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Questions and Answers: projects of common interest in energy

What are projects of common interest?

Projects of common interest (PCIs) are key infrastructure projects, which will help Member States to physically integrate their energy markets, enable them to diversify their energy sources and help bring an end to the energy isolation some of them are facing. They will also enable the power grid to cope with increasing amounts of electricity generated from renewable energy sources and consequently help reduce CO2 emissions.

Which projects are on the first list?

This first list, published on 14 October 2013, contains **248**. The majority are electricity and gas transmission lines, but the first list also includes 13 electricity storages - among which also innovative technologies such as compressed air electricity storage -, underground gas storages and LNG terminals, as well as two smart grids projects.

The full list of projects can be **found**:

http://ec.europa.eu/energy/infrastructure/pci/doc/2013_pci_projects_country.pdf

What are the benefits of being on the list?

The projects will benefit from a number of advantages:

- **accelerated planning and permit granting procedures** (binding three-and-a-half-years' time limit);
- **a single national competent authority** will act as a one-stop-shop for permit granting procedures;
- **less administrative costs** for the project promoters and authorities due to faster and more efficient environmental assessment procedures. Member States have to take adequate measures to streamline these procedures while at the same time respecting the requirements of EU environmental laws. To assist them, the Commission has recently published a guidance document:
http://ec.europa.eu/energy/infrastructure/environmental_assesment_en.htm
- **Increased transparency and improved public participation.** Competent authorities have to publish a manual of procedures for the permit granting process and make it available to the public. In compliance with this manual project promoters will have to submit a concept for public participation to the authorities;

The possibility to receive financial support under the Connecting Europe Facility (Euro 5,85 Billion in current prices for the period 2014-2020). There are two possibilities: a) grants and b) financial instruments made available in cooperation with financial institutions (e.g. EIB). These can take the form of enhanced loans, project bonds, equity instruments (see below).

Will the projects on the list automatically get EU money? How much?

The projects on the list will **NOT** get the money automatically. It is a precondition to apply for co-financing. Projects will be able to apply in a separate procedure for the funding.

Not all projects from the list will need financial assistance. Many of them can be implemented without EU money. In this case, they will benefit from the other advantages of the PCI status, such as an accelerated planning and permit granting.

Oil projects are not eligible for funding under the Connecting Europe Facility (CEF).

On what basis will projects be chosen to get co-funding? And when will that decision be taken?

a) Grants: The first call for proposals to receive grants under the Connecting Europe Facility (CEF) is scheduled for the **beginning of 2014**. Project promoters can apply for grants for studies and grants for construction works. Grants for works, however, will be available only to those that face **difficulties in their commercial viability** despite their positive impact in contributing to the ending of isolation, to solidarity, to security of supply or to technological innovation. Objective cost-benefit analysis will be used to determine these parameters.

b) Financial Instruments: Enhanced loans, project bonds and equity instruments will be available outside any call for proposals. They will be offered and managed **by international financing institutions**, such as the EIB. Conditions will be set by these institutions. Non-commercial viability is not a criteria for EIB.

- **Enhanced loans:** EIB takes a higher risk for financial operation than other financiers.
- **Project bonds:** Project bonds will be issued by the Project Developer. Due to the subordinated loans of the EIB, the bonds will require a lower interest rate than this would be the case without EIB - this represents a saving for the Project Developer. The financial institution that gives a subordinated loan takes a higher risk.
- **Equity instruments:** The Commission provides via EIB risk capital to Project Developer.

Will there be only one PCI list?

No. Every **two years** the list will be updated. Project promoters may propose to **add new projects** to the current list. Completed projects will be removed from the list as well as projects which have proven unfeasible. This will allow the EU to adapt the list to evolving market conditions and needs.

Which criteria does a project have to meet to be included in the PCI lists?

In order for a project to become a 'Project of Common Interest', it should:

- (1) Involve and have a significant **impact on at least two EU Member States**;
- (2) enhance **market integration** and contribute to the integration of Member States' networks;
- (3) increase **competition** on the energy markets by offering alternatives to consumers;
- (4) enhance **security of supply**;
- (5) contribute to the EU energy and climate goals. It should facilitate the integration of an increasing share of energy from variable **renewable energy sources**.

In the future, only those electricity and gas projects will be allowed to become PCIs that have been included in the latest Ten-Year-Network Development Plans prepared by the European Network of Transmission System Operators for gas, and for electricity, as these Plans will analyse the projects' benefits on the EU energy system.

How is the PCI list established and by whom?

It is a bottom-up process: in short, first, project promoters propose their projects for selection. Then so-called Regional Groups including representatives from Member States, the Commission, transmission system operators and their European networks, project promoters, regulatory authorities as well as the European Agency for the cooperation of energy regulators (ACER) assess the projects' compliance with the criteria and their European added value. Based on this assessment the Commission adopts the Union-wide list of projects of common interest via a delegated act procedure.

What is the next step?

The list of projects will have to be submitted by the Commission to the European Parliament and Council. These institutions will have two months to oppose the list, or they may ask for an extension of two months to finalise their position. If within this timeframe none of them rejects the list, the list enters into force. It should be noted that Parliament or Council can only accept or reject the list as such but not request amendments to it.

For further information: [IP/13/932](#)

The full list of Projects of Common Interest by country can be found here: http://ec.europa.eu/energy/infrastructure/pci/doc/2013_pci_projects_country.pdf