

From: INEA CEF GAS
To: [REDACTED]
Cc: [REDACTED]
Subject: Action 7.3.2-0026-CY-W-M-17 "Removing internal bottlenecks to end isolation & allow transmission of NG from Eastern Mediterranean (CyprusGas2EU)"
Attachments: Draft GA_Action 7.3.2 - CyprusGas2EU.docx

Dear [REDACTED],

Following the call for proposals of 26th April 2017 concerning projects of common interest under the Connecting Europe Facility in the field of energy, on 25th January 2018 the CEF Coordination Committee has given a positive opinion on a list of Actions proposed for funding.

We are happy to inform you that this list also includes Action 7.3.2-0026-CY-W-M-17 "Removing internal bottlenecks to end isolation & allow transmission of NG from Eastern Mediterranean (CyprusGas2EU)"

For your information, you will find at the bottom of this email the overall comments regarding the proposal as provided by the Evaluation Committee. Information regarding the marks awarded to the proposal may be communicated upon request.

Without prejudice to the final decision to be taken by the European Commission in the coming weeks, and in order to facilitate the next steps, please find attached a first draft version of Annex 1 of the Grant Agreement for your review. We would be grateful to receive your comments and/or modifications on this draft by 9th February 2018 in order to accelerate the preparation and signature of the Grant Agreement.

I take this opportunity to request that you provide us with the following information:

- The name and title of the person who will sign the Grant Agreement;
- The contact details and the name and title for the official contact persons.
- The following information in relation to comments made during the evaluation of the proposal:
 - Clearer justification and substantiation on the impacts on the identified countries, especially on Greece
 - Better description of the overall project management structure and strategy, as well as identified roles and responsibilities

Furthermore, we would like to invite you for a meeting on 19 February 2018 at 09:30-12:30 at INEA premises in Brussels. The purpose of this meeting will be to clarify any open questions on the revised Annex I and draft Grant Agreement, for you to provide us with an updated presentation of the envisaged Action and to discuss a number of specific elements concerning its implementation (objectives, description of activities and milestones, etc.). Depending on your preferred arrangements, a video conference could alternatively be organised to serve the same purpose (if this is the case please let us know).

For planning purposes, we would be grateful to receive confirmation of your availability for the meeting by 9th February 2018.

I would like to highlight that this e-mail does not constitute a formal commitment by INEA or the European Commission to provide financial support to the envisaged Action. This will depend on the successful conclusion of the grant preparation process. I would like to draw your attention to the fact that you will not acquire any rights until all parties have signed the grant agreement.

For further correspondence, please always indicate the Action code, i.e. [7.3.2-0026-CY-W-M-17] in subject and only use the functional mailbox INEA-CEF-GAS@ec.europa.eu (please don't reply to this EC ARES NOREPLY email address).

Please do not hesitate to contact me should you have any questions or clarifications on this matter.

I look forward to your reply at your earliest convenience.

Best regards,

"OVERALL COMMENTS PROVIDED BY THE EVALUATION COMMITTEE: *The proposed Action aims at introducing Natural Gas to Cyprus in order to end the current energy isolation, drive the establishment of the internal market for gas and improve the environmental and carbon footprint of the electricity production in the country. The action includes the construction of an offshore LNG Facility (FSRU) and related construction components. The action's maturity is excellent and the implementation can start promptly. The action will create some degree of positive externalities in relation to solidarity and security of supply but does not demonstrate specific effects in regards of technological innovation. It is also expected to have particularly high benefits at national level in terms of sustainability of electricity generation. The proposal documents the need to overcome financial obstacles but it does not justify, nor clearly substantiate, the need for requested the exceptional, 75% co-funding rate. The implementation plan is sound and well-structured although the proposal would have benefited from a more comprehensive assessment of the human resources and project management structures to be in charge of carrying out the project. In this respect and in order to streamline the implementation of the action it seems justified that there is one single entity ultimately responsible for the action, i.e. the promoter of the CyprusGas2EU PCI. Accordingly, the Activity 8 (Project Management & Dissemination) should not be covered by the CEF grant. Instead, specific project management, construction supervision and technical coordination expenditures of MECIT should be considered eligible expenditures as part of other activities which are recommended for CEF funding. The construction of Emergency Shelter for the FSRU, i.e. Activity 7, should not be covered by the CEF grant as this involves works which go beyond the scope of the implementation of the FSRU terminal. The overall co-funding rate should not exceed 40%. The proposal is recommended for funding except, for Activity 7 and 8"*

Project Officer – C4 CEF Energy

European Commission

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