



GUIDELINES

Implementing cross-border energy projects

Handbook for project developers

Legal information

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Foreword

A border should not hinder the potential for producing and consuming energy locally. Harnessing the cooperation potential in border regions is crucial for achieving energy and climate targets efficiently in Europe, while ensuring that these regions are not left behind in benefiting from the opportunities of the energy transition.

Building on the experience gained in supporting cross-border projects, this publication aims at providing insights to enable the implementation of energy projects which advance the energy transition through cross-border cooperation (CBC). It targets projects developers as well as actors that have a role in supporting the development of such projects, primarily public authorities at the local, regional, national or European level, and funding authorities. This handbook raises awareness about existing instruments and solutions to overcome cross-border obstacles. Finally, it provides recommendations and checklists to guide project developers through some important steps when planning a cross-border energy project.

While this handbook was developed within the framework of the German-Polish Energy Platform, its insights are applicable beyond the German-Polish border region. We hope they will be useful to initiate and implement numerous projects and advance the energy transition in Europe.



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1 An untapped potential

Border regions represent an important share of the population and land area in Europe.

- Around one third of the European population (200 million) lives in border regions, which cover 40% of the EU territory and produce around 30% of the EU's GDP.
- There are around 37 cross-border urban areas in Europe (EU and non-EU countries, e.g. Switzerland).
- Around 20 million German citizens live along the over 3800 km-long borders, which Germany shares with its nine neighbour countries.
- Germany and Poland share 467 km of border, which separates three twin cities with a total of almost 200,000 inhabitants and other less densely populated areas.

Yet their importance is often underestimated. On average, border regions perform less well economically than other regions within the same country. However, they could increase their GDP by up to 2% if around 20% of existing cross-border obstacles were to be removed (Box 1). In this regard, it is important to consider how (future) legislation can be drafted to account for CBC (Box 2).

Box 1: Examples of obstacles and inconsistencies hampering cross-border energy cooperation

This is a non-exhaustive list of legal, administrative, organisational, technical, and financial barriers and inconsistencies:

- diverging national rules on permits to design and build infrastructure or on the minimum distance of wind turbines to residential buildings
- different spatial datasets for mapping and collecting data, and the absence of joint mechanisms to regulate the exchange of data
- the absence of ad-hoc cross-border structures, entities or coordination structures between relevant competent administrative bodies on the management of shared natural resources and sites, e.g. rivers, natural parks
- a lack of recognition for the qualifications of installers (or professionals) from other countries involved in cross-border projects
- restrictions in corporate law resulting in a lack of appropriate governance structures and legal entities adapted to CBC

Box 2: Best practices of cross-border conscious legislation

- Since 2024, Germany allows actors from the neighbouring territory to participate in the heat plan developed in a German border territory (Article 7 § 8 of the German Heat Planning Act).

- Since 2018, the EU supports the development of so-called renewable energy communities and encourages member states to allow for cross-border participation. In 2025, the European Commission published a handbook on Cross-Border Energy Communities to support their establishment and growth.
- Since 1992, France allows for the equity participation of foreign local and regional authorities in local mixed public-private enterprises, i.e. a legal form often used by municipal (energy) utilities.

Leveraging cooperation potential in border regions in general, and in relation to the energy transition in particular, is paramount to fighting climate change. It also increases acceptance by involving local stakeholders, demonstrating positive effects of a local energy transition. By avoiding duplication of assets and reaching economies of scale, CBC can yield important efficiency gains and lead to a more sustainable use of resources.

However, the European Commission notes that actors have not yet made the most of this potential by developing robust strategies and cooperation frameworks, or by implementing local cross-border energy projects. This is in spite of the fact that funding programmes and legal instruments supporting this have existed for years.

2 New types of cross-border projects and actors involved

So far, the development of cross-border energy projects has been primarily focused on critical infrastructure projects implemented by large private actors, with the support of governmental institutions, such as building electricity interconnectors.

However, in the context of the more decentralised approach of the energy transition there is a growing interest in new types of cross-border energy projects, focused on the generation and efficient consumption or integration of renewable energy in the system. This includes but is not limited to physical exchange of energy at the distribution level.

Box 3: Examples of cross-border power and heat supply projects

- **Germany - Poland:** The project *Unified Network for Innovative Transition in Energy Decarbonisation of HEATing* (UNITED HEAT) aims at decarbonising and connecting the district heating areas of the twin city of Görlitz-Zgorzelec by 2030 (total installed capacity of 77,2 MWth). To this end, the cooperation partners, the municipal utility of Görlitz (Stadtwerke Görlitz) and the heat company SEC Zgorzelec, supported by their parent companies Veolia and eon, have conducted an integrated planning exercise and will jointly invest in over 10 different RES and storage installations as well as a cross-border pipeline and a cross-border control system architecture. Through this collaboration, the project is expected to avoid the emissions of around 48,000 tonnes of CO₂ per year. In comparison, decarbonising without CBC would have enhanced the energy generation and costs and the use of public funds. This project has received the CB-RES status in 2022.
- **Germany - France:** By 2027, the French city of Strasbourg will be supplied by waste heat produced by a steel mill located in the German neighbouring town of Kehl (*Calorie Kehl-Strasbourg*). The cooperation between the municipalities, the regional authorities, an industrial actor, and a public investment bank enables sustainable heating and warm water for up to 7000 households and avoids emitting around 20,000 tonnes of CO₂ per year.
- **Germany - Czech Republic:** The *Gabreta Smart Grids* project aims to accelerate the digitisation of the distribution grid by fostering the CBC e.g. when it comes to sector coupling or electric mobility. The goal is to support an efficient integration of renewables allowing better service and more comfort for citizens through a resilient and digitised grid, especially on the distribution system level. In addition to a cross-border interconnection between Germany and the Czech Republic, the grid will be upgraded by smart elements accommodating it for the further integration of renewable energy sources and the ongoing decentralisation of the energy system. This will allow for a better connection of grid users, providing them with higher security and quality of supply.
- **Germany - Netherlands:** The project *Smart Energy Region Emmen/Haren (SEREH)* plans the physical exchange of electricity and hydrogen regionally, which could significantly lower system costs, in particular through reduced peak grid usage. The project, which is still in a conceptualisation phase, shows that this type of project is not at all considered by the existing legislation at EU or national level. The easiest

scenario to implement is also the one that restricts the overall potential of the project the most. All in all, the implementation of the joint project requires the implementation of a cooperation mechanism allowing for necessary regulatory exemptions or amendments. It seems that projects focused on the physical exchange of electricity at the distribution level face the strongest implementation challenges so far.

- Germany – France - Luxembourg: The project *Moselle-Saar Hydrogen conversion (mosaHYc)* aims at converting 70 km of existing but out of service gas pipelines into hydrogen pipelines and construct an additional 30 km to provide hydrogen to (industrial) users in this region. The project is expected to distribute 60,000 tonnes of hydrogen per year by 2030 and connect to the European Hydrogen Backbone Network. It would prevent the emission around 0,7 Mt CO₂eq/year in key industrial sectors, mainly the steel industry.
- Germany - Denmark: The *Bornholm Energy Island* project aims at connecting two offshore wind farms of 3 GW to the Danish island of Bornholm in addition to the Danish and German mainland at the transmission grid level. It received the CB-RES status in 2024. Other similar offshore hybrid projects are planned between Estonia and Latvia (ELWIND, SLOWP, and ULP-RES WP projects), and have received the CB-RES status in 2022 and 2023, showing the relevance of jointly developing offshore between projects.

All in all, the development of joint projects can be mutually beneficial for the cooperating partners, the local population, for the energy system and society. The potential benefits include:

- lower system and energy generation costs as well as lower capital expenditure and support costs
- reducing greenhouse gas emissions, as well as air and other local pollution
- increasing security of supply
- innovation, job creation, and other socio-economic benefits
- maintaining or deepening an existing CBC, i.e. institutional ties
- increased acceptance of energy transition measures
- demonstrating positive effects of European cooperation

These new types of projects are sometimes implemented by the same type of actors as before; that is, large energy companies or project developers with the support of governmental institutions. Smaller and local actors, e.g. municipalities, local utilities, citizens through energy communities¹, are also increasingly involved in developing cross-border energy projects.

These actors may have expertise in CBC (in other policy areas such as tourism or education) but not necessarily in energy project development. Consequently, they often lack certain resources and expertise to efficiently implement their project idea on top of facing additional cross-border obstacles compared to regular energy projects. Under current conditions, the implementation of cross-border energy projects can be extremely resource-intensive and risky, and many projects may fail to go past the planning phase into the implementation phase.

In conclusion, it is important to lower the implementation threshold for those projects by removing obstacles and providing project developers with specific support and knowledge. To this end, this handbook

¹ Energy Communities are legal entities enabling collective action, often citizen-based or led, supporting a clean and fair energy transition, e.g. developing RES projects, implementing energy-efficient measures, fighting energy poverty.

provides information on existing support instruments and resources as well as specific recommendations to project developers.

We focus on the planning phase of renewable energy project development (Fig. 1), which is a resource-intensive and risky phase that involves initiating and designing the project.

In comparison to national projects:

- Project developers have to account for additional coordination costs
- The project design is often more complex, requiring project developers to conduct far-reaching preparatory studies and due diligence checks to reduce uncertainties
- Project developers must rely on broad political support on multiple levels and in at least two countries to ensure support from policymakers to overcome potential obstacles and reduce investment uncertainties

Since the envisaged projects do not yet produce revenues and applying for external funding also requires resources, project developers often have to invest a lot of their own resources in this phase. Facing a lot of uncertainties and considering that RES projects are capital intensive, many project developers may wish to cut their losses and abandon the project before committing to fund investments.

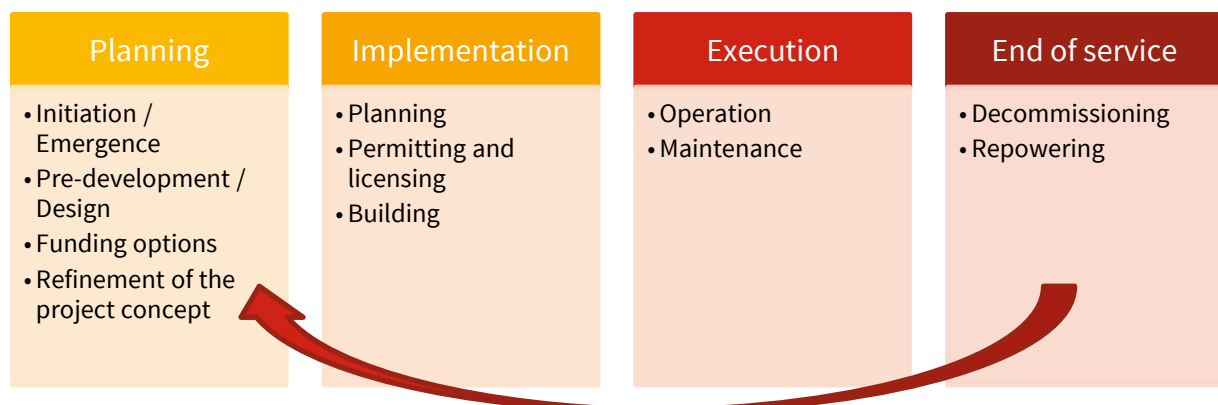


Figure 1: Schematic description of RES project phases

3 Existing support instruments and other resources

All projects mentioned in Box 3 above have used one of the following main funding support instruments.

- Interreg A
- Cross-Border renewable energy projects programme (CB-RES) / Connecting Europe Facility (CEF)
- Projects of Common European Interest (PCI) / Connecting Europe Facility (CEF)

To fully leverage those funding possibilities, it is important for project developers to understand their characteristics and their limits.

Box 4: Interreg A

Many actors experienced in CBC will be familiar with the EU funding programme INTERREG A, introduced in the 1990s and managed by national or regional authorities on behalf of the EU.

- Aim and scope

This funding programme aims at tackling common challenges in border regions to exploit untapped growth potential and enhance cooperation to identify harmonisation areas in the EU.

- Budget and funding priorities

For the period 2021-2027, over 60 local variations of the programme co-exist and share an overall budget close to 8 billion Euros. The green transition and improving cross-border governance are core policy sub-priorities underlying this programme. Further funding priorities are determined by and for each variation.

- Eligibility and funding rules

The programme provides grants and is adapted to fund activities and additional costs incurred due to the cross-border dimension of the project, such as preparatory studies, personal and travel costs as well as certain expertise and services (e.g. translation).

Any type of actor can participate in an Interreg project. However, not every actor may be eligible for funding. The programme targets public authorities, non-profit organisations and SMEs. The funding rate depends on the legal status of the project partners. This de facto excludes certain categories of actors in receiving funding support in early stages of project development, however, these actors are also more likely to have the expertise and financial capacities to bridge this with existing resources.

- Strengths and limits

The programme can be used to cover costs in the first phase of project development and is well known by public authorities of border regions. Therefore, the programme can act as a stepping stone.

However, its funding rules (eligible costs, maximum amount of funding per project) mean that it is generally not adapted to fund the energy installations themselves. Acquiring complementary funding is thus

necessary to implement the project. In this regard, developing a funding concept can be considered a best practice for emerging projects to include in their activity plan.

In conclusion, INTERREG A is an established programme and an essential instrument to fund and kick-start cross-border cooperation in RES projects. However, it may not fit every cooperation constellation and is often insufficient for implementing cross-border energy projects as an instrument alone. Depending on the type of project and the funding conditions, project developers have the possibility to combine INTERREG A with RES-specific national funding programmes.

The EU has long recognised that CBC can be a cost-effective way to reach energy and climate targets by complementing purely national measures. Already in 2009, the EU introduced cooperation mechanisms in the Renewable Energy Directive to this end. It allows two or more EU countries (in some cases in cooperation with third countries) to proceed to statistical exchange, and to develop joint support schemes or joint projects. According to the latest revision of this directive, each EU country should agree to implement at least 2 joint projects by 2030.

The EU Commission noted on several occasions how little those mechanisms have been used since their introduction. That is why several guiding documents were published and in 2021 a specific funding programme within the Connecting Europe Facility (CEF) was launched.

Box 5: Cross-Border Renewable Energy Projects (CB-RES)

The programme is managed by the European Climate, Infrastructure and Environment Executive Agency (CINEA) on behalf of the European Commission since 2021, within the framework of the CEF.

- Aim and scope

The programme supports the cost-effective deployment of cross-border projects in the field of renewable energy to contribute to decarbonisation, completing the internal market and enhancing security of supply.

- Budget and funding priorities

For the period 2021-2027, the programme has a total budget of around € 875 million. As of September 2024, the programme has funded 14 projects with more than € 90 million. So far, 8 projects have officially received the CB-RES status. The programme funds technologies and components focused on the generation, storage, conversion of RES as well as other elements such as ICT technologies and connection to the grid for distribution or transmission that are necessary to their integration or form an integral part of the project. The programme does not have further funding priorities but can decide to implement technology-specific calls (e.g. on offshore wind) in the future.

- Eligibility and funding rules

Any legal public or private entities established in the concerned countries are eligible.

The programme is particularly adapted to fund cross-border energy projects at different development stages. First, it can fund preparatory studies, with the aim of supporting the emergence and pre-development of project ideas. Any project ideas involving renewable energy are eligible. It also funds complementary studies and works, with the aim of refining the project design and the funding options on one hand,

and funding components (goods and services) related to the implementation of the project on the other hand.

To be eligible, projects must apply and receive the CB-RES status on the basis of certain criteria, e.g. conducting a cost-benefit analysis and receiving the political support of the concerned countries. The programme offers grants with a maximum funding rate of 50% of eligible costs (e.g. personnel costs, subcontracting costs, purchase cost). Funding of works is also determined according to the financial gap.

- **Strengths and limits**

A key advantage of this programme is that it can be easily combined with other funding sources, including national subsidies. It is also particularly valuable that the programme provides funding for activities in early-stages of project development. However, no calls for preparatory studies are foreseen during the current funding period anymore.

The programme is relatively new and runs from 2021 to 2027. This has two consequences for project developers. First, as a rule, funded projects must be implemented until the end of 2028. Second, there has been no indication so far that the programme could be reconducted under the next EU multi-annual financial framework (MFF), covering the period 2028-2035. It is also unclear if projects that have received the status can retain it in the next funding period. Considering the long development time of CBC energy projects, this creates considerable legal uncertainties for project developers currently developing projects.

Furthermore, because the programme is relatively new, it may still suffer from a lack of awareness among relevant stakeholders. Other current requirements can also have some drawbacks for project developers. Those will be discussed along with the PCI programme.

The CB-RES program complements another program managed under the Connecting Europe Facility since 2014.

Box 5: Projects of Common Interests (PCI)

The programme is managed by the European Climate, Infrastructure and Environment Executive Agency (CINEA) on behalf of the European Commission since 2014, within the framework of the CEF.

- **Aim and scope**

The programme focuses on funding Trans-European Networks for energy to remove supply bottlenecks and improve market integration through effective and cost-efficient approach to energy infrastructure planning. PCIs are major infrastructure projects, i.e. overhead lines, underground cables and smart grid assets, which modernise and link energy networks and systems across Europe. They involve at least two countries.

- **Budget and funding priorities**

For the 2021-2027 period, the budget makes up € 5,8 billion. Since its launch, the fund has provided € 4,7 billion financial support to over 100 projects.

With the revision of the TEN-E regulation, the programme is shifting away from funding infrastructure based on fossil fuels. The programme is structured around 11 geographical priority corridors focused on

electricity, offshore grids and hydrogen, as well as three thematic areas covering smart electricity and gas grids, as well as CO₂ networks.

■ Eligibility and funding rules

Entities of legal public or private entities established in the relevant countries are eligible. To be eligible, projects must be submitted by the countries in question or must have their support.

After applying and receiving the PCI status, projects become eligible for financial assistance: Projects can receive 50% of eligible costs for studies and 50% for construction works., which can be extended to 75% under specific circumstances. The grants can be combined with financing from the European Investment Bank, National Promotional Banks or other development and public financial institutions as well as private sector financing instruments.

Besides financial assistance, PCIs benefits from:

- a priority status and streamlined permit granting procedures (a binding three-and-a-half year time limit)
- improved, faster, and more streamlined environmental assessments
- a single national competent authority (one-stop-shop) coordinating all permit granting procedures and specific points of contact for offshore grid projects
- a procedure enabling allocation of investment (construction) costs among Member States benefitting from the project

■ Strengths and limits

The programme is well established and adapted for infrastructure projects, typically large transmission projects, e.g. interconnectors but also internal lines to reinforce capacities linked to interconnectors. As distributed generation continues to rise and shift the focus of the energy system to local solutions this will allow neighbouring DSOs to build together smart grid projects that would foster the uptake of smart grid solutions at local level.

A smart grid PCI does not necessarily need to involve a physical interconnection between countries. Instead, it could concern a digital infrastructure that enables increased network data exchange, therefore demonstrating a cross-border impact through, for example, a better exploitation of existing interconnection capacity and more cost-efficient solutions to usual challenges in the cross-border area. The list of PCIs adopted in 2023 includes 166 projects, with only 5 smart grids projects being part of this list.

- Both the CB-RES and PCI programmes are key instruments for financing energy projects with cross-border relevance and have relatively similar requirements. Therefore, both have similar drawbacks.

■ **Reliance on political support**

To acquire the PCI or CB-RES status and apply for funding, the programme requires formalised and continuous political support from the countries involved, generally at the national level. This political support becomes more concrete and formalised as the project moves towards implementation and faces cross-border implementation hurdles. It may require the involved governments to negotiate regulatory exemptions or experimental regimes to enable project implementation. It may also require them to reach agreements on sharing costs and benefits, including the cost of support and finding an agreement on the calculation of the project's contribution towards national energy and climate targets.

This dependence on the national level means that some projects may not be implemented because of a lack of interest at the national level, in spite of strong local support. Moreover, project developers are more dependent on political factors (e.g. timing of elections) and administrative capacities, which may diverge between countries. Thus, these projects may face delays in implementation, exacerbated by the risk of failing to meet fixed deadlines for the yearly calls. Finally, they must invest additional resources and expertise for developing and maintaining political relations compared to national projects. These are all factors that can potentially impede (fast) project implementation, the acceleration of the energy transition and the variety of projects and projects actors in developing cross-border energy projects across Europe. Meanwhile, this requirement ensures that the project meets political interest and can expect some kind of political support in case of implementation difficulties, e.g. regulatory exemptions, experimental clauses, increasing investment certainty for project developers as well as the effective use of public funds for public authorities.

■ **Last resort funding**

Project developers need to demonstrate that the funding requested cannot be covered by other (public/private) funding sources, either totally or residually. This ensures that the EU funding is cost-effective, i.e. fills a gap compared to existing public funding.

While this forces projects to consider the cost of public support and develop some resilience in their financial planning, this requirement puts an additional hurdle in the planning phase as project developers are required to invest extensive resources to develop a robust funding strategy. They must consider funding sources in the two countries and how they can be combined. Luckily, this research can be funded under the programme.

Besides Interreg, the CB-RES and PCI funding programme, there are many **other resources, exchange fora and organisations supporting CBC** at the European level or specific to the cooperation between two countries, which actors can contact to implement their project, for example:

- Europe: the b-solution initiative, the Border Focal Point Network, the Association of European Border Regions (AEBR), the European Observation Network for Territorial Development and Cohesion (ESPON)
- Germany-Poland: the German-Polish Energy Platform, the German-Polish Committee for Cross-Border Cooperation and the Portal of the Committee for Spatial Planning, the Oder Partnership
- France-Germany: Cross-Border Cooperation Committee (CCT), the Transfrontier Operational Mission (MOT), the French-German Committee for Cross-Border Cooperation, the Upper Rhine Council and Conference, the Franco-German Energy Platform
- Central Europe: the Central European Service for Cross-Border Initiatives (CESCI)

By funding the cooperation of the German Energy Agency (dena) with its counterparts under the Franco-German Energy Platform and the Polish-German Energy Platform, Germany has provided indirect technical support to a few cross-border energy projects with the aim of implementing lighthouse projects, symbolising the political and practice-oriented cooperation between those countries, and gathering and disseminating knowledge for follower projects. Support activities include the development of funding concepts. The final section guides project developers in navigating four important aspects of the planning phase: political support and public relations, funding, regulatory aspects, and project management and governance. This is not to say that technical aspects do not play a role in cross-border energy project development. However, they are so project-specific that it is more difficult to generalise from them.

4 Lessons learnt and recommendations

4.1 Political support and public relations

Few cross-border energy projects can be successfully implemented without the political support or the involvement of public authorities.

- Municipalities might initiate the development of joint projects, be involved as project developers themselves or bring their political or operative support to other project developers.
- Local authorities also have a key role in local spatial planning, e.g. designing heat plans or designating future renewable acceleration areas on their territory. In border regions, local authorities have a key role in ensuring that they consult on their activities with a broader circle of stakeholders, which can extend beyond the border.
- Demonstrating the support of local authorities is an important step to gather the support of further actors in the spheres of politics and finance, and may in certain cases be a prerequisite to apply for or receive technical or financial support.
- The support of political actors at different levels may be necessary, e.g. to adapt the legislation, negotiate exemptions or experimental clauses, disseminate best practices, address sensitive issues, improve communication flow between competent bodies, and gain visibility.
 - Consequently, by anticipating certain missions and needs of local and other public authorities and integrating them in project development, projects developers can enhance the project's success. To this end, project developers should have a good knowledge of current political priorities and how the projects contribute to reaching policy objectives. Project developers should also be transparent about which political support has already been gained and how the information flow with other political actors is maintained.

Gaining political support is not a tick box on a check list but a continuous effort. Political actors may need to be involved at different phases of the project. Political support is particularly crucial in the planning phase, e.g. in the initiation or right after the initiation phase, depending on the project, in the conceptualisation phase to refine some implementation options, in some cases to acquire funding, and finally in the permitting and licensing phase.

The need to communicate with political actors on the project can depend on project development but also the needs of political actors, which depends on political factors and set reporting duties. It is important to be aware that while project development and political timing and needs can create incredible synergies, they can also become a source of tension, which project developers need to be aware of and manage. It is important to create long-term win-win partnerships.

Recommendations

- Developing a strategy for gaining and maintaining political and public support, which can include the following elements:
 - a stakeholder map with a focus on political actors

- a timeline to ensure that public authorities are updated pro-actively and regularly besides when needed by project actors, i.e. when reaching important project milestones and at least once a year, as this promotes mutual transparency and trust
- an overview of relevant strategic documents (EU/national/regional strategies, local development plans, etc.) to demonstrate how the project contributes to current political priorities and targets
- a summary describing the project and its current status
- Demonstrating why the project may need specific political support and cooperation between public authorities to be implemented, including qualitative and quantitative arguments:
 - a cost-benefit analysis. To this end, project developers can decide to lean on the methodology provided by the CB-RES programme, independently of their plans to apply for funding or not. This methodology enables the calculation of project-specific costs and benefits, in turn facilitating their comparison with other implementation scenarios
 - a summary of potential cross-border implementation obstacles or aspects, which have been pre-identified in the conceptualisation phase. This includes technical, organisational, regulatory and financial aspects, e.g. different tax regimes, the difficulty of finding an appropriate legal vehicle, different legal or technical requirements (e.g. grid tension, temperature) etc.
- formalising political support with appropriate legal instruments (letters of support/intent, memoranda of understanding, cooperation agreements), and updating them if necessary
- creating a multi-level information and feedback loop process between project developers and political chaperones/sponsors
- ensuring a symmetrical information flow between the involved countries
- building alliances and developing an advocacy strategy with other projects developers and actors specialised in cross-border cooperation at national and EU level to ensure that specific needs are being considered when drafting new legislation, removing existing regulatory obstacles or creating/adapting funding programmes

4.2 Funding

Project developers are unlikely to be able to implement cross-border energy projects without financial support, and in some cases, without combining different funding sources to cover the investment. They should consider the relevant existing national funding programmes and support schemes for the development of RES. The advantage being that they are established and that some project developers may already be well informed about them. The disadvantage being that they are not necessarily directly applicable to cross-border projects and may entail the negotiation of adaptations or of an agreement to ensure that two national funding programs can be combined within one project. They could also entail the negotiation of new national support schemes to producers located in another EU country.

Another option is to advocate for the establishment of a joint support scheme and cooperation framework for certain technologies, or for cross-border renewable projects in general, as allowed by the EU legislation.

Project developers should consider private financing instruments (e.g. bank loans), at least as a back-up option. A final option is to negotiate specific funding support with governments for the project.

Consequently, project developers need to research, evaluate and compare funding sources according to objective and publicly available criteria, such as funding rate and maximum funding amount. They also need to consider more subjective and informal criteria by exchanging information with other actors, e.g. current administrative capacities of the funding authority for processing application. An evaluation check list is provided in the annexe.

It is not sufficient to research and compare different funding options; it is also necessary to consider how they interact with each other and trade-offs.

Finally, for cross-border energy projects, it is important to understand that funding is not a purely financial matter. Funding means carrying costs and risks for funding authorities and for the involved countries. It also means visibility for projects that have a symbolic political character and, at least for now, can be considered trailblazers. This means that even though project developers may have an interest in minimising the number of founding sources, other actors may have an interest in sharing costs and benefits and ensuring that the shared political support translates also in terms of financial commitment.

Recommendations

- Entering a dialogue with funding authorities before applying to clarify certain aspects and raise awareness about the project's specificities and complexity. This in turn will help to anticipate potential barriers.
- Developing a funding strategy by researching relevant funding sources and analysing their possible combination, which can include the following elements:
 - An overview of public and private funding sources (EU, national, regional/local), e.g. funding requirements, application conditions, cumulation conditions, funding gap methodology, (see below evaluation checklist)
 - A main funding scenario and alternative plans (in case call deadlines cannot be met, funding programmes run out of money or become frozen, project delays, ...)
 - A monitoring tool, e.g. updating planned calls
- Checking whether funding programmes differ in their legal basis (e.g. on state aid) and methodology (e.g. to calculate the financial gap) and proactively suggesting to agree on common provisions between programmes to ensure higher transparency.
- Suggesting a common call between different funding authorities if needed and planning costs for interpreters.
- Anticipating the next EU funding period and communicating with funding authorities and governments to ensure that the revision or development of funding programmes do not introduce detrimental factors for the project.

4.3 Regulatory aspects

As with technical aspects, which regulatory frameworks apply depends greatly on the project. Besides energy specific regulation, some general aspects, which would not arise in a national context should also be considered, such as taxation and price-setting, corporate law, and the diverging competency allocation of administrative and regulatory authorities.

Recommendations

- Checking regulatory conditions on project-specific relevant aspects (taxation, legal entity) to identify the most favourable conditions and potential obstacles.
- Anticipating national regulatory changes by monitoring relevant EU policy areas.
- Checking if the national framework allows for regulatory sandboxes for CBC, another legal mechanism to flag and resolve cross-border obstacles or a public authority tasked with this.

4.4 Project management and governance

The project management of cross-border energy projects is obviously more complex than those implemented in a national context. For this reason, project developers should implement strong and strict project management standards to anticipate and manage delays and risks.

Actors not experienced with CBC are likely to consider these types of projects as “abnormal” compared to traditional projects implemented in a national context, with which they are more familiar. For this reason, project developers have an additional need to be transparent and pedagogical, to demonstrate and justify deviations to gather support. However, the more cross-border energy projects are implemented, the less prejudice they may encounter.

Many cross-border cooperation projects can currently be considered lighthouse projects and achieve great visibility at local, regional, national and European level. This means that,

- a certain level of public communication and transparency are expected from project developers.
- that they should not forget about investing resources to debrief, feedback and document project implementation as part of the project management.

Both aspects are critical to ensure that follower projects can benefit from lessons learned.

Finally, one of the common obstacles to the implementation of RES projects is local acceptance, or rather the lack thereof. In this regard, engaging local stakeholders can be an important success factor, bringing many benefits to project developers and to the territory where the project is implemented.

- Engagement options are varied, ranging from information events, focus groups for feedback, financial participation, and participation in decision-making.
- Timing is crucial as participation options decrease with project development (see Figure 2 below).

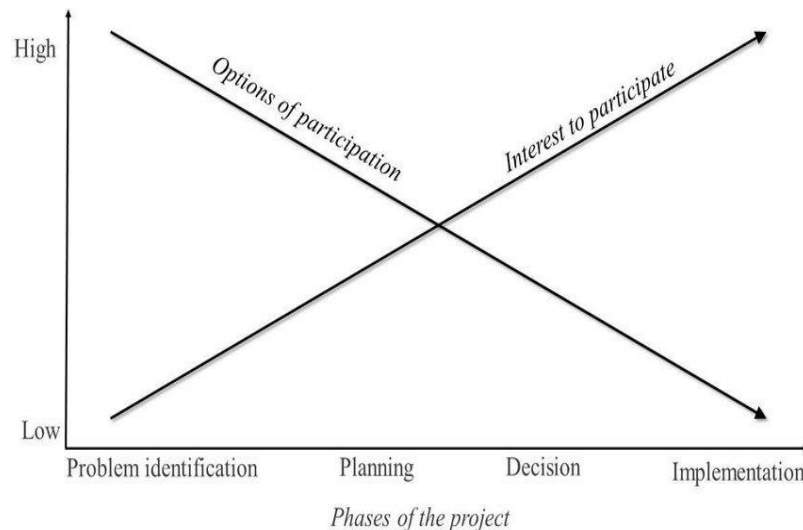


Figure 2: The paradox of citizen participation

Public participation is often underrated by project developers in general, especially during the planning phase. It is crucial to integrate it in project planning from the onset to avoid future challenges, further delaying the project.

Recommendations:

- Avoid underestimating the conceptualisation phase in the project development timeline. Depending on the project type and complexity, this phase can stretch over several years
- Depending on the project's complexity, breaking down the project into different modules and ensure feedback loops between high-level / integrated project management and modular project management
- Considering how different interdependent aspects (funding, regulatory framework, political support, technical aspects) interact to refine the implementation concept
- Developing a robust risk management plan, including contingency measures and buffer (time, finance)
- Engaging early with the topic of local acceptance and participation in your project to avoid the paradox of participation
- Formalising roles and responsibilities between consortium partners and with supporters
- Developing a monitoring framework and
- Embracing a pioneering mindset, i.e. accepting that not every risk and uncertainty can be alleviated before taking a decision and committing to the next development phase

Annexes

Resources

Relevant European legal framework

- Communication from the Commission to the Council and the European Parliament “Boosting growth and cohesion in EU border regions” - COM(2017) 534 final, 20.9.2017
- Report from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of Regions “EU Border Regions: Living labs of European Integration” – COM (2021)393 final, 14.7.2021
- Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of Regions “EU wide assessment of the draft updated National Energy and Climate Plans – An important step towards the more ambitious 2030 energy and climate objectives under the European Green Deal and RePowerEU” – COM (2023) 79 final, 18.12.2023
- Report from the European Commission: Directorate-General for Regional and Urban Policy, “Border regions or the European Green Deal – Obstacles and solutions to cross-border cooperation in the EU”, 2021
- Commission Staff Working Document “Guidance on the use of renewable energy cooperation mechanism” SWD (2013) 440 final
- Commission Staff Working Document “Methodologies for assessing the contribution of cross-border projects to the general criteria and for producing the cost- benefit analysis specified in Part IV of the Annex to the Regulation (EU) 2021/1153 establishing the Connecting Europe Facility”, SWD (2021) 429 final
- Commission Notice “Guidance on Cost-Benefit Sharing in Cross-border Renewable Energy Cooperation Projects” (2022/C 495/01)

Examples of Cross-Border Energy Projects

- Smart Energy Region Emmen Harren - SEREH ([Link](#))
- Calorie Kehl-Strasbourg ([Link](#))
- UNITED HEAT Görlitz-Zgorzelec ([Link](#))
- MosaHYC ([Link](#))
- Bornholm energy island ([Link](#))
- Gabreta Smart Grid ([Link](#))
- Further examples are identified in the EU’s Commission Handbook on Cross-border Energy Communities ([Link](#))

Key cross-border cooperation actors

- Transborder Operational Mission - MOT ([Link](#))
- Association of European Border Regions - AEBR ([Link](#))
- Central European Service for Cross-Border Initiatives - CESCO ([Link](#))
- German-Polish spatial planning portal ([Link](#))
- French-German Committee for Cross Border Cooperation ([Link](#))

Funding programmes

- Cross-Border Renewable Energy Projects funding programme ([Link](#)) and CB-RES national contact point ([Link](#))

- PCI ([Link](#))
- Interreg ([Link](#))

Events

- Borders Forum ([Link](#)): bi-annual event organised by the MOT in cooperation with European and French public institutions or international networks, usually in December
- European Week of Regions and Cities ([Link](#)): yearly event co-organised by the European Commission and the European Committee of Regions, usually in October
- European Sustainable Energy Week ([Link](#)): yearly event organised by the European Commission, usually in June

Other resources

- German Federal Ministry of the Interior and Community – Cross-border cooperation ([Link](#))
- German Federal Foreign Office – Cooperation in border regions ([Link](#))
- Polish Ministry of Internal Affairs and Administration – Cross-border Cooperation ([Link](#))
- French administration portal - Cross-Border Cooperation ([Link](#))

Evaluation checklist for funding programmes

■ Background

- Funding priorities / rationale
- Funding period
- Funding volume
- Can the funding be attributed to the EU, Member States or a combination (shared management)?

■ Type of aid

- Is it a grant or a loan?
- Is it centrally managed EU funds, mixed managed funds or national funding?
- Is it state aid?
- If so, is an exemption applicable? What is the maximum aid intensity and notification threshold?

■ Type of eligible activities

- What kind of activities are funded?
- Does it apply to preparatory study, investment or operating costs?
- Which funding objects of the project is eligible (RES installations, infrastructure, planning or administrative costs, land purchase etc.)

■ Type of eligible costs

- Which type of costs are considered?
- Are certain types of costs capped?

■ Eligible organisation

- Does the programme apply to an SME or to bigger companies?
- Are there specific conditions for SMEs?
- Should the organisation be located on state territory (for national funding programmes)?

■ Funding conditions

- What is the funding rate?
- How is it calculated? (e.g. based on avoided emissions, based on the funding gap, etc.)
- What is the maximum funding rate? Is the funding capped? (i.e. is there a maximum amount allowed?)
- What are additional conditions?
- Can a project apply continuously or are there fixed deadlines? If so, when is the next call?

■ Co-funding / Combination

- Are there rules preventing the funds being combined with another funding programme (from the same country, from another country, EU funds)?

■ **Possible evolutions / Information**

- Is the programme under revision?

■ **Contact point / Fund manager**

- Who is the fund manager?
- Is there a contact point for questions?

www.dena.de/d-p-plattform

www.kape.gov.pl/polsko-niemiecka-platforma-energetyczna

