

From: [REDACTED]
To: [REDACTED]
Cc: [REDACTED]
Subject: Re: Selection process of the 2nd list of PCIs : Elengy's concerns

Dear [REDACTED]

I would like to thank you very much for your email and overall for your contribution to the PCI selection process in the framework of the regional group NSI West.

During the selection process of the gas PCIs, extensive analysis has been performed with regard to the proposed new LNG capacities. The analysis of the EU-wide LNG supply and gas demand scenarios has shown that, up to year 2025, the currently available LNG capacities would not be fully used. Consequently, there is no immediate demand for additional LNG capacities at EU level. There is, however, a need for new LNG terminals in some regions of the EU, such as the eastern coast of the Baltic Sea and the northern-eastern coast of the Adriatic Sea which still have an insufficient diversification level.

Furthermore, special consideration in the selection process of PCIs was given to the fact of the falling gas demand in Europe and to scenarios pointing out at uncertain gas demand in the future. Consequently, a cautious approach needed to be applied to avoid creating considerable overcapacity beyond the security of supply needs. In cases of potentially competing PCI candidates, only one of the alternative projects – the one which represented the highest benefits - was considered sufficient to meet the policy objectives and to meet needs of a given region.

This being said, I would like to recall you that the PCI list is a flexible list and the next one will be adopted by end 2017.

Best regards,

[REDACTED]
[REDACTED]

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Expéditeur: [REDACTED]
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Destinataire: [REDACTED]
Objet: Selection process of the 2nd list of PCIs : Elengy's concerns

Dear Commission Members,

First of all, we would like to thank the EU Commission for the work already done in the framework of the NSI West Gas Regional Working Group meetings for the selection of the 2nd list of PCIs.

Nevertheless, following the meeting that took place in Brussels on September 14th, we would like to **confirm our deep concerns** regarding the way the PCIs selection process has been implemented, in particular with respect to the cost-benefit analysis (CBA) as well as with respect to the assessment of the results. Our concerns relate in particular to the following points:

- Each indicator of a group of projects is valued at "one" or "zero" depending on whether or not the group contributes to a positive impact. But the level itself of the impact is not taken into account, which is rather problematic. Thus, a poorly efficient group may get the same score than a highly efficient one, without any possibility to distinguish from each other.
- Based on the tables distributed and commented during the above mentioned meeting, it is far from clear whether the investment costs of the group of projects have been taken into account or not in the CBA.
- While it was expected one single overall ranking, the groups of projects have been arbitrarily distributed into three categories and different selection thresholds have been applied for each category.
- The last but not the least, the group GR_21C_West has been proposed as a PCI but not the group GR_21E_West, although both projects groups have obtained exactly the same score up to the fourth and last decimal place (i.e. 1.7603).

Thus, the selection process appears to be highly questionable, not transparent, and above all discriminatory.

Elengy feels deeply concerned as the group GR_21E_West includes its Fos Cavaou extension project which is a genuine alternative to the Midcat project. As a matter of fact, the competition between both projects has been clearly underlined by the NRAs in their presentation at the above mentioned meeting. Moreover it should be stressed that, when looking to the basics, the Fos Cavaou extension project scores higher than the Midcat project (see GR_21B_West vs. GR_21A_West).

Therefore we strongly protest. As we have already said at the above mentioned meeting, we consider that **both groups GR_21C_West and GR_21E_West should be selected, or none of them.** There should not be any discrimination between two groups that have exactly the same ranking and that include projects that are in competition with each other.

We hope that you will consider our position in the context of a fair competition between infrastructures.

Best regards



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