Basic information

2009/0010(COD) COD - Ordinary legislative procedure (ex-codecision procedure) Regulation	Procedure completed
Programme to aid economic recovery: financial assistance to projects in the field of energy, European Energy Programme for Recovery (EEPR) Amended by 2010/0150(COD) Amended by 2016/0375(COD) **Subject** 3.60.03 Gas, electricity, natural gas, biogas 3.60.05 Alternative and renewable energies 8.70.60 Previous annual budgets	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
ITRE Industry, Research and Energy	MALDEIKIS Eugenijus (UEN)	16/02/2009

Committee for opinion	Rapporteur for opinion	Appointed
BUDG Budgets	MAURO Mario Walter (PPE-DE)	10/02/2009
CONT Budgetary Control	The committee decided not to give an opinion.	
ENVI Environment, Public Health and Food Safety	The committee decided not to give an opinion.	
REGI Regional Development	JELEVA Rumiana (PPE-DE)	09/03/2009

Council of the European Union

Council configuration	Meetings	Date
General Affairs	2932	2009-03-16
General Affairs	2925	2009-02-23
Economic and Financial Affairs ECOFIN	2954	2009-07-07
Economic and Financial Affairs ECOFIN	2922	2009-02-10
Transport, Telecommunications and Energy	2935	2009-03-30

Key events

Date	Event	Reference	Summary
28/01/2009	Legislative proposal published	COM(2009)0035	Summary
10/02/2009	Debate in Council		
19/02/2009	Committee referral announced in Parliament, 1st reading		
23/02/2009	Debate in Council		
16/03/2009	Debate in Council		Summary
30/03/2009	Debate in Council		Summary
31/03/2009	Vote in committee, 1st reading		Summary
08/04/2009	Committee report tabled for plenary, 1st reading	A6-0261/2009	
06/05/2009	Decision by Parliament, 1st reading	T6-0366/2009	Summary
06/05/2009	Results of vote in Parliament		
06/05/2009	Debate in Parliament		
07/07/2009	Act adopted by Council after Parliament's 1st reading		
09/07/2009	End of procedure in Parliament		
13/07/2009	Final act signed		
31/07/2009	Final act published in Official Journal		

Technical information

Procedure reference	2009/0010(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
Amendments and repeals	Amended by 2010/0150(COD) Amended by 2016/0375(COD)
Legal basis	EC Treaty (after Amsterdam) EC 175-p1 EC Treaty (after Amsterdam) EC 156
Stage reached in procedure	Procedure completed
Committee dossier	ITRE/6/72795

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Amendments tabled in committee		PE421.268	16/03/2009	
Committee opinion	REGI	PE421.246	30/03/2009	

Committee opinion	BUDG	PE421.343	31/03/2009	
Committee report tabled for plenary, 1st reading/single reading		A6-0261/2009	08/04/2009	
Text adopted by Parliament, 1st reading/single reading		T6-0366/2009	06/05/2009	Summary

Council of the EU

Document type	Reference	Date	Summary
Draft final act	03659/2009/LEX	13/07/2009	

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2009)0035	28/01/2009	Summary
Commission response to text adopted in plenary	SP(2009)3616	07/07/2009	
Follow-up document	COM(2010)0191	27/04/2010	Summary
Follow-up document	COM(2011)0217	20/04/2011	Summary
Follow-up document	COM(2012)0445	08/08/2012	Summary
Follow-up document	SWD(2012)0243	08/08/2012	
Follow-up document	COM(2013)0791	18/11/2013	Summary
Follow-up document	SWD(2013)0457	18/11/2013	
Follow-up document	SWD(2013)0458	18/11/2013	
Follow-up document	COM(2014)0669	28/10/2014	Summary
Follow-up document	COM(2015)0484	08/10/2015	
Follow-up document	SWD(2015)0191	08/10/2015	
Follow-up document	COM(2016)0743	30/11/2016	Summary
Follow-up document	SWD(2016)0374	30/11/2016	
Follow-up document	COM(2018)0086	05/03/2018	Summary
	SWD(2018)0048		

Follow-up document		05/03/2018	
Follow-up document	COM(2020)0476	03/09/2020	
Follow-up document	SWD(2020)0169	09/09/2020	
Follow-up document	COM(2021)0670	26/11/2021	
Follow-up document	SWD(2021)0306	26/11/2021	

National parliaments

Document type	Parliament /Chamber	Reference	Date	Summary
Contribution	PT_PARLIAMENT	COM(2010)0191	15/04/2011	

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
EESC	Economic and Social Committee: opinion, report	CES0873/2009	13/05/2009	

Additional information

Source	Document	Date
National parliaments	IPEX	
European Commission	EUR-Lex	
European Commission	EUR-Lex	

Final act

Regulation 2009/0663
OJ L 200 31.07.2009, p. 0031 Summary

Programme to aid economic recovery: financial assistance to projects in the field of energy, European Energy Programme for Recovery (EEPR)

2009/0010(COD) - 05/03/2018 - Follow-up document

The Commission presented a report on the implementation of the European Energy Programme for Recovery (EEPR) and the European Energy Efficiency Fund (EEEF).

This report sets out, for each part of the EEPR, the progress made in implementing the projects and the European Energy Efficiency Fund (EEEF).

It follows the report adopted in 2016. It covers the implementation of the projects between 31 August 2016 and 30 June 2017 and the payments made during that period.

Implementation of projects: the EEPR has delivered good results. The majority of projects (37 out of 59) were completed at the end of June 2017, particularly regarding gas and electricity infrastructures. A total amount of EUR 2 279 701 215 was paid to the beneficiaries. The strict control exercised by the European Commission in project implementation and monitoring has helped to increase the efficiency of the instrument.

Gas and electricity infrastructures: the EEPR infrastructure sub-programme supports 44 projects in three major areas of activities: (i) gas infrastructure and storage projects; (ii) gas reverse flow projects; (iii) electricity infrastructure projects.

To date, **35 out of the 44 infrastructure projects have been completed**, four projects are ongoing and one is in under discussion.

- **In the electricity sector**, 10 out of 12 projects have been completed. The 2 remaining projects are progressing well and are expected to be completed by the end 2017.

- **In the gas sector**, 25 out of 32 projects have been completed; two are progressing according to schedule, one is currently under discussion and four have been terminated.

All of the reverse flow and interconnections projects in Central and Eastern Europe have been completed.

Important progress has been made for electricity and gas infrastructure projects since the last 2016 EEPR implementation report. For instance, the reinforcement of French gas network on the Africa-Spain-France axis is on track.

The EEPR funds have secured the development of the project notably on the Eastern axis by encouraging the beneficiaries to take their investment decision. The Bulgarian – Romanian interconnection has been implemented successfully end 2016.

The Nordbalt 1 project consisted of the construction of the Swedish - Lithuanian electricity transmission systems' interconnection by a High Voltage Direct Current (HVDC) submarine cable with a capacity of 700 MW. The project aims at further removing the Baltic States isolation from the internal energy market. All works have been completed.

To date, it is foreseen that out of the **5 on-going projects, 3 should be completed in 2017, with 1 in 2018 and one under discussion**.

Offshore wind energy (OWE): this EEPR sub-programme consisted of nine projects and gave EUR 565 million of support. Four of nine projects have been completed and 2 terminated prematurely. EUR 255 744 668 has been paid to the projects. The three remaining projects are on-going.

Carbon capture and storage (CCS): this EEPR sub-programme consisted of 6 projects and EUR 1 billion of support to aim at demonstrating the full carbon capture, transport and storage process. One project was finished providing operational pilot plants for capture, transport and storage. Three projects have been terminated prematurely due to the decision of the project promoter not to invest, one project ended without completion and ROAD was the last remaining project.

In November 2016, the Commission and the ROAD project promoters agreed an extension of the grant agreement until 31 December 2019 following progress in discussions on additional sources of funding, restructuring of the project and change to a less costly storage site. However, in June 2017 the project promoters informed the Commission that the joint venture partners Engie and Uniper decided to stop their financial support for the project and later on confirmed that they withdraw the request for the grant agreement. Consequently the grant agreement is in the process of being terminated.

The Commission concluded that although the financial support of EEPR was not sufficient to prompt companies to realise commercial-scale CCS demonstration projects, the Commission still considers CCS important for decarbonisation. Future CCS demonstration efforts in Europe are expected to focus on energy- and carbon intensive industries.

Programme to aid economic recovery: financial assistance to projects in the field of energy, European Energy Programme for Recovery (EEPR)

2009/0010(COD) - 30/11/2016 - Follow-up document

The Commission presented a report on the implementation of the European Energy Programme for Recovery (EEPR) and the European Energy Efficiency Fund (EEEF).

All EEPR projects were adopted in 2010. The report covers the implementation of the projects between 31 August 2015 and 30 June 2016 and the payments made during that period.

Implementation of projects: the EEPR delivered **good results**. The majority of projects (37 out of 59) were completed by the end of June 2016, and a total amount of EUR 2 122 297.449 was paid to the beneficiaries. The strict control exercised by the European Commission in project implementation and monitoring has helped to increase the efficiency of the instrument.

Gas and electricity infrastructures: the EEPR infrastructure sub-programme supports 44 projects in three major areas of activities: (i) gas infrastructure and storage projects; (ii) gas reverse flow projects; (iii) electricity infrastructure projects.

To date, **33 out of the 44 infrastructure projects have been completed** with six projects ongoing and one suspended.

Important progress has been made since the last 2015 EEPR implementation report. For instance the project Halle/Saale – Schweinfurt link the North-Eastern part to the South-Eastern part of Germany, is almost completed; the France-Spain interconnection (Baixas – Santa Llogaia) was inaugurated in February 2015; the interconnection between Sicily and mainland Italy (Sorgente – Rizziconi) is completed; the Nordbalt 01 project (subsea interconnection between Lithuania to Sweden) has progressed well and was inaugurated in December 2015.

Offshore wind energy (OWE): this EEPR sub-programme consisted of nine projects and gave EUR 565 million of support. Three of nine projects were completed and 2 terminated prematurely. EUR 221 985 224 was paid to the projects.

Despite the fact that Off-Shore Wind projects appeared to be **more complex** than expected, the promoters and the constructors have managed to find solutions and the technological knowledge has been gained over the five years.

Carbon capture and storage (CCS): this EEPR sub-programme consisted of 6 projects and EUR 1 billion of support to aim at demonstrating the full carbon capture, transport and storage process.

The Commission remains committed to demonstrating CCS despite the challenges in finding the necessary complementary funding which has led to the termination of some EEPR projects.

The Commission is in the final phase of negotiating with the ROAD project which would be the first project in Europe demonstrating the application of post-combustion CCS technology to a commercial scale coal power plant.

Programme to aid economic recovery: financial assistance to projects in the field of energy, European Energy Programme for Recovery (EEPR)

2009/0010(COD) - 18/11/2013 - Follow-up document

The Commission presents a report on the implementation of The European Energy Programme for Recovery (EEPR). The Programme provides financial support to selected, highly strategic, projects in three areas of the energy sector: gas and electricity connections, offshore wind energy and carbon capture and storage.

The report notes that most of the budget available was allocated to **59 promoters and 61 projects** in the following sub-programmes: gas infrastructure (EUR 1363 million); electricity infrastructure (EUR 904 million); offshore wind energy (EUR 565 million); and carbon capture and storage (EUR 1000 million).

The report provides information on the state of play since the last report (August 2012) as well as data related to the payments and the de-commitments as from the start of the programme up to June 2013. It also provides an overview of the current state of play and of the mid-term evaluation of the EEE-Fund.

Progress achieved: since the 2012 report, the implementation of the EEPR has continued progressing. A substantial number of projects are now completed and others are well on track and will be operational soon.

At the end of 2012, 20 projects out of 61 were already fully technically completed, and a total amount of **EUR 1,416,970,178.64** has been actually paid to the beneficiaries (June 2013).

The rate of payments remains low but this confirms the difficulties in the planning of such big and complex projects (complexity of the technologies involved, the difficulties for the public authorities both at government and regulatory level regards offering a proper regulatory framework, the lack of public acceptance, as well as difficulties linked to environmental issues and public procurement). Furthermore, the permit granting procedure forms the basis for many of the delays.

Gas and Electricity Infrastructure **:** substantial progress has been made. To date 19 projects out of the 44 are completed, as compared to 13 at the beginning of 2012. In the **electricity sector**, 4 projects are completed. The remaining 8 projects are progressing well, with some projects expected to be completed by 2014. In the **gas sector**, 15 projects are completed; 13 are progressing according to schedule. Most (10 out of 15 projects) of the reverse flow and interconnections projects in Central and Eastern Europe have been completed.

The Commission states that the EEPR is concretely improving the way the internal market works, by **providing interconnections between Western and Eastern parts of the EU,** and increasing the security of supply of the country and regions concerned. Some remarkable steps forward are being taken: the reverse flow gas projects are up and running and avoided a gas supply crisis during the recent February 2012 cold spell.

The completion of an **EU-wide energy infrastructure system** is progressing thanks to the clearing of bottlenecks and the progressive integration of "energy islands" such as the three Baltic States, the Iberian Peninsula, Ireland, Sicily and Malta.

To date, it is envisaged that the majority of the 25 on-going projects will be completed during the years 2013/2014 whilst only a few projects will run until 2017. The remaining projects, those undergoing serious difficulties, may be terminated by the end of 2013.

Off shore wind energy (owe) projects **:** out of the 9 projects, 1 has been successfully completed (Thornton Bank in Belgium). Some others could last until 2016/2017 (gravity foundations), and 2017/2018 (Aberdeen, Krieger Flak in the Baltic sea region), 2019 (Cobra Cable - link between Denmark and the Netherlands) and will require the Commission's close monitoring.

The report notes that through the EEPR grants, the installation of the **first large size (400 MW) offshore wind farms** far from shore (more than 100 km) and located in deep waters (more than 40 m) has been secured. The EEPR support to "turbines and structures" projects results directly in an additional 1500 MW of carbon-free electricity production capacity.

For the wind-grid integration projects, the maturity and cost of the HVDC technology, the licensing of the wind farms to be connected as well as the co-financing to be obtained through the regulatory authorities, are the crucial hurdles to be addressed before the FID can be taken.

Carbon capture and storage (CCS) :despite the good progress achieved so far as regards preparatory work for implementing CO_2 capture, transport and storage solutions, the actual implementation of most CCS projects **remains uncertain**. Public acceptance for CO_2 onshore storage remains a significant hindrance. The EEPR funding alone provides a kick start for projects but is not sufficient to cover all additional costs for applying CCS in power plants.

The Communication of 27 March 2013 on the Future of Carbon Capture and Storage in Europe aims to re-start the CCS agenda and to initiate a debate on how best to encourage demonstration and deployment and to stimulate investment. Based on the contributions received, the full analysis of the transposition and implementation of the CCS Directive in the Member States, and in the context of its work on the 2030 Climate and Energy framework, the Commission will consider the need to prepare **proposals, if appropriate, for the short, medium and long-term.**

For the immediate future, the second call for proposals, launched on 3 April, in the framework of the **NER 300 programme**, is a second chance to improve the current prospects for CCS demonstration in Europe.

European Energy Efficiency Funds (EEE F) : the mid-term evaluation shows some fair first results and a **reasonably promising outlook** for the Fund. So far, 6 projects have been approved and signed leading to a total of around EUR 79.2 million allocated.

At present, the Commission considers that an increase of the EU financial contribution does not seem justified. However, once this amount is spent and the Fund will have reached its maturity level and proved its attractiveness to the market, **additional contributions could be considered** provided there is a large increase in leverage.

Programme to aid economic recovery: financial assistance to projects in the field of energy, European Energy Programme for Recovery (EEPR)

2009/0010(COD) - 28/10/2014 - Follow-up document

The Commission presented a report on the implementation of the European Energy Programme for Recovery (EEPR).

This report sets out, for each part of the EEPR, the progress made in implementing the projects and the EEE F. It follows on from the report which was adopted in 2013, covers the implementation of the projects between October 2013 and 31 August 2014 and the payments made between 1 July 2013 and 31 August 2014.

Energy infrastructure and innovation, the driving forces behind the European Energy Programme for Recovery (EEPR), remain as important now as they were in 2009 when the EEPR was set up.

In its recent Communication on the European Energy Security Strategy, adopted on 28 May 2014, the Commission has reaffirmed the importance of developing critical infrastructure in view of reinforcing our energy security.

Main findings: according to the Commission, the EEPR has delivered **good results**. At the end of 2013, 30 projects out of 61 were already fully technically completed, and a total amount of **EUR 1 499 826 548** has been actually paid to the beneficiaries).

Substantial progress has been made for **electricity and gas infrastructure projects**. A large majority of the projects (40 out of 44) are either completed or progressing.

The EEPR is concretely improving the way the internal market works, by **providing interconnections between Western and Eastern parts of the EU**, and increasing the security of supply of the country and regions concerned.

To date, it is foreseen that the majority of the 13 still on-going projects should be completed during the years 2014 and 2015 whilst only a few projects will run until 2017.

Offshore wind energy (OWE) projects: the EEPR sub-programme consisted of 9 projects giving EUR 565 million of support split between two main types of activities. 3 of these projects have been completed and 1 terminated prematurely. EUR 226 981 500 has been paid to the projects.

Difficulties with obtaining planning consents (Aberdeen Offshore Wind Farm), difficulties are regards the cost of technology components (Kriegers Flak), the introductions of new regulatory elements at national level (for instance, Cobra Cable) and significant difficulties in obtaining the necessary funding for both construction and operation have all contributed to the delays concerning these projects.

Carbon capture and storage (CCS): the **most problematic area is CCS**. As already identified in previous reports, this reflects many different factors, the most important of which is the changed business case for the technology since the start of the EEPR programme. The difficulties for the public authorities both at government and regulatory level to offer a proper regulatory framework, the lack of public acceptance, as well as difficulties linked to environmental issues and public procurement have all constituted additional challenges for the projects promoters.

The EEPR sub-programme consisted of 6 projects giving EUR 1 billion of support to projects that would aim at demonstrating the full carbon capture, transport and storage process.

As of 30 April 2014: 1 project has finished providing operational pilot plants for capture, transport and storage. 3 projects have been terminated prematurely. 2 projects are ongoing. EUR 374 871 355 have been paid to these projects.

The Commission continues to make every political effort to further the development of the remaining two projects; nevertheless, their success will depend on the efforts of private investors and national governments.

European Energy Efficiency Fund (EEE F): the Fund has been successful: a commercial fund was established that will continue to grow providing financing solutions and generating profits covering administrative expenses, shareholders' dividend and repayment of establishment costs.

In total, the Fund has allocated **EUR 219 million to 13 projects**, mostly in the energy efficiency sector. The full EU contribution to the Fund (EUR 125 million) has thus been successfully allocated to project investments by 31 March 2014 as required by the Regulation.

The important role of the EEPR projects: the report noted that while implementation of the programme has been slower than expected in some areas, this has generally been due to reasons beyond the Commission's direct control.

Nevertheless, notwithstanding these delays, the value of large-scale infrastructure, innovative technologies and innovative EU funding in achieving the EU's security of supply, internal market and climate change objectives remains high.

This has been underlined by the Council and the European Parliament when they increased the EU funds for energy infrastructure and innovation in CEF, Horizon 2020 and the Structural Funds under the new financial framework. The completion of the remaining EEPR projects will complement these programmes, as well as provided valuable experience on which to build as they are being rolled out.

Programme to aid economic recovery: financial assistance to projects in the field of energy, European Energy Programme for Recovery (EEPR)

2009/0010(COD) - 08/08/2012 - Follow-up document

The Commission presents a report on the European Energy Programme for Recovery (EEPR) established by Regulation (EC) No 663/2009. The EEPR provides financial support to selected highly strategic projects in the energy sector. To recall, the year 2010 was devoted mainly to setting the EEPR in motion. Most of the budget available was allocated to 59 projects in the following sub-programmes:

gas infrastructure (EUR 1363 million);

electricity infrastructure (EUR 904 million);

offshore wind energy (EUR 565 million); and

carbon capture and storage (EUR 1000 million).

The report states that overall, by the end of 2010, grant decisions and grant agreements had been made for a total amount of EUR 3833 million i.e. **96.3% of the total EEPR budget.** An amount of EUR 146 million that could not be committed to projects in these sectors by the deadline of 31 December 2010 was reallocated to a new financial facility, the European Energy Efficiency Fund (Regulation (EC) No 1233/2010), focusing on energy efficiency and renewable energy investments.

This annual report focuses on the state of play of the programme implementation. An independent mid-term evaluation carried out in 2011 states that the programme, by setting in motion construction works and procurements of equipment and intermediate manufactured goods, is already generating a meaningful impact on the real economy.

The actual implementation of the projects had started in 2010 but it is only in 2011 that it gained momentum. In some cases project implementation is challenging and is advancing slower than initially planned. The economic and regulatory context is particularly challenging for the **Carbon Capture and Storage sub-programme, which is at a crossroad.**

The report outlines problems common to all three programmes.

Complex and lengthy permit granting procedures: the ensuing regulatory uncertainty has led to delays in the final investment decisions. The Commission proposal on the energy infrastructure guidelines is expected to bring about major improvements.

Financing: as a consequence of the credit crisis and the regulatory measures, which followed (Basel III, Solvency II), it has become **increasingly difficult for infrastructure projects to access long term financing.** This coincides with the unprecedented investment volumes expected as many Transmission System Operators (TSOs) will need to step up their investment plans even threefold. The Commission proposal on the Connecting Europe Facility (CEF), a cross-sector infrastructure fund, is designed to help projects put together the necessary financing package.

The report discusses the sub-programmes in detail.

1. Gas and electricity infrastructure: during the second year of implementation, **good progress has been demonstrated for electricity and gas infrastructure projects**, **notably for the reverse flow gas projects**, with 13 projects completed and in operation. A large majority of the projects, 31 out of 44, are either completed or progressing according to plan.

- Overall, the EEPR is concretely improving the way the internal market works, by providing interconnections between western and eastern parts of the EU, and increasing the security of supply of the country and regions concerned.
- Some **remarkable steps forward are being taken**: the reverse flow gas projects are up and running and avoided a gas supply crisis in the recent February 2012 cold spell. The strong EEPR support to the Southern Gas Corridor projects has been instrumental in the negotiations with supply countries, which are intensifying.
- The electricity projects supported are lending strong impetus to completion of the internal market and bringing major improvements to the security of supply of the countries and regions concerned.
- The completion of an EU- wide energy infrastructure system is progressing thanks to the clearing of bottlenecks and the progressive integration of "energy islands" such as the three Baltic States, the Iberian Peninsula, Ireland, Sicily and Malta.

To date, it is estimated that **the majority of the 31 on-going projects should be completed during the years 2012-13** whilst only a few projects will run until 2017 given the technical, regulatory and commercial challenges they face.

2. Offshore wind energy: the EEPR support to "**turbines and structures**" projects will result directly in an additional 1500 MW of carbon-free electricity production capacity and some projects are already delivering part of this result. The EEPR projects are also generating important learning effects, for instance shortening of production time of offshore foundations and decreases in the installation time of foundations.

In some cases project implementation is **challenging and is advancing slowly**. Timely implementation of the EEPR actions depends heavily on swift progress in permitting procedures. Other framework conditions are also crucial such as the guarantees for offshore wind farms to obtain a grid connection.

For the **wind-grid integration projects**, the licensing of the wind farms to be connected as well as the co-financing to be obtained through the regulatory authorities are the crucial hurdles to be addressed before the final investment decisions can be taken.

3. Carbon capture and storage: good progress was achieved in finalising detailed technical studies for capture units and, to a lesser extent, validation of storage sites.

However, **after its second year of implementation the CCS sub-programme is at a crossroads:** one project has been cancelled and none of the remaining five has yet adopted the final investment decision. There are several reasons for the delays: (i) all permits have not yet been secured; (ii) characterisation of the storage sites has not been finalised; (iii) financial structure has yet to be completed.

As a result, most plants are likely to postpone operation to 2016 or 2017. CCS is a novel activity that, in addition to validating technical and economic aspects, needs to comply with new regulatory frameworks (e.g. for CO2 storage). **Industry and Member States will need to intensify their efforts** if the delays relating to regulatory and financial aspects are to be mitigated for these projects.

4. European Energy Efficiency Fund: lastly, the report gives a brief account of the **European Energy Efficiency Fund**, established by Regulation (EU) No 1233/2010, which is in an early stage of implementation as it has been operational only since July 2011. Very intense activities have been carried out during the first months of operations to launch it and to start to identify projects with a potential for being supported by the Fund.

The report notes that municipalities, ESCOs and other entities acting on behalf of public authorities have already submitted to the fund manager a large number of proposals for projects in the fields of cogeneration, public lighting, district heating and building upgrade. The Commission will report on the progress of the Fund by June 2013.

Programme to aid economic recovery: financial assistance to projects in the field of energy, European Energy Programme for Recovery (EEPR)

2009/0010(COD) - 06/05/2009 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 526 votes to 64 with 14 abstentions a legislative resolution amending, under the first reading of the codecision procedure, the proposal for a regulation of the European Parliament and of the Council establishing a programme to aid economic recovery by granting Community financial assistance to projects in the field of energy.

The amendments were the result of a compromise negotiated with the Council.

The main amendments are as follows:

Budget: the financial envelope for the implementation of the EEPR for 2009 and 2010 shall be EUR 3 980 million, allocated as follows: (a) gas and electricity infrastructure projects: EUR 2 365 million; (b) offshore wind energy projects: EUR 565 million; (c) projects for carbon capture and storage: EUR 1 050 million.

The compromise text specifies that individual legal commitments implementing the budgetary commitments made in 2009 and 2010 shall be made before 31 December 2010.

Gas and electricity infrastructure projects: award criteria that the Commission must follow include: maturity, defined as reaching the investment stage, and incurring substantial capital expenditure by the end of 2010; and the contribution to the creation of a well integrated energy market.

Offshore wind projects: award criteria include: maturity, defined as reaching the investment stage, and incurring substantial capital expenditure by the end of 2010; and the extent up to which lack of access to finance is holding back the implementation of the action. EEPR assistance shall contribute to project-related expenditure for the implementation of the project, and must not exceed 50% of the eligible costs.

Carbon capture and storage: eligible proposals must fulfil certain conditions, including: projects shall demonstrate that they have the ability to capture at least 80 % of CO2 in industrial installations and the ability to transport and geologically store this CO2 safely underground; in power installations, CO 2 capture has to be demonstrated on an installation of at least 250 MW electrical output or equivalent. Selection criteria must include maturity, defined as reaching the investment stage, which includes exploration and development of storage options, and incurring substantial investment-related expenditure for the project by the end of 2010. Award criteria must include the extent up to which lack of access to finance is holding back the implementation of the action.

Evaluation: this must be done by 31 December 2011.

Report: if the Commission's report identifies serious risks in implementing the priority projects, the Commission should recommend measures to offset those risks, and make additional proposals for projects consistent with the Recovery Plan, if appropriate.

Annex: the compromise text makes some amendments to the eligible projects.

Programme to aid economic recovery: financial assistance to projects in the field of energy, European Energy Programme for Recovery (EEPR)

2009/0010(COD) - 28/01/2009 - Legislative proposal

PURPOSE: to propose a financial stimulus to key parts of the energy sector.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

BACKGROUND: this proposal responds to the sharp downturn faced by the European economy in the wake of the financial crisis and to shortcomings in the Community's security of energy supply illustrated by the gas crisis, which involved lack of delivery to the Community of gas produced in Russia in December 2008. The proposal implements the European Economic Recovery Plan (COM(2008)800) endorsed by the European Council of 11-12 December 2008. Together with proposals in the area of broadband and rural development, it specifically responds to the request of the European Council to provide a detailed list of actions. The gas crisis demonstrates that energy interconnections in Europe are not sufficient, and both crises pose structural problems for the European economy and the welfare of Europe's citizens.

IMPACT ASSESSMENT: the urgency of the economic crisis calls for the fastest possible action. This means there has not been time for an impact assessment.

CONTENT: it is proposed to establish a financing instrument, the European Energy Programme for Recovery, ("the EEPR"), for the development of projects in the field of energy in the Community that contribute to economic recovery, the security of energy supply and the reduction of greenhouse gas emissions.

It establishes sub-programmes to advance those objectives in the fields of:

- gas and electricity interconnections (financial envelope: EUR 1750 million);
- offshore wind energy (EUR 500 million); and
- carbon capture and storage (EUR 1250 million).

It identifies projects to be financed under each sub-programme and lays down criteria for identifying and implementing actions to realise these projects. There are 20 projects for gas and electricity interconnectors and 5 off shore wind projects that are listed in the Annex to the proposal.

FINANCIAL IMPLICATIONS: a financial envelope of EUR 3,500 million is envisaged in total for the three sub-programmes, consisting of EUR 1,500 million for 2009 and EUR 2,000 million for 2010. The main volume of payments will be made between 2009 and 2012 with the last payments, notably for carbon capture and storage projects, programmed for 2014/2015.

Programme to aid economic recovery: financial assistance to projects in the field of energy, European Energy Programme for Recovery (EEPR)

2009/0010(COD) - 27/04/2010 - Follow-up document

The Commission presents a report on the implementation of the European Energy Programme for Recovery (EERP).

It recalls that the EEPR is endowed with a financial envelope of EUR 3 980 million in support of three sub-programmes. Regulation (EC) No 663/2009 allocates EUR 2 365 million to gas and electricity infrastructure projects, EUR 565 million to offshore wind electricity projects (OWE), and EUR 1 050 million to carbon capture and storage projects (CCS).

EEPR implementation - state of play: the Commission received 87 applications: 46 for gas and electricity projects, 29 for OWE and 12 for CCS. It adopted the award decisions, on 9 December 2009 for the OWE and CCS sub-programmes and on 4 March 2010 for the gas and electricity infrastructure projects.

It is currently estimated that almost the entire EEPR financial envelope will be committed in the spring of 2010. There remains an amount of around EUR115 million (less than 3% of the total) which can not be committed. This amount is not expected to change, unless one or more project promoters fail to take up the grants because of regulatory constraints and technological or market-related risks. The Commission departments are currently assessing options for the possible reallocation of unspent funds.

- ***Gas and electricity infrastructure projects***: of the 46 proposals submitted, the evaluation committee recommended 43 projects for funding and the Commission decided to award financial support of EUR 2.3 billion (31 gas and 12 electricity projects).
- ***Offshore wind energy projects***: based on the recommendations of the evaluation committee, the Commission awarded EUR 565 million to the 9 highest-ranking proposals within the limits of the available budget.
- ***Carbon capture and storage projects***: of the 12 proposals submitted, the Commission awarded EUR 1 billion to the six best-ranked proposals.

First assessment of results and achievements: given the short time which has elapsed since the EEPR call for proposals was launched, it is too early to assess the results of the programme. However, a first qualitative appreciation of the impact of the EEPR is possible. First of all, the success of the call for proposals must be stressed. The high number and quality of the proposals received confirms the relevance of the EEPR approach and the readiness of the industry.

From the start the EEPR appears to have been an accelerator of infrastructure investments. Indeed, the technical maturity of the selected projects meant that pre-feasibility studies, cost and market analysis and investment strategies, in some cases funded by the TEN-E programme, had already been completed before the EEPR came into the picture. However, the perspective of the EU financial support for capital expenditure has proven to be decisive in the actual launching of the projects. In particular, EEPR funding has acted as a stimulus, attracting co-financers and encouraging them to make investment commitments. Thus it has been possible to set up projects that otherwise would have been delayed or abandoned given the particularly severe funding constraints prevailing in the current economic circumstances. The EU contribution will have an important leverage effect.

In the case of gas and electricity projects, it is expected that the EUR 2.3 billion of EEPR grants will help to mobilise up to EUR 22 billion of private sector investment over the next 3 to 5 years. However, the growth enhancing effect of the EEPR grants is not limited to direct investments in the selected projects. It also spills over into the supply chain. This can already be seen in the OWE sector, where the projects contribute to creating or securing numerous jobs in new factories or production lines for the manufacturing of foundation structures and wind turbine components as well as their assembly and offshore installation. Some of this new manufacturing activity is taking place in regions where unemployment is particularly high, for example near the coastline of Cuxhaven in northern Germany. The OWE projects are the most advanced in terms of budgetary execution. As of the end of March 2010, the Commission had made pre-financing payments totalling over EUR 65 million. Further payments, totalling approximately EUR 155 million, are planned in the period April – June 2010.

CCS projects are also making good progress. The presence of the EEPR as co-financer has been decisive in giving these projects a kick-start. The demonstration effect is already being felt in the Rotterdam and Hatfield projects, which are aspiring to become CCS hubs with a potential to attract other investments for CO2 transport and storage infrastructure from other big CO2 emitters in the region. First orders for installations will be placed during 2010 and will lead to substantial capital expenditures and job creation.

Potential risks and mitigation measures: the projects supported by the EEPR may present a high degree of technical, organisational and financial complexity and therefore involve some level of risk. The Commission's individual grant decisions for gas and electricity projects will state that, before payments can be made, the beneficiaries must have:

- obtained the necessary environmental and construction permits, and
- signed an investment decision, namely a formal commitment by the project promoters to go ahead with the project, by the end of 2010.

Should these conditions not be met, the Commission will assess the situation with a view, possibly, to cancelling the decision and de-committing the funds.

In some OWE projects, the main risk is technological. For example, one project will demonstrate offshore deployment of 6 MW turbines for the first time, while others will use innovative high voltage direct current (HVDC) technology for the grid integration of wind electricity at yet to be proven capacities. In other projects, the risks are more financial (financial close foreseen in the next few months) or administrative (possible delays with permits). The technical annexes to the grant agreements explain how the beneficiaries manage the risks involved and include plans for obtaining the necessary co-funding and permits.

As for CCS projects, implementation is progressing smoothly. There are, however, sensitive issues which need to be monitored:

- continued national funding and industrial commitment will be necessary if the CCS demonstration projects are to be successfully completed by 2015;
- Member States need to provide the necessary legal framework for CO2 storage by transposing the CCS Directive into national law. This is to avoid delays in the delivery of CO2 storage authorisation and ultimately in the timely approval of the final investment decision;
- public awareness of CO2 storage safety should be properly addressed as this is critical in the implementation of the CCS projects.

The Commission, in close cooperation with Member States and/or project promoters, will ensure project management, supported by external independent experts in the monitoring of the EEPR projects and the overall assessment of the impacts of the EEPR programme.

Programme to aid economic recovery: financial assistance to projects in the field of energy, European Energy Programme for Recovery (EEPR)

2009/0010(COD) - 30/03/2009

The Commission presented to the Council its communication on "mobilising information and communication technologies to facilitate the transition to an energy-efficient, low-carbon economy" (see COM(2009)0111).

Programme to aid economic recovery: financial assistance to projects in the field of energy, European Energy Programme for Recovery (EEPR)

2009/0010(COD) - 20/04/2011 - Follow-up document

The Commission presents a report on the implementation of the European Energy Programme for Recovery (EEPR) established by Regulation (EC) No 663/2009, which co-finances a selected portfolio of energy projects with a view to sustaining capital expenditure in the European economy while helping to achieve key EU energy and climate policy objectives.

The report notes that since the first report on implementation of the EEPR was published in April 2010, **considerable progress has been made**. In all three sectors — energy infrastructure, offshore wind energy and carbon capture and storage — construction work has started and investment costs are being incurred. Three infrastructure projects have already been completed and are now operational; others are at the construction or development stage. The EEPR has proved a valuable tool at EU level that has accelerated implementation of major energy projects and played its role as a stimulus to economic recovery. Moreover, the scope of the EEPR has been expanded by allocating unspent funds to the energy efficiency and renewable energy sources sectors by means of an amendment to the EEPR Regulation (Regulation (EU) No 1233/2010), which was adopted swiftly thanks to the good cooperation between the European institutions.

Budget: by 31 December 2010, the individual legal commitments had been made for all 59 projects to which the EEPR had awarded a grant. This adds up to a combined total of EUR 3 833 million in terms of commitments, equivalent to 96.3% of the total EEPR budget. This is a very good result, considering the large size of the programme and the tight deadline. Progress on implementation is also reflected in the level of payments, which is gaining momentum. By the end of 2010, EUR 700 million had been paid to beneficiaries, in the form of EUR 361 million to gas and electricity infrastructure projects, EUR 146 million to OWE projects and EUR 193 million to CCS projects.

Gas and electricity infrastructure: implementation of the electricity and gas infrastructure part of the programme in 2010 was very satisfactory. In the course of the year, three of the infrastructure projects were completed already. These are:

- pipeline linking Hungary to Romania, the first high-pressure gas interconnection between the two countries;
- the first of the four reverse flow projects in Austria at the Baumgarten import facility;
- the Hungary-Croatia link, the first direct interconnection between Croatia and the European gas network.

The EEPR has speeded up implementation of projects by financing specific action, such as technical, engineering and environmental studies, procurement of long-lead items (pipes, cables, converter stations, transformers, etc.) and construction work. Thanks to the programme, project promoters were able to secure additional funding from financial institutions more easily: loan negotiations are ongoing, or have already been finalised, for 15 projects. Moreover, EEPR support has helped a great number of projects that were facing serious environmental permit problems to receive priority from the national administrations.

Offshore wind energy (OWE): thanks to the EU support, installation of the first large (400 MW) offshore wind farms far (more than 100 km) from shore and in deep waters (more than 40 m) is secured. The EEPR grants for the offshore wind sector will directly increase carbon-free electricity production capacity by about 1500 MW. They will play a crucial role in EU Member States achieving the binding targets for renewable electricity in 2020. The grants are also fundamental for taking the first steps towards building a European offshore grid, thus increasing capacity for trading electricity in the internal market.

Carbon capture and storage (CCS): all six CCS projects are progressing on schedule, including the front-end engineering and design (FEED) studies for the capture installations and exploration of CO2 storage sites. All the projects are completing the application procedures for the necessary permits and authorisations for a CCS demonstration plant in their Member State. They have already received some of the permits necessary for construction and operation of the power plant and some for the capture installations. There has also been progress in the

exploration of potential storage sites for the projects. However, some delays occurred, in part because of legal uncertainties concerning the details of CO2 storage regulation resulting from the transposition of the CCS Directiveinto national legislation.

A new financial facility for energy efficiency and renewable energy sources: Regulation (EU) No 1233/2010 provides for the creation of a financial facility to support energy efficiency and renewable energy initiatives. This initiative fits into the Europe 2020 strategy for sustainable growth and jobs as well as the recently adopted Energy Efficiency Plan 2011and complements other EU programmes. The EU will contribute EUR 146 million to the facility and the EIB up to EUR 75million. Other financial institutions could join the fund later.

The Commission is currently negotiating an agreement to delegate to the EIB the tasks of setting up and managing this new facility. The Delegation Agreement has to be signed by 31 March 2011 at the latest. The facility is expected to come into operation in the second quarter of 2011.

Programme to aid economic recovery: financial assistance to projects in the field of energy, European Energy Programme for Recovery (EEPR)

2009/0010(COD) - 13/07/2009 - Final act

PURPOSE: to contribute to economic recovery through the establishment of a financing instrument entitled the European Energy Programme for Recovery (the EEPR).

LEGISLATIVE ACT: Regulation (EC) No 663/2009 of the European Parliament and of the Council establishing a programme to aid economic recovery by granting Community financial assistance to projects in the field of energy

CONTENT: the Council adopted this Regulation, approving all the European Parliament's first reading amendments. The Regulation establishes a financing instrument entitled the European Energy Programme for Recovery (the EEPR) for the development of projects in the field of energy in the Community which, by providing a financial stimulus, contribute to economic recovery, the security of energy supply and the reduction of greenhouse gas emissions. The Regulation is part of the European economic recovery plan endorsed by the European Council in December 2008 in response to the global financial crisis and economic slowdown.

It establishes sub-programmes to advance those objectives in the fields of: **(a) gas and electricity infrastructures; (b) offshore wind energy; and (c) carbon capture and storage**.

The Regulation identifies projects to be financed under each sub-programme and lays down criteria for identifying and implementing actions to realise these projects.

The plan provides a framework for measures taken by each Member State in response to its specific circumstances, and identifies a number of actions to be taken at EU level. It lists **47 projects** and the Community contribution for each of them, with a total financial envelope for implementation in 2009 and 2010 of **EUR 3 980 million**, divided as follows:

- 18 gas infrastructure projects: EUR 1 440 million;
- 9 electricity infrastructure projects: EUR 910 million;
- 2 small island projects: EUR 15 million;
- 5 offshore wind-energy projects: EUR 565 million;
- 13 carbon capture and storage projects: EUR 1050 million.

For each project, specific proposals - in particular for implementing the project on the ground - will be submitted to **management committees** which will check whether the proposals meet the selection criteria set in the Regulation. The award criteria include maturity, defined as reaching the investment stage, and incurring substantial capital expenditure by the end of 2010, and the extent to which lack of access to finance is delaying the implementation of the action, as well as socio-economic and environmental impacts.

Owing to the urgent need for stimulus, all individual legal commitments implementing the budgetary commitments made in 2009 and 2010 will be made by **31 December 2010 at the latest**.

The EEPR will serve **urgently** to adapt and develop energy networks of particular importance to the Community in support of the operation of the internal energy market and, in particular, to increase interconnection capacity, security and diversification of supply and to overcome environmental, technical and financial obstacles. Special Community support is necessary to develop energy networks more intensively and to accelerate their construction, notably where the diversity of routes and sources of supply is low.

Evaluation: the Commission shall carry out an evaluation of the EEPR by 31 December 2011 in order to assess its contribution to the effective use made of the appropriations. It will also, each year, on presentation of the preliminary draft budget, present a report to the European Parliament and to the Council on the implementation of the EEPR.

ENTRY INTO FORCE: 01/08/2009.

Programme to aid economic recovery: financial assistance to projects in the field of energy, European Energy Programme for Recovery (EEPR)

2009/0010(COD) - 16/03/2009

The Council examined proposals aimed at providing additional support to energy projects and other infrastructure investments under the European economic recovery plan.

Concluding the debate, the presidency indicated its intention of obtaining an agreement, on the basis of a compromise proposal, in the run-up to the European Council's meeting on 19 and 20 March.