



Energy infrastructure legislative proposal

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● Energy Infrastructure Strategy for 2020

European Council of 4 February 2011:

- Completing the internal market **by 2014** – cooperation of ACER, ENTSOs and Commission
- Infrastructure is key for achieving 20-20-20 targets by 2020
- Ending isolation of energy islands **by 2015**
- Financing for infrastructure: mainly market-based complemented by limited public funds, notably for security of supply/solidarity
- Streamlining and improving authorisation procedures

Past and future planned investment in electricity and gas infrastructures (in EUR bn/year)

COM estimates 2010-2020:

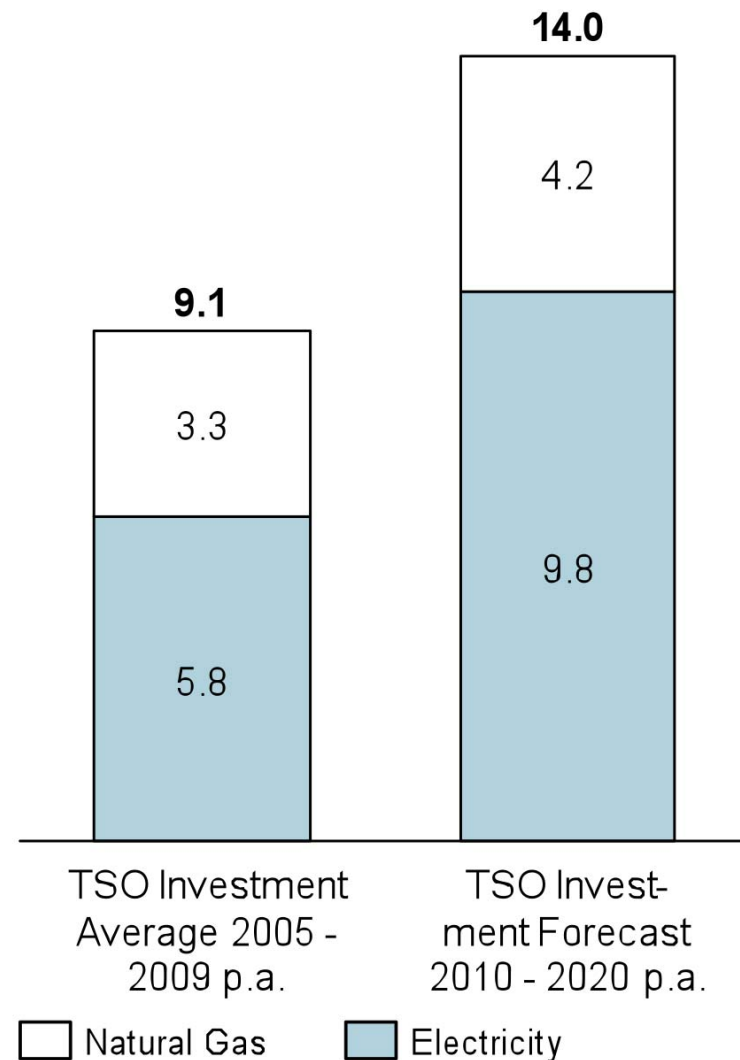
- electricity: 140 bn € (onshore, offshore and smart grids at transmission and distribution level)
- gas: 70 bn € (import, intra-EU, storage, LNG/CNG and reverse flow)

NRA estimates 2010-2020:

- electricity: 96-143 bn €
- gas: 51-59 bn €

Investment at risk of not being delivered:

- consensus on permit granting and licensing delay, notably for electricity
 - COM: regulatory problems for certain projects
- # NRAs: few projects at risk (gas: lack of demand and financing)



Source: Roland Berger

● Energy Infrastructure Package (autumn 2011)

- Aim: To create a facilitating environment for private and public investments in energy infrastructure through

- » A new method to identify and select concrete projects of common interest (PCIs) necessary to implement the priority corridors
- » Shortening permit granting procedures, in particular by improving coordination and decision making procedures at different governmental levels
- » Removing regulatory obstacles and creating a better investment framework for cross-border infrastructure investment



Proposed measures

- **Planning and identification of projects of common interest**
- **Permit granting and public consultation**
- **Regulation and financing**

● Project of common interest – key principles

- contributes to implementation of November 2010 infrastructure priorities
- crosses Member State borders or has significant cross-border impact
- contributes in electricity to:
 - » connection of renewable generation and transmission to major consumption and storage centres
 - » market integration and competition
 - » security of supply
 - » others?
- Technical threshold: ≥ 150 kV?

Selection process

Regional identification

Project promoters:

PCI proposals within each electricity/gas region

System-wide cost-benefit analysis at regional level

Indicators for criteria fulfilment

Project promoters, NRAs and Member States in each region:
joint regional list of proposed PCIs

Coherence check

EU level validation

Union-wide list of projects of common interest

PCIs in national / Union-wide TYNDP

● Proposed indicators for each criterion

- *connection of renewable generation and transmission to major consumption and storage centres:*
 - the amount (in megawatts) of renewable generation capacity connected (or not disconnected) by a project compared to its total expenditure (capital, operation and maintenance)
- *market integration and competition:*
 - benefit, for the area of analysis, in terms of energy system-wide generation and transmission cost provided by a project compared to its total expenditure
- *security of supply:*
 - generation capacity provided for a set of characteristic load periods and a given loss of load expectation
→ ranking according to number of years of security provided for a given total expenditure



Proposed measures

- Planning and identification of projects of common interest
- **Permit granting and public consultation**
- Regulation and financing

● Permit granting and public consultation

- National interest status for projects of common interest
- One-stop shop at national level for all projects of common interest
- Mandatory project scoping (project promoter and all authorities) before start of permit granting process
- Time limit for planning and permit granting procedure (excluding legal recourse)
- Permit granting schedule detailing each step in the process
→ joint schedule for cross-border projects
- Possibility for authorities to engage external experts for faster processing of requests
- Guidelines for early and effective involvement of stakeholders
- Rewards to local authorities having successfully involved their affected population?



Proposed measures

- Planning and identification of projects of common interest
- Permit granting and public consultation
- **Regulation and financing**



Regulation and financing

General investment incentives:

- Match risks and regulated returns
- Rules for anticipatory investments

Cost allocation rules for projects with cross-border impact:

- Framework for cost allocation when:
 - Project cost-benefit analysis positive
 - Beneficiaries # users

- **Leveraging private investments:**

- Reduction of risks through innovative financial instruments (guarantees, equity participations, project bonds) developed with IFIs
- EU financial support (grants) – where needed: security of supply, innovation, complex cost allocation?

Way forward

- **Legislative proposal** to be tabled after Commission's proposal on post-2013 multi-annual financial framework, to replace existing TEN-E guidelines and TEN financial regulation
- **Impact Assessment** to accompany the proposal
- ✓ **Strong involvement of all stakeholders in preparation process:**
 - » CEER workshops on investments, financing and cost allocation (March); FSR workshop on cost allocation (May); CEER meeting (early June)
 - » Public consultation on permit granting and EU project bonds (March/April)
 - » HU presidency / Commission high-level conference on energy infrastructures (16-17 May 2011)
 - » Member State workshop on selection of projects of common interest and permit granting (30 May)



Thank you for your attention!