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Committee on Industry, Research and Energy

2004/0154(COD)

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OPINION

of the Committee on Industry, Research and Energy

for the Committee on Budgets

on the proposal for a regulation of the European Parliament and of the Council determining the general rules for the granting of Community financial aid in the field of the trans-european transport networks and energy and amending Council Regulation (EC) n° 2236/95 (COM(2004)0475 – C6-0086/2004 – 2004/0154(COD))

Draftsman: Norbert Glante

PA_Leg

SHORT JUSTIFICATION

The Trans-European networks make an important contribution to meeting the Lisbon objectives of competitiveness of the European economy and sustainable development in Europe. In the energy sector the Trans-European energy networks (TEN-E) fulfil an important task in the liberalisation of the European single market in energy. They also play a significant role in security of supply by linking the EU to potential energy suppliers in regions outside Europe.

The Commission's proposed regulation determines the general rules for the granting of Community financial aid in the field of the trans-European transport and energy networks. This opinion will confine itself to the field of energy, and will also consider the level of the appropriations to be set aside for TEN-E in the EU budget.

Your draftsman's considerations start from the observation that, unlike the Trans-European transport networks (TEN-T), the energy networks are not a public infrastructure but an infrastructure in the ownership of private businesses. For this reason your draftsman considers it quite proper that the budget set aside for TEN-E should be only a fraction of that for TEN-T (under the Commission proposal, EUR 20 690 million for transport and EUR 340 million for energy).

The Commission estimates that investments to the tune of at least EUR 28 billion need to be made in TEN-E over the next few years for priority projects alone. Realistically, the only contribution the Community can make to this is by ensuring that co-operation is encouraged, alternatives pointed out and incentives to private investment created. In the past, it has proved helpful to subsidise or finance studies in the wider sense ("measures necessary for the definition of a project").

In addition to the funding of studies, the Commission now also proposes making it possible to subsidise the construction of network sections, and to employ other forms of subsidy such as interest rate rebates, loan guarantees or participation in risk capital funds. Your draftsman rejects these for two reasons: firstly because subsidy risks leading to distortions of competition on the energy market; and secondly because the budget earmarked for TEN-E by the European Union is so small that it could never be a crucial factor in an investment decision for firms applying for subsidy, and could only have a deadweight effect. (During the last programming period the TEN-E subsidy generally accounted for less than 1% of total investment costs for projects). It therefore makes more sense to concentrate on the funding of what the Community should and actually can achieve, namely gathering expert opinions from all over Europe on the necessary network connections.

In its proposal the Commission also suggests increasing the budget for TEN-E. The reasons it gives are, firstly, adjustments following the enlargement of the Union and secondly, the proposal that construction projects should now also be financed. Given that three energy network construction projects have already been financed during the current programming period, and that, in your draftsman's opinion, this kind of subsidy should not be permitted in future, your draftsman therefore proposes that the budget for TEN-E should not be raised from the current average annual Community subsidy of EUR 22 million. The funds which have already been invested in building projects in the current period should in future be regarded as a contribution

to the integration of the new Member States into the programme.

Your draftsman also makes amendments regarding the comitology procedure. In the current programming period the Commission has been assisted by a regulatory committee pursuant to Article 5 of Council Decision 1999/468/EC. The regulatory procedure under that article guarantees a minimum participation for the European Parliament in the Commission's adoption of measures to implement the regulation. The advisory committee pursuant to Article 3 of Decision 1999/468/EC, however, leaves the European Parliament out of the picture altogether. Since the measures implementing this regulation are not purely technical in nature but also relate to political decisions, the regulatory procedure should be retained in the new programming period.

Finally, your draftsman makes a few formal adjustments to the Regulation to take account of the current state of EU legislation and of legal bases currently under discussion. For example the European Parliament and Council decision laying down guidelines for Trans-European energy networks, currently being debated at first reading in the European Parliament, is directly linked to this regulation. It is therefore necessary to update the legal references. Your draftsman also proposes to eliminate duplication between the decision and the regulation, concentrating in the regulation exclusively on the financial aspects.

AMENDMENTS

The Committee on Industry, Research and Energy calls on the Committee on Budgets, as the committee responsible, to incorporate the following amendments in its report:

Text proposed by the Commission¹

Amendments by Parliament

Amendment 1 Recital 6

(6) Decision **1229/2003/EC** of the European Parliament and of the Council *at its meeting on 26 June 2003 establishing a number of guidelines concerning the trans-European network in the energy sector and repealing 1254/93/EC* , identifies the objectives, the priorities for action and projects of common interest to supplement and develop this network, including the priority projects. Necessary investments, to make it possible for all the Member States to take part fully

(6) Decision **No/.../EC** of the European Parliament and of the Council *laying down guidelines for trans-European energy networks and repealing Decisions No 96/391/EC and No 1229/2003/EC* identifies the objectives, the priorities for action and projects of common interest to supplement and develop this network, including the priority projects. Necessary investments, to make it possible for all the Member States to take part fully in the internal market and to

¹ Not yet published in OJ.

in the internal market and to supplement the interconnections with the neighbouring countries, are about €28 billion between now and 2013, for individual priority projects. The latter amount includes approximately €8 billion of investments to be made in third countries.

supplement the interconnections with the neighbouring countries, are about €28 billion between now and 2013, for individual priority projects. The latter amount includes approximately €8 billion of investments to be made in third countries.

(This amendment applies throughout the text. Adopting it will necessitate corresponding changes throughout.)

Justification

Decision 1229/2003/EC will be repealed by a Decision which is currently under legislative procedure (2003/0297(COD)).

Amendment 2 Recital 10

(10) By this Regulation, it is appropriate to establish a programme determining the general rules for the granting of Community financial aid in the field of the trans-European transport and energy networks. This programme – in the respect of the 'acquis communautaire', in particular as regards environment - has to contribute to the reinforcement of the internal market and have a stimulating effect on the competitiveness and growth of the Community.

(10) By this Regulation, it is appropriate to establish a programme determining the general rules for the granting of Community financial aid in the field of the trans-European transport and energy networks. This programme – in the respect of the 'acquis communautaire', in particular as regards environment - has to contribute to the reinforcement of the internal market and have a stimulating effect on the competitiveness, ***sustainable development*** and growth of the Community.

Justification

Sustainable development is an important objective of the Lisbon strategy which should be incorporated into all EU policies.

Amendment 3 Recital 12

12) This programme has to be characterised by Community financial aid focused on the projects or parts of projects presenting the highest European value added and has to

(12) This programme has to be characterised by Community financial aid focused on the projects or parts of projects presenting the highest European value added and has to

tend to encourage the actors to accelerate the implementation of the priority projects in the decisions concerning the guidelines as regards transport and energy, mentioned in recitals 4 and 6. ***This programme has to make it possible also to finance the other European infrastructure projects identified as being of common interest defined in the decisions.***

tend to encourage the actors to accelerate the implementation of the priority projects in the decisions concerning the guidelines as regards transport and energy, mentioned in recitals 4 and 6.

Justification

This is a general recital which applies both to TEN-E and to TEN-T. More specific statements are made in other recitals about the possibility of financing infrastructure projects.

Amendment 4 Recital 13

(13) The Community financial aid is granted with the aim of developing investment projects in the trans-European transport and energy networks to provide firm financial commitments, to mobilise the institutional investors and to prompt the formation of financing partnerships between the public and private sectors. ***In the energy sector, financial assistance has mainly to help to surmount the financial obstacles which can arise at the time of the preparation of projects and at the time of their preliminary development prior to setting under construction, and will have to be concentrated on the cross-border sections of the priority projects and on the interconnections with the neighbouring countries.***

(13) The Community financial aid is granted with the aim of developing investment projects in the trans-European transport and energy networks to provide firm financial commitments, to mobilise the institutional investors and to prompt the formation of financing partnerships between the public and private sectors.

Justification

The first part is a general recital on Community financial aid, which applies both to TEN-E and to TEN-T. There should therefore be a separate recital (Recital 13 a (new)) on Community financial aid for energy in particular.

Amendment 5
Recital 13 a (new)

(13a) In the energy sector, Community financial assistance can only serve to grant financial aid for studies in accordance with the provisions of this Regulation. Such subsidies should contribute to encouraging cooperation, pointing out alternatives and obtaining permits. Community aid should be concentrated on the cross-border sections of the priority projects and on the interconnections with the neighbouring countries

Justification

The budget for TEN-E represents only a fraction of that for TEN-T. It is therefore not very realistic to assume that the available funds can be used for the construction of infrastructure or other forms of subsidy. Most importantly, though, the TEN-E have a quite different ownership structure. Infrastructure subsidies in this sector could therefore easily lead to distortions of competition.

Amendment 6
Recital 14

(14) The Community financial aid should be able to take several forms, namely direct subsidy, interest rebate, loan guarantee instruments, participation in the funds of venture capital and should also be able to cover specific risks following the construction phase.

(14) The Community financial aid ***in the transport sector*** should be able to take several forms, namely direct subsidy, interest rebate, loan guarantee instruments, participation in the funds of venture capital and should also be able to cover specific risks following the construction phase.

Justification

A specific recital has been introduced on Community aid in the energy sector (Recital 13a). This recital should therefore apply specifically to the transport sector.

Amendment 7
Recital 18

(18) Given the experience gained in applying Regulation no 2236/95 and the nature of the competences given to the

(18) The measures necessary for the implementation of this regulation should be adopted in accordance with Decision

Commission it is appropriate to adopt the measures necessary for the implementation of this regulation in accordance with Decision n°1999/468/EC of the Council at its meeting on 28 June 1999 laying down the methods of the exercise of the executive powers conferred on the Commission.

n°1999/468/EC of the Council at its meeting on 28 June 1999 laying down the methods of the exercise of the executive powers conferred on the Commission.

Justification

This is a standard recital, so the standard text should be used. The experience gained in the past in applying the regulation in question can in no way justify restricting still further the European Parliament's already very limited opportunities for participation under the comitology procedure, or even excluding it altogether. See also justification to Amendment 17.

Amendment 8 Article 3, paragraph 2

2. Eligibility is subject to respect for Community policies and laws, notably in relation to competition, environmental protection, public procurement and to the effective implementation of Community provisions of interoperability of networks, in particular rail.

2. Eligibility is subject to respect for Community policies and laws, notably in relation to competition, environmental ***and health*** protection, ***sustainable development***, public procurement and to the effective implementation of Community provisions of interoperability of networks, in particular rail.

Justification

Sustainable development is an important objective of the Lisbon strategy which should be incorporated into all EU policies.

Amendment 9 Article 6

Community financial aid covers the studies, works and risks which occur after the construction phase.

Community financial aid ***in the transport sector*** covers the studies, works and risks which occur after the construction phase.

Community financial aid in the energy sector covers studies only.

Justification

The budget for TEN-E represents only a fraction of that for TEN-T. It is therefore not very realistic to assume that the available funds can be used for the construction of infrastructure or other forms of subsidy. Most importantly, though, the TEN-E have a quite different ownership structure. Infrastructure subsidies in this sector could therefore easily lead to distortions of competition.

Amendment 10 Article 7, paragraph 1

1. Community financial aid to studies, development actions works related to projects referred to in article 3 paragraph 1, can take one or more of the following forms:

- a) Direct grants.
- b) Interest rate rebates on loans given by the European Investment Bank (EIB) or other public or private financial institutions;
- c) Loan guarantees to cover risks after the construction phase.
- d) Participation in risk capital funds
- e) If necessary, a combination of Community aid referred to in point a) to d) with the aim of obtaining the maximum stimulating effect from mobilised budgetary resources.

1. Community financial aid to studies **(energy and transport sectors)**, development actions works **(transport sector only)** related to projects referred to in article 3 paragraph 1, can take one or more of the following forms:

- a) Direct grants **(energy and transport sectors)**.
- b) Interest rate rebates on loans given by the European Investment Bank (EIB) or other public or private financial institutions **(transport sector only)**;
- c) Loan guarantees to cover risks after the construction phase **(transport sector only)**;
- d) Participation in risk capital funds **(transport sector only)**;
- e) If necessary, a combination of Community aid referred to in point a) to d) with the aim of obtaining the maximum stimulating effect from mobilised budgetary resources.

Justification

Interest rate rebates, loan guarantees and participation in risk capital funds are possible forms of Community subsidy to be called on for the construction of networks. Since subsidies for TEN-E are to be confined to studies, only direct grants are needed for the energy sector (for the studies). This amendment clarifies an amendment already included by the draftsman in his opinion.

Amendment 11 Article 7, paragraph 2, point b), point ii)

ii) For Priority projects in the energy domain, a maximum of 20% of the total eligible costs of the works; *deleted*

Justification

This paragraph relates to the funding of construction projects for TEN-E. The budget for TEN-E represents only a fraction of that for TEN-T. It is therefore not very realistic to assume that the available funds can be used for the construction of infrastructure or other forms of subsidy. Most importantly, though, the TEN-E have a quite different ownership structure. Infrastructure subsidies in this sector could therefore easily lead to distortions of competition.

Amendment 12
Article 7, paragraph 2, point b), point iv)

iv) For other projects in the energy domain, a maximum of 10% of the total eligible costs. *deleted*

Justification

See justification to Article 7(2)(b)(ii)

Amendment 13
Article 8, paragraph 1

1. The financial aid related to studies and to infrastructure works is cumulative. 1. The financial aid related to studies and to infrastructure works (***in the transport sector***) is cumulative.

Justification

The budget for TEN-E represents only a fraction of that for TEN-T. It is therefore not very realistic to assume that the available funds can be used for the construction of infrastructure or other forms of subsidy. Most importantly, though, the TEN-E have a quite different ownership structure. Infrastructure subsidies in this sector could therefore easily lead to distortions of competition.

Amendment 14
Article 9, paragraph 1

1. The projects of common interest financed 1. The projects of common interest financed

under this Regulation must be in conformity with the provisions of the Treaty, to legal acts adopted on the basis of the Treaty and to Community policies, including those concerning the protection of the environment, interoperability, competition and public procurement.

under this Regulation must be in conformity with the provisions of the Treaty, to legal acts adopted on the basis of the Treaty and to Community policies, including those concerning the protection of the environment, **sustainable development**, interoperability, competition and public procurement.

Justification

Sustainable development is an important objective of the Lisbon strategy which should be incorporated into all EU policies.

Amendment 15
Article 11, title

Multi-annual programming and Annual Programming.

Multi-annual programming and Annual Programming **in the TEN-T sector**.

Justification

In the TEN-E sector subsidies should be paid only for studies, which do not require multi-annual or annual programmes. This article should therefore apply only to TEN-T.

Amendment 16
Article 17, paragraph 2

2. If reference is made to this paragraph, articles 3 and 7 of the Council decision (EC) 1999/468 shall apply, in conformity with the provisions of articles 8 of the decision.

2. If reference is made to this paragraph, articles 5 and 7 of the Council decision (EC) 1999/468 shall apply, in conformity with the provisions of articles 8 of the decision.

Justification

In the current programming period the Commission has been assisted by a regulatory committee pursuant to Article 5 of Council Decision 1999/468/EC. The regulatory procedure under that article guarantees a minimum participation for the European Parliament in the Commission's adoption of measures to implement the regulation. The advisory committee pursuant to Article 3 of Decision 1999/468/EC, however, leaves the European Parliament out of the picture altogether. Since the measures implementing this regulation are not purely technical in nature but also relate to political decisions, the regulatory procedure should be retained in the new programming period.

Amendment 17
Article 20, paragraph 1

1. The amount of the financial reference for the implementation of this regulation for the period 2007-2013 is €20,690 million of which €20.350 million are allocated to transport and €340 million to energy.

1. The *indicative* amount of the financial reference for the implementation of this regulation for the period 2007-2013 is €20 690 million of which €20 350 million are allocated to transport and €340 million to energy.

