

	Query	ENTSOG Response
1	<p>The TEN-E regulation grants ENTSOG considerable and, we believe, excessive influence over the process by which the European Commission choses Projects of Common Interest (PCI). This represents a conflict of interest because ENTSOG members also benefit from the construction of PCI gas projects and receive most of the subsidies provided by the EU to projects</p>	<p>The PCI process is the responsibility of the European Commission (EC). ENTSOG is responsible for creating an open process for any project promoter to submit their project to the Ten Year Network Development Plan (TYNDP) - ENTSOG simply facilitates collection of information and is involved only as experts in this process - together with other experts. As a regulatory requirement in the TEN-E Regulation, projects applying for the PCI label are required to be part of TYNDP. These projects are analysed based on the methodology approved by the EC. It is the role of the EC, the National Regulatory Authorities (NRAs) and Member States to decide which projects are included on the PCI list.</p> <p>The clear individual parts of the overall process prevent any conflict of interest:</p> <ul style="list-style-type: none"> <li>• EC approves the methodology and the guidelines to be applied to the TYNDP</li> <li>• ACER provides opinion, safeguarding the compliance with regulation</li> <li>• ENTSOG develops the TYNDP, considering stakeholder opinions</li> <li>• Regional Groups define the PCI list</li> </ul> <p>Additional responses provided below also support the response provided to this question.</p>
2	<p>ENTSOG's influence also risks the EU's ability to meet its climate change targets, as the EU is influenced by ENTSOG's consistently high gas demand estimates and ENTSOG helps chose PCIs that will lock Europe into gas consumption for decades.</p>	<p>ENTSOG does not estimate the future gas demand for assessing the PCI projects.</p> <p>Gas and electricity TSOs are in a unique position to provide quantitative European focused scenarios to assess the impact of the energy transition on the European electricity and gas infrastructure needs and challenges for the long-term horizons. The scenarios represent the first step in any network development exercise, and they provide a view on many</p>

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		<p>elements, e.g., energy demand, prices, technology developments, etc. The scenarios are built jointly with ENTSO-E, taking a holistic approach to the energy system, to ensure consistency and capturing all the interactions between all energy sectors, e.g., what gas-fired power generation is needed to back up the renewable electricity generation; how could electricity be used to produce green hydrogen. The development on the electricity side is considered accordingly in the gas sector, and vice versa.</p> <p>The ENTSOG and ENTSO-E scenario building process for TYNDP 2020 (including gas demand) apply National Energy and Climate Development Plans (NECPs) as a baseline for the National Trends scenario and also apply a carbon budget approach to two other contrasting, COP21 compliant scenarios (Distributed Energy and Global Ambition), as agreed with many stakeholders.</p> <p>The graph included with this document shows that actual recorded recent gas demand is higher than that shown in the recent TYNDP scenarios.</p>
3	<p>ENTSOG's influence includes European gas demand forecasts, which ENTSOG produces biannually in its Ten Year Network Development Plans. The Commission does not directly rely upon ENTSOG's estimates, but is influenced by them indirectly because the Commission relies upon ENTSOG's</p>	<p>The overall PCI process aims to identify if further energy infrastructure development is needed to achieve the EU energy policy targets. This process builds on the TYNDP, but is managed by the EC, Regional Groups and with ACER's oversight, with the aim to assess the existing infrastructure, e.g., is infrastructure still missing and if so, where; and to assess how projects can mitigate the identified infrastructure needs. Missing infrastructure prevents supporting the pillars of the internal energy market – sustainability, security of supply, competition and market integration.</p>

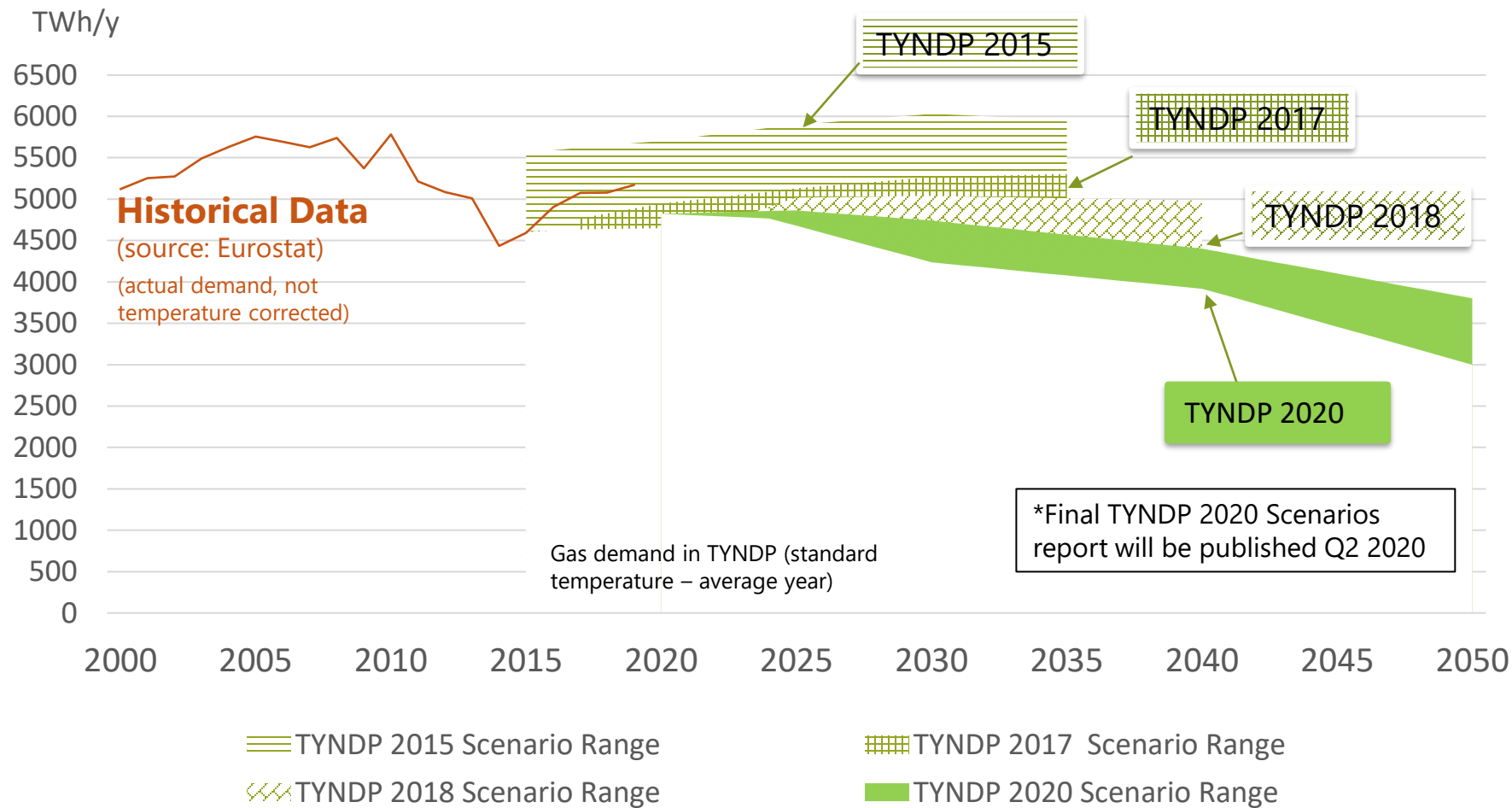
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	<p>infrastructure lists that are themselves based on ENTSOG's demand estimates. Additionally, the Agency for the Cooperation of Energy Regulators does rely upon ENTSOG's demand estimates.</p>	<p>ENTSOG does not estimate the future gas demand for assessing the PCI projects.</p> <p>Stakeholder consultation is an important part of the process - ENTSOG and gas TSOs build the scenarios for TYNDP together with ENTSO-E and electricity TSOs, organising intensive stakeholders and NGOs engagement.</p>
4	<p>ENTSOG's 2013 European gas demand estimates for the years 2013 to 2019 were seriously overestimated: we calculate that they were between five and 21 percent higher than actual demand, according to data produced by the Commission and BP. ENTSOG's 2015 estimates for 2015 to 2019 were between six and 17 percent higher than actual demand. ENTSOG's 2020 estimate for 2030 is a third higher than the demand the EU says is necessary to meet its climate change goals. If the Commission continues to be influenced by ENTSOG's overestimates it will support unneeded gas infrastructure that will prevent Europe from meeting its climate change goals</p>	<p>The first editions of ENTSOG TYNDPs are based on both former methodology and process. It should be noted that there is a decreasing trend and narrower range with each scenario development exercise, as can be seen from the attached graph. ENTSOG and ENTSO-E's workshops and stakeholder public consultation have endeavoured to improve both the scenarios themselves and the supporting publications.</p> <p>Continuous improvements and refinements have been ongoing, especially since the commencement of the joint work of ENTSOG and ENTSO-E on building their scenarios, which started with TYNDP 2018. As stated above, ENTSOG and its TYNDPs consider the EU energy and climate policies as well as national policies, which can be seen in the Green Deal / COP21 compliant scenarios and National Policies (NECP) in the TYNDP 2020 Scenarios.</p> <p>Regarding EU climate goals, it should be noted that in ENTSOG's TYNDP 2020 Energy Transition Related projects are included for the first time. These are projects which facilitate the integration of renewables, the achievement of decarbonisation and efficiency targets, reduction of other air pollutants, sector coupling initiatives and, more</p>

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		generally, all projects specifically aimed at the energy system transformation for reaching sustainability goals. Approximately one fifth of the projects submitted to the TYNDP 2020 process so far are energy transition projects.
5	ENTSOG also exerts power over the selection and vetting of PCIs. The Commission may only chose PCIs that are included in ENTSOG's TYNDP, ENTSOG is a key participant in regional stakeholder meetings that propose PCIs, and the methodology by which PCI's costs and benefits are analysed is developed by ENTSOG.	<p>ENTSOG participates in the regional groups as an observer and to present the results of its assessments, but it does not have a role in selecting the PCIs as outlined above.</p> <p>ENTSOG collects all TEN-E compliant projects in its TYNDP in a transparent and non-discriminatory way. It is the sole decision of the project promoters to apply for the PCI status. Additionally, there is a national layer to the selection process of projects in the National Development Plans (NDPs), involving the respective NRAs.</p> <p>ENTSOG assesses all PCI applicants without discrimination. The cost-benefit analysis methodology used by ENTSOG has been built with stakeholders, submitted to ACER for its opinion and subsequently adapted and approved by the EC.</p>
6	Europe does not need new gas PCI projects. If new projects are built they will be a waste of money, including any EU subsidies provided. According to a January 2020 analysis by Artelys, Europe already has sufficient capacity to transport gas until at least 2030, including in scenarios where Russian or North African	The overall PCI process aims to identify if further energy infrastructure development is needed to achieve the EU energy policy targets. This process builds on the TYNDP, but is managed by the EC, Regional Groups and with ACER's oversight, with the aim to assess the existing infrastructure, e.g., is infrastructure still missing and if so, where; and to assess how projects can mitigate the identified infrastructure needs. Missing infrastructure prevents supporting the pillars of the internal energy market – sustainability, security of supply, competition and market integration.

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	<p>supplies are curtailed. New gas PCI projects will also lock Europe into decades of gas consumption that will risk its ability to meet climate change targets.</p>	<p>The PCI process and the selection of PCIs is the responsibility of EC, regional group of member states, NRAs and ACER. ENTSOG is involved in the PCI process at TYNDP development stage and as experts in this process - together with other experts.</p> <p>The conclusions of the Artelys study to which you refer, commissioned by the European Climate Foundation, should be considered in the context of this study alone. ENTSOG have also commissioned Artelys in some areas of its work, specifically on the ENTSOG and ENTSO-E interlinked model focus study.</p> <p>ENTSOG is fulfilling its tasks laid down in the European legislation (mainly through Regulation 715/2009). The current revision of TEN-E regulation will decide on the type of infrastructure for biomethane, hydrogen, smart grids and power-to-gas facilities, all which can be supported in the future PCI processes.</p>
7	<p>ENTSOG's power over the PCI process has resulted in a windfall for its member companies. ENTSOG members have received 87 percent of the €4.662 billion in European subsidies provided for PCI gas infrastructure. PCI projects backed by ENTSOG members have received over €1.137 billion from the Connecting Europe Facility, representing 75 percent of all CEF funds distributed to gas PCIs.</p>	<p>The current governance of the PCI selection actually ensures that any conflict of interest is prevented between members of ENTSOG and third-party promoters – ENTSOG does not influence which projects are submitted to the TYNDP process.</p> <p>ENTSOG does not back any PCI projects. Indeed, some project promoters who submit their projects to the TYNDP process are members of ENTSOG, given that gas pipelines are the biggest part of the EU gas infrastructure, operated by ENTSOG members, in a regulated activity overseen by National Regulation Agencies.</p>

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	<p>ENTSOG backed PCI projects have received €607 million of the European Regional Development Fund, 100 percent of the total, and €2.305 billion in loans from the European Investment Bank – 91 percent of finance provided to gas PCI projects.</p>	<p>It should be equally noted that the current infrastructure is already carrying some renewable and decarbonised gases (e.g., hydrogen and biomethane) and offers significant potentials in term of volumes that can be further transported and stored. Additionally, in ENTSOG’s TYNDP 2020, Energy Transition Related projects are included for the first time. These are projects which facilitate the integration of renewables, the achievement of decarbonisation and efficiency targets, reduction of other air pollutants, sector coupling initiatives and, more generally, all projects specifically aimed at the energy system transformation for reaching sustainability goals. Approximately one fifth of the projects submitted to the TYNDP 2020 process so far are energy transition projects.</p>

# TYNDP scenarios for total gas demand since 2015



**Observed gas demand is higher than demand considered for ENTSOG TYNDP 2017 & 2018**