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Designing trans-European energy infrastructure in the context of the energy transition

Christian Zinglersen – ACER Director

ConvERSE conference on the soon-to-be-revised TEN-E framework for Europe - 12 May 2021 (virtual)

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Current challenges are significant

- **ACER findings**: Current Projects of Common Interest (PCI) regime contains multiple shortcomings such as perennial **delays**, unclear **sustainability** assessment, insufficient **cross-sectoral** planning; lack of credible regulatory **oversight** etc.

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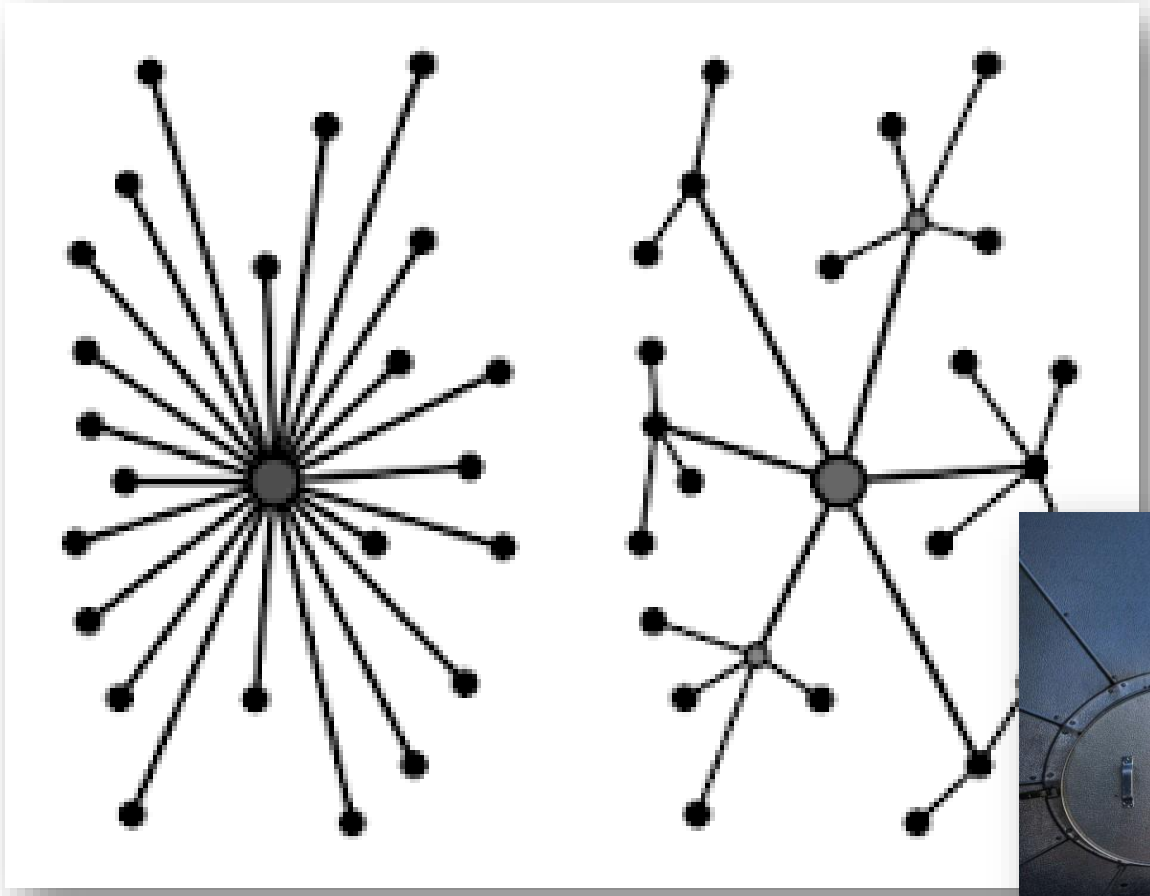
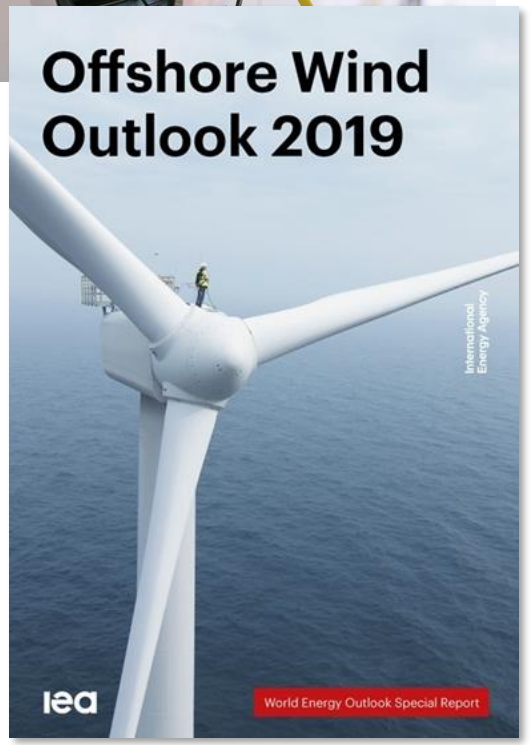
And while system complexity is on the rise …





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… decarbonisation ambition implies acceleration

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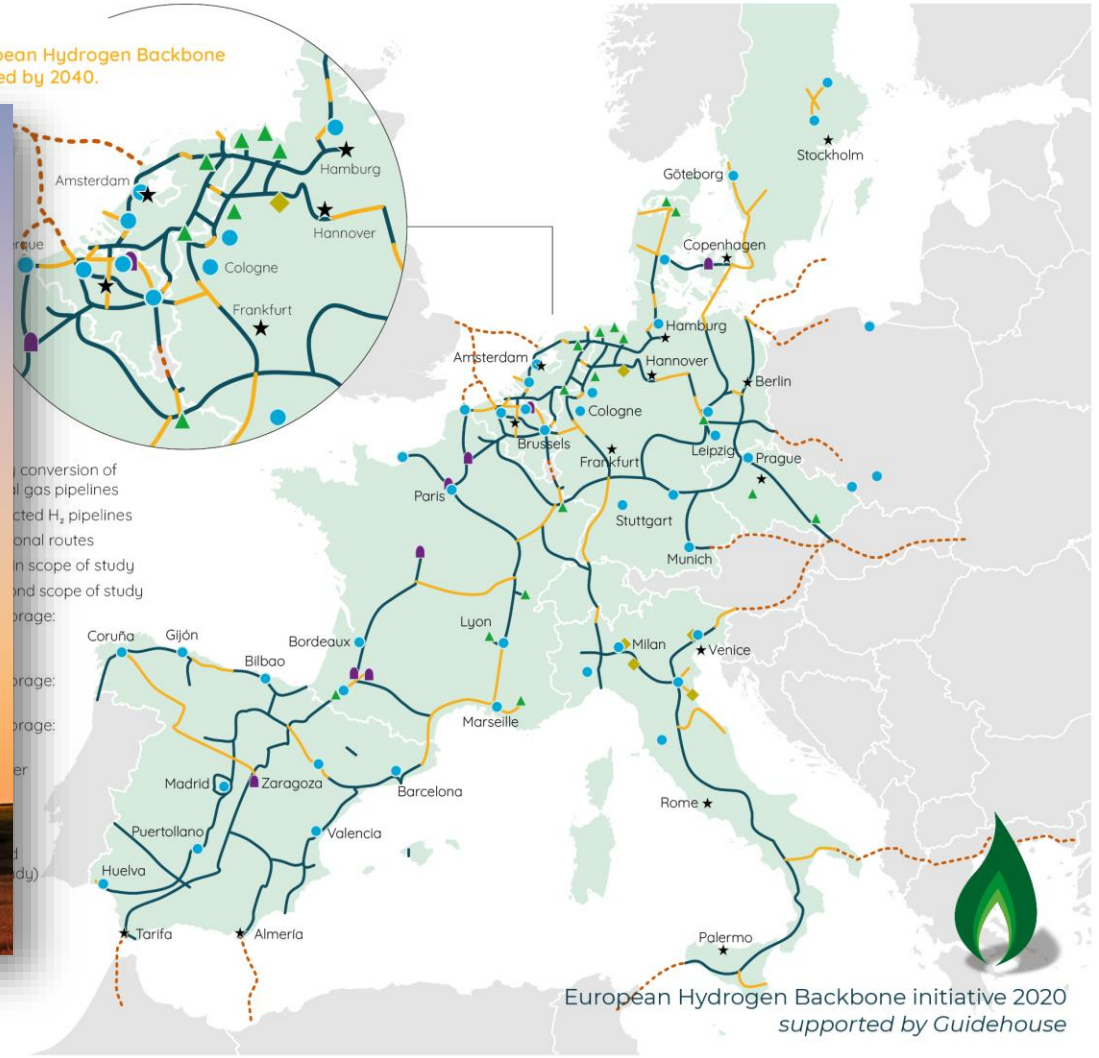
One tough issue: Electrons vs. molecules



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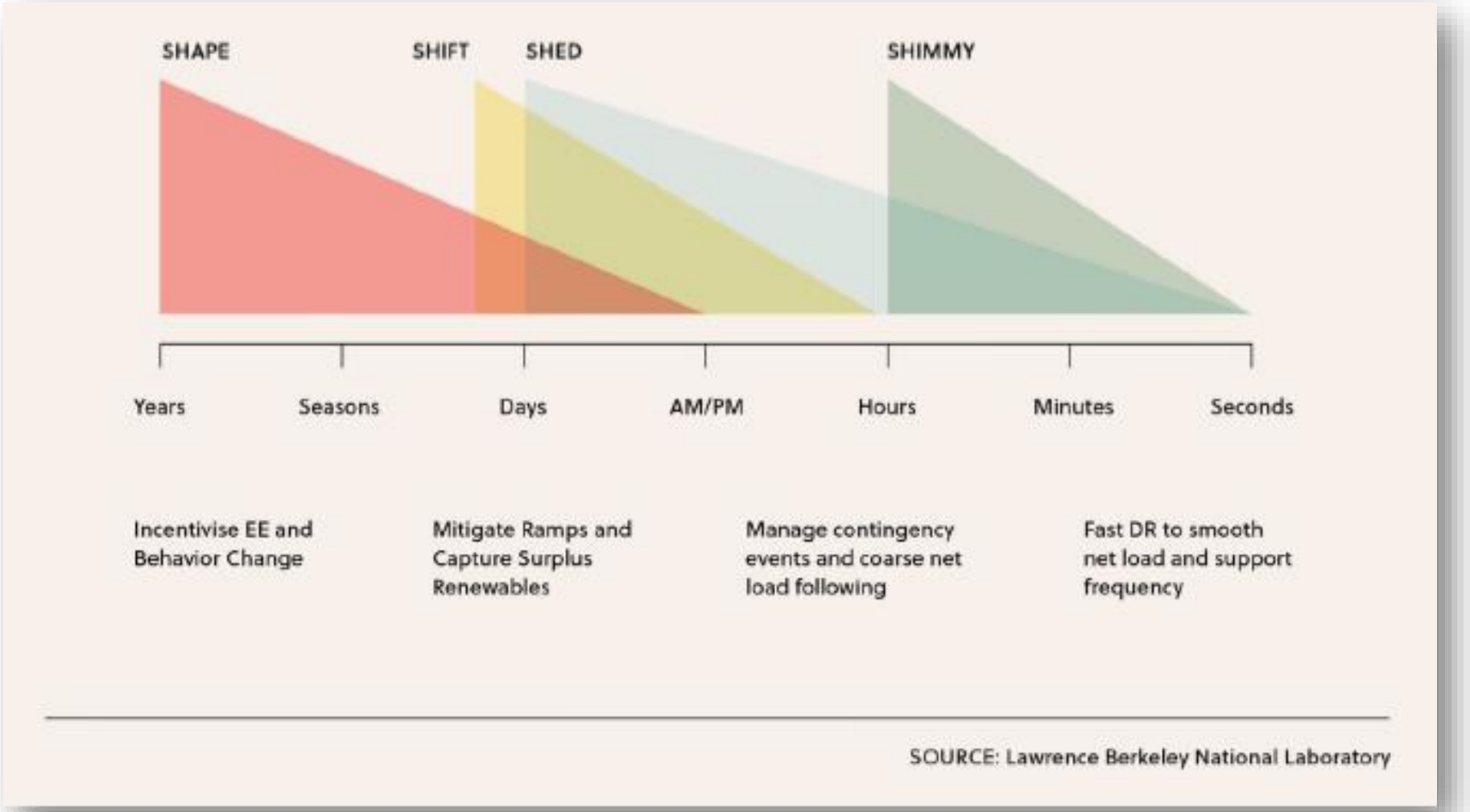
Another: ‘Flexibility’ taking on many shapes



Note: Zsuzsanna Pató of the Regulatory Assistance Project in *Foresight*, December 2020. LINK.

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Another: System security challenges up ahead

Millions without power and 21 dead as ferocious winter weather sweeps US

▲ Houston on Monday. The storm left behind record-setting cold temperatures with wind-chill warnings from the US-Canada border to the US-Mexico border. Photograph: Reginald Mathalone/NurPhoto/Rex/Shutterstock

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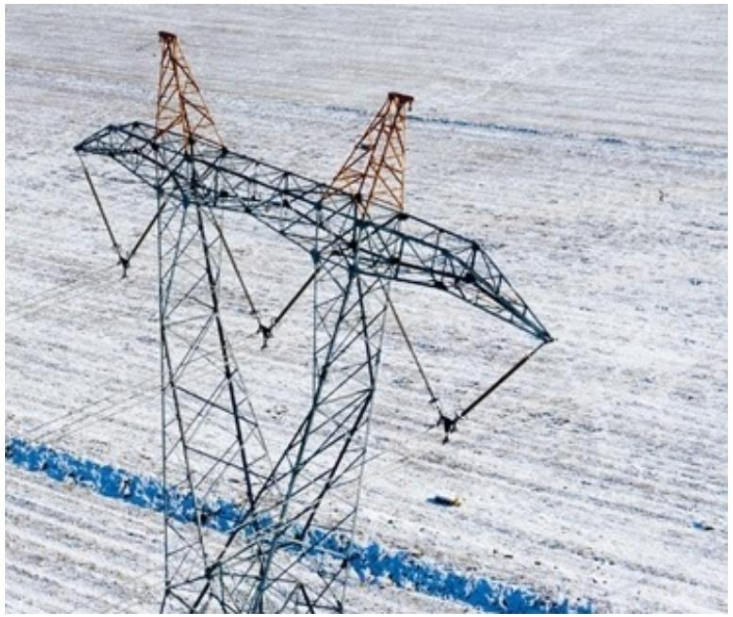
Continental Europe electricity system separation incident of 8 January 2021: Next steps

26.02.2021



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More broadly: A vision of ‘shared resources’ …

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… may require revisiting some ‘old truths’

New electricity transmission connection to Sweden is progressing – Energy authorities issued a decision on the project’s cost allocation

The joint project of the transmission system operator Fingrid Oyj and the Swedish TSO Svenska kraftnät for a third cross-border electricity line between the countries was issued a decision on cost allocation by the energy authorities. The transmission line, scheduled to be completed in 2025, will even out the price differences between the countries and improve the sufficiency of electricity.

The proposal was based on a cost-benefit analysis, according to which Finland will benefit the most from the project. According to the decision, Fingrid Oyj is responsible for the investments in the cross-border transmission link project that take place in Finland in full and for 80% of the transmission line investments on the Swedish side of the border. A decision on cost allocation by the energy authorities is a prerequisite for EU funding.

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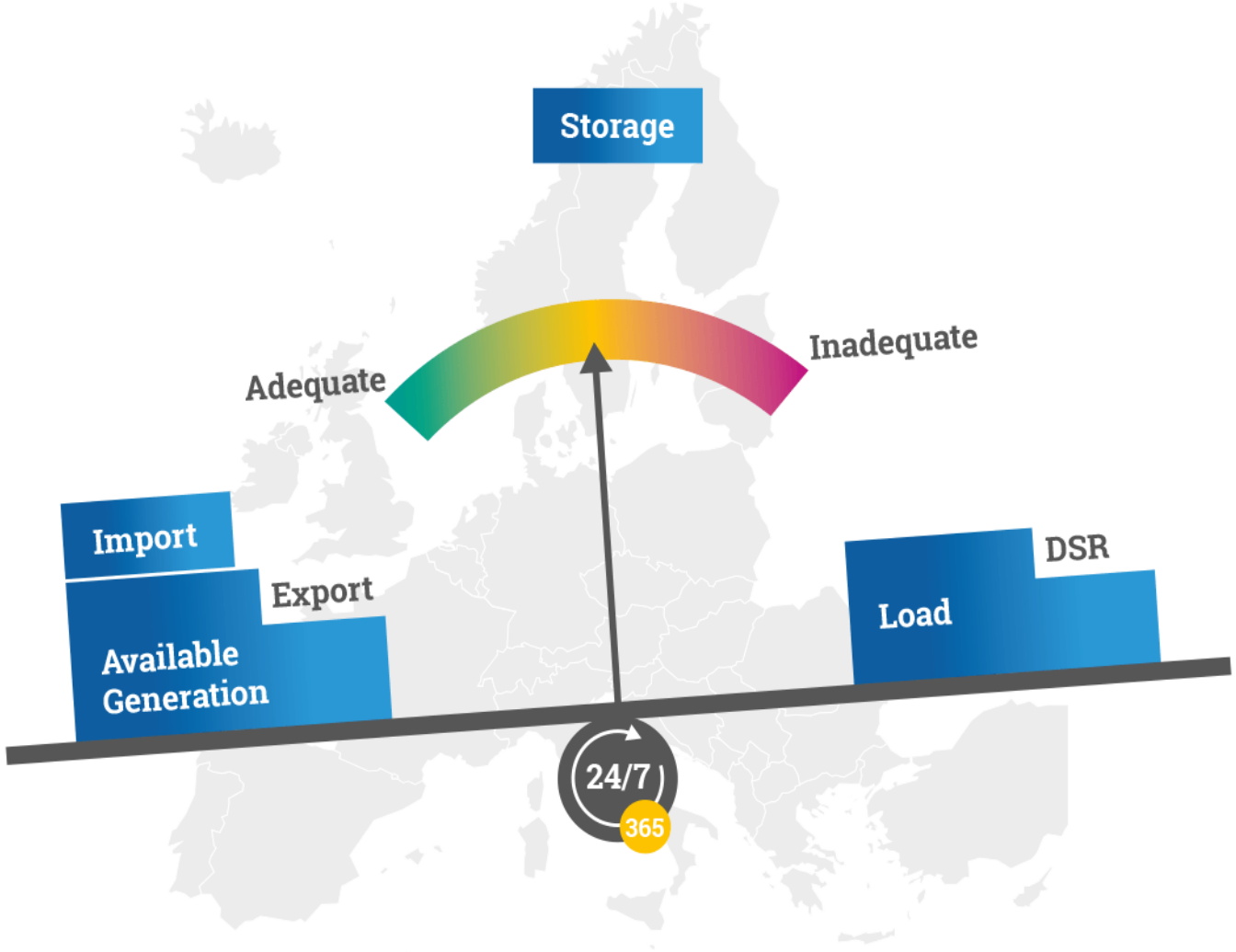
So: Investing more & faster … but in what (& where)?



Note: Figure is taken from ENTSO-E

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A few sobering quotes …

*"Without **robust policy action**, the energy system of 2030 will be more akin to that of 2020 than a reflection of what is needed to achieve climate neutrality by 2050 …"* (The European Commission's Energy System Integration Strategy, 8 July 2020)

*"Energy will increasingly become a **cross-border business** and cooperation across the borders of organisations and countries is the key to a successful energy transition …"*
(Manon van Beek, CEO of TenneT, 15 December 2020)

*"**Fossil companies** like it because it will be derived from fossil fuels for the next decade or more. **Gas grid operators** and **gas boiler manufacturers** see hydrogen as their only survival route as fossil fuel burning is being phased out. And the **power utility companies** also like it as they'll be able to sell more power thanks to hydrogen inefficiencies …"* (Tom Baxter in *The Conversation*, 31 March 2021)

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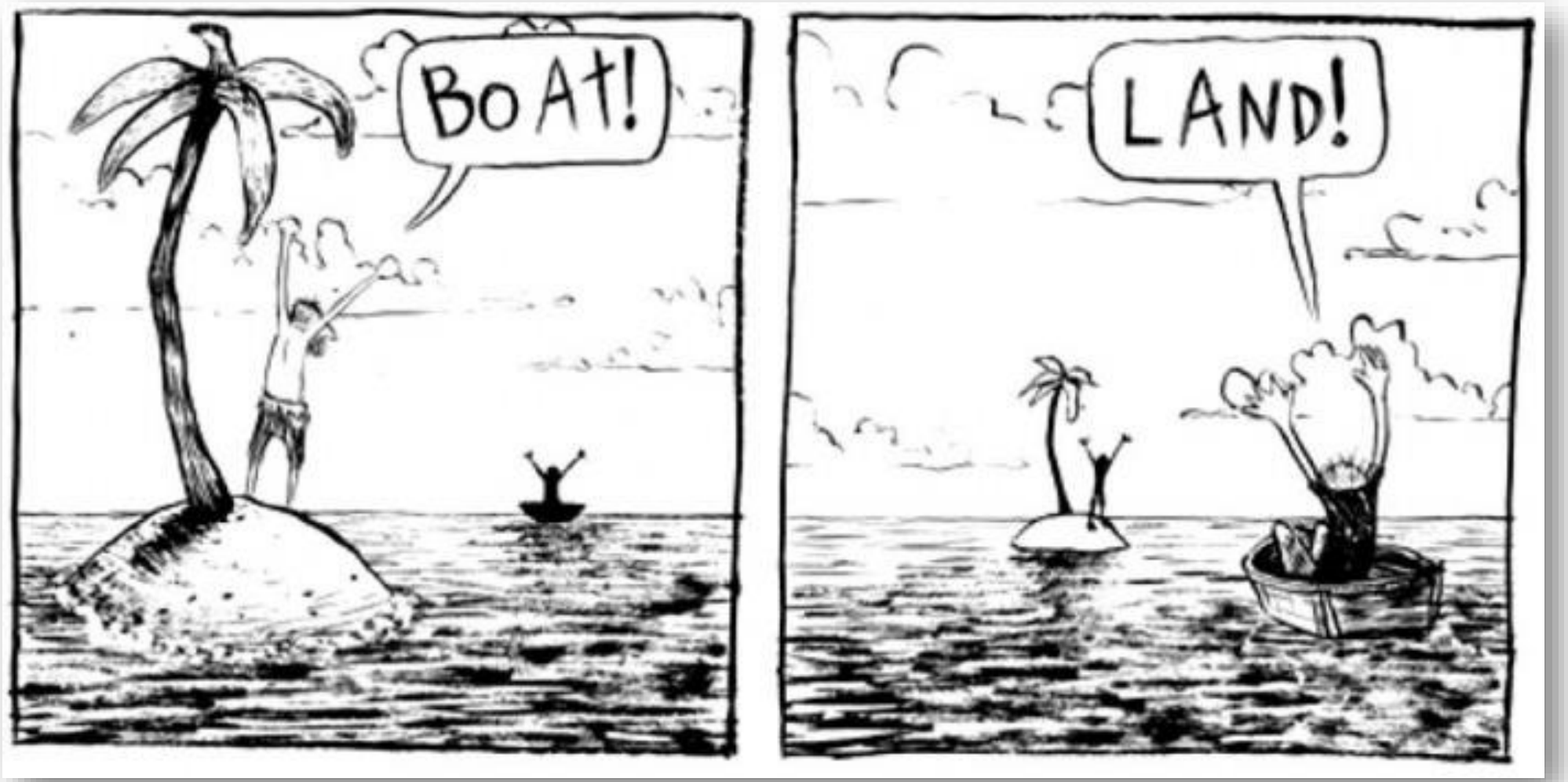
All in all, one's perspective may look different!



Hence, ACER-CEER considerations

Position Papers on TEN-E revision

- The latest **ACER-CEER position paper** (March 2021) sets out and makes recommendations on 6 main issues. It calls for neutral and independent technical assessment of infrastructure projects and improved regulatory oversight so that the projects bringing most benefits for the European Green Deal are supported and to avoid any risks of unjustified costs to European consumers:

https://acer.europa.eu/Official_documents/Position_Papers/Position%20papers/ACER_CEER_TEN_E_2021.pdf

- In July 2020, ACER and CEER set out their recommendation to the European Commission in a **Position Paper on the Revision of the Trans-European Energy Networks Regulation** (TEN-E) and Infrastructure Governance. The proposals highlight how the legislative changes could improve the planning and implementation of electricity and gas infrastructure. The paper also advises on improving the infrastructure development governance, the principles for PCI scope, and the TEN-E processes:

https://acer.europa.eu/Official_documents/Position_Papers/Position%20papers/ACER_CEER_paper_on_TEN_E.pdf

Thank you.
Looking forward to further discussions.

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