

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

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The European Parliament adopted by 630 votes to 45 with 20 abstentions, a legislative resolution on achieving the 10 % electricity interconnection target – making Europe's electricity grid fit for 2020, following the Commission communication on the subject.

**Benefits of interconnection:** Parliament welcomed the Commission communication and strategy while recognising that electricity interconnection is **one of the key preconditions for completing an integrated internal electricity market**. This 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.

The following advantages were underlined:

- a substantially increased interconnectivity of the European network leads to **a more resilient and robust network**, better prepared to deal with all kinds of alterations and disruptions, and allows the growing share of power from renewable sources to blend efficiently into the European network;
- 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;
- **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.

Parliament stressed that the phasing out of regulated energy prices for consumers should take into account the real level of market competition and that the Energy Union Strategy should insure that **consumers** have access to affordable, safe and sustainable energy prices.

**The 10 % electricity interconnection target:** Parliament recognised that the 10 % target – to be achieved by 2020 – was a valuable target. It 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. It 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.

Members considered, however, that a single interconnection target based on installed electricity generation capacity is not, on its own, appropriate for all Member States. They were 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**. Parliament 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, Parliament insisted on the importance of:

- adopting a holistic approach 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;
- having 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;
- raising the interconnection level, which 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);
- developing the list of **projects of common interest (PCI)** must be developed in a more transparent and accountable way: complete assessments, including economic, social and environmental impacts, must be 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.

Parliament stressed the role of the Commission as guardian of an unbundled and accessible electricity market and facilitator of a decentralised energy system, in which Member States **enable smaller suppliers, in particular prosumers** who use renewable energy resources, to access the grid.

Members invited the Commission to **report annually to Parliament** on the implementation of PCIs and on progress to reach the 10 % target, as part of the annual stocktaking foreseen in the Strategic Framework for the Energy Union.

**Permit granting process:** stressing that the lengthy permit granting procedure is a major challenge for new high-voltage lines in Europe, Parliament 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.

They called on the Commission to carry out **an independent audit, by the end of 2016 at the latest, on the resources available** to, and the degree of independence achieved so far by, all national energy regulators, including the identification of recommendations on how to improve the situation.

**Financial instruments:** the Commission estimated that **EUR 35 billion** of financing is necessary to reach the 10 % target by 2020 across all Member States. Members 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 resolution:

- 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, Parliament 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. It 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.

Members 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.