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EU energy stakeholders call for maintaining € 9.1 billion budget proposal for energy infrastructure

The EU power sector – represented in this open letter by EWEA, EURELECTRIC and Europacable – urges EU Member States and the European Parliament in the current budget debate to safeguard the proposed €9.1 billion in the Connecting Europe Facility (CEF) for 2014-2020. This money is vital to ensure that Europe's energy infrastructure is timely developed and reinforced to meet the goals of integrating renewables, creating a truly integrated internal energy market and enhancing security of supply. We believe that without increased public support there will be no transition to a secure and competitive European energy system, while meeting our decarbonisation goals.

In addition, funds for electricity infrastructure projects should be earmarked within the allotted TEN-E budget of €9.1 bn: the allocation of grants should properly reflect the fact that the investment needs for electricity infrastructure are far larger than for any other type of energy infrastructure. The EC impact assessment and its report to the June 2011 Energy Council has estimated total investment needs in energy infrastructures of European importance up to 2020 at about €200 billion, divided into €140 billion for electricity infrastructure and €70 billion for gas infrastructure projects.

The current TEN-E budget 2007-2013 was increased from €155 million to €9.1 billion in the Connecting Europe Facility for 2014-2020 to address this. In contrast to transport infrastructure, financing for a regulated business field like energy infrastructure must remain mainly market-based complemented by limited public funds. However, in view of the unprecedented investment volumes and foreseen investment gap, limited time and existing market failures, we call for maintaining the envisaged level of €9.1 bn to energy infrastructure. This proposal is crucial for Europe's recovery and continued growth, and to meet the EU's 2020 renewable energy target and longer-term decarbonisation goals, and should not be undermined by budgetary constraints: the proposed funding under the CEF only represents less than 1% of the overall budget proposed for 2014-2020.

The sense of urgency for reinforced and new energy infrastructure was already recognised in the Commission communication on infrastructure priorities in November 2010 and Council's and Parliament's reactions to this. The cost of not realising these investments in electricity infrastructure, or not in an EU-wide coordinated way, would be huge, as demonstrated for the offshore grid development, where national solutions could be up to 20% more expensive.

Innovative energy infrastructure projects envisaged by 2020 and in need of public funding around:

Together with the Northern Seas Offshore Grid, the Baltic interconnection plan, and the North-South interconnections, smart grids will be critical in the move towards a more flexible power system in the future, facilitating the large-scale integration of variable renewable generation, amongst other key benefits. Future "Electricity Highways" in terms of overlay HVDC bulk transmission projects are also of vital importance to accommodate ever-increasing renewable generation in the Northern Seas and in the South of Europe.

They will serve to connect the new renewable generation hubs with major storage capacities in Nordic countries and the Alpine region and with the major consumption centres in Central Europe and allow Europe to cope with an increasingly flexible and decentralised electricity demand and supply. They will greatly contribute to increasing Europe's and its Member States' energy independence and completing the single market for electricity.

We therefore urge the EU Member States and the European Parliament to back the CEF proposal and allocation of € 9.1 billion for energy infrastructure together with an earmarking of the TEN-E budget for electricity projects – without this the TEN-E instrument will remain ineffective, and wider EU energy policy goals, such as the renewable energy targets and decarbonisation goals, could be missed.



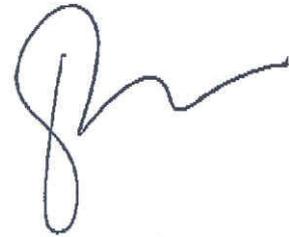
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