

Procedure file

Basic information		
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Achieving the 10% electricity interconnection target - Making Europe's electricity grid fit for 2020		
Subject		
3.60.03 Gas, electricity, natural gas, biogas		
3.60.06 Trans-European energy networks		
3.60.10 Security of energy supply		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	 Industry, Research and Energy		17/04/2015
		 ERIKSSON Peter	
		Shadow rapporteur	
		 BENDTSEN Bendt	
		 CABEZÓN RUIZ Soledad	
		 TELIČKA Pavel	
		 PAKSAS Rolandas	
European Commission	Commission DG Energy	Commissioner ŠEFČOVIČ Maroš	

Key events			
25/02/2015	Non-legislative basic document published	COM(2015)0082	Summary
21/05/2015	Committee referral announced in Parliament		
10/11/2015	Vote in committee		
17/11/2015	Committee report tabled for plenary	A8-0330/2015	Summary
14/12/2015	Debate in Parliament		
15/12/2015	Results of vote in Parliament		
	Decision by Parliament		Summary

15/12/2015		T8-0445/2015	
15/12/2015	End of procedure in Parliament		

Technical information	
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Documentation gateway					
Non-legislative basic document		COM(2015)0082	25/02/2015	EC	Summary
Committee draft report		PE557.414	11/06/2015	EP	
Amendments tabled in committee		PE560.878	04/08/2015	EP	
Amendments tabled in committee		PE569.684	23/10/2015	EP	
Committee report tabled for plenary, single reading		A8-0330/2015	17/11/2015	EP	Summary
Text adopted by Parliament, single reading		T8-0445/2015	15/12/2015	EP	Summary
Commission response to text adopted in plenary		SP(2016)190	03/05/2016	EC	

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

PURPOSE: to present a strategy for achieving the 10% electricity interconnection target Making Europe's electricity grid fit for 2020.

BACKGROUND: energy infrastructure has been high on the European energy agenda. The European Council in October 2014 called for "speedy implementation of all the measures to meet the target of achieving interconnection of at least 10 % of their installed electricity production capacity for all Member States."

The integration of the EU's energy markets is delivering tangible results: wholesale electricity prices have declined by one-third; consumers have more choice as energy suppliers compete to deliver lower prices and better services; and the legal framework has improved competition in the sector.

Nonetheless, much remains to be done, since:

- the EU is dependent on imports, infrastructure is outdated and investment lacking ;
- the retail market is not fully functioning, high final energy prices for citizens and for businesses harming the competitiveness of our companies;
- there is a need to shift to a low-carbon economy in order to fight climate change as well as challenges to our technological leadership;
- the EU must overcome its fragmentation of national energy markets.

It is for these reasons that the Commission adopted a framework strategy for a resilient [Energy Union](#) with a forward-looking climate policy. This Communication is one concrete step in this direction.

Twelve Member States, mainly in the periphery of the EU, remain below the 10% electricity interconnection target and are thus isolated from the internal electricity market. The Commission feels that building these interconnections will require the mobilisation of all efforts at all levels, as a matter of urgency, to achieve the common objective of a fully functioning and connected internal energy market.

CONTENT: this Communication presents a strategy to ensure the full integration of the internal electricity market through adequate levels of interconnection, which will serve also an integral part of the Energy Union.

The benefits of an interconnected energy system: the Commission considers that the interconnection of the electricity markets must be a political priority for the European Union at all levels in the years to come. Interconnecting isolated national electric power systems and building a truly European Electrical System will:

- allow for more affordable prices in electricity, in the long term due to the higher market efficiency, higher electricity supply security, reliability and quality while ensuring a high standard of environmental protection;

- reduce energy dependency, through the reduction in the consumption of imported fuels;
- facilitate new investments in Europe due to the more competitive prices of electricity and the improvement in the competition levels of European industries;
- lower environmental impact due to the non-built power plants and the reduction of CO2 emissions;
- unleash a higher potential of growth for the European renewable energy industry and ensure world leadership of the renewable industry.

Full implementation of the European regulatory framework: the [trans-European energy networks Regulation](#) (TEN-E) addresses for the first time the specific issue of projects that cross borders or that have an impact on cross-border flows. The Commission will ensure full implementation and strict enforcement of its provisions in order to avoid delays in projects.

Making full use of all available financial instruments: for electricity projects some EUR 105 billion are needed, out of which some EUR 35 billion for the interconnections which acquired a Project of Common Interest (PCI) status and are necessary to reach the 10% target across the EU.

Member States may use support for Projects of Common Interest, through the available financial means, e.g. the [Connecting Europe Facility](#), the [European Structural and Investment Funds](#) and the future [European Fund for Strategic Investments](#) to assist promoters to implement projects.

Speed up interconnection: the interconnection target will be achieved mainly through the implementation of PCIs. The Commission considers that implementation of the PCIs will bring Europe much closer to the achievement of the 10% electricity interconnection target between Member States if the projects envisaged are completed in 2020. Efforts need to be stepped-up for those below the target to achieve 10% by 2020, mainly Spain and Cyprus, through a more coordinated approach and using all tools available

To speed up the achievement of the interconnection target the Commission intends to:

1) intensify the work of the Regional Groups, established under the TEN-E Regulation, to closely monitor progress of each PCI and to propose corrective and targeted early action when necessary, especially in those Member States furthest away from the 10% target;

2) intensify its support for the critical projects through targeted measures. The Commission will assess project by project to look at any obstacles and risks that might delay construction and take action as necessary such as:

- bring together the promoters to find solutions to technical, planning, design and implementation issues and facilitate contacts with the EIB and other banks;
- provide access to technical assistance to better shape the project and make it bankable;
- work together with ACER and the national regulators to find the best incentives;
- ensure compliance with the TEN-E Regulation and launch appropriate procedures, in case provisions are not yet implemented, for instance on permit granting;
- facilitate agreement between Member States to solve political issues.

3) strengthen regional cooperation in order to set out a specific strategy for each region (e.g. Baltic Sea, Iberian Peninsula, the countries surrounding the Northern Seas.)

The Commission will issue an annual report to the European Council on implementation of PCIs and progress towards the 10% electricity interconnection target. If needed, the Commission will propose further measures in order to achieve this target. In addition, in late 2015 the Commission will convene the first Energy Infrastructure Forum to discuss and find solutions to issues that are common to all regions across Europe and, where relevant, with neighbouring countries.

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

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

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

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

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

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

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

A holistic approach: underlining that reinforcements of national grids are imperative if interconnections are to be used to full capacity, the report insisted that a holistic approach should be taken when assessing the need for reinforcement/extension of cross-border and national

connections, with the aim of making the best possible use of the existing interconnection lines and the capacity of existing national infrastructure.

Recalling the importance of a well-designed transmission and distribution smart grid, Members called for a thorough assessment to define which combination of actions including building new transmission lines, developing local smart grids, and integrating efficiency and flexibility in the system is the most optimal, given the specific situation.

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

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

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

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

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

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

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

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

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

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

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

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

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

Benefits of interconnection: Parliament welcomed the Commission communication and strategy while recognising that electricity interconnection is one of the key preconditions for completing an integrated internal electricity market. This will help to achieve our climate objectives, including the EUs aim to be the leader in renewables, and improve the EUs geopolitical position through greater energy security and independence, as well as reduce energy isolation and the possibility of perturbations in the energy system.

The following advantages were underlined:

- a substantially increased interconnectivity of the European network leads to a more resilient and robust network, better prepared to deal with all kinds of alterations and disruptions, and allows the growing share of power from renewable sources to blend efficiently into the European network;
- a fully integrated internal electricity market would facilitate the electricity trading and increase security and lower the volatility of electricity prices, as it is estimated that EUR 12 to 40 billion could be saved annually by European consumers by 2030;
- investments in the necessary interconnection projects which could be as high as EUR 150 billion by 2030, according to the European Network of Transmission System Operators for Electricity (ENTSO-E) could reduce electricity prices by a minimum of EUR 2 /MWh, and that these investments would allow Europe to cover a large share of its electric load with renewable energy sources.

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

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

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

A holistic approach: underlining that reinforcements of national grids are imperative if interconnections are to be used to full capacity, Parliament insisted on the importance of:

- adopting a holistic approach when assessing the need for reinforcement/extension of cross-border and national connections, with the aim of making the best possible use of the existing interconnection lines and the capacity of existing national infrastructure;
- having a well-designed transmission and distribution smart grid: Members called for a thorough assessment to define which combination of actions including building new transmission lines, developing local smart grids, and integrating efficiency and flexibility in the system is the most optimal, given the specific situation;
- raising the interconnection level, which cannot be accomplished without a high level of coupling of markets and transmission system operators (TSOs). The Commission was asked to make all efforts to prevent that coupling being established at Member States grouping level and to promote coupling at EU level that includes all Member States and neighbours, in particular the countries taking part in the European Neighbourhood Policy (ENP);
- developing the list of projects of common interest (PCI) must be developed in a more transparent and accountable way: complete assessments, including economic, social and environmental impacts, must be conducted by qualified experts that are fully independent from the project promoter. The overall process should be optimised by promoting more engagement from Parliament and other stakeholders, including civil society representatives.

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

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

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

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

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

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

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

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

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

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sustainable energy system that the EU is looking for.