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*Committee on Regional Development*

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**2011/2034(INI)**

14.4.2011

## **OPINION**

of the Committee on Regional Development

for the Committee on Industry, Research and Energy

on energy infrastructure priorities for 2020 and beyond  
(2011/2034(INI))

Rapporteur: Joachim Zeller

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## SUGGESTIONS

The Committee on Regional Development calls on the Committee on Industry, Research and Energy, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Recalls that having secure, sustainable and competitive energy and adequate, integrated and reliable energy networks with effective internal connections represents one of the main future challenges for all EU regions; underlines that the upgrading and renewal of energy infrastructure, the promotion of trans-European energy networks and renewable energy sources, the development of domestic electricity and gas connections and the integration of isolated parts of the EU into the European energy market are essential factors for achieving the 20-20-20 targets as well as the objectives of the Europe 2020 Strategy; notes that in a number of countries the level of interconnection is below the threshold of 10%; stresses that EU energy policy must be coordinated and defined at continental level, and that European networks connected to neighbouring countries would stimulate competition on the common European energy market and increase solidarity among Member States; believes that the Union, Member States and regional authorities must cooperate in this context to improve not only cross-border infrastructure but also infrastructure that allows the transmission to and from transmission highways and the distribution on national level; underlines that regional and local authorities in cooperation with national 'one-stop shops' play an important role in sustainable planning, in the authorisation processes as well as in promoting energy infrastructure projects (EIPs) to the general population;
2. Emphasises that the greatest challenge lies in securing local public acceptance for energy infrastructure projects; is convinced that the acceptance and trust of members of the public and decision-makers can only be won by holding open and transparent debates in the run-up to decisions on energy infrastructure projects;
3. Stresses the need to modernise the EU grid as a whole and for the Union to support Member States and regions in this task and that all regions, including the most remote areas, must be involved at all stages and implementing procedures with a view to maintaining territorial cohesion;
4. Urges the Commission to review existing energy infrastructure and put forward proposals to create new infrastructure capacities in order to ensure that its energy infrastructure policies give regions the possibility to be a producer as well as a consumer of sustainable energy; stresses that this is needed for both security and economic reasons;
5. Calls on the Commission to present an ambitious strategy for the heating and cooling sector;
6. Maintains that developing regional power generation is an important means of guaranteeing self-sufficiency in energy in the different parts of Europe, especially in the Baltic region which remains isolated and dependent on a single source of supply; notes that the regions have a wide range of resources to tap, including the possibilities offered by natural resources, and that the aim in future should be to exploit these to the full in

order to diversify energy production;

7. Notes that the ERDF makes a massive contribution to the funding of energy – and other – infrastructure projects and points out the significant role of Cohesion Policy at local and regional level to improve energy efficiency and to achieve the Union's renewable energy targets;
8. Stresses the need for a thorough environmental impact assessment of energy infrastructure projects, and the importance of preparing adequate reaction plans for the event of emergencies related to energy infrastructure, in particular to avoid environmental disasters; emphasizes that the reaction plans should foresee the way to deal with these events from the technical and economic point of view;
9. Emphasises that cooperation between municipalities and regions on a national and European level contributes to putting an end to energy islands, to the completion of the internal energy market and to the implementation of EIPs; takes the view that the European territorial cooperation objective of cohesion policy as well as macro-regional strategies can increase cooperation opportunities for cross-border projects with a view to achieving efficient and intelligent interconnections between non-conventional local and regional energy sources and large energy grids; underlines that appropriate coordination of infrastructure projects can guarantee the best possible cost-benefit ratio and can maximise efficiency of the EU Funds; considers in this context that regional cooperation should be improved, in particular with a view to ensuring a proper connection between the priorities established and the European regions;
10. Stresses the importance of increasing the interconnective capacity of energy networks at a cross-border level and points to the importance of providing the financing required to attain the goals laid down including territorial cohesion;
11. Welcomes the decision to focus on a small number of infrastructure priorities over the period to 2020 by concentrating on 'projects of European interest'; calls on the Commission to develop precise criteria to be used in selecting these projects, in close coordination with the Member States and regional and local stakeholders;
12. Points out that it is necessary to press ahead with the integration of the internal energy market by promoting, in particular, projects to ensure that neighbouring countries have a well-balanced national energy mix;
13. Calls on the EU and the Member States to set binding targets for interconnections between Member States, whether through specialised regional platforms or under regional initiatives, with a view to facilitating the planning, implementation, and oversight of the priorities charted and to drawing up investment plans and specific projects;
14. Stresses the importance of Southern Corridor projects in pursuit of the EU's fundamental objective of diversifying its energy supply lines;
15. Insists on the integrity of cohesion policy and calls on the Commission to refrain from creating new sectoral funds, e.g. for energy or climate; encourages the Commission to

learn from experience with cohesion policy when establishing measures for energy policy, in particular with regard to project selection;

16. Takes the view that the Structural Funds offer scope for supporting special investments in energy infrastructure; considers, however, that such investments must be confined to regions in which, for political and geographical reasons, the market has much more difficulty in providing solutions to energy supply problems; calls, further, for support from the Structural Funds always to be made contingent on the adoption, as a matter of principle, of a commercial approach and on compliance with the principle of shared responsibility for funding;
17. Calls on the EU to fund energy projects which fail to attract private investors but which are essential to meet the energy needs of isolated parts of the EU by linking them up with the European electricity and gas networks, as an integral part of the process of creating a unified EU energy market;
18. Supports the prompt launch of the 'Intelligent cities' partnership for innovation and calls on relevant partners involved in planning processes for sustainable urban development to better promote and profit from the benefits that JESSICA and ELENA can provide for investments in sustainable energy at local level, with a view to help cities and regions embark on viable investment projects in the fields of energy efficiency, clean-burning and renewable energy sources, and sustainable urban transport; points out furthermore the potential of cross-border funding with neighbouring countries in the framework of the ENPI;
19. Notes that incentives in national regulatory systems are still insufficient, especially for higher-risk and innovative projects such as smart grids; stresses that national regulatory frameworks need to be adjusted and requests the Commission in this regard to inquire to what extent national regulatory incentives are satisfactory and adequate; calls on the Commission to consider whether to set up a system of rewards and incentives for Member States and regions which not only help to ensure that projects of European interest are processed more swiftly, but also promote technology-oriented investment and qualitative improvement and innovation in energy infrastructure;
20. Calls for authorisation procedures to be speeded up (maximum five years) and simplified (one-stop shop); underlines the need for the Commission to adopt a multi-level governance approach and that regional and local action should be given a more important role in certain areas to determine projects of European interest, priorities for energy infrastructure and security, supply routes, sites for producing and processing energy products, and storage and treatment of waste, as local and regional authorities are necessary partners in terms of planning, funding and communication and must remain fully involved in each phase of the design and implementation of projects (including definition of priorities, designing projects, decision-making, application and financing, practical implementation and evaluation); emphasises, that any EU-wide approximation of authorisation procedures must be consistent with the subsidiarity principle; stresses the integrated approach of cohesion policy, which draws together several different funds, and calls on the Commission to retain that approach;
21. Asks the Commission to evaluate if the modernisation and upgrading of existing energy

corridors is preferable to new corridors as to cost-efficiency and public acceptance; asks furthermore for the interconnector capabilities of the regions to be assessed;

22. Considers that the current economic climate underscores the need to adopt an integrated approach to energy matters, taking due account of their economic, environmental and social aspects; points out that consideration must be given to positive and negative side-effects in order to ensure that all European citizens have access to secure, sustainable and affordable energy over the medium and long term;
23. Recalls that the 3<sup>rd</sup> energy package creates an obligation for regulators, in setting tariffs, not only to evaluate investments on the basis of benefits in their Member State, but on the basis of EU-wide benefits; urges the ACER to ensure their members heed this obligation and asks the Commission to consider compensatory mechanisms where costs and benefits cannot be fairly allocated through tariff-setting and for this compensation to be shared with the towns and regions effected;
24. Calls on the Commission to ensure that financing of infrastructure investments is market-based in order to prevent distortions of competition and the creation of false incentives for investment, and that unjustified fluctuations between Member States are avoided, provided, however, that public interest – especially at local and regional level and in territories with specific geographical features such as islands, mountainous regions and regions with very low population density– is also safeguarded through a limited amount of public finance which has to result in an innovative mix of financial instruments that levers private investments;
25. Notes the problems in those regions dominated by a limited number of market actors which leads to slow infrastructure development and renewal; regrets that this prevents the 'user pays' principle from being applied universally and therefore believes that in such cases, public financing may still be needed in order to build the infrastructure required to develop these national and regional energy markets as part of the European energy market; asks the Commission to review state-aid rules in this regard and if needed, to bring forward proposals to amend these rules to allow Member States to encourage the modernisation of infrastructure;
26. Calls on the Commission to issue a new guideline document on public financing of projects and current state aid legislation which presents clear criteria for public funding of energy infrastructure; stresses that this document must be developed jointly by DG Energy, DG Competition and DG Regional Policy in order to prevent Commission rules contradicting each other;
27. Calls for steps to be taken to ensure compliance with international agreements, such as the Espoo Convention, before cross-border projects are undertaken or further developed, and draws attention, in the context of the expansion of energy networks, to the need to foster closer cooperation, in particular between Russia and Belarus and the Baltic States, and, in that connection, to develop the EU-Russia energy dialogue, in particular with a view to achieving the objective of energy security for the EU Member States and regions;
28. Underlines the importance of closer and more effective collaboration with the private sector and financial institutions, especially the European Investment Bank and the

European Bank for Reconstruction and Development, to promote the necessary financing, in particular for priority cross-border projects; calls on the Commission to explore other innovative financial instruments and help to promote the establishment of public-private partnerships, for which local, regional and national authorities provide incentives and the necessary legislative framework and policy support; stresses in this context the need to develop technical assistance and financial engineering at local and regional authority level in order to support local players in setting up projects of energy efficiency – e.g. by harnessing the EIB's ELENA technical assistance facility and the experience of ESCO in case energy efficiency infrastructure is concerned;

29. Points out that the geographical obstacles inherent in their location make islands and mountain areas very difficult to integrate into the EU energy network; calls, therefore, on the Commission to take into account the divers circumstances in the regions and to focus expressly on regions with specific geographical and demographic characteristics, such as islands, mountain regions, and regions with low population density, in order to achieve greater diversification of energy sources and the promotion of renewables so as to reduce dependence on imported energy; urges the Commission to include among its energy infrastructure priorities for 2020 the special situation of island energy systems;
30. Points out the need to focus on and promote renewable energies infrastructure, particularly of smart, decentralised energy infrastructure, coupled with the promotion of energy efficiency, in order to reduce dependence over fossil fuels and reduce polluting emissions; highlights in this regard the huge economic potential for regional development in the field of production of renewable energies according to the region's specificities; draws attention in this respect to renewable energy sources and their potential in various European regions as well as the need to provide them with a properly interconnected smart grid and sufficient production capacity; underlines furthermore, that renewable energy projects can only succeed if the national transmission networks are modern enough to support the nature of this new energy; encourages grid connections with hydrostorage facilities in the Alpine region and in Nordic countries;
31. Given the importance of the regions' sustainable energy strategies for their development potential, stresses the need to establish a platform for exchange of best practises acquired in the regions taking into account successful examples of municipalities and regions that have specialised on renewable energies, energy saving and efficiency; calls in this regard for a consultation and assessment system in order to identify, share and copy best practices and knowledge of public acceptance of infrastructure where possible.

## RESULT OF FINAL VOTE IN COMMITTEE

<b>Date adopted</b>	12.4.2011
<b>Result of final vote</b>	+: 40 -: 0 0: 1
<b>Members present for the final vote</b>	François Alfonsi, Luís Paulo Alves, Catherine Bearder, Jean-Paul Basset, Victor Boştinaru, Alain Cadec, Tamás Deutsch, Elie Hoarau, Danuta Maria Hübner, Juozas Imbrasas, María Irigoyen Pérez, Seán Kelly, Evgeni Kirilov, Constanze Angela Krehl, Jacek Olgierd Kurski, Petru Constantin Luhan, Elżbieta Katarzyna Łukacijewska, Ramona Nicole Mănescu, Riikka Manner, Iosif Matula, Erminia Mazzoni, Miroslav Mikolášik, Lambert van Nistelrooij, Jan Olbrycht, Wojciech Michał Olejniczak, Markus Pieper, Monika Smolková, Georgios Stavrakakis, Nuno Teixeira, Oldřich Vlasák, Kerstin Westphal, Hermann Winkler, Joachim Zeller
<b>Substitute(s) present for the final vote</b>	Karima Delli, Richard Falbr, Marek Henryk Migalski, Elisabeth Schroedter, Czesław Adam Siekierski, Patrice Tirolien, Derek Vaughan, Sabine Verheyen