

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

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The Committee on Industry, Research and Energy adopted the own-initiative report by Peter ERIKSSON (Greens/EFA, SE), following the strategy on achieving the 10 % electricity interconnection target presented by the Commission.

Benefits of interconnection: the report recognised that electricity interconnection is **one of the key preconditions for completing an integrated internal electricity market**, which will help to achieve our climate objectives, including the EU's aim to be the leader in renewables, and improve the EU's geopolitical position through greater energy security and independence, as well as reduce energy isolation and the possibility of perturbations in the energy system.

Members stressed that a fully integrated internal electricity market would **facilitate the electricity trading and increase security and lower the volatility of electricity prices**, as it is estimated that EUR 12 to 40 billion could be saved annually by European consumers by 2030.

Furthermore, they noted that **investments in the necessary interconnection projects** which could be as high as EUR 150 billion by 2030, according to the European Network of Transmission System Operators for Electricity (ENTSO-E) – could reduce electricity prices by a minimum of EUR 2 /MWh, and that these investments would allow Europe to cover a large share of its electric load with renewable energy sources.

The 10 % electricity interconnection target: Members recognised that the 10 % target – to be achieved by 2020 – was a valuable target. They regretted that twelve Member States, mainly in the periphery of the EU, remain below the 10 % electricity interconnection target and are thus largely isolated from the internal electricity market. They stressed, therefore, that more should be done to **assist those Member States** whose low level of connectivity hinders the completion of the internal electricity market to meet the target.

The committee considered, however, that a single interconnection target based on installed electricity generation capacity is not, on its own, appropriate for all Member States. It was therefore convinced that there is a need in the mid-term, and certainly within the 2030 horizon, to agree upon **ambitious and evidence-based complementary interconnection targets, agreed by the regions**. It called on the Commission to launch the technical discussion on such parameters. Furthermore, the Commission, the Agency for the Cooperation of Energy Regulators (ACER) and national regulators were urged to ensure **transparency and close monitoring of the accessibility of the interconnectors** in order to prevent bottlenecks that hinder the functioning of the electricity market and to **secure** the operation of electricity systems.

A holistic approach: underlining that reinforcements of national grids are imperative if interconnections are to be used to full capacity, the report insisted that a holistic approach should be taken when assessing the need for reinforcement/extension of cross-border and national connections, with the aim of making the best possible use of the existing interconnection lines and the capacity of existing national infrastructure.

Recalling the importance of a well-designed **transmission and distribution smart grid**, Members called for a thorough assessment to define which combination of actions – including building new transmission

lines, developing local smart grids, and integrating efficiency and flexibility in the system – is the most optimal, given the specific situation.

They also stressed that the benefits of raising the interconnection level cannot be accomplished without a high level of **coupling of markets and transmission system operators (TSOs)**. The Commission was asked to make all efforts to prevent that coupling being established at Member States grouping level and to promote coupling at **EU level that includes all Member States and neighbours**, in particular the countries taking part in the European Neighbourhood Policy (ENP).

The report underlined the fact that the list of **projects of common interest (PCI)** must be developed in a more transparent and accountable way. It recalled the need to provide complete assessments, including economic, social and environmental impacts, conducted by qualified experts that are **fully independent** from the project promoter. The overall process should be optimised by promoting more **engagement from Parliament** and other stakeholders, including civil society representatives.

Permit granting process: stressing that the lengthy permit granting procedure is a major challenge for new high-voltage lines in Europe, the report called on Member States to **facilitate speedier processes** whilst maintaining an adequate level of guarantees for the public interest.

It welcomed, in this regard, the evaluation of the ‘one-stop-shop’-approach by the Commission to take place in 2017, and encouraged the Commission, in this framework, to assess the potential of a single ‘one-stop shop’ at EU level.

ACER’s role: Members asked the EU budgetary authority to provide the agency with the necessary resources, in particular sufficient own staff, in order to allow the agency to fulfil adequately the tasks assigned to it by legislation.

Financial instruments: Members noted the Commission’s estimate that **EUR 35 billion** of financing is necessary to reach the 10 % target by 2020 across all Member States. They recalled that the major part of the financial assistance within the [Connecting Europe Facility](#) (CEF) energy envelope should be made available for electricity projects, and insists that the Commission give due consideration to that fact. Special attention must be given to projects that address the most significant gaps in the integrated EU electricity market and the lack of sufficient interconnectivity.

The Commission was asked to: (i) **encourage investments in the best available technology**, which can be costlier but offers considerable life-cycle financial advantages as well as time savings and technology leadership advantages in the long run; (ii) conduct a **review of the financing rules** with the aim of streamlining the existing mechanisms; and (iii) **strengthen incentives** for further investments in the grid.

Regional cooperation: amongst other observations and recommendations, the report:

- asked Member States concerned to take the necessary steps to initiate a formal procedure for the extension of the synchronous Continental European Network towards the **Baltic states**;
- called on the Commission and Member States for strong political support and endorsement of the **North Sea Offshore Grid**;
- highlighted that the shared electricity market between **Austria and Germany** is furthering the implementation of an integrated European energy market;
- stressed that **Central and South-Eastern Europe (CSEE)** is endowed with a vast – and largely untapped – potential in terms of renewables, and that the high dependence of Central and South-Eastern Europe on energy imports means that it is vital to increase cross-border electricity capacity;
- stressed the importance of significantly increasing **interconnection between Spain and France**.

Beyond 2020: noting the development of renewable energy sources across the continent, Members recommended that the **15 % target, based on installed capacity for 2030, should not stand alone**, and that it should be assessed carefully and thoroughly to ensure that it is fit for purpose and is pertinent and feasible. They asked the Commission, therefore, to **assess the setting of regional, complementary targets** and to find better qualitative and quantitative benchmarks, such as trade flows, peak flows and bottlenecks, that highlight how much interconnection is needed.

The report also stressed the need to derive a future electricity interconnection target **on the basis of the EU's long-term climate goals**, and of the sustainable energy system that the EU is looking for.