Trans-European energy networks: guidelines

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This Commission Staff Working Document gives an overview of the progress made under the main EU programmes that have been providing financial aid or a range of regulatory benefits to energy infrastructure projects: the Trans-European Energy Networks (TEN-E), the European Energy Programme for Recovery (EEPR), the Projects of Common Interest (PCI) exercise.

It covers the period 2010-2014 until the repeal of the TEN-E Guidelines and TEN Financial Regulation.

Overall progress:

TEN-E: at the end of this reporting period, around 85 **TEN-E actions** were still **ongoing** and 3 new Award Decisions were to be potentially adopted for different actions. Out of these actions, around 65 were granted financial aid during the time interval 2010-2014 while. In the time-interval 2010-2014, 42 actions were **finalised** and had received their final payments under the TEN-E, 34 of them having the EU contribution granted before 2010 (EUR 55 805 987) and 8 of them having the EU contribution granted in 2010 and 2011 respectively, amounting to a total of EUR 12 485730.

Between 2010 and 2014, 73 actions (41 in electricity and 32 in gas) were **granted Community financial aid** under the TEN-E guidelines.

The main common obstacles reported in implementing these projects are related to: the legal and regulatory framework; problems related to the initially chosen route; financial and technical constraints.

Continuity between TEN-E, EEPR and the PCI process: the report describes how many projects adopted under the first TEN-E Regulation and under the European Energy Programme for Recovery have acquired Project of Common Interest status in the first Union-wide list established under the new TEN-E Regulation 347/2013.

- ***In electricity***, 11 projects that had been included in the priority axis of the "old" TEN-E have subsequently acquired PCI status (partially or in their integrity) under the new TEN-E Regulation. From EEPR, for 2 projects the transfer was made to the PCI list of 2013. **This continuity proves that they are still in line with the main objectives of the energy policy**.

- ***In gas***, 9 TEN-E projects have also become part of the first PCI list.

EEPR has demonstrated the leverage effect of EU financial assistance in obtaining private funding for projects of European significance addressing in particular the security of supply concerns in Central and Eastern Europe by providing for the possibility to reverse the gas flows. It has been decided that under the new Regulation, PCIs may also benefit from grants for works and innovative financial instruments under the Connecting Europe Facility (CEF).

Implementation of PCIs: in 2013 the first list of PCIs was established by delegated Regulation C(2013) 6766. It contains 248 projects, of which 132 in electricity and 107 in gas, 7 in oil and 2 in smart grids.

Under the 'old' TEN-E exercise, the list of projects of common interest was fixed in an Annex, becoming out dated over time and modifiable only through ordinary legislative procedure. The new TEN-E

Guidelines established a revolutionarily new approach. PCIs are part of EU law – their monitoring will ensure that the projects are implemented in a timely manner and that no delays will occur that could jeopardize the achievement of the EU energy policy objectives.

- ***In electricity***: at the moment of reporting, out of the 132 PCI in electricity, one project has already been completely finished and has entered the commissioning phase. Seven projects have entered the construction phase, 51 were in permitting procedures and 5 have started the procedure in view of having the Final Investment Decision awarded.

Regarding the expected date of commissioning for the projects in the electricity sector, 18 of them are to be finalised and commissioned by 2017, 77 between 2017 and 2020 and 33 after 2020. In the case of 4 of them, project promoters indicated that the commissioning date is still to be determined.

- ***In gas***: out of the total number of 107 PCI, one was finished and has entered commissioning and 4 were in the construction phase. For 33 gas projects the permitting procedures have started and for 9 others the Final Investment Decision (FID) is to be awarded. Out of the 107 projects, 28 are expected to be commissioned by 2017, 50 between 2017 and 2020 and 23 within the time horizon after 2020. The commissioning dates for 4 projects are still to be determined.

Lastly, the document concludes that next to **challenges related to ensuring an adequate duration of permit granting procedures and providing adequate financing instruments**, the design of a **stable and incentivising regulatory framework** is one of the crucial elements in delivering the necessary investments in energy infrastructure.

Moreover, a study on regulatory issues and associated risks in developing the Northern Seas off-shore grid is planned to be carried out and finalised in 2015.