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***By e-mail only***

***Subject: Proposal to establish a Cooperation Platform to support the work of the Regional Groups and to facilitate the third PCI selection process***

Dear Mr. Ristori,

In October 2015, the Agency issued two Opinions on the draft electricity and gas regional lists of proposed Projects of Common Interest (PCIs) for 2015, pursuant to point 2(12) of Annex III to Regulation (EU) No 347/2013. In these Opinions, the Agency concluded that the focus on procedural and methodological issues during the Regional Group discussions, together with the complexity of the selection methodology, may have diverted some of the attention from the important discussion on infrastructure needs to be served by the PCI candidates. As a consequence, the selection process ended up not being as efficient and transparent as possible.

The Agency also issued Opinions to the European Networks of Transmission Network operators (ENTSOs), proposing improvements to the draft Ten-Year Network Development Plans (TYNDPs) and to the implementation of the cost-benefit analysis (CBA) methodologies, many of which would be essential for delivering a more efficient and effective PCI selection process.

Driven by its commitment to the success of the PCI selection process, the Agency would now like to recommend further improvements for the next PCI selection. The recommendations presented in this letter have been developed jointly by the Agency and the national regulatory authorities (NRAs) and therefore reflect the common views of the European regulators involved in the PCI selection process. To emphasise this common endeavour, this letter is co-signed by the Chair of the Board of Regulators where all EU NRAs are represented.

One lesson learnt from the latest PCI selection is that the process requires, first, an in-depth and comprehensive assessment, in the Regional Groups, of the infrastructure needs at the European level. This initial step should then be followed by the identification of infrastructure projects that can technically fulfil these needs and, finally, by the consideration of the project-specific CBA of such candidate projects by the Regional Groups, including an assessment by NRAs, for the selection of the most beneficial projects.

We propose the creation of a “Cooperation Platform”, that would bring together the European Commission, the ENTSOs, the Agency and NRAs in an informal cooperation group to perform preparatory work and to make constructive proposals to the Regional Groups on key aspects of the PCI selection.

We suggest that the work within that Cooperation Platform focuses on the following aspects:

1. Assisting Regional Group members in identifying and agreeing on priority infrastructure needs, notably by providing methodological support in order to facilitate the expression of views by all Regional Group members (Ministries, NRAs and TSOs) in a more structured way. This task should be carried out early in the PCI selection process, using the information provided by the TYNDPs on infrastructure gaps, and involving stakeholders, notably market participants, as much as possible. To facilitate the work of the Regional Groups, this Cooperation Platform could, in particular, propose ways to assess infrastructure needs according to the criteria set out in Article 4(2) of Regulation (EU) 347/2013 (market integration, sustainability, security of supply and competition).
2. Assisting Regional Group members in analysing the extent to which the candidate projects can address the identified needs, by proposing ways to deliver meaningful and easily understandable results on the basis of the TYNDPs, the project CBAs and, where applicable, other requirements set by the Regional Groups. In this respect, “competing projects”, (i.e. projects addressing similar needs), should be identified and compared.
3. Providing further input to the ENTSOs, targeted at the application of the CBA methodologies developed by the ENTSOs in such a way as to enable project promoters to provide the most robust and comprehensive information to the Regional Groups, including through work carried out for the purposes of the TYNDPs. The TYNDPs should be further improved to serve the needs of the PCI selection, to allow a robust PCI selection in the future.
4. Providing input to the ENTSOs and the project promoters in order to make the information provided by the promoters fit for the purpose of the PCI selection in terms of coverage, content and timing. We particularly underline the importance to make the information on project-specific costs and benefits for all candidate projects available in due time to all Regional Group members, including NRAs, using a consistent format in line with requirements.

We also recommend that, for the next PCI selection, several project maturity categories and the appropriate related assessment methodologies are defined, so that Regional Groups can build a common understanding of the degree of maturity of each PCI that is finally selected while not preventing the less mature projects from securing the PCI status.

We reiterate that NRAs are committed to continue to contribute constructively to the PCI selection process, by means of joint project assessments of PCI candidates coordinated by the Agency. Such analyses could serve as the starting point for the Regional Groups' evaluation of candidate projects, in order to allow an in-depth assessment of each PCI candidate on a case-by-case basis.

Transparency with respect to the overall calendar of the PCI selection process, the timely notification of activities and the circulation of necessary information, allowing for sufficient preparation, would increase the quality of the selection process, stakeholders' involvement, the constructive cooperation within Regional Groups and the assessments performed by NRAs and by the Agency. In case of any delay in the activities, the overall schedule should be updated accordingly in order to provide more transparency to stakeholders.

The recommendations presented in this letter are formulated as a constructive contribution to the PCI process in the future. Needless to say, the Agency remains available to provide any necessary clarification.

Yours sincerely,

**Signed**

Alberto Pototschnig  
Director

**Signed**

Lord Mogg  
Chair of the Board of Regulators