

Eurogas general views on Infrastructure Regulation

- **Broadly supportive of regulation**
 - **Enhanced coordination on Infrastructure between MS via the Regional Groups, Facilitation of permitting, Improvement of TYNDP...**
- **Main focus of Eurogas**
 - **We value market based mechanism for determining investments**
 - **Private/exempted projects not to be disadvantage compared with regulated projects**
 - **Solid CBAs needed before cross border cost allocation and financial support**
 - **Benefits of market based projects easy to assess based on their own business case**
 - **Non mature PCIs to be brought to sufficient maturity level (potential viability of non mature to be more clearly shown)**
- **Welcome ENTSOG stakeholder consultation on this very complex CBA methodology exercise**

Project specific CBA. Main points

- **PS CBA the most important analysis**
- **Non mature projects to provide feasibility study**
- **CBA of market based projects with a solid business plan is already established**
- **CBA of regulated activities needs additional social economic analysis**
- **Different levels of CBA : for selection in Regional Group, for applying under CEF, and finally -only for non commercial projects - for cross-border costs allocation**
- **CBA requirements to be proportionate: established market support is the ultimate test for non regulated projects**
- **Promoters to run their own CBA, but it should not require a disproportionate effort**

Project specific CBA. Comments on ENTSOG proposal

- **Field of Application**
 - ENTSOG recognizes well the different fields of application. Why not consider different PS CBA requirements ?
 - Promoters should be incentivized to reach maturity level for PS CBA
- **Input data**
 - Sensitivities to be broad enough, in particular on prices assumptions
 - Capex/Opex to be well documented by promoter (ENTSOG may question , based on benchmarking)
 - Residual value will be a market value

Project specific CBA. Comments on ENTSOG proposal

- **Financial analysis**
 - **Financial analysis to establish financial & economic strength of project, the “bankability” of project**
 - **To be performed at the level of the company promoting the project**
 - **After tax, including financing, to establish the strength of the business case**
 - **NPV, IRR of project relevant**
 - **Confidentiality aspects to be respected**
 - **For private/exempted project, the business case should constitute the key CBA**

Project specific CBA. Comments on ENTSOG proposal

- **Economic Analysis : great complexity (proportionate for market based project?)**
 - **Quantitative+ Monetary + Qualitative**
 - **Economic analysis to be based on modelling, but algorithm as interim solution (?)**
 - **Incremental approach: (i) FID/LI and (ii) non FID /HI (only non FID PCIs?)**
 - **We anticipate difficulties for the non FID analysis when assessing competing projects. Selection of non FID competing project shall focus on incremental impact on LI**

Project specific CBA. Comments on ENTSOG proposal

- **Quantitative Analysis / Indicators**
Long list of complex indicators . More relevant to ENTSOG expertise as experience of TYNDP, but difficult/disproportionate for promoters
Full exercise needed when cross border cost allocation requested
- **Monetary Analysis : most important**
Not to forget value of additional supply to cover supply gap, and cover additional demand, or demand for higher flexibility
Economics to be project based, before tax and before financing
- **Qualitative Analysis : not to be overlooked, as difficult to “monetize” all aspects**

ESW CBA. Comments on ENTSOG proposal

- Typically ENTSOG/ TYNDP exercise
- Very important, in particular for input data to be used for PS CBA
- All PCI candidates to be part of TYNDP (some concerns related to non mature PCI candidates?)
- TYNDP to be consistent regarding maturity/probability of projects included : LI should include the non PCI FID projects, and HI relevant (importance/probability) non FID non PCI projects