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**ANNEX III**

**ANNEX**  
**to the**  
**COMMISSION IMPLEMENTING DECISION**  
**of 31 March 2014**

**establishing the multiannual work programme for granting financial aid in the field of trans-European energy infrastructure under the Connecting Europe Facility for the period 2014-2020**

[...]

**1. BASIC ACTS**

Regulation (EU) No 1316/2013<sup>1</sup> of the European Parliament and of the Council of 11 December 2013 establishing the Connecting Europe Facility, amending Regulation (EU) No 913/2010 and repealing Regulations (EC) No 680/2007 and (EC) No 67/2010 (hereinafter the 'CEF Regulation'),

Regulation (EU) 347/2013<sup>2</sup> of the European Parliament and of the Council of 17 April 2013 on guidelines for trans-European energy infrastructure and repealing Decision No 1364/2006/EC and amending Regulations (EC) No 713/2009, (EC) No 714/2009 and (EC) No 715/2009 (hereinafter the 'TEN-E Regulation')

Commission Delegated Regulation (EU) No 1391/2013<sup>3</sup> of 14.10.2013 amending Regulation (EU) No 347/2013 of the European Parliament and of the Council on guidelines for trans-European energy infrastructure as regards the Union list of projects of common interest,

Regulation (EU, EURATOM) No 966/2012<sup>4</sup> of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 (hereinafter the 'Financial Regulation') and in particular Article 53, thereof,

Commission Delegated Regulation (EU) No 1268/2012<sup>5</sup> of 29 October 2012 on the rules of application of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council on the

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<sup>1</sup> OJ L 348 of 20.12.2013, p.129.  
<sup>2</sup> OJ L 115 of 25.4.2013, p.39  
<sup>3</sup> OJ L 349 of 21.12.2013, p.28  
<sup>4</sup> OJ L 298 of 26.10.2012, p.1  
<sup>5</sup> OJ L 362 of 31.12.2012, p.1

financial rules applicable to the general budget of the Union (hereinafter the 'Rules of Application') and in particular Article 94 thereof,

## 2. BUDGET

The total amount to be allocated on the basis of this multiannual work programme to projects of common interest in the field of trans-European energy infrastructure is as follows (in EUR million)<sup>6</sup>:

	2014	2015	2016	2017	2018	2019	2020
32 02 01 01	122,042833	22	22	22	22	22	18,623833
32 02 01 02	122,042833	22	22	22	22	22	18,623833
32 02 01 03	122,042834	22	22	22	22	22	18,623833
32 02 01 04	40,771 <sup>7</sup>	0	0	0	0	0	0
Total	406,8995	66	66	66	66	66	55,8715

Budget lines:

32 02 01 01 Promoting the integration of the internal energy market and the interoperability of networks through infrastructure

32 02 01 02 Enhancing Union security of supply, system resilience and security of system operations through infrastructure

32 02 01 03 Contributing to sustainable development and protection of the environment through infrastructure

32 02 01 04 Creating an environment more conducive to private investment for energy projects

## 3. OBJECTIVES

This multiannual work programme aims to enable projects of common interest to be prepared and implemented within the framework of the trans-European networks policy in the energy sector. In particular, this multiannual work programme shall contribute to supporting energy infrastructure projects of common interest that have significant societal benefits and that ensure greater solidarity among Member States, but which do not receive adequate financing from the market. Special focus shall be placed on the efficient use of public investment.

<sup>6</sup> These amounts may be increased to include appropriations corresponding to assigned revenue, if they are available at the time the financing decision is adopted.

<sup>7</sup> The amounts for the following years will be determined on the basis of project pipeline presented annually by the EIB (and other entrusted entities) and covered by a separate programming exercise in the form of an Annual Work Programme.

The amendment to the Work Programme provides for a contribution to the Debt instrument of the Connecting Europe Facility, as part of the implementation of financial instruments under the Connecting Europe Facility, with the view to promote substantial participation in infrastructure investment by private-sector investors and financial institutions. The EIB shall be a risk-sharing partner and will manage the European Commission's contribution to the CEF debt instrument on behalf of the Union. The more detailed terms and conditions for implementing the Debt instrument, including its monitoring and control, will be laid down in a co-operation agreement between the Commission and the EIB, taking into account the provisions laid down in the Annex to the CEF Regulation.

#### **4. PRIORITIES**

Pursuant to Article 17 of the CEF Regulation and considering that this multi-annual work programme covers part of the activities for the first two years of implementation of the CEF, priority consideration shall be given in this work programme to projects of common interest and related actions aiming at ending energy isolation and eliminating energy bottlenecks, and at the completion of the internal energy market.

Furthermore, in accordance with 57 of the CEF Regulation, this multiannual work programme aims at directing the major part of the financial assistance to electricity projects, subject to market uptake, the quality and maturity of actions proposed and their financing requirements, while fully recognising the importance of the gas projects on the PCI list.

In line with the political objectives of ending the energy isolation by 2015 and implementing the internal energy market by 2014, this multiannual work programme focuses in particular on supporting projects of common interest helping to achieve these goals.

#### **5. FORMS OF FINANCIAL ASSISTANCE, INDICATIVE AMOUNTS AVAILABLE AND TIMETABLE**

This multiannual work programme shall provide financial assistance for the implementation of projects of common interest in the form of:

- grants for studies and grants for works
- financial instruments, as well as
- procurement for programme support actions.

The Commission plans the following activities under programme support actions as defined in Article 2(7) of the CEF Regulation,: studies to develop a support tool for project-specific cost-benefit analyses, modelling in the field of electricity and gas, studies relating to the energy infrastructure priority corridors and areas, technical assistance and studies to develop cost-effective financing structures for projects of common interest and communication activities related to the trans-European energy infrastructure policy. Calls for tenders and specific contracts under a framework contract may be used for programme support actions. It is not foreseen that the Connecting Europe Facility contributes financially to corporate communication in 2014 in accordance with Art. 28(2) of the CEF Regulation. However, this is without prejudice to the fact that it shall do so in subsequent

work programmes, as agreed by the Commission in the Communication SEC(2013) 486 final of 23.9.2013. This would be subject to an amendment of the work programme.

This multiannual work programme shall also cover the costs of external experts evaluating the received proposals submitted pursuant to a call for proposals under this multiannual work programme (Article 204 of the Financial Regulation) for a maximum amount indicated in the below table.

<b>Forms of assistance</b>	<b>Indicative timetable</b>	<b>Indicative amounts (up to EUR)</b>
Grants	Call for proposals – May 2014	750 000 000
Financial instruments	Launch of CEF Debt instrument – December 2014	40 771 000
Procurement for programme support actions	Calls for tenders – Q3 2014	1 250 000
	Specific contracts under framework contracts – Q4 2014	500 000
	3-4 contracts overall	
Experts evaluating proposals		250 000
<b>TOTAL</b>		<b>792 771 000</b>

## **6. RESULTS EXPECTED FROM THE FINANCIAL ASSISTANCE**

It is expected that the financial assistance (grants, financial instruments and programme support actions) contributes to further the development and the implementation of projects of common interest in electricity and gas, helping to achieve the broader energy policy objectives of:

- increasing competitiveness by promoting the further integration of the internal energy market and the interoperability of electricity and gas networks across borders
- enhancing Union security of energy supply and
- contributing to sustainable development and protection of the environment, inter alia by the integration of energy from renewable sources and by the development of smart energy networks.

Furthermore, the contribution to the Debt instrument is in particular expected to improve the access of projects of common interest to long-term financing.

## **7. GRANTS**

### **7.1. Eligible applicants**

Pursuant to Article 9 of the CEF Regulation:

- Proposals shall be submitted by one or more Member States or, with the agreement of the Member States concerned, by international organisations, joint undertakings, or public or private undertakings or bodies established in Member States.
- The proposals may be submitted by entities which do not have legal personality under the applicable national law, provided that their representatives have the capacity to undertake legal obligations on their behalf and offer guarantee for the protection of the Union's financial interests equivalent to that offered by legal persons.
- The proposals submitted by natural persons shall not be eligible.
- Where necessary to achieve the objectives of a given project of common interest and where duly motivated, third countries and entities established in third countries may participate in actions contributing to the projects of common interest. They may not receive funding under this Regulation<sup>8</sup>, except where it is indispensable to achieve the objectives of a given project of common interest.

### **7.2. Eligible projects**

#### *7.2.1. Projects of common interest*

In line with Article 7 of the CEF Regulation, only actions contributing to projects of common interest as identified in the Commission Delegated Regulation No 1391/2013 of 14/10/2013 shall be eligible for support through Union financial aid in the form of grants.

Pursuant to Article 14(1) of the TEN-E Regulation, projects of common interest falling under the categories set out in Annex II.1, 2 and 4 of the TEN-E Regulation are eligible for Union financial assistance in the form of grants for studies (and financial instruments).

Pursuant to Articles 14(2), 14(3) of the TEN-E Regulation, projects of common interest falling under the categories set out in Annex II.1(a) to (d), 2 and 4 of the TEN-E Regulation, except for hydro-pumped electricity storage projects, are also eligible for Union financial assistance in the form of grants for works if they fulfil all of the following eligible criteria:

- the project specific cost-benefit analysis pursuant to Article 12(3)(a) provides evidence concerning the existence of significant positive externalities, such as security of supply, solidarity or innovation;
- the project has received a cross-border cost allocation decision pursuant to Article 12; or, for projects of common interest falling under the category set out in Annex II.1(c) and that therefore do not receive a cross-border cost allocation decision, the project shall aim to provide services across borders, bring technological innovation and ensure the safety of cross-border grid operation;

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<sup>8</sup> The eligibility criteria formulated in Commission notice Nr. 2013/C 205/05 (OJEU C 205 of 19.07.2013, pp.9-11) shall apply for all actions under this work programme, including with respect to third parties receiving financial support in the cases where the respective action involves financial support to third parties by grant beneficiaries in accordance with article 137 of the Financial Regulation.

- the project is commercially not viable according to the business plan and other assessments carried out, notably by possible investors or creditors or the national regulatory authority. The decision on incentives and its justification referred to in Article 13(2) shall be taken into account when assessing the project's commercial viability.

Pursuant to Article 14(4) of the TEN-E Regulation, projects of common interest falling under the categories set out in Annex II.1(e) of the TEN-E Regulation, smart grids, are also eligible for Union financial assistance in the form of grants for works, if the concerned project promoters can clearly demonstrate the significant positive externalities generated by the projects and their lack of commercial viability, according to the business plan and other assessments carried out, notably by possible investors or creditors or, where applicable, a national regulatory authority.

The projects of common interest requesting grants for works which fail to comply with the eligibility criteria will not be further evaluated.

#### *7.2.2. Other sources of financing*

Pursuant to Article 129 of the Financial Regulation, no Union financial aid shall be awarded to actions receiving funds from other sources of EU financing. In no circumstances shall the same costs be financed twice by the Union budget.

In accordance with Article 125 of the Financial Regulation, grants shall not have the purpose or effect of producing a profit within the framework of the action. Where a profit is made, the Commission shall be entitled to recover the percentage of the profit corresponding to the Union contribution to the eligible costs actually incurred by the beneficiary to carry out the action.

### **7.3. Eligible costs**

Costs shall be eligible from the date on which an application for aid is lodged.

Pursuant to Article 130 of the Financial Regulation, no grants may be awarded retrospectively for actions already completed.

In the call for proposals the Commission will draw the applicants' attention to Articles 106 to 108 and Article 131 of the Financial Regulation, as well as to Article 141 of the Rules of Application.

### **7.4. Selection criteria for grants**

#### *7.4.1. Financial capacity*

The applicants must have stable and sufficient sources of funding to maintain their activity throughout the period during which the action is being carried out and to participate in its funding. The applicants shall provide their annual accounts for the last two financial years for which the accounts were closed or a letter of support in case the applicant has not been operating for two years. These documents must be attached to the application for aid.

The need to demonstrate the financial capacity does not apply to Member States, public bodies and transmission system operators certified following the procedures laid down in Articles 10 or 11 of Directive 2009/72/EC<sup>9</sup> or Articles 10 or 11 of Directive 2009/73/EC<sup>10</sup>.

#### *7.4.2. Operational capacity*

The applicants must have the operational and technical competencies and capacities required to complete the proposed action for which the grant is awarded and must provide appropriate documents attesting to that capacity (e.g. organisations' activity report, proof of the experience in carrying out infrastructure actions).

The need to demonstrate the operational capacity does not apply to Member States, public bodies and transmission system operators certified following the procedures laid down in Articles 10 or 11 of Directive 2009/72/EC<sup>11</sup> or Articles 10 or 11 of Directive 2009/73/EC<sup>12</sup>.

Project proposals which fail to comply with the selection criteria will not be further evaluated.

### **7.5. Award criteria for grants**

Only those proposals received in response to the call that comply with all the eligibility and selection criteria will be evaluated. Such proposals will be evaluated against the following award criteria taking into account the list of general orientation as stipulated in Article 17(6) and in Part V of the Annex of the CEF Regulation:

- (1) Maturity of the action with regards to the developmental stage of the project, based on the implementation plan (Article 5(1) of the TEN-E Regulation)
- (2) Cross-border dimension of the action, area of impact and number of Member States involved in the action
- (3) The extent of the positive externality (such as security of supply and solidarity among Member States) provided by the action involving works
- (4) Complementarity between actions of common interest
- (5) Priority and urgency of the action, will the project remove bottlenecks, end energy isolation and contribute to the implementation of the internal energy market.
- (6) The need to overcome financial obstacles, the impact on solidarity.
- (7) Stimulating effect of the CEF financial assistance on the completion of the action
- (8) Quality of the application, the clarity and the completeness of the proposal.

### **7.6. Co-financing rate for grants**

The maximum co-financing rates laid down in Article 10(3) and 10(5) of the CEF Regulation are applicable.

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<sup>9</sup> OJ L 211 of 14.8.2009, p.55

<sup>10</sup> OJ L 201 of 1.8.2009, p.46

<sup>11</sup> OJ L 211 of 14.8.2009, p.55

<sup>12</sup> OJ L 211 of 14.8.2009, p.55

## **8. FINANCIAL INSTRUMENTS**

### **8.1 ELIGIBILITY OF PROJECTS**

Pursuant to Article 14(1) of the TEN-E Regulation only projects of common interest falling under the categories set out in Annex II.1, 2 and 4 of the TEN-E Regulation may receive Union financial assistance in the form of financial instruments.

### **8.2. SELECTION OF THE EIB AS AN ENTRUSTED ENTITY**

The CEF Regulation (Annex 1, Part 3) provides for the possibility to select in accordance with the Financial Regulation an entrusted entity for the design and implementation the CEF debt instrument.

The ex-ante assessment on the potential use of the financial instruments within the Connecting Europe Facility concluded that, given the current market failures in the financing of infrastructure projects in the CEF sectors, a Debt Instrument should be set up and launched initially in cooperation with the EIB.

The selection of the EIB as an entrusted entity has been made taking account of the CEF Regulation and of the requirements of Art. 84(3) of the Financial Regulation (EU, Euratom No 966/2012) and of Article 94 of its Rules of Application.

The EIB has been playing a very important role in financing infrastructure projects in the 3 CEF sectors. Only the EIB, as the EU bank, covers all Member States. Moreover, the CEF debt instrument will build on the existing Project Bond Initiative and the Loan Guarantee for TEN-Transport, which were set up and run in coordination with the EIB. The EIB is therefore at this stage is best placed to leverage public and private investment in TEN networks under the CEF debt instrument.

As a risk-sharing partner of the Commission, the EIB is entrusted with the following tasks:

- Management of the EU contribution to the CEF debt instrument
- Design the products
- Finding intermediaries
- Implementation of Support Actions
- Establishment of a project pipeline
- Operational and financial reporting
- Management of the merger of the existing (LGTT and PBI) and new financial instruments under the CEF

### **8.3. INDICATIVE IMPLEMENTATION TIMETABLE**

- 1 January 2015: Delegation Agreement is expected to enter into force.
- 1 January 2015 - 31 December 2022: Duration of the Delegation Agreement.
- Throughout 2015: Projects to be identified and concluded.



## **9. COMPLIANCE WITH UNION LAW**

In accordance with Article 23 of the CEF Regulation, only actions in conformity with Union law and which are in line with the relevant Union policies shall be financed, in particular those relating to competition, the protection of the environment and public procurement.