



Sent by E-mail only

Brussels, 17/10/2019

INEA/R1/MVa/AD/fg

ARES (2019) sv 7109630

[REDACTED]
Melita TransGas Company Ltd.

[REDACTED]
[REDACTED]
MALTA
[REDACTED]

Subject: Results of the evaluation of proposal 5.19-0006-MTIT-W-M-19 submitted in response to the 2019 CEF Energy call for proposals (CEF-Energy-2019)

Dear [REDACTED]

The evaluation of the proposals submitted in response to the call for proposals referred to above has been completed. The services of the European Commission have drawn up a draft list of proposals recommended for funding.

The "CEF Coordination Committee – Energy" gave its positive opinion on this list.

I regret to inform you that your proposal was not recommended for funding for the following reasons:

The application is of good overall quality. The action is mature and the next logical step in the implementation of the PCI but there are a number of serious shortcomings.

The cross-border dimension is well-demonstrated with the action involving two Member States and as substantiated in the CBCA.

Positive externalities from the proposed action are not sufficiently demonstrated. [REDACTED]

While the need to overcome financial obstacles is demonstrated in a satisfactory way, there are a number of shortcomings. The proposal could have demonstrated in more detail how other sources of financing could be used to finance the action.

The soundness of the implementation is addressed very well. It provides a detailed schedule of the activities which is consistent and coherent with the proposed action.

The applicant provides evidence that the action is unlikely to be implemented without CEF support and EU funding will keep the tariff at an affordable level for Maltese consumers. However, the positive externalities identified in the application are not significant enough – in the meaning of Article 10(3) of the CEF Regulation – to justify a co-financing rate above 50%.

There is insufficient evidence on the urgency and priority of the action. While Malta has no gas pipeline, it is difficult to argue that Malta would be isolated from the EU energy market, given the existing power cable to Italy and notably the existing LNG terminal. While Malta's draft National Energy and Climate identified the PCI as key measure to improve security of supply (Commission Staff Working Document SWD(2019) 268 final), the application does not demonstrate how the replacement of LNG by pipeline gas would substantially improve security of supply for Malta, as it would not increase supply source access, or remove a bottleneck.

Malta has no internal gas market and no intention to create an internal gas market with a gas transmission or distribution system. It can therefore not be expected that physical integration of Malta to the European gas network and the switch from LNG to pipeline gas would contribute to gas market integration in the EU.

The proposal is not recommended for funding.

Please note that the final decision on the selection of the proposals, which will be awarded a grant under this call for proposals, will be adopted by the Commission in the coming days. We will inform you when the Commission adopts its selection decision.

If you would like to request further clarifications related to the procedural aspects of the evaluation conducted by INEA, you can do so in writing to the following e-mail address:

INEA-CEF-energy-calls@ec.europa.eu

In case you would consider to lodge a complaint to the European Ombudsman or lodge an appeal to the General Court it can be done against the final decision once adopted by the Commission.

I thank you for your interest in the opportunities offered by the Connecting Europe Facility.

Yours sincerely,

