

## **UFE ANSWERS THE PUBLIC CONSULTATION ON THE REVISION OF THE GUIDELINES FOR TRANS-EUROPEAN ENERGY INFRASTRUCTURE**

**UFE welcomes the EC initiative to review the TEN-E regulation as it is mandatory to better match tomorrow's energy transmission and distribution landscape in order to reach carbon neutrality by 2050.** While relying on a robust and adequate Cost Benefit Analysis, the regulation should first and foremost promote decarbonisation at both transmission and distribution level. Cost-effectiveness must be the driver and should always determine which solution much prevail, especially in the light of the current level of maturity of the technology. Enhancing the cooperation between TSOs and DSOs as well as establishing sustainability criteria should also be addressed within the new regulation.

### **Regarding the regulation in force and the public consultation process**

The TEN-E regulation allowed to increase both energy security and interconnectivity of all Member States, **leading to a more secure system and greater market competition.** In the light of the climate objectives, the updated regulation should avoid the occurrence of stranded investments at any cost.

Regarding public consultation, this step was proven indispensable in the permitting process as it led to an increased public acceptance of the process and improvement of the project. Therefore, public consultation should not be reduced while permit granting may be accelerated.

### **Promote decarbonisation at various levels thanks on a CBA methodology that ensure the selection of projects that have a significant impact at EU level**

In UFE views, the TEN-E regulation should first and **foremost help promoting decarbonisation at various levels thanks to a consistent framework where all projects would be assessed on an adequate CBA methodology so as to select the most beneficial project from a European perspective.** The CBA methodology must always ensure that the most cost-effective solution prevails, in order to prevent any dilution of funding especially in the light of the updated targets for 2030 and 2050.

The CBA for the selection of PCI projects related to transmission networks is using an **appropriate methodology that is recognised by the European Commission (CBA 2.0).** This methodology, while open to improvement, allows for the selection of projects that have a demonstrated value for the community. Indeed, the selection process **could be improved** as among the selected PCIs, only a few were smart grids. Initially the TEN-E regulation aimed at supporting this type of projects, but in reality, only a few were selected due to overly restrictive criteria. As their role is mainly to integrate renewable energy at local scale, some of the classical TEN-E criteria are not relevant and constitute significant barriers.

### **The selection criteria for projects of common interest must be improved**

In the light of the climate objectives, **sustainable criteria must be added** and declined specifically into each category of projects to ensure that the projects do comply with the carbon neutrality objective. The compliance with the aforementioned sustainability criteria should also be examined whenever the list is updated and the status of PCI should not be a decision that should be set in stone unless the project has already started. Doing so would optimise the use of the allocated funds and prevent the financing of projects that would not favour the energy transition. **The TEN-E regulation should no**

**longer promote fossil fuels projects unless it is the only cost-efficient option to ensure security of supply** and, as long as it does not deteriorate the existing situation in the light of the newly created criteria.

Regarding smart grid projects, specific selection criteria are too restrictive and smart grids projects, while being eligible do not manage to obtain public funding which is problematic as those new technologies bring more risks potential than usual investments. Notably, **DSOs should be allowed to build projects without TSOs and with no cross-border physical evaluation, but rather fulfil other criteria such as their replicability in other countries instead of their geographical scope**. For instance, a project involving at least two Member States (to ensure that the project provides benefits in multiple Member States) should be eligible even though it does not necessarily involve a physical common border. Among the other adaptations that are needed, the current criteria does not allow the qualification of new projects such as offshore wind connection or digital projects smartening the transmission grids. In addition, all kind of low carbon flexibility facilities should have the possibility to get the PCI status, including hydropower storage.

Moreover, to improve the selection process, it appears compulsory to **strengthen the participation of DSOs** (first through regional groups then thanks to the EU DSO entity) to have a better overview of the power system within the TYNDP. In addition, a lifecycle approach that would take into account the retrofitting of the infrastructure and its potential reuse should be implemented when updating the network development plan. In parallel, a **stronger involvement of NRAs as well as other stakeholders is mandatory while ENTSOs, and TSOs' role is currently adequate**.

#### **Optimising the allocated funds by better exploiting synergies**

While UFE calls for a higher dotation of the overall envelope, there is a strong possibility that it stays even. Therefore, the **promotion of synergies within the scope of the Connecting Europe Facility is a top priority**. For instance, a project that reaches energy criteria that also implies electro mobility innovation should be categorised as both energy and transport. Therefore, the revision of the TEN-E will have to go hand in hand with the TEN-T revision. In addition, priority corridors and thematic areas should be reviewed as the cross-border carbon dioxide network does not appear as a priority anymore. Instead, adding a renewable energy corridor, an electric mobility corridor or a digital one appears more relevant in our view. Finally, to avoid any dilution of funding, the TEN-E regulation should not overlap the scope of the Just Transition Fund as the latter should first of all address energy transition for fossil fuel regions.