



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 12.3.2002
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2001/0226 (COD)

Amended proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

amending Council Regulation (EC) No 2236/95 laying down general rules for the granting of Community financial aid in the field of trans-European networks

(submitted by the Commission pursuant to Article 250(2) of the EC Treaty)

EXPLANATORY MEMORANDUM

1. The Green Paper on the security of energy supply adopted by the Commission on 29 November 2000¹ highlights the need for gradual integration of energy markets and notes that networking of the electricity networks remains insufficient, particularly in Southern Europe. To smooth the way for construction of new infrastructure, the Green Paper proposes an interconnection plan identifying schemes of European interest to find ways to clear the political and financial hurdles standing in the way of these projects.
2. Accordingly, on 20 December 2001 the Commission adopted a communication on European energy infrastructure accompanied by a proposal for revision of the TEN-Energy guidelines². The Commission proposes concentrating and making better use of the aid available under the Regulation on financial support for trans-European networks. The proposal also clearly identifies 12 priority projects essential for completing the trans-European energy network.

In particular, as regards use of the resources available for financial support, in both the communication on European energy infrastructure and the explanatory memorandum accompanying its proposal for revision of the TEN-Energy guidelines the Commission proposes:

- to concentrate the financial resources on the priority projects identified – as a guide - in Annex I to the proposal for revision of the guidelines for trans-European energy networks;
- to increase from 10 to 20% the maximum rate of support for these 12 priority projects;
- to focus the support on the project development phase from now on.

This will allow effective support for projects where greater financial aid is the key to implementation.

3. In the case of energy, the reasons for concentrating the aid on these priority projects are the European dimension of the projects and the contribution which they can make to completion of the internal market, which is one of the basic objectives of the TEN policy, and to improving security of supply, a key energy objective explicitly recognised by the TEN guidelines.
4. Another proposal is to focus the aid on the development phase of TEN-Energy projects. This is because since 1995 substantial aid has been granted to the study phases of projects and many projects have now reached the stage where the studies have been completed but the construction work has not yet started. This aid will be for priority projects offering low financial returns but high added value in socio-economic terms. These new measures will have to keep within the limits of the current budget available for the trans-European energy networks.

¹ COM (2000) 769.

² COM (2001) 775.

5. On 2 October 2001 the Commission adopted a proposal for amending Council Regulation No 2236/95 laying down general rules for the granting of Community financial aid in the field of trans-European networks which, in particular, would increase the maximum rate of support from 10 to 20%. However, this proposal covered only transport³.
6. As recommended by the Stockholm European Council, which stressed the need to supplement the trans-European networks by concentrating the funding on a few major projects, and in preparation for the Barcelona European Council, the Commission considers it appropriate to extend this proposal to the energy sector.
7. The objective of this revised proposal for amending Council Regulation (EC) No 2236/95 laying down general rules for the granting of Community financial aid in the field of trans-European networks is, therefore, to include the projects essential in order to complete the trans-European energy network.

³ COM (2001) 545.

Amended proposal¹ for a

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amending Council Regulation (EC) No 2236/95 laying down general rules for the granting of Community financial aid in the field of trans-European networks

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular the first paragraph of Article 156 thereof,

Having regard to the proposal from the Commission²,

Having regard to the opinion of the Economic and Social Committee³,

Having regard to the opinion of the Committee of the Regions⁴,

Acting in accordance with the procedure laid down in Article 251 of the Treaty⁵,

Whereas:

- (1) Traffic growth over the past decade – in particular heavy lorry traffic – has led to increased congestion and pollution throughout the territory of the Community. The current capacity of the road network as well as of the rail infrastructure is far from optimal and the weakest points are the cross-border sections. The major delays in implementation of the trans-European transport network relate to cross-border rail projects requiring the construction of infrastructure such as tunnels or bridges of significant length. Owing to these constraints, the financial viability of such projects is often extremely low.
- (2) **Cross-border connections between energy networks are important for ensuring smooth operation of the internal market, security of supply and optimum use of energy infrastructure. Priority projects on the energy networks should therefore also qualify for higher financial aid.**

¹ Compared with the proposal for amending Regulation 2236/95 contained in document COM (2001) 545 only the text marked in bold font has changed.

² OJ C...

³ OJ C...

⁴ OJ C...

⁵ OJ C...

- (3) Provision should be made for an increased level of support of up to 20% of total investment cost for projects concerning cross-border bottlenecks and projects at borders with candidate countries which contribute strongly to the improvement of the trans-European network, as established by Decision No 1692/96/EC of the European Parliament and of the Council of 23 July 1996 on Community guidelines for the development of the trans-European transport network⁶.
- (4) Since projects with candidate countries may prove difficult to implement due to financial constraints, additional funding should be made available for the most urgently needed improvements related to transport infrastructure at borders with candidate countries. The potential economic viability of the projects should be assessed. The funds devoted to these specific projects should cover the whole financing period 2003-2006 irrespective of the date of accession of the new Member States.
- (5) The provisions of Council Regulation (EC) No 2236/95⁷ should be adapted to take account of Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission⁸.
- (6) The financial framework for the implementation of Regulation (EC) No 2236/95 should be increased in order to fund the most urgently needed improvements related to transport infrastructure at borders with candidate countries.
- (7) Regulation (EC) No 2236/95 should therefore be amended accordingly,

HAVE ADOPTED THIS REGULATION:

Article 1

Regulation (EC) No 2236/95 is amended as follows:

- (1) In Article 5, paragraph 3 is replaced by the following:

"3. Regardless of the form of intervention chosen, the total amount of Community aid under this Regulation shall not exceed 10% of the total investment cost. **However, the total amount of Community aid may exceptionally reach 20% of the total investment cost in the following cases:**

⁶ OJ L 228, 9.9.1996, p. 1; Decision as amended by Decision No 1346/2001/EC (OJ L 185, 6.7.2001, p. 1).

⁷ OJ L 228, 23.9.1995, p. 1; Regulation as amended by Regulation (EC) No 1655/1999 of the European Parliament and of the Council (OJ L 197, 29.7.1999, p. 1).

⁸ OJ L 184, 17.7.1999, p. 23.

- (a) projects which concern cross-border rail bottlenecks and/or missing links located in areas where natural barriers represent obstacles to the free circulation of goods and passengers and which strongly contribute to the reduction of imbalance between modes of transport and to the improvement of rail transport within the trans-European transport network as established by Decision No 1692/96/EC of the European Parliament and of the Council*;
- (b) other projects which concern bottlenecks at borders with candidate countries where added value is particularly high in terms of safety improvement and congestion reduction within the trans-European transport network as established by Decision No 1692/96/EC of the European Parliament and of the Council*;
- (c) projects concerning satellite positioning and navigation systems as provided for in Article 17 of Decision No 1692/96/EC; and
- (d) priority projects on the energy networks.**

* OJ L 228, 9.9.1996, p. 1."

- (2) Article 17 is replaced by the following:

"Article 17

Committee

1. The Commission shall be assisted by a committee composed of representatives of the Member States and chaired by the representative of the Commission.
2. Where reference is made to the procedure specified in this Article, the management procedure laid down in Article 4 of Council Decision 1999/468/EC* shall apply, in compliance with Article 7 and Article 8 thereof.
3. The period provided for in Article 4(3) of Decision 1999/468/EC shall be two months.

* OJ L 184, 17.7.1999, p. 23."

- (3) In Article 18, the first paragraph is replaced by the following:

"The financial framework for the implementation of this Regulation for the period 2000 to 2006 shall be EUR 4700 million."

Article 2

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Communities*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the European Parliament
The President

For the Council
The President