

On 3rd ENTSO-E Guideline for Cost Benefit Analysis of Grid Development Projects

Consideration on the inclusion of comments from public stakeholders

17 February 2020

In the past years, ENTSO-E has almost continuously been developing its CBA methodologies in joint cooperation with ACER, EC, and other external stakeholders. External involvement in the drafting process is highly welcomed, as it supports ENTSO-E in developing state-of-the-art assessment methodologies that enables it to present relevant information to the public through, inter alia, its biennial Ten Year Network Development Plan.

The good experiences of including external stakeholders in the process of improving the 2nd ENTSO-E Guideline for Cost Benefit Analysis of Grid Development Projects (further referred to as: "2nd CBA guideline"), on top of the legal requirement for a distinct public consultation phase, has encouraged ENTSO-E to start the drafting of the 3rd CBA guideline by including external stakeholders in the process from the very beginning on. Therefore, ENTSO-E organised a public workshop on 7 December 2017. The main aims of this workshop was to inform stakeholders about the current ideas for improving the CBA guideline (mainly based on comments received during the improvement process of the 2nd CBA guideline, i.e. the public consultation and direct communication with ACER and the European Commission) and to obtain input for future development of the CBA guideline. During this workshop, three main fields of improvement were identified:

- security of supply,
- assessment of storage projects, and
- the concept of Socio Economic Welfare.

External stakeholders were subsequently invited to participate in (one or multiple of) three work streams dealing with each of the topics, starting with a kickoff meeting for each work stream on the 7 December 2017. Deadline for the work was April 2018. Each of the work streams was organised by ENTSO-E and the work took place via physical meetings and web conferences. The work streams were set up to maximize external stakeholder input and reflect new ideas as much as possible, by having the content mainly drafted by the external stakeholders. After having achieved a sufficient maturity of the newly developed methodologies and ideas, each of the members within the work streams was given the opportunity to review the drafted documents and comment on the outcome. At the end, ENTSO-E merged all reports from the different work streams into one document and performed a final review. The contents and views reflected in the reports were not altered during this final review.

ENTSO-E then continued the work on the 3rd CBA guideline with concrete input from the documents drafted during the work streams:

- SoS-Adequacy: the methodology as discussed within the work stream was included
- SoS-Flexibility: the main principles of the methodology as discussed within the work stream was included
- SoS-Stability: following the recommendation of the work stream, no detailed methodology was included
- Assessment of storage projects: following the outcome from the work stream, storage projects can in general be assessed using the same methodologies as for transmission projects.

On 18 December 2018, ENTSO-E organised a public workshop where a draft of the CBA guideline 3.0 and its improvements were presented.

Because of feedback received from ACER, ENTSO-E has delayed the official CBA approval process by one year. This gave ENTSO-E the opportunity to further improve the CBA guideline by adding more concrete explanations, methodological concepts and clarifications. This resulted in substantial general improvements, addition of new indicators (e.g. those related to the additional CO₂ societal value, non-direct greenhouse gas emission etc.), but also allowed to better refine the outcome from the work streams, through more detailed concepts on the SoS-indicators (Adequacy to meet demand, System Flexibility, System Stability).

From 25 October 2019 to 09 December 2019, ENTSO-E invited the public to comment on the updated version of the 3rd CBA guideline that was presented in details during a public workshop on 08 November 2019. Besides the general explanations and clarifications as reaction on the comments received during the consultation process, concrete changes were applied to the 3rd CBA guideline:

- Dismantling costs and other CAPEX occurring during operation of the project was included under the CAPEX cost indicator.
- On sensitivities: an explanation was added that most of the scenario parameters are interdependent and thus, changing one parameter would cause a review of the whole scenario.
- It was stated in the 3rd CBA guideline that probable generation ‘phase-out’, in general, cannot be part of the scenario framework. The ‘phase-in’ of generation was added to this statement.
- Structure of the document has been improved, text describing each methodology has been streamlined and accompanied by a dedicated box for each indicator to ease the understandability of the CBA guideline. This was done in response of both consultation comments and suggestions raised during discussions with the EC and ACER.
- Improved and clarified reference to the Implementation Guideline better explains the link of the methodology with its application (e.g. Implementation Guidelines for the TYNDP).

Several comments and proposals received during the public consultation have also been raised during discussions with ACER and EC and are therefore not listed explicitly as ‘changes due to the public consultation.’.