

# Programme to aid economic recovery: financial assistance to projects in the field of energy, European Energy Programme for Recovery (EEPR)

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The Commission presents a report on the implementation of the European Energy Programme for Recovery (EEPR) established by Regulation (EC) No 663/2009, which co-finances a selected portfolio of energy projects with a view to sustaining capital expenditure in the European economy while helping to achieve key EU energy and climate policy objectives.

The report notes that since the first report on implementation of the EEPR was published in April 2010, **considerable progress has been made**. In all three sectors — energy infrastructure, offshore wind energy and carbon capture and storage — construction work has started and investment costs are being incurred. Three infrastructure projects have already been completed and are now operational; others are at the construction or development stage. The EEPR has proved a valuable tool at EU level that has accelerated implementation of major energy projects and played its role as a stimulus to economic recovery. Moreover, the scope of the EEPR has been expanded by allocating unspent funds to the energy efficiency and renewable energy sources sectors by means of an amendment to the EEPR Regulation (Regulation (EU) No 1233/2010), which was adopted swiftly thanks to the good cooperation between the European institutions.

**Budget:** by 31 December 2010, the individual legal commitments had been made for all 59 projects to which the EEPR had awarded a grant. This adds up to a combined total of EUR 3 833 million in terms of commitments, equivalent to 96.3% of the total EEPR budget. This is a very good result, considering the large size of the programme and the tight deadline. Progress on implementation is also reflected in the level of payments, which is gaining momentum. By the end of 2010, EUR 700 million had been paid to beneficiaries, in the form of EUR 361 million to gas and electricity infrastructure projects, EUR 146 million to OWE projects and EUR 193 million to CCS projects.

**Gas and electricity infrastructure:** implementation of the electricity and gas infrastructure part of the programme in 2010 was very satisfactory. In the course of the year, three of the infrastructure projects were completed already. These are:

- pipeline linking Hungary to Romania, the first high-pressure gas interconnection between the two countries;
- the first of the four reverse flow projects in Austria at the Baumgarten import facility;
- the Hungary-Croatia link, the first direct interconnection between Croatia and the European gas network.

The EEPR has speeded up implementation of projects by financing specific action, such as technical, engineering and environmental studies, procurement of long-lead items (pipes, cables, converter stations, transformers, etc.) and construction work. Thanks to the programme, project promoters were able to secure additional funding from financial institutions more easily: loan negotiations are ongoing, or have already been finalised, for 15 projects. Moreover, EEPR support has helped a great number of projects that were facing serious environmental permit problems to receive priority from the national administrations.

**Offshore wind energy (OWE):** thanks to the EU support, installation of the first large (400 MW) offshore wind farms far (more than 100 km) from shore and in deep waters (more than 40 m) is secured. The EEPR grants for the offshore wind sector will directly increase carbon-free electricity production capacity by about 1500 MW. They will play a crucial role in EU Member States achieving the binding targets for renewable electricity in 2020. The grants are also fundamental for taking the first steps towards building a European offshore grid, thus increasing capacity for trading electricity in the internal market.

**Carbon capture and storage (CCS):** all six CCS projects are progressing on schedule, including the front-end engineering and design (FEED) studies for the capture installations and exploration of CO<sub>2</sub> storage sites. All the projects are completing the application procedures for the necessary permits and authorisations for a CCS demonstration plant in their Member State. They have already received some of the permits necessary for construction and operation of the power plant and some for the capture installations. There has also been progress in the

exploration of potential storage sites for the projects. However, some delays occurred, in part because of legal uncertainties concerning the details of CO<sub>2</sub> storage regulation resulting from the transposition of the CCS Directive into national legislation.

A new financial facility for energy efficiency and renewable energy sources: Regulation (EU) No 1233 /2010 provides for the creation of a financial facility to support energy efficiency and renewable energy initiatives. This initiative fits into the [Europe 2020 strategy](#) for sustainable growth and jobs as well as the recently adopted Energy Efficiency Plan 2011 and complements other EU programmes. The EU will contribute EUR 146 million to the facility and the EIB up to EUR 75 million. Other financial institutions could join the fund later.

The Commission is currently negotiating an agreement to delegate to the EIB the tasks of setting up and managing this new facility. The Delegation Agreement has to be signed by 31 March 2011 at the latest. The facility is expected to come into operation in the second quarter of 2011.