

Cost-Benefit Analysis Methodology Update

ENTSOG Stakeholders Workshop

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Why a CBA methodology?

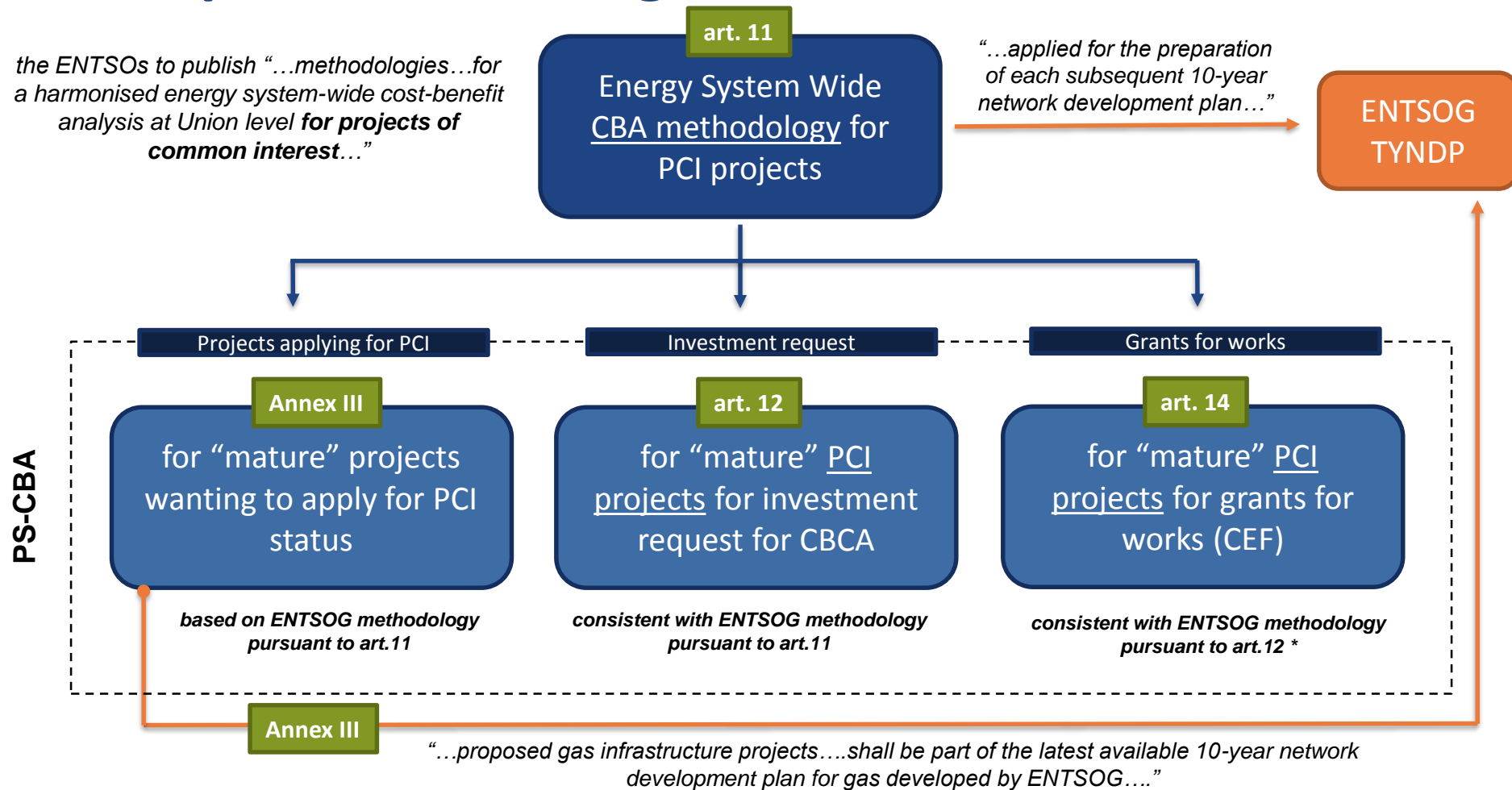
- > Regulation (EC) 347/2013 represents the regulatory reference for the Energy-System Wide CBA methodology
- > Regulation (EC) 347/2013 defines the use of CBA Methodology for
 - the development of TYNDP
 - as input for the selection of Projects of Common Interest (PCIs)
 - as basis to investment request (incl. Cross Border Cost Allocation)
 - as basis to allow promoters to request financial assistance (CEF)
- > CBA methodology is a **mandatory step** in the preparation of TYNDPs by ENTSOG

CBA methodology is a core element for TYNDP, PCI selection and a reference for investment requests and financial assistance



Scope of CBA in Reg. 347/2013

the ENTSOs to publish “...methodologies...for a harmonised energy system-wide cost-benefit analysis at Union level **for projects of common interest...**”



Annex V

Input and assessment period: The methodology shall be based on a common input data set representing the Union’s electricity and gas systems in the years $n+5$, $n+10$, $n+15$, and $n+20$



Why to update CBA methodology? (1/3)

- > Current CBA methodology was developed in several stages by ENTSOG
 - initial version November 2013
 - adapted version August 2014
 - approved by the EC in February 2015

- > Current CBA methodology has been used by ENTSOG
 - for TYNDP 2015 and 2017
 - to contribute to the 2nd and 3rd EC PCI Selection process

***From the experience built in previous TYNDPs and PCI selections
ENTSOG saw benefit in updating the CBA methodology***



Why to update CBA methodology? (2/3)

- > Reg. 347/2013 states that the CBA Methodology 'shall be updated and improved regularly' and **ENTSOG or ACER can set off the CBA methodology updating process**
- > The proposed CBA methodology update principles **incorporate feedback received from stakeholders** in different occasions (TYNDP, PCIs...)
- > Reg. 347/2013 states that 'prior to submitting their respective methodologies, the ENTSO for Electricity and the ENTSO for Gas shall conduct an **extensive consultation process** involving at least the organizations representing all relevant stakeholders
- > **Prime Movers** in Jan-Feb 2017 and **Public Consultation** held from 19th May to 16 June 2017

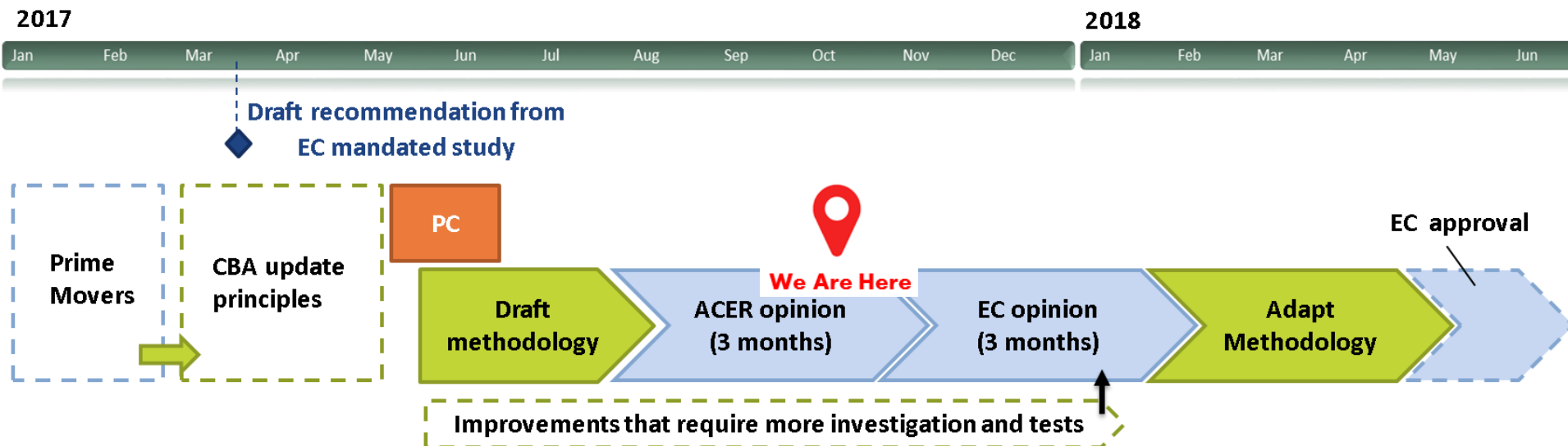


Why to update CBA methodology? (3/3)

- > “ENTSOG sees benefits in updating and improving the CBA methodology to be applied **for the preparation of its TYNDP 2018**, as foreseen in Article 11(6) of Regulation (EU) 347/2013”.
- > ENTSOG 2017 Annual Work Programme (AWP) lists CBA methodology update in 2017 and 2018 as one of the main deliverable
- > The current CBA methodology has been applied to develop TYNDP 2015 and TYNDP 2017. For TYNDP 2017 ENTSOG has complemented the CBA methodology with **additional elements on a voluntary basis**

Early enough approval of CBA methodology is key for implementation in TYNDP 2018

CBA methodology timeline



- > Draft Methodology submitted for ACER and EC Opinions on July 2017
- > Some improvements (requiring more investigation and testing) will only be ready for the Adapted Methodology
- > Updated CBA methodology to be used for **TYNDP 2018** will require that the Commission can approve it in accordance with TYNDP 2018 timeline

Areas of identified improvement

1. Simplification and less TYNDP-oriented methodology

2. More focus on Project-specific CBA

3. Monetisation and complementary benefits

4. CBA for investment request and CBCA

Draft CBA Methodology available [here](#)



Joint Scenario Development for TYNDP 2018

Scenario development is another core element of TYNDP...

- > TYNDP 2018 marks the first time the ENTSOs have developed **common scenarios**, building on **combined expertise** from both organisations and involving **extensive stakeholder input**



- > The **Scenario Report**, plus the supporting annexes and data files, were published on 2nd October and are available for download on both ENTSOs websites
- > A **public consultation** was launched at the same time and is open until 10th November
- > All stakeholders are invited to attend the **Joint ENTSOs Scenario Workshop** on 9th October, registration details are available online



Thank You for Your Attention

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