will be counted in the assessment. These benefits will be computed on the basis of the data you provide. If considered necessary, promoters might be asked to complete with supplementary data necessary during the assessment. See also Q1.15.

### **7.4 In the calculation for integration of RES gas and low-carbon gases, is a priority given towards RES gas, or are both gases treated equally in evaluation?**

Annex IV provides details on how RES and low-carbon gases need to be taken into account. For electrolyser projects sustainability is measured by assessing the share of renewable hydrogen or low-carbon hydrogen, in particular from renewable sources meeting the criteria defined in point (4)(a)(ii) of Annex II integrated into the network or estimating the amount of deployment of synthetic fuels of those origins and the related greenhouse gas emission savings. As per the formulation of the TEN-E Regulation, in particular hydrogen from renewable sources will have to be taken into account.

## **8 Carbon dioxide**

### **8.1 Which are the new elements included in this priority thematic area?**

The scope of the carbon dioxide networks priority thematic area has been broadened to include infrastructure items related to CO2 storage, such as surface and injection facilities associated with infrastructure within a geological formation used for the

permanent geological storage of CO<sub>2</sub>, that are necessary to allow the cross-border transport and storage of the CO<sub>2</sub>.

**8.2 Is it possible for a CO<sub>2</sub> storage project to apply to the PCI/PMI status without including CO<sub>2</sub> transport elements?**

No. In order to ensure its cross-border dimension, CO<sub>2</sub> storage projects must apply together with the CO<sub>2</sub> transport projects to which they are linked. Standalone CO<sub>2</sub> transport projects would still be able to apply for the PCI/PMI label.

**8.3 Should CO<sub>2</sub> networks projects with third countries apply as PMIs? What are the requirements?**

The TEN-E Regulation has broadened its scope to PMI for some specific infrastructure categories/thematic areas, such as electricity transmission, H<sub>2</sub> pipelines and CO<sub>2</sub> transport and storage. Regarding the latter, this means the project can be used to transport and store anthropogenic carbon dioxide by at least two Member States and a third country. All project with third countries are encouraged to apply as PMIs.

**8.4 What is the requirement for cross-border impact for PMIs?**

Projects need to cross the border of two Member States. If located in only one Member State, CO<sub>2</sub> networks projects need to prove that the project is used to transport and, where applicable, store anthropogenic carbon dioxide originating from at least two Member States.

**8.5 As a pre-requisite, is the PCI still applicable if the CO<sub>2</sub> comes from one single Member State and it is stored in another one?**

Candidate projects need to have a significant cross-border impact. This would be fulfilled either by projects crossing the border between two Member States via pipeline (in that case, the CO<sub>2</sub> may come from a Member State to be stored in another Member State) or where the project is used to transport, and, where applicable, store anthropogenic carbon dioxide from at least two Member States.

**8.6 What do you mean by pipelines "other than upstream"? Are pipelines collecting CO<sub>2</sub> from CO<sub>2</sub> emitters eligible (for instance, pipelines from emitters to a liquefied CO<sub>2</sub> terminal)?**

In the context of CO<sub>2</sub> transport and storage infrastructure, "upstream" refers to pipelines that directly connect an emitting source, i.e. a producer of CO<sub>2</sub> emissions, to the main transporting pipeline that is potentially shared across multiple sources and/or recipients. In other words, pipelines that connect a single source to a broader network should be considered to be upstream and hence excluded from the PCI application.

**8.7 If the CO<sub>2</sub> is transported via shipping (i.e. outside the scope of the TEN-E) but the project presented in the application for the PCI list does foresee the involvement of two Members States - is it still required that the CO<sub>2</sub> to be permanently stored will come from both Member States?**

Candidate projects need to have a significant cross-border impact. This would be fulfilled either by projects crossing the border between two Member States via pipeline (in that case, the CO<sub>2</sub> may come from a Member State to be stored in another Member State) or where the project is used to transport, and, where applicable, store anthropogenic carbon dioxide from at least two Member States.



**8.8 Can you elaborate a bit on procedures and responsibilities for CO2 projects?**

The CO2 promoters will be required to compute and provide their CBA in line with the requirements of the TEN-E Regulation. The promoters should in principle submit as much data relevant for the CBA analysis as possible during their application for PCI/PMI status. They will then be able to complete with supplementary data necessary during the process, and in particular once the CBA methodology is finalised. The regional groups will be supported by the Commission (DG ENER with the support of JRC) to apply the assessment methodology for CO2 projects.

**8.9 In Annex III, it is specified that for CO2 networks, the project should be presented as part of a plan developed and presented by the MS involved by the project. What type of supporting document is required? Can you give an example?**

There is no fixed template for the plan mentioned under Annex III.2(6). The plan should clearly explain the coordination exercise between the Member States involved for the development of cross-border carbon dioxide transport and storage infrastructure.

**8.10 How are negative emissions taken into account into the methodology?**

The draft methodology for CO2 transport and storage takes into account GHG emissions under indicator B1.

**8.11 Are the general assumptions the same as the one of the 2017 methodology by EC/Ramboll/Ecorys?**

The general assumptions chapter has been updated from the previous methodology in a harmonised way with other infrastructure categories.

**8.12 Are there changes expected in counterfactual scenarios? The previous methodology (2017) was clear on this matter: "do nothing" was the only counterfactual scenario.**

“Do nothing” remains as the main counterfactual scenario, applicable to CO2 transport and storage and other infrastructure categories. However, mention should be made that the counterfactual scenario to be considered in the CBA is different from the requirement to prove the absence of alternative technological solutions required for demonstrating sustainability benefits for the project.

**8.15 As part of the CBA, is it correct that the financial analysis only involves the CAPEX and OPEX as actual project costs? More specifically, expected project incomes (i.e. financial benefits) and consequently calculating a fNPV are, at this stage, not part of the analysis.**

The fNPV, based on projected revenues (tariffs) and estimated costs (CAPEX+OPEX) could be included in the proposal as additional information under section III.2 “*Project value calculations*”. However, the main part of the CBA under this section should be focused on the eNPV. The information provided by the applicant should allow the verification of the calculations through all the study horizon by calculating scenarios both with and without the project.

**8.16 Can you confirm that in order to calculate the eNPV we should use the monetized project benefits (i.e, only B1- Variation of GHG emissions will be monetized) +**

**project costs (CAPEX + OPEX), both discounted using the provided 4% discount rate?**

This is correct. However, the project should also prove its eligibility, i.e. compliance with Art. 4, which requires also the compliance with the rest of (qualitative) indicators.

## **9 Blending**

### **9.1 What are the conditions allowing for blending in hydrogen pipelines?**

In line with Article 31 of the revised TEN-E Regulation, for a transitional period ending in 2029, dedicated hydrogen assets converted from natural gas assets may be used for transport or storage of a predefined blend of hydrogen with natural gas or biomethane. The project promoters need to closely cooperate on project design and implementation in order to ensure interoperability of neighbouring networks. Sufficient evidence is required, including through commercial contracts, as to the fact that, by the end of the transitional period, the assets will cease to be natural gas assets and become dedicated hydrogen assets, and how the increased use of hydrogen will be enabled during the transitional period. Such evidence shall include an assessment of the supply and demand for renewable or low-carbon hydrogen as well as a calculation of the greenhouse gas emissions reduction enabled by the project.

ACER will verify the timely transition of the project to a dedicated hydrogen asset.

Eligibility of such projects for Union financial assistance under Article 18 shall end on 31 December 2027.

## **10 Natural gas projects for Malta and Cyprus**

### **10.1 Will these projects be automatically considered PCIs or do they need to submit an application for PCI status?**

In line with the TEN-E Regulation these projects cannot be considered automatically PCIs, but have to apply for PCI status demonstrating the requirements provided by Article 24. The application can be submitted through the ENTSOG portal for PCI application.

### **10.2 What information should they submit to apply for PCI status?**

In line with Article 24:

- an update on the project promoter and on the status of implementation of the project including a confirmation of the fulfilment of the requirements of Article 24(1) (a, b and c);
- proof and explanations as to how the project ensures the future ability to access new energy markets, including hydrogen;
- sufficient evidence of how the interconnection will allow access to new energy markets, including hydrogen, in line with the Union's overall energy and

climate policy objectives. Such evidence shall include an assessment of the supply and demand for renewable or low-carbon hydrogen as well as a calculation of the greenhouse gas emissions reduction enabled by the project;

- proof that the project shall not lead to a prolongation of the lifetime of natural gas assets;
- proof that the interoperability of neighbouring networks across borders is ensured.

## **11 Monitoring and reporting**

### **11.1 Why should project promoters report on a yearly basis if the ACER monitoring report is necessary now only every two years? Would projects no longer mentioned as PCIs in the delegated act adopted by the Commission still need to report in that year?**

The TEN-E Regulation is very clear on the fact that projects promoters and national competent authorities need to report yearly on the status of their projects. These reports do not only feed into the ACER monitoring exercise, but allow all members of the regional groups to assess the development of PCIs and PMIs and tackle any delays in their implementation as per the requirements of the Regulation. Moreover, a project remains part of a certain Union list until the next Union list formally enters into force. We cannot prejudge the outcome or the scrutiny period by the Council and Parliament and somehow exclude certain PCIs or PMIs from the reporting obligation.

### **11.2 The reporting is now foreseen by the revised TEN-E by end of December from the project promoter to the NRA. Does this means that the current harmonized process carried out by ACER by end of March is abandoned?**

For the reporting and monitoring of the projects on the 5th Union list, the previous TEN-E Regulation timelines continue to apply. The timelines in the new TEN-E Regulation will apply as of the entry into force of the 1st Union list under the revised regulation.