Basic information

2003/0297(COD) COD - Ordinary legislative procedure (ex-codecision procedure) Decision	Procedure completed
Trans-European energy networks: guidelines Repealing Decision 96/391/EC 1994/0010(SYN) Repealing Decision No 1229/2003/EC 2001/0311(COD) Repealed by 2011/0300(COD) **Subject** 3.60.06 Trans-European energy networks 8.20.17 Industry, research, energy and enlargement	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
ITRE Industry, Research and Energy	LAPERROUZE Anne (ALDE)	19/01/2006

Former committee responsible	Former rapporteur	Appointed
ITRE Industry, Research and Energy	LAPERROUZE Anne (ALDE)	28/07/2004
ITRE Industry, External Trade, Research, Energy	FLESCH Colette (ELDR)	18/02/2004

Former committee for opinion	Former rapporteur for opinion	Appointed
BUDG Budgets	The committee decided not to give an opinion.	
ECON Economic and Monetary Affairs	KRASTS Guntars (UEN)	13/09/2004
ENVI Environment, Public Health and Food Safety	TURMES Claude (Verts/ALE)	01/09/2004
IMCO Internal Market and Consumer Protection	The committee decided not to give an opinion.	
TRAN Transport and Tourism	CRAMER Michael (Verts/ALE)	21/12/2004

	BUDG Budgets	TURCHI Franz (UEN)	18/02/2004
	ECON Economic and Monetary Affairs		
	JURI Legal Affairs and Internal Market	MEDINA ORTEGA Manuel (PSE)	19/02/2004
	ENVI Environment, Public Health, Consumer Policy	The committee decided not to give an opinion.	

Council of the European Union

Council configuration	Meetings	Date
Competitiveness (Internal Market, Industry, Research and Space)	2747	2006-07-24
Transport, Telecommunications and Energy	2589	2004-06-10
Transport, Telecommunications and Energy	2695	2005-12-01
Transport, Telecommunications and Energy	2671	2005-06-27

European Commission

Commission DG	Commissioner
Energy and Transport	

Key events

Date	Event	Reference	Summary
10/12/2003	Legislative proposal published	COM(2003)0742	Summary
09/02/2004	Committee referral announced in Parliament, 1st reading		
10/06/2004	Debate in Council		
16/09/2004	Committee referral announced in Parliament, 1st reading		
26/04/2005	Vote in committee, 1st reading		Summary
03/05/2005	Committee report tabled for plenary, 1st reading	A6-0134/2005	
06/06/2005	Debate in Parliament		
07/06/2005	Decision by Parliament, 1st reading	T6-0211/2005	Summary
07/06/2005	Results of vote in Parliament		
01/12/2005	Council position published	10720/1/2005	Summary
19/01/2006	Committee referral announced in Parliament, 2nd reading		
21/03/2006	Vote in committee, 2nd reading		Summary
22/03/2006	Committee recommendation tabled for plenary, 2nd reading	A6-0071/2006	

03/04/2006	Debate in Parliament		
04/04/2006	Decision by Parliament, 2nd reading	T6-0118/2006	Summary
04/04/2006	Results of vote in Parliament		
24/07/2006	Act approved by Council, 2nd reading		
06/09/2006	Final act signed		
06/09/2006	End of procedure in Parliament		
22/09/2006	Final act published in Official Journal		

Technical information

Procedure reference	2003/0297(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Decision
Amendments and repeals	Repealing Decision 96/391/EC 1994/0010(SYN) Repealing Decision No 1229/2003/EC 2001/0311(COD) Repealed by 2011/0300(COD)
Legal basis	EC Treaty (after Amsterdam) EC 156
Stage reached in procedure	Procedure completed
Committee dossier	ITRE/6/33115

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee opinion	ENVI	PE347.299	17/03/2005	
Committee opinion	ECON	PE350.205	17/03/2005	
Committee report tabled for plenary, 1st reading/single reading		A6-0134/2005	03/05/2005	
Text adopted by Parliament, 1st reading/single reading		T6-0211/2005 OJ C 124 25.05.2006, p. 0019-0068 E	07/06/2005	Summary
Committee draft report		PE368.024	31/01/2006	
Amendments tabled in committee		PE370.138	23/02/2006	
Committee recommendation tabled for plenary, 2nd reading		A6-0071/2006	22/03/2006	
Text adopted by Parliament, 2nd reading		T6-0118/2006	04/04/2006	Summary

Council of the EU

Document type	Reference	Date	Summary

Council statement on its position	13336/2005	17/10/2005	
Council position	10720/1/2005 OJ C 080 04.04.2006, p. 0001-0026 E	01/12/2005	Summary
Draft final act	03612/2/2006	06/09/2006	

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2003)0742	10/12/2003	Summary
Document attached to the procedure	COM(2003)0743	10/12/2003	Summary
Document attached to the procedure	SEC(2003)1369	10/12/2003	Summary
Commission response to text adopted in plenary	SP(2005)2882	13/07/2005	
Commission communication on Council's position	COM(2005)0716	16/01/2006	Summary
Commission response to text adopted in plenary	SP(2006)2095	11/05/2006	
Commission opinion on Parliament's position at 2nd reading	COM(2006)0381	06/07/2006	Summary
Follow-up document	COM(2010)0203	04/05/2010	Summary
Follow-up document	SEC(2010)0505	04/05/2010	Summary
Commission working document (SWD)	SWD(2014)0314	13/10/2014	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
EESC	Economic and Social Committee: opinion, report	CES0844/2004 OJ C 241 28.09.2004, p. 0017-0018	02/06/2004	

Additional information

Source	Document	Date
National parliaments	IPEX	
European Commission	EUR-Lex	

Final act

Trans-European energy networks: guidelines

2003/0297(COD) - 13/10/2014

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.

Trans-European energy networks: guidelines

2003/0297(COD) - 06/09/2006 - Final act

PURPOSE: to lay down guidelines guidelines for trans-European energy networks and repealing Decision 96/391/EC and Decision 1229/2003/EC.

LEGISLATIVE ACT : Decision 1364/2006/EC of the European Parliament and of the Council laying down guidelines for trans-European energy networks and repealing Decision 96/391/EC and Decision 1229/2003/EC.

CONTENT : Subsequent to the adoption of Decision 1229/2003/ EC, the need has arisen to integrate fully the new Member States and the accession and candidate countries into those guidelines and to adapt further, as appropriate, those guidelines to the new proximity policy of the European Union.

Accordingly, this Decision defines the nature and scope of Community action to establish guidelines for trans-European energy networks. It establishes a series of guidelines covering the objectives, priorities and broad lines of action by the Community in respect of trans-European energy networks. These guidelines identify projects of common interest and priority projects, including those of European interest, among trans- European electricity and gas networks.

It provides that the Community shall promote the interconnection, interoperability and development of trans-European energy networks and access to such networks in accordance with Community law in force, with the aim of:

-encouraging the effective operation and development of the internal market in general and of the internal energy market in particular, so as to reduce the cost of energy to the consumer and contribute to the diversification of energy sources;

-reducing the isolation of the less-favoured and island regions of the Community;

-reinforcing the security of energy supplies, for example by strengthening relations with third countries in the energy sector in the mutual interest of all parties concerned;

-contributing to sustainable development and protection of the environment, *inter alia* by involving renewable energies and reducing the environmental risks associated with the transportation and transmission of energy.

The Decision sets out **priorities for action** for both **electricity and gas networks** and for each separately.

The broad **lines of action** by the Community on trans-European energy networks are the identification of **projects of common interest and priority projects**, including those of **European interest**; and the creation of a **more favourable context for development** of those networks. Projects of common interest must, inter alia, display potential economic viability. The evaluation of economic viability shall be based upon a cost-benefit analysis which takes account of all costs and benefits, including those in the medium and/or long term, in connection with environmental aspects, security of supply and the contribution to economic and social cohesion. Projects of common interest covered by the axes for priority projects set out in Annex I will have priority for the grant of the Community financial aid provided for pursuant to Regulation 2236/95/EC. Amendments to Annex I will be decided upon in accordance with the co-decision procedure.

A number of projects on the axes for priority projects which are of cross-border nature or which have significant impact on cross-border transmission capacity are declared to be of European interest. Those projects are set out in Annex I.

Projects of European interest shall be implemented rapidly. No later than 12 April 2007, Member States shall, using as a basis a draft timetable provided to that effect by the Commission, submit to the Commission an updated and indicative timetable for the completion of those projects including certain prescribed details.

When a project declared to be of European interest encounters significant delays or implementation difficulties, including in situations where third countries are involved, the Commission may designate, after having consulted the European Parliament, a **European coordinator**.

In order to contribute to creating a **more favourable context** for the development of trans-European energy networks and their interoperability, the Community shall take account of Member States' efforts made in line with that objective, and shall attach the greatest importance to and promote as necessary certain measures prescribed in the Decision.

When projects are considered, their effects on competition and on security of supply shall be taken into account. Private financing or financing by the economic operators concerned shall be the main source of financing and shall be encouraged. Any competitive distortion between market operators shall be avoided, in accordance with the provisions of the Treaty.

ENTRY INTO FORCE : 12/10/2006.

Trans-European energy networks: guidelines

2003/0297(COD) - 10/12/2003 - Document attached to the procedure

COMMISSION'S IMPACT ASSESSMENT

For further information about this issue, please refer to the summary relating to the Commission's proposal COM(2003)0742 on the revision of the Trans-European Energy Network guidelines.

1- POLICY OPTIONS AND IMPACTS

In this impact assessment exercise, four options are considered ranging from minimal action through balanced co-ordination to a fully regulatory approach:

1.1- Option 1: Minimum co-ordination. This option builds on the strength the free market, private industry and freely mobile capital taking into account environmental legislation and the adoption of the 'acquis' in the enlarged Union. The TEN-E guidelines in force are applied only where necessary. It is expected that a completely liberalised market with competition, profit maximisation and customer acceptance as the main driving forces will generate the funds for building the major gas and electricity interconnections with the desired quality and safety standards.

1.2- Option 2: Balanced Co-ordination - Continuation of current TEN-E Policy. The TEN-E guidelines contain a list of priority projects, which have priority for Community funding. The available budget is sufficient to fund up to 50% of the cost of feasibility studies and various studies during the development phase. In exceptional cases, a small percentage of financing can be granted to the construction phase. The influence of TEN-E financing is relatively minor effect on the overall budget of the project, but it can serve as an important stimulus at an early and risky stage of a project. The recognition of a project as being of European interest may also have generally positive effects regarding attracting project financing and gaining the acceptance of public authorities and other parties involved. These indirect effects can often be just as important as the actual direct financial input.

1.3- Option 3: Increased Co-ordination in Network Development. Increased co-ordination should provide the driving forces for optimising the use of existing networks and generating new investments. In addition, it is the appropriate instrument for linking strongly the objectives of the security of supply directive with the axes for priority projects in the TEN-E guidelines. In this "Increased co-ordination" option, a small part of the TEN-E funds would be used for network planning, in the form of studies covering the entire European network as well as regional parts of it. The aim is to develop a European-wide plan for energy networks. The need for European-wide plans arises from the objective of creating truly integrated electricity and gas markets where a national perspective is not enough to plan and justify network investments. A co-ordinated approach is also necessary for gas supply pipelines in order to avoid over-investment or under-investment. Increased Co-ordination allows the tackling of problems that affect the full implementation of TEN-E policy and the more effective implementation of TEN-E financed projects as, at present, no mechanism exists for creating a real link between the TEN-E Guidelines and the procedures for the effective implementation and the realisation of the projects. Thus, the success of the EU Guidelines for the development of transmission lines would be measured by the degree of effective realization of those projects – particularly cross border interconnections - listed in the TEN-E Guidelines.

1.4- Option 4: European Regulatory approach. Increasingly integrated and global energy markets, in conjunction with the disappearance of the national borders regarding the networks, might call for a stronger European regulatory approach for network investments. The expected long-term objective of the 'hydrogen economy' will make possible a vast redistribution of power, with far-reaching consequences for society. Today's centralised, top-down flow of energy, controlled by global oil companies could become obsolete. It is envisaged that the transition from centralised power generation to distributed generation requires increased regulatory measures and sensible pricing policies. The role of the Community in monitoring and administering the regulations concerning CO2 emission targets and use of renewable energies will increase. Related revenues in form of energy taxes or transmission fees could be used for the construction in transmission capacities and new grid structures that might be required. Furthermore, there is the scenario of replacing imports of gas and oil by renewable energy sources and appropriate energy savings. In this context, financial or fiscal incentives would be needed throughout the Union.

Impacts

The likely positive and negative impacts of the selected options, particularly in terms of economic, social and environmental consequences are addressed. The issues of security of supply and construction of new infrastructure are also of crucial importance and, therefore, included explicitly.

Security of supply: The import of **natural gas** with increasing volume is facilitated by means of new and upgraded pipelines and LNG terminals. Private enterprise is seen as capable of organising and financing major supply routes from neighbouring countries and inside the Union. The projected major lines are expected to be financed through the market and, eventually by the consumer. The options of balanced co-ordination, increased co-ordination and the regulatory approach would perform equally well. Regarding the **electricity transmission network**, it is considered that the present level of co-ordination is not sufficient for constructing an adequate amount of new interconnections. Building interconnections is not the only way to resolve congestion; the construction of new generating plants in areas of high demand often constitutes a cost-effective alternative. Balancing the corresponding construction of power generation and grid extension, an increased level of co-ordination is called for. Neither the minimum co-ordination approach nor the regulatory approach is considered appropriate.

*Construction of new infrastructure.*The full liberalisation of the market is the dominant pre-requisite for the efficient use of existing and development of new infrastructure. Therefore, the focus should be on using the signals emerging from the industry as indications of the need for new investment. It has been observed that only by modelling demand and supply within the existing infrastructure network, the needs for new infrastructure will be correctly identified. This can be successfully achieved within the frame of establishing a European consolidated plan for energy networks.

Environment. Short-term environmental damage during the construction phase is expected to be off-set by environmental benefit of a more efficient pan-European energy infrastructure network. The long-term negative effects on the environment are expected to be very small, although some debate is ongoing with regard to High-Voltage electricity overhead lines, as well as their appearance.

Social impact. Short to medium term job creation is expected as the construction of projects gets under way, particularly in the New Member States. The process of opening markets should take into account employment prospects in the industry. A comprehensive assessment has to cover not only the restructuring or even job losses in the sector itself but also the positive effects on the economy and employment as a result of greater competitiveness and lower costs, particularly in energy-intensive industries. The key question is whether this job creation is sustainable and, more importantly, whether high-tech jobs are generated.

Economic impact. The effect of a higher level of transmission connection on competition will have two main beneficial effects. The first will be the immediate possibility to reduce prices in the high price regions of the European Community as far as electricity is concerned. The effect of a higher level of transmission connection on competition will have two main beneficial effects. The first will be the immediate possibility to reduce prices in the high price regions of the European Community as far as electricity is concerned. Similarly, as a longer term effect, the increase in cross border transmission of electricity will also allow for more competition in the end-user supply market. This will have the effect of driving down customer service costs and reducing the retail supply margin.

CONCLUSIONS: The increased co-ordination option aims at combining the good elements of both market forces and regulatory supervision in future TEN-E policy. This ‘increased co-ordination’ option entails two new instruments, namely the Declaration of European Interest for the selection of important projects and the Commission-designated co-ordinator responsible for a given axis or project. The third component in the strategy to ensure the completion of the required infrastructure will be co-ordinated European-wide planning which will establish the tools for developing studies and simulations covering the entire European network.

2- FOLLOW-UP

The TEN-E Committee, which is composed by experts from the Member States, will supervise the implementation of the guidelines on the political and technical level and, in particular, will approve the funding of projects. Every two years, the Commission will draw up a report on the implementation of the projects of common interest as listed in the TEN-E Guidelines, which will be submitted to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions. In this report, attention will be given to the implementation and progress made in the carrying out of priority projects which concern cross-border connections and how they were funded, especially regarding the Community contribution.

Trans-European energy networks: guidelines

2003/0297(COD) - 01/12/2005 - Council position

The Council adopted unanimously a common position with a view to the adoption of a decision laying down guidelines for trans-European energy networks and repealing Decisions 96/391/EC and 1229/2003/EC. In doing this, it accepted 20 of the 30 amendments adopted by Parliament at first reading.

Generally speaking the Council endeavoured to simplify the structure of the Decision (in terms of levels of priorities and number of Annexes) and keep it as close as possible to Decision 1229/2003.

Council supports the main aim of the Commission's proposal: to adapt the trans-European energy network guidelines to the consequences of the recent enlargement of the Union. However, Council did not accept the new elements introduced by the Commission in this proposal (as compared to Decision 1229/2003/EC) i.e. the creation of a new, additional category of "projects of European interest", combined with provisions concerning the implementation of such projects and the European coordinator.

The Council noted that it had been argued that these new provisions have been accepted by Council in relation with trans-European transport networks. However, two significant differences distinguish the trans-European energy networks from the trans-European transport networks:

-the very limited budget available for trans-European energy networks;

-the fact that energy infrastructure projects are normally undertaken by private investors.

Thus, the effect that the creation of an additional category of "projects of European interest" could have in practice would be to effectively exclude TEN-financing altogether for a "normal priority project" which a private investor would be willing to consider. Regarding the provisions on a possible "European Coordinator", the Council is of the view that far less bureaucratic provisions could be retained for the same purpose as noted by Parliament itself.

Taking into account the aforementioned two differences, and the negative effect which the creation of an extra category could have on the realisation of other viable projects, the Council concluded that the added cost and administrative burdens, imposed on Member States as a result of the provisions mentioned are disproportionate in relation to their potential benefit. The Council specified that private financing or financing by economic operators shall be "the main source for financing".

During an informal trialogue with the Parliament which took place during the preparation of the common position, compromises were reached on the issues of appropriate references to olefin gases and renewable sources of energy; these compromises are included in the common position.

The project specification is now listed in three annexes, where the character of a ‘closed list’ for the projects of European interest – originally listed in Annex IV but now merged into Annex I – is maintained. Further, the ‘olefin networks’ are included under the condition that the corresponding projects are not funded by the TEN-E budget line, but could receive support otherwise and additional references to renewable sources of energy are introduced.

The Council acknowledges in particular the restraint exercised by the European Parliament in its treatment of the Annexes, where Parliament has accepted the changes made and mutually agreed by the Commission and the Council, without making further changes itself. In the further legislative procedure regarding this dossier, any further changes to the Annexes could block a swift adoption of the Decision.

Trans-European energy networks: guidelines

2003/0297(COD) - 01/12/2005

The Council adopted unanimously a common position with a view to the adoption of a decision laying down guidelines for trans-European energy networks. The objective of the decision is to adapt the trans-European energy guidelines adopted in June 2003, in particular with respect to new Member States, and allow for funding of projects of common interest to the enlarged Union. The revision of the guidelines includes projects which will facilitate the integration of new Member States into the internal market of electricity and gas. It also addresses the need to include projects involving the "neighbouring countries”.

Trans-European energy networks: guidelines

2003/0297(COD) - 16/01/2006 - Commission communication on Council's position

The Commission is of the opinion that the common position improves the Commission proposal by clarifying a number of issues, such as the project specification, the olefin networks and renewable sources of energy.

The Commission notes that the necessary coordination of cross-border projectsand the corresponding cooperation of Member States are not established. The Council did not take up the proposal to coordinate better all Community funds and to give them the same priority, in particular for projects of European interest. Further, it did not accept the reporting requirements for all priority projects declared of European interest irrespective of possible funding by the Commission.

In the informal discussions the differences with regard to these issues could not be resolved. Consequently, the Commission regrets that despite in-depth informal discussions it was not possible to reach an agreement in first reading. The Commission maintains its objection to the deletion of the proposed measures concerning the designation of a “European coordinator” and the separate category

of “projects of European interest” notably in view of ensuring secure and competitive energy markets, and recalls that the Parliament’s opinion at first reading accepted the Commission’s proposal on this aspect.

The Commission notes the unanimous political agreement in the Council. However, it recalls its proposal regarding the possibility of designating a “European Coordinator” and of granting the “Declaration of European interest” to the cross-border priority projects, and stresses that the Council’s approach to the dossier needs to accord with what the Council and the European Parliament already

accepted on 29 April 2004 in relation to the guidelines for the trans-European transport networks.

Trans-European energy networks: guidelines

2003/0297(COD) - 10/12/2003 - Legislative proposal

PURPOSE : to revise the guidelines for trans-European energy networks and to repeal Decisions 96/391/EC and 1229/2003/EC. PROPOSED ACT : Decision of the European Parliament and of the Council. CONTENT : with enlargement of the European Union approaching the Commission is proposing a revision of existing guidelines for the establishment of trans-European energy networks. Since their adoption in 1996, the TEN-Energy Guidelines have been split into 2 decisions, one taken by the Council and the European Parliament (Decision 1254/96/EC now replaced by Decision 1229/2003/EC) and an other by the Council Decision 96/391/EC). The reasons for such a splitting do not exist anymore, since all the field of TEN is now governed by co-decision, although initially only the identification of the projects of common interest needed to be co-decided. The purpose of this draft Decision is to define the nature and scope of Community actions vis-à-vis trans-European energy networks. Those guidelines, in turn, identify projects of common interest and those which will be given priority in the coming years. Importantly two new elements are introduced into this proposal namely a "Declaration of European Interest" and a "European Co-ordinator". These have been introduced in a bid to speed up the implementation of trans-European energy projects. It is proposed that the Decision shall apply to both electricity and gas networks. The objectives will be to promote the interconnection, interoperability and development of energy networks in an enlarged Europe thereby encouraging a more effective operation of the internal market. Other stated objectives include the development of energy networks in the less-favoured and island regions of the Community and securing energy supplies through strengthening relations with third countries such as Russia. A set of priorities have been identified and will involve measures such as : - opening up trans-frontier bottle-necks; - establishing viable energy network in isolated regions; - modernising networks in line with renewable energy production; - ensuring the inter-operability of electricity networks in the Community, in the acceding countries, the Mediterranean and the the Black Sea basin; - the development of natural gas networks in order to secure consumption needs; - ensuring interoperability of natural gas networks within the Community, and lastly; - the integration of olefin gas networks. Annexes to the Decision outline both the criteria for projects of common interest as well as the priority projects identified by the Commission. In addition Annex IV to the Decision set out a number of projects with a cross-border dimension - in other words they are of particular European interest. Accordingly, when applying for either Cohesions, Structural or tans-European network funding the Member States must give priority to projects of a "European Interest". The parallel proposal amending the TEN financial support Regulation opens up the possibility for priority projects, including their cross-border sections, of Community co-financing at a rate of up to 20% of the cost of projects.Significantly, this Decisions introduces the possibility that the Commission could decide to withdraw support for projects of European interest in the event of long delays and in the absence of adequate implementation of the project. The Decision also suggests the creation of a European co-ordinator who could act on behalf of the Commission on projects of European interest. The mission of the co-ordinator would be to cover a single priority project or a section of a priority project. He/she would be responsible for promoting joint methods for the evaluation of projects, offering financial advice and offering opinions on issues relating to the operation of networks. As well as submitting an annual report he/she would be tasked with opening a dialogue with operators, users and regional/local authorities. The estimated amount of investment required for the period 2007-2013 is around EUR 28 billion (20 billion in the EU; 8 billion in third countries).

Trans-European energy networks: guidelines

2003/0297(COD) - 10/12/2003 - Document attached to the procedure

According to the Commission Communication on "Energy Infrastructure and Security of Supply", three core themes bind the needs of the European energy market. Firstly, it must be dependable and offer consumers a secure continuous supply, secondly the energy market must be sustainable in terms of environmental performance and thirdly it must be competitive in terms of delivering an efficient service to households and businesses. It is along these three lines that this Report is structured with attention given to Europe's electricity and gas market. The shortcomings in the energy infrastructure and the security of supply are analysed culminating in proposals for future action in order to address some of the limitations identified. Concerning the electricity sector, the Report suggest that a successful electricity industry must deliver a continuous equilibrium between supply and demand while also allowing for competition between different generators and suppliers. The problems faced in the United States in 2003 as well as in Italy are clear indicators of how the electricity market can fail consumers. It is to this end that the security of supply is examined. To guarantee continuous supply cross-border co-operation on technical standards is vital. The Union for the Co-ordination and Transmission of Electricity (UCTE) has taken up this challenge by initiating work on an Operational Handbook, which aims to offer binding security and reliability rules in the UCTE network. The project seeks to strengthen compulsory security standards where the principles of reciprocity are respected and enforced. Another feature critical to the security of supply is the need to offer efficient demand management. Measures to control demand are seen as decisive. A significant reduction in demand could be made through relatively simple efforts to avoid unnecessary consumption. Thus, for example, without needing to reduce comfort or standards in living it is possible to reduce energy consumption by at least one-fifth at no extra net cost because the energy saved would be sufficient to repay the cost of investment - and all within a reasonable time frame. A stable investment framework is another feature essential if a continuous supply and fair competition is to be guaranteed. Stable conditions for future investment will need to take account of the numerous ageing plants earmarked for closure within the coming years thanks to the implementation of the Large Combustion Plant Directive. EU and national policies are already in place to promote investments in less carbon intensive technologies. Additionally, a fully co-ordinated, integrated and functioning transmission infrastructure is needed in order to protect both commercial capacity as well as the security of the network. Future investment in transmission will need to have a high degree of central co-ordination in order to deliver a rational network. This is largely because the transmission network of much of the EU is a single integrated system meaning that any new investment will have a big impact on the whole of the network. Shortcomings in transmission investments have been identified by the Council and have accordingly been given priority project status. Electricity consumers, the Report suggests, are not reaping the full benefits of the internal market nor are they benefiting from competitive electricity prices mainly thanks to the lack of crossborder capacity. The Commission notes that the level of interconnection being equivalent to 10% of installed generation capacity has not yet been met in all of the Member States. The trend for low cross-border capacity results in the largest national electricity operators retaining their dominant position. The prime responsibility for alleviating this problem lies in the hands of the Member States. Member States, under the principle of subsidiarity, have the sole right to authorise new interconnectors. The Commission cannot, for example, take measures leading directly to the construction of new interconnectors. What the Commission does propose are a number of supporting actions to be taken at the European level. They are: - A Directive concerning the energy end-use efficiency and energy services; - A Directive on Electricity Infrastructure and the Security of supply; - A revision of the TENs guidelines for electricity. Concerning measures aimed a securing the gas supply, the Report remarks that there are subtle differences between the electricity and gas market. Thus, a slightly different approach to securing a stable gas supply needs to be addressed at the European level. It is estimated that by 2030 the EU will be importing 62% of its energy needs (compared to 47% in 2000). Given that the use of gas is expected to rise in the coming years, securing an uninterrupted supply of gas is of great importance. The Report foresees important investment to transport gas from the producing countries to Europe either by pipeline or through LNG imports. The EU-Russia dialogue is the most important example of this and will continue to be a high priority. Within this context the Commission will continue work on the completion of the proposed Directive on the Security of Gas Supplies. Regarding the functioning of the internal gas market the Commission proposes that the main objective must be for individual customers in the EU having access to natural gas from a variety of portfolios. Any such development requires a well developed network and consistent rules at the EU level. Binding provisions are needed on issues such as tariffs and the allocation capacity. Without this, network users, will be faced with a patchwork of different regimes thus reducing competition. Based on this conclusion the Commission feels the time is right to propose a Regulation on Cross Border Trade in Gas. Lastly, bottlenecks in the gas transmission network (mainly in the south western part of the EU) indicates that demand is growing and further congestion points can be expected in the future. Whilst no specific measures for this matter are foreseen the Commission is revising the TEN's energy guidelines tacking into account the accession of the candidate countries. To conclude, the Commission suggests that the Actions proposed in the Report are needed as a matter of urgency. Without these measures - and in particular a higher level of interconnection - there is a strong possibility that the liberalised energy market will not provide consumers with the benefits they've been promised. They are also considered vital if the EU's future energy supplies are to be guaranteed.

Trans-European energy networks: guidelines

2003/0297(COD) - 07/06/2005 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted the resolution drafted by Anne LAPERROUZE (ALDE, FR) and made some amendments to the Commission’s text. (Please see the summary of 26/04/2005.) Parliament also made the following amendments:

- the recitals emphasise consultation of those affected by projects as well as public service obligations;

- a new recital states that the decision will serve to move closer towards realising the objective, set at the Barcelona European Council, of a minimum level of electricity interconnection between Member States equivalent to 10% of installed generating capacity in each Member State, thereby improving network reliability and security and ensuring security of supply and the effective operation of the internal market;

- a further new recital states since the Community budget earmarked for the trans-European energy networks is relatively modest and mainly intended to finance feasibility studies, it is the Community Structural Funds, programmes and financial instruments that enable, if necessary, funding to be provided for such - in particular interregional - interconnection networks;

- a new sub-paragraph to Article 7 asserts that, as regards cross-border investment projects, Member States will take the necessary measures to ensure that, in the context of national authorisation procedures, the fact that such projects increase the capacity for interconnection of two or more Member States and consequently strengthen Europe-wide security of supply is treated as a decisive criterion in the assessment undertaken by the competent national authorities;

- the European Coordinator may be designated by the Commission by Agreement with the European Parliament.

Trans-European energy networks: guidelines

2003/0297(COD) - 04/04/2006 - Text adopted by Parliament, 2nd reading

The European Parliament adopted a second reading report by Anne **LAPERROUZE** (ALDE, FR) amending the Council's common position on the directive on Trans European Energy Networks. The amendments are acceptable to the Council. The compromise includes two important elements of the original Commission proposal supported by the EP but previously opposed by the Council: the declaration of projects of European interest and the European coordinator.

On the issue of projects of European interest, the report states that for most projects declared to be of European interest, a significant current or prospective delay could be a delay expected to last between one and two years. If there is such a delay, the Commission may ask the Member States concerned to ensure that reasons for the delay are provided within three months.

Five years after the completion of a project declared to be of European interest or of one of the sections thereof, the Commission shall carry out an assessment of that project which includes its socio-economic impact, impact on the environment, impact on trade between Member States and impact on territorial cohesion and sustainable development.

The European Coordinator shall promote the European dimension of the project and the cross-border dialogue between the project promoters and the people concerned; contribute to the coordination of the national procedures for consulting the people concerned, and submit a report to the Commission every year on the progress of the project(s) for which he has been designated European co-ordinator and on any difficulties and obstacles which are likely to result in a significant delay. The Commission will transmit this report to the Member States concerned.

Trans-European energy networks: guidelines

2003/0297(COD) - 27/06/2005

The Council reached political agreement on the proposal for a Decision of the European Parliament and of the Council laying down guidelines for trans-European energy networks (TEN-E) and repealing Decisions Nos 96/391/EC and 1229/2003/EC. Once the text has been checked by legal/linguistic experts, the Council will formally adopt its common position at one of its forthcoming meetings, and will send it to the European Parliament under the codecision procedure.

The Commission highlighted the importance of the European coordinator; this position was supported by the European Parliament in its opinion.

The main purpose of the proposal is to adapt the guidelines on trans-European networks adopted in June 2003, particularly to take account of the new Member States, and to allow the funding of projects of common interest to the enlarged Union. The revision of the guidelines includes projects which will facilitate the integration of the new Member States into the internal market for electricity and gas. It also addresses the need to include projects involving the "neighbouring countries".

The draft Decision defines the nature and scope of Community action in respect of trans-European energy networks, and establishes a serious of guidelines relating to objectives, priorities and broad lines of action to guide the Community's activities in this area. The guidelines identify projects of common interest, including those which have priority, in the framework of trans-European electricity and gas networks.

Compared with the Commission's original proposal, the text on which the Council reached political agreement aims to simplify the Decision (in terms of levels of priority and the number of Annexes), and to align it as much as possible on Decision 1229/2003/EC.

The text deletes two new provisions which the Commission had proposed concerning the drawing up and implementation of priority projects, i.e. projects of European interest, and the possibility for the Commission to appoint a European coordinator for a given priority axis or priority project.

However, the current text stresses the importance of giving priority to projects covered by Annex I (i.e. projects which come under one of the priority axes) and ensuring better coordination between the Member States so as to optimise the implementation of certain projects, particularly cross-border projects.

The latest Presidency text maintains "olefin gas networks" in the scope of the proposal, but states that these projects do not fulfil the criteria for Community funding under Regulation (EC) No 2236/951.

Trans-European energy networks: guidelines

2003/0297(COD) - 04/05/2010

This Commission Staff Working Document is the Annex to the Report from the Commission on the implementation of the trans-European energy networks in the period 2007-2009.

It provides detailed information on the progress made in the implementation of TEN-E projects throughout this period, focusing in particular on the implementation of projects of European interest as well as some priority projects as specified in the TEN-E Guidelines. It includes an assessment of the main results achieved with regard to the objectives of the TEN-E policy and summarises the main problems encountered during the implementation of the projects.

In addition, this Annex provides comprehensive information on the main EU financial instruments relevant for the implementation of TEN-E projects such as loans of the European Investment Bank (EIB), the TEN-E funding programme and the European Energy Programme for Recovery (EEPR), as well as on other EU financing sources, including Structural Funds, the Instrument for Pre-Accession Assistance (IPA) and the Instrument for Structural Policies for Pre-Accession (ISPA), and external policy funding instruments (such as the European Neighbourhood Policy (ENPI), the Neighbourhood Investment Facility (NIF) and the Facility for Euro-Mediterranean Investment and Partnership (FEMIP)).

Trans-European energy networks: guidelines

2003/0297(COD) - 06/07/2006 - Commission opinion on Parliament's position at 2nd reading

The Commission can accept in full all 17 amendments adopted by the European Parliament. They are the result of a compromise package agreed between the European Parliament and the Council for the second reading. The amendments re-insert key elements of the Commission's proposal, namely the category of "projects of European interest" and the "European coordinator". The conclusion of the compromise package has been facilitated by the recognition that relevant and up-to-date information is in the hands of companies executing such projects rather than Member States; the draft Decision therefore places an obligation on Member States to ensure the flow of information on, and transnational coordination of, projects of European interest.

The amendments to the common position refer mainly to:

- the re-insertion of the category of "**projects of European interest**" (Articles 1 (1), 5 (a), 6 (5) and (8));

- a differentiation in the **degree of priority access to funding** according to the source of cofinancing, by giving "appropriate priority" for funding under Council Regulation 2236/95/EC while giving "particular attention" to projects declared to be of European interest for funding under other Community cofinancing funds (Art. 8(2) and (3));

- **transnational coordination** between Member States if there is a significant current or prospective delay in the progress on one of the projects declared to be of European interest, the Commission may then ask the Member States concerned to ensure that reasons for the delay are provided within three months (Article 8(6));

- the Member States insisted to delete the provision that in case of delays the Commission may decide to **withdraw the declaration of European interest** , since they have only limited influence on the construction phase carried out by private companies. In view of the progress made concerning coordination and monitoring this position is acceptable for the Commission;

- the re-insertion of the **European coordinator** to be designated by the Commission, in agreement with the Member States concerned, and after having consulted the European Parliament, in cases where a project declared to be of European interest encounters significant delays or implementation difficulties (Article 10(1));

- the specification of **reporting requirements**: Member States shall, using as a basis a draft timetable provided by the Commission, submit to the Commission an updated and indicative timetable for the completion of projects of European Interest. The Commission shall present biennial reports on the progress such projects; in cases where a European coordinator is appointed for the project in question, the European coordinator would assume this task (Article 9(1) and (2)).

Trans-European energy networks: guidelines

2003/0297(COD) - 04/05/2010

The Commission presents a report on the Trans-European Energy Networks in the period 2007-2009, pursuant to Regulation (EC) 680/2007 and Decision 1364/2006/EC. The report summarises the progress which TEN-E has achieved in 2007-2009 in helping Europe's energy industry devise and implement strategic network projects. It also sets out to assess where TEN-E has had a positive impact as well as analysing its weaknesses. Detailed information on the projects of European interest and the priority projects can be found in the Annex, which includes a summary description of the projects, describes progress of their implementation and presents the sources of financing during the period 2007-2009.

This report highlights the importance of energy infrastructure to the overall energy policy aims of the EU and the delivery of its 20-20-20 objectives. It provides input into the preparation of a proposal for a new EU Energy Security and Infrastructure Instrument, as requested by the European Council in March 2009 and anticipated in the Communication on the Second Strategic Energy Review (2008) and on the Green Paper on energy networks.

The report states that the TEN-E has made a **positive contribution to selected projects by giving them political visibility and helping leverage funds from the financial market**. The "TEN-E label" given to projects with the highest European interest and the creation of European Coordinators have been conducive in delivering these results. However, the European energy policy framework has undergone a dramatic change in the recent years, calling for a **thorough review of both the concept and rationale of the TEN-E framework**. Already in 2008, the Green Paper on energy networks examined the suitability of TEN-E for the delivery of the 20-20-20 targets and security of goals. The Green Paper suggested that a new instrument was required to tackle the growing challenges of energy security and network investment in the EU. The European Council endorsed these conclusions in March 2009. The report further substantiates these arguments and stresses the need to develop a new Energy Security and Infrastructure Instrument.

- The agreement on an EU Energy Policyin 2007 set binding targets on both greenhouse gas emissions and energy from renewable sources. An appropriate energy infrastructure development is needed particularly regarding the integration of renewable energy sources into the grid, the mitigation of the higher technological risks of low-carbon technologies, the integration of the European energy markets and to ensure security of supply.
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The regulatory framework related to gas and electricity infrastructure has considerably evolved: the **3rd internal energy market package** provides new instruments for better cooperation between Transmission System Operators and Regulators. The Agency for the Cooperation of Energy Regulators (ACER) will start operations in 2011, with the objective of ensuring coordination of rules on network access and investment across borders. The European Network of Transmission System operators for gas (ENTSO-G) and electricity (ENTSO-E) are tasked with putting market integration into practice by providing a European view on network access and network investments. One of their key tasks is the elaboration of Ten-Year Network Development Plans. A first draft for gas was published in December 2009 and for electricity in March 2010.

- In July 2009, following calls from Council and Parliament amplified by the January 2009 gas crisis, the Commission proposed a new regulation **concerning the measures to safeguard security of gas supply**. Whilst the regulation places the main emphasis on the internal market as best guarantee for security of supply, it provides for common standards for security of supply - the infrastructure standard (n-1) and supply standards for protected customers. It also requires reverse flows to be established on all interconnection within 2 years from its entry into force.
- To stimulate economic recovery, the European Energy Recovery Programmeallocated almost EUR 4 billion to leverage private funding in gas and electricity infrastructure, off-shore wind and carbon capture and storage projects. It provides useful lessons on the benefits of greater Member State collaboration and strategic involvement at a high level.

Against this background, the weaknesses of TEN-E have come to the fore in 2007- 2009. The programme has responded too slowly to the major challenges which have emerged in recent years, and is poorly equipped to deal with the growing challenges which will arise from the 2020 and 2050 ambitions.

The new policy environment creates a challenge for TEN-E, which has neither the resources nor the flexibility to make a full contribution to the delivery of the ambitious energy and climate goals. In the course of 2010, the Commission will examine the need for a new instrument which fully reflects the importance of infrastructure to the delivery of policy targets.

Based on the findings of this report, the following **priorities** emerge which will be further elaborated and analysed in the forthcoming revision of the TEN-E and its accompanying impact assessment:

(1) EU energy infrastructure strategic priorities need to be better defined: the energy networks must be modernised to allow Europe to meet its energy policy goals, including the 20/20/20 targets. Networks need to become more Europe-wide, to enable the development and proper functioning of the internal energy market, to strengthen security of supply but also to allow new technologies to be applied. The networks must also become flexible, to allow a variety of renewable sources, more decentralised power generation, incorporating smart energy demand technologies, including the concept of an EU-wide "super grid" for electricity and gas as well as the networks for carbon capture and storage (CCS). The external dimension of infrastructure and the diversification of supply routes and sources will also need to be looked at, especially in the gas sector but possibly also for oil;

(2) a new approach is needed to project definition: the current categorisation is confusing and fails to give a clear overview of the objectives. The approach adopted in the Commission's second Strategic Energy Review, whereby multiple projects are brought together into a regional initiative, such as the Southern Corridor for gas imports from the Caspian, or the Baltic Interconnection Plan, may be pursued. A thorough political debate is needed to decide what the future priorities of European infrastructure should be;

(3) the potential for cooperation between Member States involved in individual projects must be better exploited. This applies at the level of planning and at the level of political coordination. Situations where projects of European interest are not given national priority status, or where these projects are not equally supported by all Member State involved are untenable. The possibility should be explored of setting up of one (central) authorising body within a Member State, at least for the cross-border projects to speed up implementation;

(4) a stronger EU infrastructure strategy needs to attract investment at a level commensurate with the challenges. The funding of network investments from tariffs paid by network users is the established approach in Europe. This will remain the main feature also in the future. There may, however, be few instances where public funding can be motivated due to widespread European benefits and clearly demonstrated market failures, which prevent the investment to be undertaken. Existing funding available under other EU instruments must be better used and coordinated with energy policy actions.