Investment projects in energy infrastructure: notification to the Commission

2013/0082(COD) - 13/10/2014 - Follow-up document

This Commission Staff Working document concerns investment projects in energy infrastructure.

It aims to assess the notifications received by the Member States in order to comply with the reporting obligation under Regulation (EU) No 256/2014, replacing Council Regulation (EU/Euratom) 617/2010.

Member States had to provide aggregated data and information on planned investments, projects for which construction work is scheduled to start within five years as well as energy infrastructure projects to be decommissioned within three years of a certain size in the following sectors:

Electricity sector: the report noted that electricity demand across EU has not increased since 2007 largely due to the financial crisis. However, **significant investments** have been made in the electricity generation sector. There is currently an overcapacity in electricity generation of at least 10% which is expected to maintain the electricity wholesale prices at the same level for most of the rest of the decade. Generation projects with renewables, particularly solar and wind energy are substantially **underreported in the notifications**.

Gas sector: gas consumption for power production may bounce back and gas could have an increased role as a complementary energy source for renewables, therefore potential investments should be closely monitored. While there are no obvious gaps in gas infrastructure investments due to decreasing demand, future investments may be necessary, not only to replace ageing networks, but also to connect isolated areas and to prepare gas infrastructure for the application of gas in new areas.

Biofuels (production): notifications by Member States indicate that the vast majority of biofuels are produced and consumed in five countries; France, Germany, Italy, Spain and the UK. Investments are on a more modest scale than previous years.

LNG facilities: the notifications show relatively small investments in the period 2011-2013, which corresponds with the existing suppressed demand and over capacity in these markets. However, there is considerable LNG infrastructure under construction at present. Capacity additions are proposed or under construction in Belgium, Spain, France, Greece, Italy, Lithuania, the Netherlands and Poland.

Oil sector: in Europe significant reduction in overall consumption for both crude oil and oil products is forecasted over the medium term and into the longer term. There are **no major investments forecasted in the oil sector** which reflects a **significant decrease** in overall demand. Nevertheless, there remain a number of regions that require focus on investments aimed at increasing security of supply and diversification.

Overall there do not appear to be major gaps in the investment needs in oil infrastructure. There are however a number of areas of concern inclusive of refinery disinvestments and continuing lack of diversification in oil supply in the East of Europe. Additionally, a new reality of increased supply of refined products in Europe will require adjustments in investments product storage in the EU.

To conclude, the document notes that the reporting exercise has demonstrated, that Regulation (EU) No 256/2014 has **some limitations** that should be taken into account when it will be reviewed (by 31 December 2016) in order to avoid that the administrative burden of these notifications is larger than the added value they bring.

It notes that although **data** provided in the Member State notifications was often **incomplete**, it seems that **investments in energy infrastructure are being made mostly in electricity sector**. Although at present generation capacities seem to be adequate, focus on cross-border infrastructure that would enhance the internal energy market and increase security of supply as the transition of the energy sector takes shape, should remain at the focus of Member States.