

# Achieving the 10% electricity interconnection target - Making Europe's electricity grid fit for 2020

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**PURPOSE:** to present a strategy for achieving the 10% electricity interconnection target Making Europe's electricity grid fit for 2020.

**BACKGROUND:** energy infrastructure has been high on the European energy agenda. The European Council in October 2014 called for "speedy implementation of all the measures to meet the target of **achieving interconnection of at least 10 % of their installed electricity production capacity** for all Member States."

**The integration of the EU's energy markets is delivering tangible results:** wholesale electricity prices have declined by one-third; consumers have more choice as energy suppliers compete to deliver lower prices and better services; and the legal framework has improved competition in the sector.

Nonetheless, **much remains to be done**, since:

- the EU is dependent on imports, infrastructure is outdated and investment lacking ;
- the retail market is not fully functioning, high final energy prices for citizens and for businesses harming the competitiveness of our companies;
- there is a need to shift to a low-carbon economy in order to fight climate change as well as challenges to our technological leadership;
- the EU must overcome its fragmentation of national energy markets.

It is for these reasons that the Commission adopted a framework strategy for a resilient [Energy Union](#) with a forward-looking climate policy. This Communication is one concrete step in this direction.

**Twelve Member States, mainly in the periphery of the EU, remain below the 10% electricity interconnection target** and are thus isolated from the internal electricity market. The Commission feels that building these interconnections will require the mobilisation of all efforts at all levels, as a matter of urgency, to achieve the common objective of a fully functioning and connected internal energy market.

**CONTENT:** this Communication presents a **strategy to ensure the full integration of the internal electricity market** through adequate levels of interconnection, which will serve also an integral part of the Energy Union.

**The benefits of an interconnected energy system:** the Commission considers that the interconnection of the electricity markets must be a **political priority for the European Union** at all levels in the years to come. Interconnecting isolated national electric power systems and building a truly European Electrical System will:

- allow for **more affordable prices in electricity**, in the long term due to the higher market efficiency, higher electricity supply security, reliability and quality while ensuring a high standard of environmental protection;
- reduce **energy dependency**, through the reduction in the consumption of imported fuels;

- facilitate **new investments** in Europe due to the more competitive prices of electricity and the improvement in the competition levels of European industries;
- lower environmental impact due to the non-built power plants and the **reduction of CO2 emissions**;
- unleash a higher **potential of growth** for the European renewable energy industry and ensure world leadership of the renewable industry.

**Full implementation of the European regulatory framework:** the [trans-European energy networks Regulation](#) (TEN-E) addresses for the first time the specific issue of projects that cross borders or that have an impact on cross-border flows. The Commission will ensure full implementation and strict enforcement of its provisions in order to avoid delays in projects.

**Making full use of all available financial instruments:** for electricity projects some EUR 105 billion are needed, out of which some **EUR 35 billion for the interconnections** which acquired a Project of Common Interest (PCI) status and are necessary to reach the 10% target across the EU.

Members States may use support for Projects of Common Interest, through the available financial means, e.g. the [Connecting Europe Facility](#), the [European Structural and Investment Funds](#) and the future [European Fund for Strategic Investments](#) to assist promoters to implement projects.

**Speed up interconnection:** the interconnection target will be achieved mainly through the implementation of PCIs. The Commission considers that **implementation of the PCIs will bring Europe much closer to the achievement of the 10% electricity interconnection target** between Member States if the projects envisaged are completed in 2020. **Efforts need to be stepped-up** for those below the target to achieve 10% by 2020, mainly Spain and Cyprus, through a more coordinated approach and using all tools available

To speed up the achievement of the interconnection target the Commission intends to:

1) **intensify the work of the Regional Groups**, established under the TEN-E Regulation, to **closely monitor progress of each PCI** and to propose corrective and targeted early action when necessary, especially in those Member States furthest away from the 10% target;

2) **intensify its support for the critical projects** through targeted measures. The Commission will assess project by project to look at any obstacles and risks that might delay construction and take action as necessary such as:

- bring together the promoters to find solutions to technical, planning, design and implementation issues and facilitate contacts with the EIB and other banks;
- provide access to technical assistance to better shape the project and make it bankable;
- work together with ACER and the national regulators to find the best incentives;
- ensure compliance with the TEN-E Regulation and launch appropriate procedures, in case provisions are not yet implemented, for instance on permit granting;
- facilitate agreement between Member States to solve political issues.

3) **strengthen regional cooperation** in order to set out a specific strategy for each region (e.g. Baltic Sea, Iberian Peninsula, the countries surrounding the Northern Seas.)

The Commission will issue **an annual report** to the European Council on implementation of PCIs and progress towards the 10% electricity interconnection target. If needed, the Commission will propose further measures in order to achieve this target. In addition, in late 2015 the Commission will convene the first **Energy Infrastructure Forum** to discuss and find solutions to issues that are common to all regions across Europe and, where relevant, with neighbouring countries.