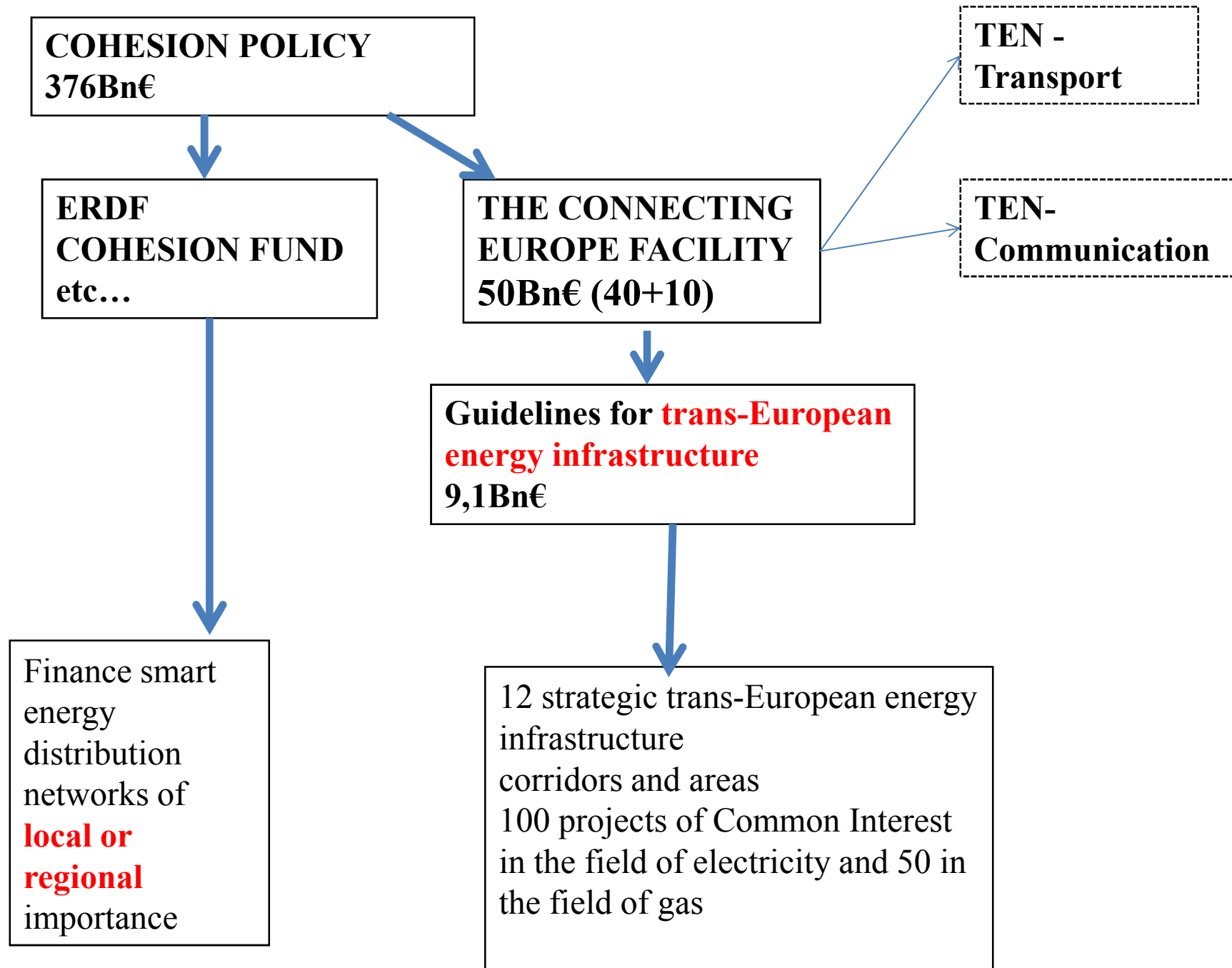


CONNECTING EUROPE & TEN-E



- The Connecting Europe Facility shall enable the preparation and implementation of **projects of common interest** within the framework of the trans-European networks policy in the sectors of energy, transport and telecommunications
- The achievement of this objective will be **measured by the volume of public and private investment** in projects of common interest, and in particular the volume of public and private investments in projects of common interest realised through the financial instruments under this Regulation.
- In the field of energy, it will enable the Union to achieve its targets of a 20% reduction of greenhouse gas emissions, a 20% increase in energy efficiency and raising the share of renewable energy to 20% up to 2020, while ensuring greater solidarity among Member States.

Eligibility and conditions for financial assistance

- **Only actions contributing to projects of common interest** according to Regulation on Guidelines for energy infrastructure shall be eligible for support through EU financial aid in the form of grants, financial instruments and procurement.
- In the field of energy the amount of Union financial aid shall not exceed **50%** of the eligible cost of studies and/or works; but co-financing rates may be increased to a maximum of **80%** for actions which provide a high degree of regional or Union-wide security of supply, or strengthen solidarity of the Union or comprise highly innovative solutions.
- Co-financing rates mentioned above may be increased by up to **10** percentage points for actions having cross-sector synergies, reaching climate mitigation objectives, enhancing climate resilience or reducing the greenhouse gas emissions.

Type of financial instruments

- The following financial instruments may be used:
 - (a) equity instruments, such as investment funds with a focus on providing risk capital for actions contributing to projects of common interest;
 - (b) loans and/or guarantees facilitated by risk-sharing instruments, including enhancement mechanism to project bonds, issued by a financial institution on its own resources with a Union contribution to the provisioning and/or capital allocation;
 - (c) any other financial instruments.

Guidelines for trans-European energy infrastructure

This initiative identifies, for the period up to 2020 and beyond, a limited number of trans-European priority corridors and areas covering electricity and gas networks as well as oil and carbon dioxide transport infrastructure, for which European Union action is most warranted. It then aims at implementing these priorities by:

- **streamlining permit granting procedures** to significantly reduce their duration for projects of common interest and increase public participation and acceptance for the implementation of such projects;
- **facilitating the regulatory treatment** of projects of common interest in electricity and gas by allocating costs depending on the benefits provided and ensuring allowed returns are in line with risks incurred;
- **ensuring implementation of projects of common interest** by providing necessary market-based and direct EU financial support. In this latter regard, the proposal provides the basis for eligibility of projects of common interest for EU financial assistance under the "Connecting Europe Facility", which is subject to a separate legislative proposal.

4 Priority electricity corridors

- ***Northern Seas offshore grid (“NSOG”)***: integrated offshore electricity grid in the North Sea, the Irish Sea, the English Channel, the Baltic Sea and neighbouring waters to transport electricity from renewable offshore energy sources to centres of consumption and storage and to increase cross-border electricity exchange. Member States concerned: Belgium, Denmark, France, Germany, Ireland, Luxemburg, the Netherlands, Sweden, the United Kingdom;
- ***North-South electricity interconnections in Western Europe (“NSI West Electricity”)***: interconnections between Member States of the region and with Mediterranean third countries, notably to integrate electricity from renewable energy sources. Member States concerned: Belgium, France, Germany, Ireland, Italy, Luxembourg, Netherlands, Malta, Portugal, Spain, the United Kingdom;
- ***North-South electricity interconnections in Central Eastern and South Eastern Europe (“NSI East Electricity”)***: interconnections and internal lines in North-South and East-West directions to complete the internal market and integrate generation from renewable energy sources. Member States concerned: Austria, Bulgaria, Czech Republic, Cyprus, Germany, Greece, Hungary, Italy, Poland, Romania, Slovakia, Slovenia;
- ***Baltic Energy Market Interconnection Plan in electricity (“BEMIP Electricity”)***: interconnections between Member States in the Baltic region and reinforcing internal grid infrastructures accordingly, to end isolation of the Baltic States and to foster market integration in the region; Member States concerned: Denmark, Estonia, Finland, Germany, Latvia, Lithuania, Poland, Sweden.

4 Priority gas corridors

- *North-South gas interconnections in Western Europe ("NSI West Gas")*
- *North-South gas interconnections in Central Eastern and South Eastern Europe ("NSI East Gas")*
- *Southern Gas Corridor ("SGC")*
- *Baltic Energy Market Interconnection Plan in gas ("BEMIP Gas")*

1 PRIORITY OIL CORRIDOR

- *Oil supply connections in Central Eastern Europe ("OSC")*

3 PRIORITY THEMATIC AREAS

- *Smart grids deployment:* adoption of smart grid technologies across the Union to efficiently integrate the behaviour and actions of all users connected to the electricity network, in particular the generation of large amounts of electricity from renewable or distributed energy sources and demand response by consumers;
- *Electricity highways:* first electricity highways by 2020, in view of building an electricity highways system across the Union;
- *Cross-border carbon dioxide network:* development of carbon dioxide transport infrastructure between Member States and with neighbouring third countries in view of the deployment of carbon dioxide capture and storage.

Criteria for projects of common interest

- (a) the project is necessary for the implementation of the energy infrastructure priority corridors and areas set out in Annex I; and
 - (b) the project displays economic, social and environmental viability; and
 - (c) the project involves at least two Member States, either by directly crossing the border of one or more Member States or by being located on the territory of one Member State and having a significant cross-border impact as set out in point 1 of Annex IV;
2. In addition, the following specific criteria shall apply to projects of common interest falling under specific energy infrastructure categories:
- (a) concerning electricity transmission and storage projects falling under the categories set out in points 1(a) to (d) of Annex II, the project shall contribute significantly to at least one of the following specific criteria:
 - market integration, competition and system flexibility;
 - sustainability, *inter alia* through transmission of renewable generation to major consumption centres and storage sites;
 - interoperability and secure system operation;

Selection of projects

- Based on regional expert groups and an advisory role for the Agency for the Cooperation of Energy Regulators (ACER) in electricity and gas, the final decision, to be updated every two years, on a Union-wide list of projects of common interest being taken by the Commission.
- Regional Group ("Group") to be based on each priority corridor and area
- Groups made of representatives of the Member States, national regulatory authorities, transmission system operators
- Harmonised energy system-wide “cost-benefit analysis for projects” of common interest (including transmission costs).

Eligibility of projects for Union financial assistance

- Financial support in the form of grants for studies and financial instruments but also in the form of grants for works in some cases (such as submarine transmission cables or electricity highways) but only in certain circumstances (eg: Commission launching a call for proposals) or if they fulfill a number of criteria.
- Minimal size of infrastructures

ISSUES FOR CPMR

- Will the level of funding prove sufficient?
- Regional dimension and Territorial Cohesion goals are absent.
- A windchange regarding conflicts with environmental designation?

A substantial increase in funding, but still way off the mark...

- The Commission has estimated total investment needs in energy infrastructures of European importance up to 2020 at about EUR 200 billion, of which 140 billion for high voltage electricity transmission systems, both onshore and offshore, storage, and smart grid applications at transmission and distribution level;
- TEN-E projects budget for the period 2007-2013 was EUR 155 million
- European Energy Programme for Recovery has, for the first time, allocated significant one-off amounts (about EUR 3.85 billion) to a limited number of eligible projects in the domain of electricity and gas infrastructures, off-shore wind and CCS demonstration projects.
- Connecting Europe budget: EUR 50 billion (including 10 billion earmarked for Transport in Cohesion Fund), of which 9,12 for Energy.

Regional dimension and territorial cohesion are absent.

- Whole process largely focused on cross-border investments
- A matter for national authorities and operators. Regions are absent but for the possibility of being stakeholders in public consultation.
- No reference to Territorial Cohesion goal.
- Risk that high transmission charging costs for island or offshore based infrastructure be enshrined by a project cost-benefit analysis.
- No reference to the possibility of « socialising » of transmission costs.

DIRECTIVE 2009/28/EC

on the promotion of the use of energy from renewable sources

- (Whereas 63)

Electricity producers who want to exploit the potential of energy from renewable sources in the peripheral regions of the Community, in particular in island regions and regions of low population density, should, whenever feasible, benefit from reasonable connection costs in order to ensure that they are not unfairly disadvantaged in comparison with producers situated in more central, more industrialised and more densely populated areas.

- Article 16 § 7

Member States shall ensure that the charging of transmission and distribution tariffs does not discriminate against electricity from renewable energy sources, including in particular electricity from renewable energy sources produced in peripheral regions, such as island regions, and in regions of low population density.

Possible amendment

« The cost-benefit analysis leading to the selection of projects of common interest involving the transmission of electricity produced from renewable energy in peripheral, islands and sparsely-populated areas will bear in mind the provisions of Article 16§7 of Directive 2009/28/EC regarding transmission charging. The present legislation will not prevent Member States from socialising transmission charging costs across their national network, or from applying lower transmission charging rates to certain peripheral areas when this serves the purpose of fostering the goal of territorial cohesion outlined in Article 174 of the Treaty.»

A windchange regarding conflict with environmental designation?

“As regards the measures related to the Habitats Directive, the impact on the local flora and fauna of the regime of common European interest is expected to be relevant for only a very small subset of projects of common interest identified as possibly in conflict with Natura2000 areas, which are, however, crucial for the achievement of energy and climate Policy objectives”.

- Legislation details Public Consultation procedure required before permit granting... but:
- Permit granting process can last a maximum of 3 years.
- Authorisation should be given to projects which have an adverse impact on the environment, for reasons of **overriding public interest**, when all the conditions provided for under Directives 92/43/EC and 2000/60/EC are met.