

EUROPEAN PARLIAMENT

2004



2009

Committee on Economic and Monetary Affairs

2003/0297(COD)

15.3.2005

OPINION

of the Committee on Economic and Monetary Affairs

for the Committee on Industry, Research and Energy

on the proposal for a European Parliament and Council decision laying down guidelines for trans-European energy networks and repealing Decisions No 96/391/EC and No 1229/2003/EC (COM(2003)0742 – C5-0064/2004 – 2003/0297(COD))

Draftsman: Guntars Krasts

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SHORT JUSTIFICATION

With the accession of ten new Member States, it is necessary to adapt the trans-European network (TEN) guidelines so as to link the new Member States and thus enable them to participate in the internal market in electricity and gas. The purpose of the proposal for a decision is to increase the connections between the electricity supply systems of the EU Member States as **separate network elements** - both AC and DC. The main aims are to increase the security of the electricity supply in the individual Member States, regions and territories, and to increase the effectiveness of the competitive internal market, reducing the adverse impact of consolidation of electricity production enterprises. Construction of new infrastructure is necessary to ensure the future supply of gas to an enlarged European market. By attaining the aims of the decision, it will become possible not only to transmit energy over long distances, thus exploiting more effectively the various production patterns in the regions, but also to increase the amounts of energy traded, which could improve the position of consumers in the internal market.

The proposals made on behalf of the Committee on Economic and Monetary Affairs are based on the following considerations:

- (a) The Trans-European Networks (TEN) constitute a small but significant element in national electricity and gas systems, whose operating principles are laid down in Directives 2003/54/EC and 2003/55/EC.
- (b) The TEN decision must accord with the spirit and terminology of Directive 2003/54/EC.
- (c) System operators are not participants in the market but only managers of the market's infrastructure and guarantors of security of supply on competitive electricity and gas markets in the individual Member States.
- (d) By supervising conditions for access to and use of systems, national regulators must maintain a level playing field for market participants and ensure a return on assets for system operators as owners of networks (and also of the connections between them), so that systems operate adequately and safely.
- (e) Creating interconnections in structured supplied systems is not always in the interest of the suppliers who dominate particular regions, which means that market principles must sometimes be replaced with long-term planning methods to guarantee security of supply for consumers, environmental protection and sustainability. This does not always yield an immediate benefit to consumers in the form of lower supply prices, as it is necessary to take account of increased costs of use of systems. But investment in the creation of interconnections should be viewed over the medium to long term.
- (f) Financial support from the EU for specific projects undoubtedly accelerates the acquisition of investment and increases the volume of trading in electricity.
- (g) If system operators from more than one State invest in the establishment of an interconnection, the project's financing and the effective use of the interconnection on the

basis of market principles require good coordination between the operators, regulators and State energy-policy-makers involved.

The justifications for the amendments tabled are as follows:

1. If an interconnection element (TEN) has to be created in the interests of security of supply, overcoming an inadequacy of production capacity, it is not always possible to adhere to market principles, as the time when investment is obtained may not correspond to the objectives of participants in a competitive market.
2. Creating network elements may be a public service obligation for system operators if it is not in the interests of participants in the electricity market to create new interconnections.
3. The prioritisation process will be a competition among individual regions and Member States if network elements are created with EU financial support. It must be primarily performed by the Commission, albeit subject to supervision by Parliament in the course of the budgetary procedure.
4. A regional coordinator will pool, in a professional manner, the interests of the various parties in the Member States involved in the creation of a given interconnection (operators, regulators, financial backers, interested market participants, consumers).
5. Network elements form only part of supply systems, which are run by system operators.
6. It would not be right to delude consumers with promises of immediate low prices.
7. The Baltic States are isolated from the EU's internal market, and Lithuania's undertaking to close down its nuclear power station will create real threats to an adequate electricity supply.
8. Projects of common interest do not only affect a single Member State's supply system (or territory).
9. It is safer to transport oil by pipeline than by sea or road.
10. It is likely that such an inquiry and evaluation will have to be performed in more than two Member States.
11. It is not possible to promise rapid implementation, partly on account of the inquiry mentioned in the previous point. In order to concentrate professional expertise and reduce uncertainty if each Member State works in isolation to support a joint project, a regional coordinator would play a stabilising role and would represent the project more professionally in consultations with the European coordinator instituted by the Commission.
12. Follows on from Amendment 11.
13. The coordinators will decide all matters amongst themselves, including consultations and recommendations on financing and the operation of networks/systems.
14. Follows on from Amendment 11.
15. Follows on from Amendment 11.

16. The participants in the competitive market are producers, those responsible for marketing and consumers. The role of system operators is of a different kind and such terminology has already been used in Directives 2003/54/EC and 2003/55/EC.

AMENDMENTS

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

Text proposed by the Commission ¹	Amendments by Parliament
Amendment 1	
Recital 4	
(4) Energy infrastructure should be constructed and maintained so as to enable the internal energy market to operate efficiently, without detracting from strategic and, where appropriate, universal service criteria.	(4) Energy infrastructure should be constructed and maintained so as to enable the internal energy market to operate efficiently, without detracting from strategic and, where appropriate, universal service criteria and public service obligations .
Amendment 2	
Recital 5	
(5) The priorities for trans-European energy networks also stem from the growing importance of the trans-European energy networks for securing and diversifying the Community's energy supplies, incorporating the energy networks of the acceding countries, and ensuring the coordinated operation of the energy networks in the Community and in neighbouring countries. Indeed neighbouring countries to the European Union play a vital role in the Union's energy policy. They supply a major part of the EU's requirements of natural gas, they are key partners for the transit of primary energy to the EU and they will progressively become important players in	(5) The priorities for trans-European energy networks also stem from the growing importance of the trans-European energy networks for securing and diversifying the Community's energy supplies, incorporating the energy networks of the new Member States and acceding countries, and ensuring the coordinated operation of the energy networks in the Community and in neighbouring countries after consulting the Member States concerned . Indeed neighbouring countries to the European Union play a vital role in the Union's energy policy. They supply a major part of the EU's requirements of natural gas, they are key partners for the transit of primary energy to

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Or. en

Justification

The incorporation of new Member States' energy networks into trans-European networks will facilitate the cohesion process in the enlarged EU. The development of alternative energy sources is also important in achieving technological progress in the EU's industry and will diversify energy supply sources.

Amendment 3

Recital 10

(10) A more favourable context for the development of trans-European energy networks should be created, mainly by providing stimulus for technical cooperation between the entities responsible for **networks**, by facilitating the implementation of authorization procedures applied for network projects in the Member States in order to reduce delays and by mobilizing as appropriate the Funds, instruments and financial programmes of the Community available for network projects.

(10) A more favourable context for the development of trans-European energy networks should be created, mainly by providing stimulus for technical cooperation between the entities responsible for **the operation and regulation of electricity and gas systems**, by facilitating the implementation of authorization procedures applied for network projects in the Member States in order to reduce delays and by mobilizing as appropriate the Funds, instruments and financial programmes of the Community available for network projects.

Amendment 4

Article 3, point (a)

(a) encouraging effective operation of the internal market in general and of the internal energy market in particular, while encouraging the rational and proportional production, transportation, distribution and utilisation of energy resources and the development and connection of renewable energy resources, so as to reduce the cost of energy to the consumer and contribute to the diversification of energy sources;

(a) encouraging effective operation **and development** of the internal market in general and of the internal energy market in particular, while encouraging the rational and proportional production, transportation, distribution and utilisation of energy resources and the development and connection of renewable energy resources, so as to reduce the cost of energy to the consumer and contribute to the diversification of energy sources;

Justification

The EU should put more efforts while planning and developing energy production. The use of non-fossil and renewable energy resources will have positive environmental impact.

Amendment 5
Article 3, point (c)

(c) reinforcing the security of energy supplies, in particular by **strengthening** relations with third countries in the energy sector in the interest of all parties concerned, in particular in the framework of the Energy Charter Treaty and cooperation agreements concluded by the Community.

(c) reinforcing the security of energy supplies **by balancing energy supply sources in order to avoid dependency on a single supply source**, in particular by **setting out the arrangements for** relations with third countries in the energy sector in the interest of all parties concerned, in particular in the framework of the Energy Charter Treaty and cooperation agreements concluded by the Community.

Justification

Dependence on a single energy supply source could impact on EU foreign policy and thus reduce the EU's role as a global partner.

Amendment 6
Article 4, paragraph 1, point (b a) (new)

(ba) ensuring connection transmission networks from the Baltic States to Central European and Nordic operational areas.

Amendment 7
Article 6, paragraph 1, point (c)

(c) the projects display potential economic viability. The evaluation of the economic viability shall be based upon a cost-benefit

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analysis which shall take account of all costs and benefits, including those in the medium and/or long term, in connection with environmental aspects, security of supply and the contribution to economic and social cohesion. Projects of common interest which relate to the territory of *a* Member State shall require the approval of *the* Member *State* concerned.

analysis which shall take account of all costs and benefits, including those in the medium and/or long term, in connection with environmental aspects, security of supply and the contribution to economic and social cohesion. Projects of common interest which relate to the territory of *one or more* Member States shall require the approval of *all* Member *States* concerned.

Amendment 8

Article 7, paragraph 3, point (b a) (new)

(ba) they shall reduce environmental impact from maritime and road transport

Amendment 9

Article 8, paragraph 9

9. If a project which is declared to be of European interest includes a cross-border section which is technically and financially indivisible, the *two* Member States concerned shall conduct a transnational enquiry with a view to evaluating the cross-border section and consulting the public prior to authorisation of the project.

9. If a project which is declared to be of European interest includes a cross-border section which is technically and financially indivisible, the Member States concerned shall conduct a transnational enquiry with a view to evaluating the cross-border section and consulting the public prior to authorisation of the project.

Amendment 10

Article 10, paragraph 6 a (new)

6a. Co-ordination should be proportionate to the costs of the project to avoid unnecessary administrative burdens.

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PROCEDURE

Title	proposal for a European Parliament and Council decision laying down guidelines for trans-European energy networks and repealing Decisions No 96/391/EC and No 1229/2003/EC		
Procedure number	(COM(2003)0742 – C5-0064/2004 – 2003/0297(COD))		
Committee responsible	ITRE		
Enhanced cooperation			
Draftsman Date appointed	Guntars Krasts 13.9.2004		
Discussed in committee	18.1.2005	1.2.2005	15.3.2005
Date suggestions adopted	15.3.2005		
Result of final vote	for:	29	
	against:	2	
	abstentions:	11	
Members present for the final vote	Zsolt László Becsey, Pervenche Berès, Pier Luigi Bersani, Udo Bullmann, Ieke van den Burg, Paolo Cirino Pomicino, Jonathan Evans, Elisa Ferreira, Jean-Paul Gauzès, Benoît Hamon, Gunnar Hökmark, Karsten Friedrich Hoppenstedt, Sophia in 't Veld, Othmar Karas, Piia-Noora Kauppi, Christoph Konrad, Guntars Krasts, Astrid Lulling, Hans-Peter Martin, Gay Mitchell, Cristobal Montoro Romero, John Purvis, Alexander Radwan, Bernhard Rapkay, Dariusz Rosati, Eoin Ryan, Antolín Sánchez Presedo, Manuel António dos Santos, Peter Skinner, Margarita Starkevičiūtė, Ivo Strejček, Sahra Wagenknecht, Graham Watson, Lars Wohlin		
Substitutes present for the final vote	Jean-Marie Cavada, Jorgo Chatzimarkakis, Mia De Vits, Harald Ettl, Ján Hudacký, Werner Langen, Thomas Mann, Andreas Schwab		
Substitutes under Rule 178(2) present for the final vote			