

Trans-European energy infrastructure

2020/0360(COD) - 15/12/2020 - Legislative proposal

PURPOSE: to revise the EU rules on Trans-European Networks for Energy (the TEN-E Regulation) to better support the modernisation of Europe's cross-border energy infrastructure and achieve the objectives of the European Green Deal.

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

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: Regulation (EU) No 347/2013 (TEN-E Regulation) has enabled the EU to achieve the main objectives of its energy policy by establishing rules for the definition and development of projects of common interest (PCIs), which will ensure the interoperability of trans-European energy networks, the functioning of the internal energy market, security of supply in the Union and the integration of renewable energies.

While the objectives of Regulation (EU) No 347/2013 remain largely valid, the current TEN-E framework does not yet fully reflect the expected changes to the energy system that will result from the new political context and in particular the upgraded 2030 targets and the 2050 climate neutrality objective under the European Green Deal.

The EU needs to significantly increase electricity production from renewable sources if the share of electricity generated from renewable energy sources, increasingly located offshore, is to exceed 80% by 2050. It is estimated that the upscale of offshore renewable energy in Europe by 2050 would cost EUR 800 billion, two-thirds of which would be spent on associated grid infrastructure.

The European Council endorsed an electricity interconnection target of at least 15 %. An estimated annual average investment of EUR 50.5 billion for electricity transmission and distribution grids is required for achieving the 2030 targets alone.

Hydrogen is expected to account for approximately 46% - 49% of all renewable and low-carbon gases in 2050. By 2030, total investments needs in hydrogen electrolyzers are estimated between EUR 24-42 billion. About EUR 65 billion would be needed for hydrogen transport, distribution and storage.

To move towards a climate-neutral economy powered by clean energy, Europe therefore needs new infrastructures adapted to new technologies.

CONTENT: the proposal for a revision of the EU rules on Trans-European Energy Networks (TEN-E) aims in particular to:

- enable the identification of cross-border projects and investments throughout the EU and with neighbouring countries that are necessary for energy transition and the achievement of climate objectives;
- improve infrastructure planning for energy system integration and offshore grids;
- shorten permitting procedures for PCIs to avoid delays in projects that facilitate the energy transition.

Sustainability criteria

All projects should meet mandatory sustainability criteria and respect the ‘do no harm’ principle as set out in the Green Deal in order to allow a rapid and cost-efficient decarbonisation of the energy system and the economy more generally.

Categories of eligible infrastructure

The proposal updates the categories of infrastructure eligible for financial support under the TEN-E policy, removing support for oil and gas infrastructure.

In particular, the proposal:

- updates the criteria for smart electricity grids, taking into account elements relating to innovation and digital aspects. Smart grid technologies should help to improve energy network support for high-capacity recharging to support the decarbonisation of the transport sector;
- gives a greater role to renewable and low-carbon gases by creating a new category of infrastructure for smart gas networks. The objective is to support investments in distribution and/or transport to integrate green gases (typically biogas and biomethane, but also hydrogen) into the network based on innovative technologies;
- focuses on infrastructures using hydrogen, including transport and certain types of electrolyzers;
- insists on the need to develop the network necessary for the expected considerable increase in electricity production from offshore grids for renewable energy sources.

Governance

The proposal:

- revises the governance framework by increasing stakeholder involvement throughout the process, strengthening the role of the EU Agency for the Cooperation of Energy Regulators (ACER) and enhanced oversight by the Commission;
- reinforces the transparency obligation imposed on project promoters and revises existing provisions in order to increase clarity and transparency of cross-border cost allocation and speed up investments in cross-border infrastructure;
- introduces new provisions on support for interconnection projects with third countries (projects of mutual interest or PMIs) that demonstrate their mutual interest and contribution to the overall EU energy and climate objectives of security of supply and decarbonisation;
- updates the eligibility of projects for Union financial assistance for the new infrastructure categories. While projects of mutual interest will be eligible for Union financial assistance, only the investments located on the territory of the Union will be eligible for Union financial assistance from the Connecting Europe Facility in the form of grants for works under specific conditions.

Budgetary implications

ACER would take on additional responsibilities in monitoring the 10-year network development plan. This requires a limited number of additional resources. The impact on expenditure is estimated at EUR 0.889 million for the period 2022-2027.