

**2014-EU-TM-0401-M****"Cross Border Section of the New Lyon-Turin Rail Link Mont Cenis Base Tunnel (TBM)"****Amendment Project no. 2***(version 27.09.22)*Premise:

The present note seeks to contribute to the debate under way by the States with the support of TELT concerning the definition of the current **Amendment no. 2 to the Grant Agreement**.

To recap, the Grant Agreement currently in force establishes a financial contribution by the European Union up to a maximum sum of EUR **813,781,900** for the two beneficiaries, MIMS (Ministero delle Infrastrutture e della Mobilità Sostenibile) and MTECT (Ministère de la Transition écologique et de la Cohésion des territoires), for the "Cross Border Section of the New Lyon-Turin Rail Link Mont Cenis Base Tunnel (TBM)", to offset estimated eligible costs of EUR **1.915.054.750** (50% of study activities subsidised and 40% of the actual works), during the period running between 01/01/2014 and 31/12/2022.

It should be noted that this contract is the result of a first extension, of three years, shared between the States, the European Commission and CINEA in the first weeks of 2020 and approved with the signing of Amendment no. 1 on 17 April 2020. **Amendment no. 1** was formalised with the same contribution and eligible costs and with a much more detailed definition of the perimeter of competence compared to the original contract.

Why an additional text no. 2:

In the weeks immediately following the definition of Amendment 1, the effects of the global pandemic crisis led to slowdowns in activities, although these were never wholly stopped, both in France and in Italy. This led to a postponement of some of the work in progress and in the activities of the Public Promoter. Such effects are obviously true on a global level and have affected the main TEN-T projects, which has led the European Commission to open the possibility of an **extension** [REDACTED]

Moreover, other elements need to be considered for the TELT project:

- in 2021 the signing of the contracts for the civil engineering works of the base tunnel on the French side took place, specifically concerning 3 contracts:
  - Lot 1 - Operative site 5 - excavation of the base tunnel between Villarodin-Bourget / Modane and Maddalena (GA activity n. 23)
  - Lot 2 - Operative sites 6/7 - excavation of the base tunnel between Saint Martine la Porte and Villarodin-Bourget / Modane (GA activities n. 24 - 25)
  - Lot 3 - Operative site 8 - excavation of the base tunnel between the west entrance and Saint Martin la Porte (GA activity n. 26)

The sums of these contracts as well as the related work programmes have therefore formally replaced the project forecasts of the PRF, on which the Grant had been based until then.

- The tender for the Avrieux shafts (GA activity n. 15), on the critical path after the authorisation of the Board of Directors in May 2020 and the signing of the contract, encountered unforeseen geological difficulties that slowed its progress in 2022;
- The recent generalised increase in the prices of raw materials worldwide, presumably linked first to Covid and then to the war in Ukraine, has particularly affected procurements, in particular, in works under [REDACTED]

management, regulated by Italian law, which required on one hand, the application of the so-called “Decreto aiuti” (Aid Decree) in order to update the reference price lists and on the other hand a variant regulated by article 169 (DLGS\_163 / 2006) which will be sent to the concerned Ministries as a preliminary step to updating the existing agreements (GA activities n. 10 – 11)

**All this leads to the need to revise the work programme on which the Grant Agreement is based, while ensuring full capacity utilisation of available funds.**

#### The scope of Amendment No. 2

While **confirming the project's ability to achieve the main production targets** represented by the Grant with regard to the **33 activities by** [REDACTED] it is necessary to consider that, in this second amendment, there are minor adjustments compared to the ASR 2022.

Main differences between the amendment proposal and the ASR 2022 are:

- *4 Exploratory activities from the foot of the Saint-Martin-la-Porte access tunnels*  
This activity can be considered achieved with higher costs compared to the first amendment due to geological issues encountered in the most complex section of the tunnel, however because of some risks included in the ASR 2022 has not been materialised, the amendment records a decrease of 15 M€ compared to what has been declared in march.
- *6 TELT Administrative costs for works*  
This activity is around 31 M€ higher than ASR 2022 as, in march, the plan was to participate in the 2022 CEF call.
- *15 Avrieux shafts*  
This activity is around 35 M€ higher than ASR 2022 for geological difficulties that slowed its progress in 2022.
- *23 Modane and Maddalena (o.w.5)*
- *24 La Praz-Modane (o.w. 6)*
- *25 St Martin la Porte-La Praz (o.w.7)*
- *26 St Julien Montdenis (West entrance)-Saint Martin la Porte (o.w. 8)*  
These activities should be seen together in particular activities 24 (o.w. 6) and 25 (o.w. 7) as part of the same contract and is up to the contractor to execute the contract within a global framework. Part of the cost for these activities (insurance) have been classified in activity 33.
- *31 Management of excavated materials-Italy (o.w. 10)*  
This activity is around 12 M€ lower than ASR 2022 thanks to savings that has been made possible after a detailed study of the current situation of the areas involved.
- *32 Management of excavated materials-France – (o.w.11 )*  
This activity is around 27 M€ lower than ASR 2022, that was developed under different hypothesis. After further appraisal it has been considered to confirm the first amendment assumptions.
- *33 Engineering and other costs not included in other OW*  
This activity include the cost for the Construction All Risks insurance initially allocated in the main work contracts. It is therefore a reclassification from other activities such as 23, 24, 25 and 26.

Conclusions:

With reference to the critical geopolitical and economic situation, there is no guarantee that uncontrolled price growth will not affect the realisation of targets in the future. This is a challenge that puts all promoters equally under pressure, on the various corridors, and for which general flexibility measures will perhaps have to be implemented.