



The future of EU grids:

The upcoming proposal on energy infrastructures

Directorate-General
for Energy



Christophe Schramm

Unit B1 “Internal Market I: Networks and Regional Initiatives”
DG Energy, European Commission

October 2011



Content

- **Context**
- **Priorities and projects of common interest**
- **Permit granting procedures**
- **Regulation**
- **Financing**

● Energy policy development



Third Internal Energy Market Package

→ *completion by 2014*



EEPR

Regulation on security of gas supply

Energy Strategy 2020



Energy Infrastructure Package Communication

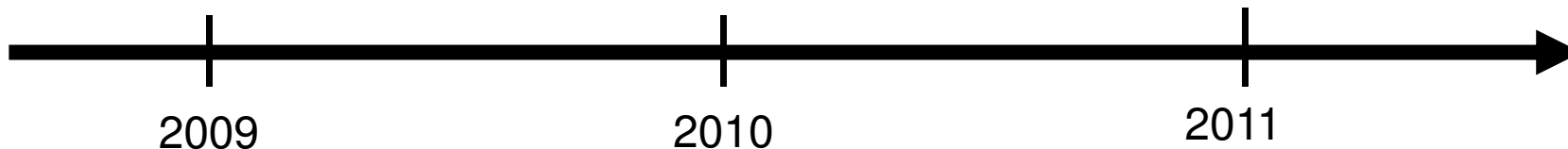
Energy Efficiency Plan

External Energy Policy Communication

Energy Infrastructure Legislative Proposal

Connecting Europe Facility Proposal

Energy 2050 Roadmap



Directorate-General
for Energy



● Phases of the TEN-E revision

From 17 November 2010...

- Communication on **energy infrastructure development and priorities for 2020/2030 and beyond**
- First Impact Assessment
- 4 February 2011 European Council
- Report on investment and financing needs to June 2011 TTE Council
- 29 June 2011: MFF proposal for a **Connecting Europe Facility (CEF)** with €50bn for transport, ICT and energy

... to 19 October 2011

- Legislative proposal for a Regulation on guidelines for the implementation of energy infrastructure priorities up to 2020
- Second Impact Assessment
- Legislative proposal for a Regulation establishing the Connecting Europe Facility
- Legislative proposal for the “Project Bonds Initiative 2012-2013”

● Legislative proposal (19 October 2011)

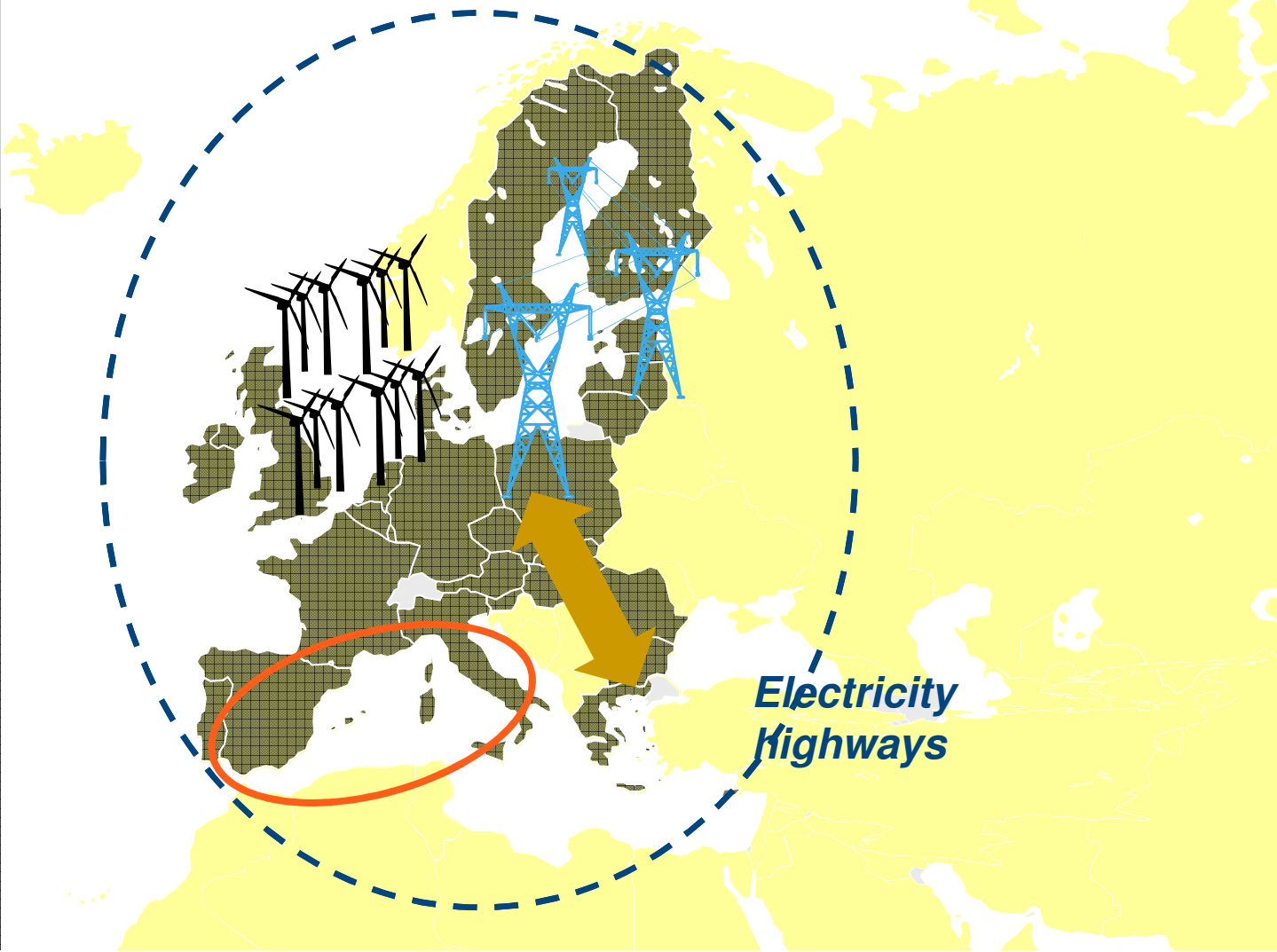
● Aim: To create a facilitating environment for private and public investments in energy infrastructure through

- » A new method to identify and select concrete projects of common interest (PCIs) necessary to implement the priority corridors
- » Shortening and streamlining permit granting procedures and improving public involvement
- » Removing regulatory obstacles for investments in infrastructures of European relevance
- » Providing appropriate direct support and financial support for projects of common interest

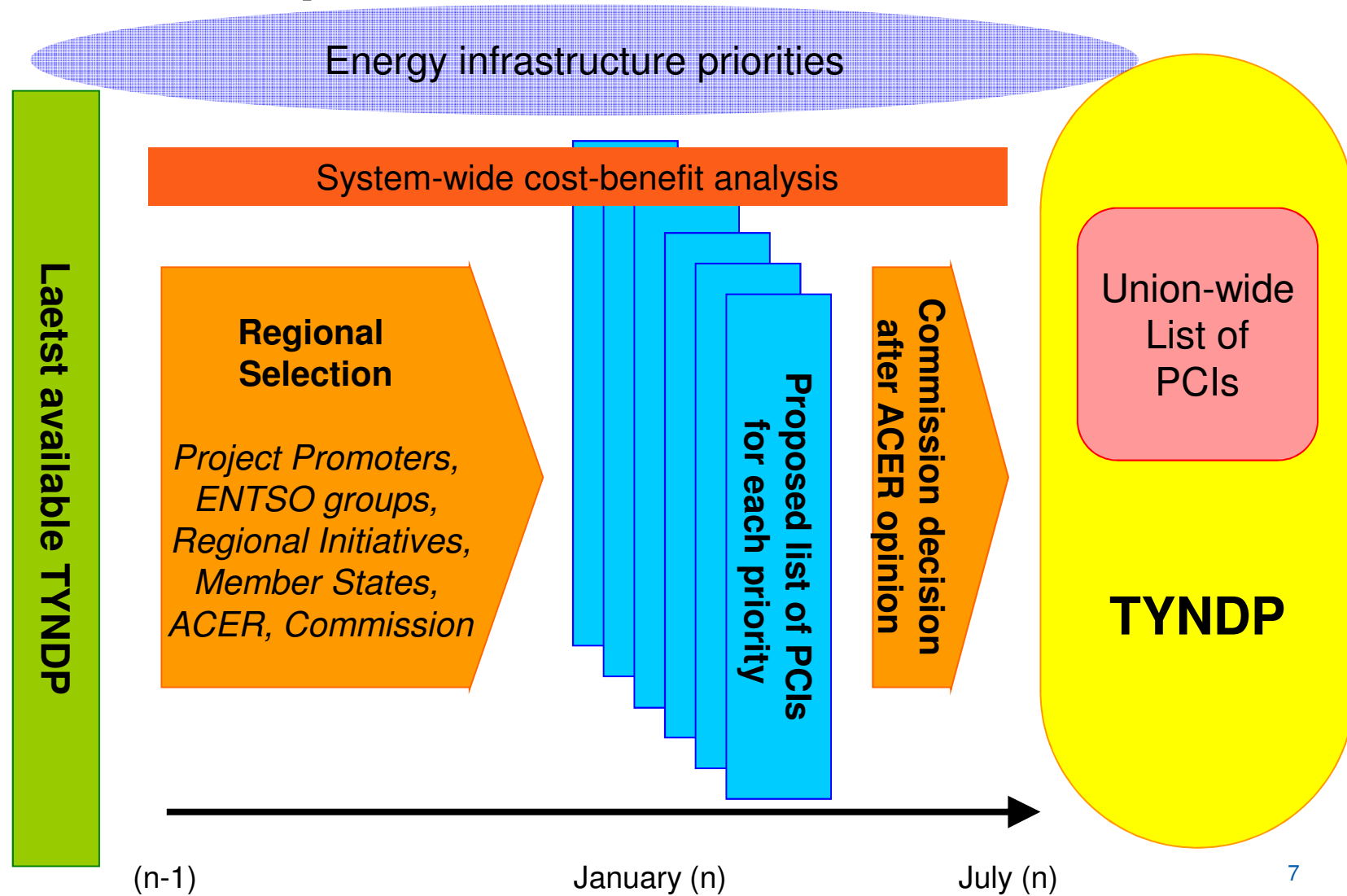
European infrastructures priorities by 2020 for electricity

- Baltic energy market inter-connection plan
- Interconnections in South West Europe
- Interconnections in Central-South East Europe
- Offshore grid in the Northern Seas and connection to Northern and Central Europe
- Smart grids in the EU

Directorate-General
for Energy
EUROPEAN
COMMISSION



Projects of common interest (PCI) Selection process



● Projects of common interest (PCI)

Project categories

● Electricity:

- » *Transmission*: overhead lines of 220 kV or more, underground or subsea of 150 kV or more
- » *Storage*: installation connected to network of min 150 kV
- » *Smart grids*: transmission / distribution networks aiming at efficiently integrating behaviour and actions of all users

● Gas:

- » High pressure transmission
- » Underground storage
- » LNG / CNG

● Oil / CO2 infrastructures

● Projects of common interest (PCI)

General selection criteria

- The project contributes to the implementation of the identified infrastructure priorities.
- The project is economically, socially and environmentally viable.
- The project involves at least two Member States:
 - » Cross-border infrastructures
 - » Infrastructure with significant cross-border impact:
 - Transmission: variation of grid transfer capacity on neighbouring network at least 500 MW (E) / 20% or reverse flow (G)
 - Storage: annual production capacity capacité of at least 1 TWh (E) / (N-1) standard at regional level (G)
 - Smart grids: networks of min 10 kV, operators of min 2 Member States, at least 100 000 users, 300 GWh/year and 20% of variable generation



Projects of common interest (PCI) Electricity selection criteria

- **Transmission and storage:**
 - » Market integration, competition and flexibility
 - » Transmission of renewable generation
 - » Secure operation and interoperabilité of the system
- **Smart grids:**
 - » Integration and involvement of new network users
 - » Efficiency and interoperability of transmission and distribution in day-to-day operation
 - » Network security, system control and quality of supply
 - » Optimised planning of future network investments
 - » Market functioning and customer services
 - » Involvement of users in their energy usage and management



● **Permit granting**

Improvements in speed and transparency

- Common interest regime for electricity and gas infrastructures
- National priority for PCIs
- Creation of one Competent Authority per Member State to manage permit granting procedures
- Standards to increase transparency of permit granting process and public consultation for both authorities and projects promoters
- Time limit for duration of comprehensive administration decision (from the date of notification of the project, excluding legal recourse actions)



Regulation

Cross-border cost allocation and incentives

- Common system-wide cost-benefit analysis methodology (n+20):
 - » Proposal by ENTSO-E
 - » ACER opinion and Commission approval
- Cross-border cost allocation among TSOs for electricity and gas PCIs as a function of net positive impacts for the concerned Member States
 - » Joint decision by concerned national regulators, on the basis of cost-benefit analysis
 - » ACER decision in case of non agreement
- Obligation for national regulators to grant appropriate incentives to projects that incur specific justified risks
 - » Final choice of incentive with national regulator who has to publish evaluation methodology



Thank you for your attention!