

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

2009/0010(COD) - 18/11/2013 - Follow-up document

The Commission presents a report on the implementation of The European Energy Programme for Recovery (EEPR). The Programme provides financial support to selected, highly strategic, projects in three areas of the energy sector: gas and electricity connections, offshore wind energy and carbon capture and storage.

The report notes that most of the budget available was allocated to **59 promoters and 61 projects** in the following sub-programmes: gas infrastructure (EUR 1363 million); electricity infrastructure (EUR 904 million); offshore wind energy (EUR 565 million); and carbon capture and storage (EUR 1000 million).

The report provides information on the state of play since the last report (August 2012) as well as data related to the payments and the de-commitments as from the start of the programme up to June 2013. It also provides an overview of the current state of play and of the mid-term evaluation of the EEE-Fund.

Progress achieved: since the 2012 report, the implementation of the EEPR has continued progressing. A substantial number of projects are now completed and others are well on track and will be operational soon.

At the end of 2012, 20 projects out of 61 were already fully technically completed, and a total amount of **EUR 1,416,970,178.64** has been actually paid to the beneficiaries (June 2013).

The rate of payments remains low but this confirms the difficulties in the planning of such big and complex projects (complexity of the technologies involved, the difficulties for the public authorities both at government and regulatory level regards offering a proper regulatory framework, the lack of public acceptance, as well as difficulties linked to environmental issues and public procurement). Furthermore, the permit granting procedure forms the basis for many of the delays.

Gas and Electricity Infrastructure : substantial progress has been made. To date 19 projects out of the 44 are completed, as compared to 13 at the beginning of 2012. In the **electricity sector**, 4 projects are completed. The remaining 8 projects are progressing well, with some projects expected to be completed by 2014. In the **gas sector**, 15 projects are completed; 13 are progressing according to schedule. Most (10 out of 15 projects) of the reverse flow and interconnections projects in Central and Eastern Europe have been completed.

The Commission states that the EEPR is concretely improving the way the internal market works, by **providing interconnections between Western and Eastern parts of the EU**, and increasing the security of supply of the country and regions concerned. Some remarkable steps forward are being taken: the reverse flow gas projects are up and running and avoided a gas supply crisis during the recent February 2012 cold spell.

The completion of an **EU-wide energy infrastructure system** is progressing thanks to the clearing of bottlenecks and the progressive integration of "energy islands" such as the three Baltic States, the Iberian Peninsula, Ireland, Sicily and Malta.

To date, it is envisaged that the majority of the 25 on-going projects will be completed during the years 2013/2014 whilst only a few projects will run until 2017. The remaining projects, those undergoing serious difficulties, may be terminated by the end of 2013.

Off shore wind energy (owe) projects : out of the 9 projects, 1 has been successfully completed (Thornton Bank in Belgium). Some others could last until 2016/2017 (gravity foundations), and 2017/2018 (Aberdeen, Krieger Flak in the Baltic sea region), 2019 (Cobra Cable - link between Denmark and the Netherlands) and will require the Commission's close monitoring.

The report notes that through the EEPF grants, the installation of the **first large size (400 MW) offshore wind farms** far from shore (more than 100 km) and located in deep waters (more than 40 m) has been secured. The EEPF support to "turbines and structures" projects results directly in an additional 1500 MW of carbon-free electricity production capacity.

For the wind-grid integration projects, the maturity and cost of the HVDC technology, the licensing of the wind farms to be connected as well as the co-financing to be obtained through the regulatory authorities, are the crucial hurdles to be addressed before the FID can be taken.

Carbon capture and storage (CCS) : despite the good progress achieved so far as regards preparatory work for implementing CO₂ capture, transport and storage solutions, the actual implementation of most CCS projects **remains uncertain**. Public acceptance for CO₂ onshore storage remains a significant hindrance. The EEPF funding alone provides a kick start for projects but is not sufficient to cover all additional costs for applying CCS in power plants.

The [Communication of 27 March 2013](#) on the Future of Carbon Capture and Storage in Europe aims to re-start the CCS agenda and to initiate a debate on how best to encourage demonstration and deployment and to stimulate investment. Based on the contributions received, the full analysis of the transposition and implementation of the [CCS Directive](#) in the Member States, and in the context of its work on the 2030 Climate and Energy framework, the Commission will consider the need to prepare **proposals, if appropriate, for the short, medium and long-term**.

For the immediate future, the second call for proposals, launched on 3 April, in the framework of the **NER 300 programme**, is a second chance to improve the current prospects for CCS demonstration in Europe.

European Energy Efficiency Funds (EEE F) : the mid-term evaluation shows some fair first results and a **reasonably promising outlook** for the Fund. So far, 6 projects have been approved and signed leading to a total of around EUR 79.2 million allocated.

At present, the Commission considers that an increase of the EU financial contribution does not seem justified. However, once this amount is spent and the Fund will have reached its maturity level and proved its attractiveness to the market, **additional contributions could be considered** provided there is a large increase in leverage.