



Directorate-General
for Energy
and Transport

The 10 year network development plan

The future of the TEN-E Networks



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● Recent political commitments

- January 2007 : Energy package including a communication on the Priority Interconnection Plan (PIP)
- Electricity and gas networks are considered to be at the heart of a well functioning European market by the Council of March 2007 :
- Energy and climate package of January 2008 : commits Member States to ambitious renewables and emissions reductions targets.
- Adoption of the 3rd Internal Energy Market Package that emphasises **European** investments in networks (10 yr network development plan)
- The EU will not achieve its ambitions unless its energy networks change considerably, and fast.
- October 2008 Council
 - » Security of supply as a key political commitment
 - » ---→ **Direct impact on TEN-E policy.**

● TEN-E scope today – priorities

- First focus on the development of the **Internal Market** of energy.
- Necessity to **interconnect** the different networks to create the conditions for the proper functioning of the energy market.
- New challenges have appeared: TEN-E represents now also an instrument to integrate **renewables** sources of energy and to promote **security of supply**.
- Necessity to **secure** the sources and **diversify** the routes of energy supply.

● **TEN-E Guidelines today – Major axes and projects of European interest**

● **Decision 1364/2006 of the European Parliament and the Council**

- Covers gas and electricity

- For electricity identifies in particular:
 - 9 major axes for electricity
 - 32 projects of European interest

- For gas identifies in particular :
 - 6 major gas axes
 - 10 projects of European interest

● Limits of the TEN-E

- Limited budget, (22 M€ pa) but leverage for other financing sources (EIB, other EU instruments) to support TEN-E projects
- Mainly used to finance feasibility and other studies preparing investments
- Too many projects – lack of visibility and impact
- Lack of coherent regional approach

● What should be changed in the TEN-E?

● Green Paper and public consultation

- » Two main directions : **widening TEN-E** but **focusing on top priorities**
- » Possible inclusion of oil and CO₂ infrastructure (with or without financial support?)
- » Building on internal market directives new bodies: ENTSO's and ACER; regional initiatives (Pentalateral forum etc...)
- » Contributions from various studies:
 - Gas storage requirements
 - LNG situation in the gas market

● A new TEN-E scope ?

- In common opinion, energy industry is profitable, thus relying on self-financing.
- This position is now changing: in the future TEN-E could cover costs related to externalities or public goods such as environmental acceptability, security of supply and uptake of new technologies.
- Requires an increased budget – in next Financial Perspectives – to tackle these new challenges but European Economic Recovery Plan recognises the need for public financing of interconnections.

● 10-year Network Development Plan

- Non-binding
 - Input from national plan
 - Not a compilation of national plans
 - Includes generation adequacy outlook
 - ENTSO and ERGEG: scenario approach
 - Agency gives an opinion
 - ENTSO and Agency monitor the implementation
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- Financing of investments: only national?

● Security of Supply: Focus on infrastructure

The Draft Regulation on Security of Gas Supply

- **Risk assessment** on the basis of:
 - » **Infrastructure standard N-1**
 - » Two supply standards for protected customers
 - 7 days winter peak demand
 - 60 days high winter demand
- Leading to:
 - » **Preventive Action Plans** to address risks identified incl. infrastructure investment
 - » **Emergency Plans** to respond to the crisis
 - » 3 crisis levels: early warning, alert, emergency
 - » At national, regional and/or EU levels
- **Collective task** steered by the Competent Authority together with industry, NRAs and the Commission
- **To be published and notified** to the Commission

● Security of Supply: Common infrastructure standard (N-1)

- Capacity of the gas network to compensate for failure of single largest infrastructure and to meet demand
- Responsibility of Member State as basis for solidarity
- Incentives to invest in infrastructure necessary for security of supply in the internal market
 - » Cost recovery through tariffs
 - » Cost-allocation for cross-border infrastructure
- Enhancing interconnection
- Reverse flows as an optimisation of n-1 standard
- Preventive Action Plan contains n-1 measures to be **consistent with the 10 year development plan by ENTSO-G**

● 10-year network development plan as the basis for TEN-E policy or vice versa ?

Issues to be addressed

- 10-year time horizon for investments vs. 2030/2050 vision for the long term?
- Sum of national plans vs. truly European plan?
- Internal market vs. (territorial) cohesion and solidarity and different EU instruments?
- Financing through tariffs vs. role of public subsidies?
- Role of storage, LNG?
- External dimension, regional/corridor approach?

● Conclusions

- TEN-E is a good tool but presents some limits.
- TEN-E requires improvement(s) to face the new reality of the energy market and the objectives set by the Commission for as for CO₂ emissions, security of supply etc.
- The 10-year network development plan should play an important role in the future TEN-E policy

Securing our Energy Future



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http://ec.europa.eu/energy/strategies/2008/2008_11_ser2_en.htm