

Brussels, 27 May 2002

OPINION

of the

Committee of the Regions

of 16 May 2002

on the

Proposal for a Decision of the European Parliament and of the Council amending Decision No. 1254/96/EC laying down a series of guidelines for trans-European energy networks

(COM(2001) 775 final - COD 2001/0311)

The Committee of the Regions

HAVING REGARD TO the report from the Commission to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions on the implementation of the guidelines for Trans-European Energy Networks in the period 1996-2001;

the Communication from the Commission to the European Parliament and the Council on European Energy Infrastructure;

the proposal for a Decision of the European Parliament and of the Council amending Decision No. 1254/96/EC laying down a series of guidelines for trans-European energy networks (COM(2001) 775 final);

the decision of its President of 8 April to appoint **Mauro Pili**, President of the Autonomous Region of Sardinia (I/EPP), as Rapporteur-General responsible for drafting an opinion on this matter, in accordance with Rule 40(2) of the Rules of Procedure;

Articles 154, 155, 156, 158 and 265 of the Treaty of Amsterdam, in particular Article 154(2) which stipulates that Community action must “... *take account in particular of the need to link island, landlocked and peripheral regions with the central regions*”;

Decision No. 1254/96/EC of the European Parliament and the Council of 5 June 1996 laying down a series of guidelines for trans-European energy networks;

Decision No. 1047/97/EC of the European Parliament and of the Council of 29 May 1997 amending

Decision No. 1254/96/EC laying down a series of guidelines for trans-European energy networks;

Decision No. 1741/99/EC of the European Parliament and of the Council of 29 July 1999 amending Decision No. 1254/96/EC laying down a series of guidelines for trans-European energy networks;

Commission Decision No. 761/2000/EC of 16 November 2000 setting out the specifications for projects of common interest identified in respect of trans-European energy networks by Decision No. 1254/96/EC of the European Parliament and of the Council, as amended by Decisions of the European Parliament and of the Council Nos. 1047/96/EC and 1741/99/EC;

Council Decision No. 96/391/EC of 28 March 1996 laying down a series of measures aimed at creating a more favourable context for the development of trans-European networks in the energy sector;

Commission Recommendation No. 1999/28/EC of 14 December 1998 on improving the authorisation procedures for trans-European energy networks;

Council Regulation (EC) No. 2236/95 of 18 September 1995 laying down general rules for the granting of Community financial aid in the field of trans-European networks, as amended by European Parliament and Council Regulation (EC) No. 1655/1999 of 19 July 1999;

European Parliament and Council Directives 96/92/EC of 19 December 1996 and 98/30/EC of 22 June 1998 concerning common rules for the internal market in electricity and natural gas;

the European Commission Green Paper on Towards a European strategy for the security of energy supply (COM(2000) 769 final);

the Conclusions of the Stockholm European Council of 23 and 24 March 2001;

the Conclusions of the Barcelona European Council of 15 and 16 March 2002;

adopted the following opinion at its 44th plenary session of 15-16 May 2002 (meeting of 16 May 2002).

1. General comments

1. The Committee of the Regions broadly welcomes the initiative of the Parliament and the Council to draw up a series of new guidelines on trans-European energy networks.

In particular, it endorses the need to revise the guidelines on trans-European energy networks (TEN-Energy) taking into account the developments since 1996 (implementation of the directives on the liberalisation of the electricity and natural gas markets, increase in dependence on external supplies, establishment of more ambitious objectives concerning the market penetration of renewables).

2. The Committee also endorses the proposal to identify a distinct category of priority projects among the projects of common interest. These priority projects will have the potential to impact significantly upon the key objectives of energy policy, i.e. the establishment of a competitive internal market and strengthening security of supply.
3. The Committee welcomes the proposal to rearrange the policy priorities in order that

the key policy criteria regarding TEN-Energy effectively reflect the current needs of the network, by introducing alongside the political priorities on the security of supply, enlargement and cohesion (interoperability of electricity networks, development of infrastructure in the gas sector and linking outlying regions with the development of ultra-peripheral regions) two new political priorities: implementation of measures to support the creation of an internal market, and connecting renewable energy production to the interconnected energy networks.

4. In specific terms, the proposal to rearrange the policy priorities highlights the direct contribution which TEN-Energy can make to the development of energy policy and to policies fostering sustainable development, regional development and enlargement.
5. The Committee has already expressed its views on the regional development aspects, highlighting that the priorities defined by the European Commission should apply to island regions as well as ultra-peripheral regions.
6. The Committee endorses the need to identify priority axes and welcomes the proposal to give a broader definition to projects of common interest specifying, on the basis of appropriate assessments, a set number of thematic projects of particular strategic value, replacing the current 90¹. This will enable a greater degree of flexibility and a more balanced implementation of the TEN-Energy policy and programme.

2. Comments on the priorities

1. Nonetheless, it is very clear that the identification of priority axes, as laid down in the text and detailed in the respective appendix, has led to geographical and strategic choices that are rather more prescriptive than was warranted by the need to propose modifications to the relevant documents.

The Committee considers that the criteria and strategies adopted by the European Commission should be identified, in particular those determining the list of priority projects. In this context, the Committee thinks that the Commission should clearly identify the peripheral and isolated situation of a region as a principal criterion when selecting priority projects.

2. Concerning the priority axes for the electricity networks, the Commission undertakes to select five priority projects but then puts forward seven², and these seven projects appear to be neither in any specific order nor part of an economic strategy, although they identify geographically-specific interconnections.

When deciding on the priority axes and especially in applying them to the proposed priority projects which will receive maximum levels of funding, the Committee emphasises the need for a clearer identification of the structural and strategic nature of the support. To this end, the committee considers that it is strategically important for the Union to ensure a balance in capacity to diversify sources of energy supply, respect for internal cohesion - especially regarding outlying regions isolated from the rest of the continent - and economically-sound projects.

3. It would seem logical to suggest that the level of contributions given should also depend upon the need for intervention in areas which, as well as facing significant energy shortages, also have a population density and distribution which renders provision of infrastructure particularly problematic.

Where population distribution is especially thin, or in areas presenting particular geographic problems - these conditions constituting a clear obstacle to an economic management of energy policy - the granting of aid could restore the basic conditions of competitiveness needed to bring these areas on a more equal footing with those where infrastructure provision is easier.

The comments put forward in reference to the electricity networks are even more important considering the content of the section on natural gas networks.

4. The strategic choices adopted during the general planning session could also, usefully, refer to relatively specific geographic locations, provided they are adopted on the basis of detailed justifications, thorough economic assessments and are instigated by the Member States themselves.

These decisions are extremely important, both politically and economically, and therefore must be the result of a detailed and consensual procedure.

5. The report shows the need to further develop natural gas pipelines in view of a constant increase in consumption by Member States. This process is one of the main planks of Community energy policy. This issue, however, must be tackled with the international situation in mind, which is by all accounts complex and often difficult to interpret.
6. By laying down the mechanism to identify the priority axes (which, as pointed out earlier, demands further clarification) the document effectively maps out the future lines of Community energy supply in a way which makes clear, alternative choices to those put forward by the Member States.
7. In the light of the previous considerations, there is a clear need to redress the balance between the major importance of the decisions adopted and the method of assessment used to reach them.

Firstly, it should be noted that such decisions need a more substantive justification and must be coherent with the indications given in the report³.

The axes and projects of common interest should have a strategic value in the general interest of the European energy system. Such decisions should therefore be reached only after having compared alternative proposals listed in the report or in the proposal for a decision.

8. Therefore the Committee considers it necessary to carefully assess the outcome of the considerations on the feasibility of projects before any subdivision between common and priority projects can reasonably be made.

The decisions taken on this matter must be consensual and must take into account the relative merits of proposals put forward by the Member States referred to.

Further consideration of the proposals and scenarios put forward by the Member States is

vital to ensure proper planning which takes into due account the need to redress the balance of energy infrastructure as set out in the strategic policies in support of economic development pursued by individual Member States.

In this respect it is essential to bear in mind the stance taken by the Member States in supporting and promoting initiatives in their interest. In some significant cases, they may already have made specific financial commitments or taken appropriate procedural steps.

3. Comments on the role of regional and local authorities

1. According to the explanatory memorandum, “the measures in force concerning information and consultations with the public in the framework of Community environmental legislation will be respected.”⁴ This duty of Community action must be underscored more strongly when addressing the key issue of the balance between developing energy networks and environmental sustainability.

In several places the report states that concerns over environmental matters have contributed to the stalling and even definitive abandon of projects⁵.

2. The most important and substantial improvement of current operating conditions can only be obtained by improving and increasing the involvement of local authorities in general (and of regional authorities in particular) in the decision-making process, both when adopting the strategic choices and when defining project specifications.
3. Over and above the need to provide for the involvement of a CoR representative in the work of the TEN – Energy Committee, it should be a matter of priority to involve local authorities in identifying and defining projects for intervention, with particular reference to the criteria determining environmental sustainability.
4. The Committee recommends the adoption of specific decisions coupling the promotion and support of projects in the interest of the Union with the participation and involvement of regional and local authorities.
5. The Committee also recommends the adoption of specific decisions aimed at encouraging initiatives of regional and local interest that have a high environmental value, such as the introduction of renewables in a variety of forms and projects promoting the co-generation of heat and electricity.

4. Comments on the role of energy policy in respect of third countries

1. The document and the Decision on several occasions rightly raise the problem of the strategic role of energy infrastructure in the Union’s ongoing eastward enlargement. It is important to emphasise the need to diversify sources of energy. This diversification process must take into account two areas of extreme political and economic importance: the Balkans and the Mediterranean.
2. In the short term, the Balkans should provide a revolving platform for the European Union, able to connect EU Member States to the energy reserves in the Caspian Sea via the Adriatic and the Black Sea. This could foster the development of a system of infrastructure, electricity networks and gas pipelines to improve connections between the south-eastern and central-eastern regions of Europe. Such a system would also encourage smoother reintegration of the whole former Yugoslav territory into the

European regional context.

3. The Committee also notes the key role the energy sector plays for the Mediterranean basin, which constitutes a further geographic, economic and trade area in which the Union simply cannot fail to develop key infrastructure.

In this context, developing energy infrastructure with a view to strengthening trade relations between the southern Mediterranean states and the European Union is important not only for the evident economic value it represents, but also for the significant impact it has on strategic international relations.

The Mediterranean basin in particular, but not exclusively, offers EU Member States trade and development opportunities such as to warrant the definition of a specific initiative on “EuroMed energy”.

5. Recommendations

The Committee calls for the following changes to the proposed European Parliament and Council Decision amending Decision 1254/96/EC laying down a series of guidelines for trans-European energy networks.

1. Article 4

Paragraphs 2,3 and 4 of Article 6 to be replaced with the following text:

"2. The Committee referred to in Article 9 shall be responsible for identifying projects of interest and shall assess the viability of these projects in cooperation with the relevant regions, on the basis of the provisions laid down in Article 6(8), while also considering possible specific measures adopted by the Member States designed to promote and cofinance individual projects."

2. Article 6a

Reword as follows:

"a) they must have a significant impact on the competitive operation of the internal market; and/or

b) they must strengthen security of supply in the Community, with particular reference to redressing the balance of the Member States' import and trade capacity;

c) they must constitute a precondition for support for the development of island regions, regions without access to the networks and ultra-peripheral regions.

The Committee referred to in Article 9 shall be responsible for identifying the ten priority projects, five per sector, from among the projects of common interest, and shall propose the adoption of the choices made by means of a Commission decision."

3. **Article 9**

Reword as follows:

"1. The Commission shall be assisted by a Committee, to be called the TEN-Energy Committee composed of representatives of the Member States and of a representative of the Committee of the Regions, and chaired by the representative of the Commission."

4. **Article 10**

Reword as follows:

*Every **two** years the Commission shall draw up a report on the implementation of this Decision, which it shall submit to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions.*

Brussels, 16 May 2002.

The President

The Secretary-General

of the

of the

Committee of the Regions

Committee of the Regions

Albert Bore

Vincenzo Falcone

¹ See point 4 II of the Explanatory memorandum

² See footnote 1 and Article 6a(2) of the proposal for a decision.

³ Cf. the incoherence between the indicative map of gas supply projects for Europe and the map in Appendix II on the specifications of projects of common interest: natural gas.

⁴ See point 1.

⁵ Cf. the increase in capacity for trade in electricity between Spain and France.

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