

Dear Mr Kopač,

We are writing to you with regard to the public consultation on the proposed Projects of Energy Community Interest (PECI), in the electricity, gas and oil sectors. Although many if not all of the undersigned groups will be submitting comments to the consultation itself, we would like to jointly address several important matters about the process, scope and selection criteria.

- If EU PCI criteria are used to select PECIs then the kind of projects which are eligible as PECIs need to be similar to the proposed PCI projects, ie. transmission and storage projects, not generation

In 2012 the European Union launched a call for Projects of Community Interest or PCI for European Union member states. These projects were exclusively for the transportation and storage of electricity gas, oil, etc. The projects approved were expected to be “fast tracked” through the planning and approval process. Now the Energy Community Treaty has launched a call for proposals under the acronym PECI or Projects of Energy Community Interest. The selected projects are expected to be “fast tracked” in terms of approvals and will be earmarked for support with EU funds.

However claims that the PECI process is similar to the EU PCI process¹ and that the PCI criteria are therefore relevant for the selection of PECI projects are not credible, as electricity generation projects have also been nominated.

This is important because electricity generation is a large source of greenhouse gas emissions in almost all the Energy Community Parties. Massive changes need to take place in the region's energy sector in the next few decades. In the coming months an important new development will be taking place: the EU is expected to approve binding targets for greenhouse gas emissions reductions by 2030.

If the Energy Community countries are to join the EU they need to start now with planning energy sectors aiming towards decarbonization and massive greenhouse gas emissions reductions, due to the long life of energy infrastructure, which can lock in carbon emissions. In smaller economies like many of the Energy Community Parties, one power plant can make a massive difference to the energy sector of the country and a country's CO2 emissions. Indeed, it can mean the difference between meeting greenhouse gas reduction targets and not meeting them. Slovenia has realized this too late with its construction of the Sostanj unit 6 lignite plant, and other countries in southeast Europe need to learn from this mistake.

The current Regional Energy Strategy conflicts with 2030 targets as in all scenarios, even the so-

¹ For example http://www.energy-community.org/portal/page/portal/ENC_HOME/AREAS_OF_WORK/Regional_Energy_Strategy/PECIs

called 'sustainable' scenario, *increases* rather than decreases in greenhouse gas emissions from the energy sector are expected. Since all the proposed PECIs derive their logic from this flawed strategy, supporting electricity generation projects that have not been screened for their impact on a country's ability to meet 2030 greenhouse gas targets and the EU's 2050 decarbonization policy risks supporting investments which will either hinder the implementation of EU policy or have to be closed before the end of their lifetimes.

Since the PECEI generation projects do not conform to the EU PCI model, and since they are based on a flawed Regional Energy Strategy that has been criticized not only by NGOs but by four groups in the European Parliament, the 'generation' strand of the PECEI should be completely halted until such time as ALL the defects above are revised.

Additionally, for future selection of PECIs, demand-side energy efficiency projects need to be made eligible in order to push forward investments into this crucial area, for which the whole region has vast potential and a huge need, given the increasing levels of energy poverty. While it may not be obvious that such projects are of a regional nature, projects which make use of the cost-cutting potential of carrying out the same activity in several areas could and should be developed.

- Any additional proposed PECIs must be subject to additional public consultation

We note that in the public consultation an opportunity is given to submit additional projects as potential PECIs. The original call for PECEI proposals was made on 7th November 2012 to expire on 10th December and was later extended to 31st December 2012. This public consultation in effect extends the deadline for PECEI project proposals. However as things currently stand, the public would not have an opportunity to comment on the proposals which are submitted late, thus undermining the point of the public consultation. Although we believe that the deadline for submitting PECIs should have been respected and not extended by stealth, now that this is done, if any eligible new PECEI projects are nominated, the Regional Energy Strategy Task Force should hold a new public consultation of the same duration as the first one (8 weeks) and all proposed projects should be open to re-evaluation as there may be synergistic effects between projects.

Fast-tracking of PECIs may be incompatible with ensuring the proper application of the EU environmental acquis and reduce transparency and accountability

The selected PECEI projects are expected to be “fast tracked” in terms of approvals and will be earmarked for support with EU funds. We would like to ask you for details about what exactly this fast-tracking will and will not mean in practice?

The region's track record for the application of environmental, planning, and procurement processes is wholly inadequate (see EU Progress Reports), and we are concerned that fast-tracking may further weaken these processes if not very carefully targeted. It should not be assumed that the involvement of the European public banks would ensure against such flaws, as there are currently several on-going investigations by the EBRD's and EIB's complaint mechanisms regarding such issues in projects in the Energy Community region, as well as an on-going OLAF investigation against the EIB regarding Sostanj 6. Although the Energy Community parties have adopted EU Environmental Impact Assessment legislation, the legislation on nature protection (eg. the Bird and Habitats Directives, Water Framework Directive) is far behind in its implementation and is not required by the Energy Community. Yet energy infrastructure is being planned in areas which would have been better protected had they been in the EU (eg. Ombla hydropower plant, Croatia, Boskov Most hydro plant, Macedonia), thus leading to double standards.

If PECEI projects are to be given a stamp of approval by the ECTS – an EC funded institution – then

they should also be subject to best practices in transparency and accountability.

In summary:

- Only connection & storage projects may be considered at this stage until such time as the Regional Energy Strategy has been reviewed and aligned with EU policies and goals
- The public consultation should be repeated if any new PECEI projects are submitted during the current process.
- During the selection process, as well as compliance with Energy Community-backed environmental and energy legislation, particular attention should be paid to possible conflicts between the proposed PECEI projects and EU legislation that has not yet been transposed in the region such as the Birds and Habitats Directives.
- No fast tracking of any kind which would subvert the existing poorly implemented legal framework on environment, planning and procurement in the region should be considered.
- All tenders should be entirely transparent from beginning to end in a web-based format supported by the ECTS and hosted on its website.
- Random projects should be open for external independent audit
- Any future project calls under PECEI should include energy efficiency and energy loss reduction projects when re-launched, as the most crucial way to reduce energy poverty in the region.

We urge you to take action to ensure that PECEIs become Projects of Every Citizens' Interest. Without such corrective actions the PECEI process risks being undemocratic, and disrespectful of EU legislation, policy and principles.

Our SEE SEP network partners will be submitting comments on individual PECEI projects.

Thank you for your time, and we look forward to your considered response,

Thank you once again for your time,

Respectfully,

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Nativa

