



EUROPEAN PARLIAMENT

2009 - 2014

Committee on the Internal Market and Consumer Protection

2011/0300(COD)

31.5.2012

OPINION

of the Committee on the Internal Market and Consumer Protection

for the Committee on Industry, Research and Energy

on the proposal for a regulation of the European Parliament and of the Council
on guidelines for trans-European energy infrastructure and repealing Decision
No 1364/2006/EC
(COM(2011)0658 – C7-0371/11 – 2011/0300(COD))

Rapporteur: Sandra Kalniete

PA_Legam

SHORT JUSTIFICATION

The Rapporteur congratulates the Commission for proposing reasonable guidelines on the development of trans-European energy infrastructure and considers this an essential step which will further strengthen the European Union. The present proposal lays down rules for the timely development and interoperability of trans-European energy networks in order to achieve the energy policy objectives of the Treaty on the Functioning of the European Union, to ensure the functioning of the internal energy market, to ensure security of supply in the Union, to promote energy efficiency and the development of new and renewable forms of energy, as well as to promote the synergy of energy networks. The Rapporteur believes that this is especially an important security issue for the European Union.

There are still a number of EU Member States which are dependent on one energy supplier, which does not comply with the principles of good governance. Such a condition greatly increases the risks of an incident occurring in situations where, for example, the supplier has technical difficulties. This situation is not sustainable, and therefore the Rapporteur also welcomes the Commission's Communication "A Budget for Europe 2020" on the next multi-annual financial framework (2014 - 2020) which proposes *inter alia* the creation of Connecting European Facility to promote energy, transport and digital infrastructure priorities through a single fund of EUR 40 billion, of which EUR 9.1 billion is devoted to energy.

In its proposal, the Commission suggests establishing a limited number of priority projects, covering electricity and gas networks and oil and carbon dioxide transport infrastructures. Overall, the Commission identified 12 priority infrastructure projects and areas related to energy.

The Rapporteur wishes to emphasize that the proposal is not limited to non-renewable resources. With the help of this regulation, the Union will be able to achieve its climate and energy goals: a 20% reduction in the emission of greenhouse gases by 2020, a 20% increase in energy efficiency and a 20% increase in renewable energy final energy consumption. The Rapporteur welcomes the commitment of this proposal to the very important issue of a sustainable and environmentally-friendly energy policy. The Rapporteur is concerned about it but believes that the Commission's proposal is well balanced. Similarly, the Rapporteur stresses that environmentally damaging projects should not be supported. One of the evaluation criteria's for projects of common interest are the level of sustainability for such works. This criterion shall be measured by assessing the reduction of greenhouse gas emissions, and the environmental impact of electricity grid infrastructure. The Rapporteur believes that the Committee on the Internal Market and Consumer Protection should not focus in its opinion on environmental issues, as the Committee responsible for these matters, the ENVI Committee, is preparing its own opinion.

The Rapporteur believes that the implementation of these projects is vital for realizing the energy policy goals set by the Treaty on the European Union. However, she also believes that it must not lead to an increase of energy prices. European citizens need a secure supply of energy, but this must not substantially affect the cost of energy. The Rapporteur regrets the absence of an in-depth study on how the implementation of those projects will affect the prices of energy. However, by assessing the necessity of such projects and their positive effect on competition, a drop in energy prices can be expected.

In general, priority areas and projects covering electricity and gas networks as well as oil and carbon dioxide transport infrastructure projects require an estimated amount of EUR 200 billion. The Commission believes that most of these projects will be financed by private investors, because they are financially profitable. However, several projects are to focus on smaller Member States and in such cases private investors might not be interested in the realization of these projects as the period for reimbursement is too long. That is why the Commission has earmarked EUR 9.1 billion Euros in order to finance projects which are not appealing to private investors but are very important to the European Union's security.

Overall, the Rapporteur welcomes the proposed Regulation and hopes that it will take effect following the proposed timeline. The Rapporteur calls on other Members of Parliament, the Commission and the Council to act responsibly, by not making the process of adopting this Regulation a political issue as such development could threaten the security of the Union.

A limited number of amendments proposed below aim to underline the importance of energy infrastructure's development for the Single Market in general, and European businesses and consumers in particular. Two address the communication aspects, namely the languages in which the transparency platform to be established by the Commission is to be accessible, and publication of relevant information by project promoters.

AMENDMENTS

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

Amendment 1

Proposal for a regulation

Recital 6

Text proposed by the Commission

(6) Accelerating the refurbishment of existing and deployment of new energy infrastructure is vital to achieve the Union's energy and climate policy objectives, consisting in completing the internal market in energy, guaranteeing security of supply, notably for gas and oil, reducing greenhouse gas emissions by 20%, increasing the share of renewable energy in the final energy consumption to 20% and achieving a 20% increase in energy efficiency by 2020. At the same time, the

Amendment

(6) Accelerating the refurbishment of existing and deployment of new energy infrastructure is vital to achieve the Union's energy and climate policy objectives, consisting in completing the internal market in energy, guaranteeing security of supply, notably for gas and oil, reducing greenhouse gas emissions by 20%, increasing the share of renewable energy in the final energy consumption to 20%, *i.e. by connecting regions with high renewable energy production capacity* and

Union has to prepare its infrastructure for further decarbonisation of its energy system in the longer term towards 2050.

electricity storage potential, and achieving a 20% increase in energy efficiency by 2020. At the same time, the Union has to prepare its infrastructure for further decarbonisation of its energy system in the longer term towards 2050.

Amendment 2

Proposal for a regulation

Recital 7

Text proposed by the Commission

(7) Despite its legal existence as defined in Directives 2009/72/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in electricity and 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas, the internal market in energy remains fragmented due to insufficient interconnections between national energy networks. Union-wide integrated networks however are vital for ensuring a competitive and well functioning integrated market for promoting growth, employment and sustainable development.

Amendment

(7) Despite its legal existence as defined in Directives 2009/72/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in electricity and 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas, the internal market in energy remains fragmented due to insufficient interconnections between national energy networks. Union-wide integrated networks, **with supply and production activities being effectively separated from network operations**, are vital however for ensuring a competitive and well functioning integrated market for promoting growth, employment and sustainable development.

Justification

The Third Energy Liberalisation Package is a basis for a competitive energy market in the EU. In order to facilitate the implementation of the 3rd energy package and move towards the truly liberalised energy market across the EU, it is necessary via the TEN-E guidelines to ensure that the effective ownership unbundling of production and supply is implemented.

Amendment 3

Proposal for a regulation

Recital 27

Text proposed by the Commission

(27) In an increasingly integrated internal energy market, clear and transparent rules for cost allocation across borders are necessary in order to accelerate investment in cross-border infrastructure. The European Council of 4 February 2011 recalled the importance to promote a regulatory framework attractive to investment in networks, with tariffs set at levels consistent with financing needs and the appropriate cost allocation for cross-border investments, while enhancing competition and competitiveness, notably of European industry, and taking account of the impact on consumers.

Amendment

(27) In an increasingly integrated internal energy market, clear and transparent rules for cost allocation across borders are necessary in order to accelerate investment in cross-border infrastructure ***for the benefit of Union businesses, not least for SMEs for which high energy prices may become a serious obstacle, and consumers.*** The European Council of 4 February 2011 recalled the importance to promote a regulatory framework attractive to investment in networks, with tariffs set at levels consistent with financing needs and the appropriate cost allocation for cross-border investments, while enhancing competition and competitiveness, notably of European industry ***and of SMEs,*** and taking account of the impact on consumers.

Justification

Vide also corresponding amendment to Article 16(c).

Amendment 4

Proposal for a regulation

Article 4 – paragraph 1 – point b

Text proposed by the Commission

(b) the project displays economic, social and environmental viability; and

Amendment

(b) the project displays economic, social and environmental viability ***and will not contribute to adverse effects on energy affordability for end consumers or to the distortion of fair competition between market actors, in line with the functioning of the internal market;*** and

Amendment 5

Proposal for a regulation
Article 4 – paragraph 1 – point c

Text proposed by the Commission

(c) the project involves at least two Member States, either by directly crossing the border of one or more Member States or by being located on the territory of one Member State and having a significant cross-border impact as set out in point 1 of Annex IV;

Amendment

(c) the project involves at least two Member States, either by directly crossing the border of one or more Member States or by being located on the territory of one Member State and having a significant cross-border impact as set out in point 1 of Annex IV, ***or serving to link island and outlying regions with central regions of the Union;***

Amendment 6

Proposal for a regulation
Article 4 – paragraph 2 – point a – indent 3

Text proposed by the Commission

– interoperability ***and*** secure system operation;

Amendment

– interoperability, secure system operation ***and security of supply;***

Amendment 7

Proposal for a regulation
Article 4 – paragraph 2 – point c – indent 5

Text proposed by the Commission

– market functioning and customer services;

Amendment

– market functioning and customer services, ***especially related to households and to SMEs;***

Amendment 8

Proposal for a regulation
Article 4 – paragraph 4

Text proposed by the Commission

4. When ranking projects contributing to the implementation of the same priority, due consideration shall also be given to the urgency of each proposed project in order to meet the energy policy targets of market integration and competition, sustainability and security of supply, the number of Member States affected by each project, and its complementarity with regard to other proposed projects. For projects falling under the category set out in point 1(e) of Annex II, due consideration shall also be given to the number of users affected by the project, the annual energy consumption and the share of generation from non dispatchable resources in the area covered by these users.

Amendment

4. When ranking projects contributing to the implementation of the same priority, due consideration shall also be given to the urgency of each proposed project in order to meet the energy policy targets of market integration and competition, sustainability and security of supply, the number of Member States affected by each project, and its complementarity with regard to other proposed projects. For projects falling under the category set out in point 1(e) of Annex II, due consideration shall also be given to the number **and situation** of users affected by the project, **especially households**, the annual energy consumption and the share of generation from non dispatchable resources in the area covered by these users.

Amendment 9

Proposal for a regulation

Article 6 – paragraph 1

Text proposed by the Commission

1. When a project of common interest encounters significant implementation difficulties, the Commission may designate a European coordinator for a period of up to one year renewable twice.

Amendment

1. When a project of common interest encounters significant implementation difficulties, the Commission may, **after agreement with the Member States concerned**, designate a European coordinator for a period of up to one year renewable twice.

Amendment 10

Proposal for a regulation

Article 10 – paragraph 7 – subparagraph 2

Text proposed by the Commission

Project promoters shall, in addition, publish relevant information by other appropriate information means, to which

Amendment

Project promoters shall, in addition, publish relevant information by other appropriate information means, to which

the public has *open* access.

the public has *easy* access *free of charge*.

Justification

The term 'open access' can be misleading because of its use in the area of copyrights.

Amendment 11

Proposal for a regulation

Article 13 – paragraph 5 – subparagraph 2

Text proposed by the Commission

In deciding to allocate costs across borders, the economic, social and environmental costs and benefits of the project(s) in the Member States concerned and the possible need for financial support shall be taken into account.

Amendment

In deciding to allocate costs across borders, the economic, social and environmental costs and benefits of the project(s) in the Member States concerned, ***in particular for the functioning of the internal market,*** and the possible need for financial support shall be taken into account.

Justification

The importance of good energy supply for the functioning of the internal market and European economies needs to be underlined.

Amendment 12

Proposal for a regulation

Article 15 – paragraph 1

Text proposed by the Commission

1. Projects of common interest falling under the categories set out in points 1, 2 and 4 of Annex II are eligible for Union financial support in the form of grants for studies and financial instruments in accordance with the provisions of [Regulation of the European Parliament and the Council establishing the Connecting Europe Facility].

Amendment

1. Projects of common interest falling under the categories set out in points 1 and 4 of Annex II are eligible for Union financial support in the form of grants for studies and financial instruments in accordance with the provisions of [Regulation of the European Parliament and the Council establishing the Connecting Europe Facility].

Projects of common interest falling within the categories set out in point 2 of Annex II shall be eligible for Union financial support in the form of grants for studies and works and financial instruments in accordance with the provisions of

[Regulation of the European Parliament and the Council establishing the Connecting Europe Facility] if they are carried out in the parts of gas infrastructure sectors where the provisions on unbundling of Directive 2009/73/EC concerning common rules for the internal market in natural gas are implemented, including in those Member States where derogations are applied in that regard.

Justification

It is essential to implement the Third Energy Liberalisation Package, especially with regard to gas market, and to ensure that gas production and supply activities are separated and the existing monopoly networks are unbundled. This can be facilitated by laying down a precondition that only those projects of common interest concerning gas that are carried out in gas infrastructure sectors in Member States where the effective ownership unbundling is implemented, shall be eligible for Union financial assistance.

Amendment 13

Proposal for a regulation

Article 16 – point c

Text proposed by the Commission

(c) concerning the electricity and gas sectors, the evolution of the interconnection level between Member States, the corresponding evolution of energy prices, as well as the number of network system failure events, their causes and related economic cost;

Amendment

(c) concerning the electricity and gas sectors, the evolution of the interconnection level between Member States, the corresponding evolution of energy prices ***for consumers and European businesses, especially SMEs***, as well as the number of network system failure events, their causes and related economic cost;

Amendment 14

Proposal for a regulation

Article 17 – introductory part

Text proposed by the Commission

The Commission shall establish an infrastructure transparency platform easily

Amendment

The Commission shall establish an infrastructure transparency platform easily

accessible to the general public. This platform shall contain the following information:

accessible to the general public *in all official languages of the Union*. This platform shall contain the following information:

Amendment 15

Proposal for a regulation Annex I – part 1 – point 3 – introductory part

Text proposed by the Commission

(3) North-South electricity interconnections in Central Eastern and South Eastern Europe ("NSI East Electricity"): interconnections and internal lines in North-South and East-West directions to complete the internal market and integrate generation from renewable energy sources.

Amendment

(3) North-South electricity interconnections in Central Eastern and South Eastern Europe ("NSI East Electricity"): interconnections and internal lines in North-South and East-West directions to complete the internal market and integrate generation from renewable energy sources.

Linking power supplies on remote islands with the mainland with a view to the completion of the internal market in electricity, increasing renewable energy input and facilitating the transmission of power generated from renewable sources on the mainland.

Amendment 16

Proposal for a regulation Annex V – point 6 – point a

Text proposed by the Commission

(a) Competition in terms of market power of different operators and the convergence of prices between different Member States;

Amendment

(a) Competition in terms of market power of different operators and the convergence of prices, *especially those affecting households*, between different Member States;

Amendment 17

Proposal for a regulation Annex V – point 7 – point a

Text proposed by the Commission

(a) Competition in terms of market power of different operators and the convergence of prices between different Member States;

Amendment

(a) Competition in terms of market power of different operators and the convergence of prices, ***especially those affecting households***, between different Member States;

Amendment 18

**Proposal for a regulation
Annex V – point 12**

Text proposed by the Commission

(12) Transmission and distribution system operators shall exchange the information necessary for the elaboration of the methodology, including the relevant network and market modelling. Any transmission or distribution system operator collecting information on behalf of other transmission or distribution system operators shall give back to the participating transmission and distribution system operators the results of the collection of data. For the common electricity and gas market and network model set out in paragraph 8 of Article 12, the input data set referred to in point 1 shall cover the years n+10, n+20 and n+30 and the model shall allow for a full assessment of economic, social and environmental impacts, notably including external costs such as those related to greenhouse gas and conventional air pollutant emissions or security of supply.

Amendment

(12) Transmission and distribution system operators shall exchange the information necessary for the elaboration of the methodology, including the relevant network and market modelling. Any transmission or distribution system operator collecting information on behalf of other transmission or distribution system operators shall give back to the participating transmission and distribution system operators the results of the collection of data. For the common electricity and gas market and network model set out in paragraph 8 of Article 12, the input data set referred to in point 1 shall cover the years n+10, n+20 and n+30 and the model shall allow for a full assessment of economic, social and environmental impacts, notably ***for the functioning of the internal market and*** including external costs such as those related to greenhouse gas and conventional air pollutant emissions or security of supply.

Justification

The importance of good energy supply for the functioning of the internal market and European economies needs to be underlined.

PROCEDURE

Title	Trans-European energy infrastructure, and repeal of Decision No 1364/2006/EC		
References	COM(2011)0658 – C7-0371/2011 – 2011/0300(COD)		
Committee responsible Date announced in plenary	ITRE 15.11.2011		
Opinion by Date announced in plenary	IMCO 15.11.2011		
Rapporteur Date appointed	Sandra Kalniete 24.1.2012		
Discussed in committee	19.3.2012	25.4.2012	30.5.2012
Date adopted	31.5.2012		
Result of final vote	+: -: 0:	26 2 4	
Members present for the final vote	Adam Bielan, Sergio Gaetano Cofferati, Birgit Collin-Langen, Lara Comi, António Fernando Correia de Campos, Cornelis de Jong, Evelyne Gebhardt, Louis Grech, Mikael Gustafsson, Małgorzata Handzlik, Malcolm Harbour, Iliana Ivanova, Sandra Kalniete, Toine Manders, Hans-Peter Mayer, Mitro Repo, Zuzana Roithová, Heide Rühle, Christel Schaldemose, Catherine Stihler, Róza Gräfin von Thun und Hohenstein, Emilie Turunen, Bernadette Vergnaud, Barbara Weiler		
Substitute(s) present for the final vote	Raffaele Baldassarre, Anna Hedh, María Irigoyen Pérez, Constance Le Grip, Morten Løkkegaard, Antonyia Parvanova, Wim van de Camp, Sabine Verheyen		