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Basic information			
COD - Ordinary legislative procedure (ex-codecision procedure) Regulation		2020/0360(COD)	
Trans-European energy infrastructure: guidelines		Awaiting Parliament's position in 1st reading	
Subject 3.60.06 Trans-European energy networks			
Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	 ITRE Industry, Research and Energy	 KRASNOŃBSKI Zdzisław	05/01/2021
		Shadow rapporteur	
		 BERENDSEN Tom	
		 BERGKVIST Erik	
		 GAMON Claudia	
		 TOUSSAINT Marie	
		 BORCHIA Paolo	
		 PEREIRA Sandra	
		Committee for opinion	Rapporteur for opinion
 ECON Economic and Monetary Affairs	The committee decided not to give an opinion.		
 ENVI Environment, Public Health and Food Safety			18/02/2021
	 TOUSSAINT Marie		
 IMCO Internal Market and Consumer Protection	The committee decided not to give an opinion.		
 TRAN Transport and Tourism			25/01/2021
	 BORCHIA Paolo		
 REGI Regional Development			21/01/2021
	 BOTOŞ Vlad-Marius		
Council of the European Union	Commission DG	Commissioner	
European Commission	Energy	SIMSON Kadri	

Key events

18/01/2021	Committee referral announced in Parliament, 1st reading		
27/09/2021	Vote in committee, 1st reading		
27/09/2021	Committee decision to open interinstitutional negotiations with report adopted in committee		
30/09/2021	Committee report tabled for plenary, 1st reading	A9-0269/2021	Summary
04/10/2021	Committee decision to enter into interinstitutional negotiations announced in plenary (Rule 71)		
06/10/2021	Committee decision to enter into interinstitutional negotiations confirmed by plenary (Rule 71)		

Forecasts

14/02/2022	Indicative plenary sitting date
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Technical information

Procedure reference	2020/0360(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
Legal basis	Treaty on the Functioning of the EU TFEU 172
Mandatory consultation of other institutions	European Economic and Social Committee European Committee of the Regions
Stage reached in procedure	Awaiting Parliament's position in 1st reading
Committee dossier	ITRE/9/04916

Documentation gateway

Legislative proposal	COM(2020)0824	15/12/2020	EC	Summary
Document attached to the procedure	SEC(2020)0431	15/12/2020	EC	
Document attached to the procedure	SWD(2020)0346	15/12/2020	EC	
Document attached to the procedure	SWD(2020)0347	15/12/2020	EC	
Committee draft report	PE691.151	26/03/2021	EP	
Amendments tabled in committee	PE691.345	21/04/2021	EP	
Amendments tabled in committee	PE691.400	21/04/2021	EP	
Amendments tabled in committee	PE691.401	21/04/2021	EP	

Committee opinion	REGI	PE691.110	22/06/2021	EP	
Committee opinion	ENVI	PE689.773	29/06/2021	EP	
Committee opinion	TRAN	PE689.672	30/06/2021	EP	
Committee of the Regions: opinion		CDR0722/2021	01/07/2021	CofR	
Committee report tabled for plenary, 1st reading/single reading		A9-0269/2021	30/09/2021	EP	Summary

Additional information

Trans-European energy infrastructure: guidelines

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.

Trans-European energy infrastructure: guidelines

The Committee on Industry, Research and Energy adopted the report by Zdzisław KRASNODŹBSKI (ECR, PL) on the proposal for a regulation of the European Parliament and of the Council on guidelines for trans-European energy infrastructure and repealing Regulation (EU) No 347/2013.

The proposed regulation aims to revise the EU rules on Trans-European Energy Networks (TEN-E) to align them with the upgraded 2030 targets and the 2050 climate neutrality objective under the European Green Deal.

The committee responsible recommended that the European Parliament's position adopted at first reading under the ordinary legislative procedure should amend the proposal as follows:

EU list of projects of common interest and projects of mutual interest

Projects of common interest are infrastructure projects considered essential for delivering on EU objectives in the energy field, including improved interconnection between national markets, greater competitiveness, security of supply and promotion of renewables.

The decision-making body of each Group should adopt a regional list of proposed projects of common interest. Where a Group draws up its regional list: it should prepare and publish a report containing at least a description of each individual project, the promoters Presentations and the methodology adopted by the Group.

Members stressed that the projects should be in line with the energy efficiency first principle and contributes to sustainability.

Projects of mutual interest should be assimilated with projects of common interest and be eligible for cross-border cost allocation decisions for the part of the investment costs located on the territory of the EU or in countries applying the Union acquis and which have concluded an agreement with the EU.

New infrastructure categories

Members suggested that the following specific criteria should apply to projects of common interest falling within specific energy infrastructure categories. For district heating and cooling systems falling under the energy infrastructure category, the project is to contribute significantly to sustainability by enabling and facilitating the integration of renewable and waste heat and cold to reduce greenhouse gas emissions, as well as a better integration and interlinking of the sectors.

Phasing-out of natural gas

Members supported funding the development of hydrogen infrastructure, such as electrolysers, as well as carbon capture and storage. They also insisted on the need to support public participation in the selection process. Projects based on natural gas will no longer be eligible for EU funding. However, a temporary derogation will allow, under strict conditions, natural gas projects from the fourth or fifth list of projects of common interest to be eligible for a streamlined authorisation procedure.

Repurposing natural gas

The selected projects should help Member States to move away from solid fossil fuels such as coal, lignite, peat and oil shale, according to Members. The report also proposed funding projects that repurpose existing natural gas infrastructure for hydrogen transport or storage.

Offshore grids

While commending the inclusion of offshore grids into the scope of the regulation, the report highlighted that Member States are currently in different phases of development of their offshore infrastructure. More investment is needed in offshore renewable energy and new radial links connecting new offshore wind capacities, as well as hybrid integrated projects, are needed.

Scenarios for the ten-year network development plans

By 31 July 2022, the Agency, after having conducted an extensive consultation process involving all relevant stakeholders, should publish the framework guidelines for the joint scenarios to be developed by ENTSO for Electricity and ENTSO for Gas.

Members proposed that the guidelines should establish standards for a transparent, non-discriminatory and robust development of scenarios taking into account best practices in the field of network development planning. The joint scenarios should also include a long-term perspective until 2050 and include intermediary steps as appropriate.

The report noted that while being eligible for inclusion in regional groups project lists as soon as this Regulation enters into force, smart electricity grids, smart gas grids, hydrogen, electrolysers and heating and cooling networks are not currently included in the Union-wide ten-year network development plan. The requirement for those projects should only apply as of 1 January 2024 for the purposes of the second Union list drawn pursuant to this Regulation.

Integrated energy market and network model

The needs of an integrated energy market go beyond a physical cross-border footprint of infrastructure projects in order to contribute to the TEN-E pillars, such as sustainability or security of supply. There is a need for cross-border projects that have a positive effect on the Union's power grid, such as smart electricity grids or electrolysers, without involving a physical common border.

The integrated model should be updated to include heating infrastructure not later than 31 December 2024. Where relevant, the model should also take into consideration the distribution infrastructure. As part of the integrated model the ENTSO for Electricity and the ENTSO for Gas shall develop a common cost benefit methodology to be used for the cross-sectorial assessment.

Cost allocation and cross-border allocation

The costs for the development, construction, operation and maintenance of projects of common interest should in general be fully borne by the users of the infrastructure. The cost allocation should ensure that end-users are not disproportionately burdened, especially if that could lead to energy poverty.