



EUROPEAN COMMISSION

## MEMO

Brussels, 29 October 2014

# Connecting Europe with grants for energy infrastructure

## What is the Connecting Europe Facility (CEF)?

CEF is a new programme set up to finance improvements in Europe's transport, energy and digital networks. With an overall budget of €33.2 billion covering the three sectors, **€5.85 billion** has been allocated to energy for the period of 2014-2020. The first grants will invest **€647 million** in key energy infrastructure projects.

Energy infrastructure is usually financed by energy companies and through tariffs paid by consumers. But some of the cross-border pipelines and electricity grids which are crucial for security of supply are not commercially viable or not affordable for consumers in some Member States. The money from the CEF will act as a catalyst for more funding from private and public investors. Unless public money is provided, some €60-70 billion of the overall investment needed by 2020 will remain at risk.

## Who can apply for support from CEF?

To be eligible for financial support under the CEF, projects must first be identified as **projects of common interest (PCIs)**. These are key infrastructure projects, which will help Member States integrate their energy markets and in particular end the isolation of some Member States from Europe-wide energy networks. The projects will also allow a greater diversity of sources to supply our networks. Moreover, they will help power grids cope with the increasing amounts of electricity generated from renewable energy sources and in doing so will help reduce CO<sub>2</sub> emissions.

## Which projects are on the list of PCIs?

The first list of PCIs was published in October 2013. It contains **248** projects, a majority of which are electricity and gas transmission lines. Thirteen projects for electricity storage are on the list, which include innovative technologies such as compressed air electricity storage. Furthermore, the list also provides for underground gas storages, LNG terminals, and two smart grids projects. The list will be updated every two years.

The full list of projects by country:

[http://ec.europa.eu/energy/infrastructure/pci/doc/2013\\_pci\\_projects\\_country.pdf](http://ec.europa.eu/energy/infrastructure/pci/doc/2013_pci_projects_country.pdf)

## What kind of proposals are eligible for CEF funding?

EU support will be offered for preparatory studies, such as feasibility studies or environmental impact assessments. Support will also be given to build important gas pipelines or electricity grids.

For the studies, all PCIs with the exception of oil projects are eligible for grants.

For construction works to be eligible for CEF funding, a PCI has to demonstrate that it:

- is not otherwise commercially viable;
- has significant benefits, such as security of supply, solidarity or innovation
- has received a cross-border cost allocation - sometimes a big part of an investment needs to be made by companies in one Member State while there are benefits across the border in another Member State. In this case a decision on sharing the costs needs to be taken by the competent regulatory authorities.

### **How much of the costs can be covered by CEF?**

In general, the amount of EU support cannot exceed **50 per cent** of the eligible costs. In exceptional cases - that is, when a project contributes significantly to the security of supply, boosts energy solidarity between Member States or offers innovative solutions - the EU support for construction works can amount to **75 per cent** of the costs.

### **How many proposals were submitted?**

Under the first call for CEF-energy the European Commission received **64 eligible proposals** requesting a total of €1.37 billion of financial support. Proposals that were initially rejected during evaluation because they were not mature at the time of the closure of the call may again apply for funding during the next call scheduled for 2015.

### **Who selected the projects?**

The **European Commission** has evaluated all the applications and proposed a list of actions to be co-financed to the **CEF Coordination Committee**. The Committee which consists of Member State representatives approved the list at their meeting of 29 October 2014. The Commission will then have to formally adopt the list.

### **When will the next call for proposals be launched?**

The next call for proposals under CEF energy will be launched **in 2015**. Information relevant to future calls for proposals will be available at the following link: [http://inea.ec.europa.eu/en/cef/cef\\_energy/apply\\_for\\_funding/apply\\_for\\_funding.htm](http://inea.ec.europa.eu/en/cef/cef_energy/apply_for_funding/apply_for_funding.htm)

### **For more information**

[IP/14/1204](#)

Indicative list of projects receiving financial assistance under CEF:

[http://ec.europa.eu/energy/infrastructure/pci/doc/2014\\_cef\\_energy\\_lists.pdf](http://ec.europa.eu/energy/infrastructure/pci/doc/2014_cef_energy_lists.pdf)

DG ENERGY webpage on projects of

common [http://ec.europa.eu/energy/infrastructure/pci/pci\\_en.htm](http://ec.europa.eu/energy/infrastructure/pci/pci_en.htm)