

Trans-European networks for transport, telecommunications, energy: granting of Community financial aid

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Pursuant to Regulation (EC) No 2236/95 laying down general rules for the granting of Community financial aid in the field of trans-European networks, the Commission presents a report on the implementation of the trans-European energy networks programme (TEN-E) in the period 2002-2006. This report addresses the TEN-E projects co-financed under the TEN-E budget in the period 2002-2006 (studies and works). The concrete progress achieved in the implementation of TEN-E priority projects in the survey period is also examined.

The first European Community guidelines for trans-European energy networks were adopted in 1996. In 2003, the TEN-E guidelines were revised in the context of a package of Commission proposals on Energy Infrastructure. Of key importance was the completion of a selection of projects on the priority axes which are of cross-border nature or which have significant impact on cross-border transmission capacity.

The revision of the guidelines has therefore modified and completed the list of projects of common interest previously defined in the Annex of the 1996 guidelines and identifies 12 axes for priority projects. These axes take account of the connections that are required for the efficient functioning of the internal market and to reach a high level of security of energy supply. The challenges for electricity and gas networks are different.

The main observations of the report are as follows:

Progress with specific projects: in the period 2002-2006, 57 electricity projects of common interest and 23 gas projects of common interest were completed. Out of these 80 projects, 68 were located on a priority axis as defined in the guidelines adopted in 2003. Out of the 80 projects completed in the survey period, 17 were co-financed under the TEN-E budget (between 1995 and 2006).

Financing the TEN-E: Transmission System Operators' (TSOs) own resources are the main financing sources of the implemented projects. Exact or meaningful figures for TSOs' total investments on trans-European energy networks projects are difficult to obtain, especially for projects for which no TEN-E funding has been requested.

Member States in most cases do not participate directly in financing projects of trans-European energy networks since these projects are mostly implemented by TSOs.

TEN-E funding of trans-European energy networks represents in most cases a rather limited share of the total cost. From 2002 to 2006, the Commission received 132 applications for TEN-E funding, 72 of which have benefited from financial support: 42 concerned electricity projects and 30 gas projects.

In the period 2002-2006, support under the TEN-E budget line of a total amount of about **€93 726 000** was awarded. This amount was spent on the gas sector (57%) and on the electricity sector (43%). 94% of this amount was spent on the co-financing of studies (up to 50%) and 6% on the co-financing of works (up to 10%).

The **EIB loans** signed in the period 2002-2006 amount to €831 million for the electricity sector and €2.185 million for the gas sector. Some 36% of the total amount was awarded to priority projects, nearly 50% was awarded to projects of common interest and about 14% to other TEN projects not listed in the Annex III of the TEN-E guidelines but located on a priority axis.

The financing of infrastructure in third countries was provided under the PHARE programme in the Countries of Central and Eastern Europe, the CARDS regional strategy and the MEDA programme (the creation of the Euro-Arab Mashreq Gas Market).

Evaluation: in 2004, a mid-term evaluation of the TEN-Energy programme for the period 2000-2006 was carried out for the Commission by independent experts. The evaluation concluded on a positive impact of carrying out the projects already identified in the TEN-E Guidelines adopted in June 2003 and highlighted key topics for the new Guidelines. Based on the recommendations made in the evaluation report, the following actions were taken: (i) reinforcement of the relations with the Member States in order to better understand their needs and policies on energy networks; (ii) further concentration of Commission funding on the projects with the highest importance (projects of European interest and priority projects); (iii) strengthening the cooperation with other related instruments (Structural funds and EIB). The ex-post evaluation of projects co-financed by the TEN-Energy programme for the period 2000-2006 will be performed for the Commission by independent experts in 2008.

External relations: the revisions of the TEN-E guidelines which took place in 2003 and 2006 reinforced the external dimension of the trans-European energy networks by increasing the connections to acceding and neighbouring countries. The TEN-E Guidelines therefore give high priority to new pipelines from the gas fields in Russia, Algeria and the Caspian Sea to the EU, complemented by LNG terminals and underground gas storage. They also focus on electricity links between the Mediterranean Member States and the Southern Mediterranean Countries.

Other Union policies with a TEN-E dimension: a special effort should be undertaken to achieve the objective of making greater use of renewable energy sources as a contribution to a sustainable development policy. In the allocation of the TEN-E budget, special attention is paid to the conformity of co-financed actions with Community environmental legislation.

The European Union also supports energy research and development under different funding programmes, such as the Framework Programmes (FP) and the "Intelligent Energy – Europe" Programme. Lastly, when awarding TEN-E funding, special attention is paid to the compliance of selected gas pipelines projects with the Third Party Access regime, as defined in the gas Directive 2003/55/EC.