



The role of gas in European energy policy: 2014, 2020 and 2050

Directorate-General
for Energy



Philip Lowe
Director General
DG Energy, European Commission

Eurogas Annual Conference, 13 October 2011



Content

European energy policy: the next steps

- **Third package implementation**
- **The infrastructure challenge**
- **The external dimension**
- **Roadmap 2050**

● Completing the EU internal energy market

- **Target date 2014** – European Council
- Next steps?
 - » Implementing Third energy package
 - » Harmonising market rules and network operation rules
 - » Enforcing competition and State aid rules
 - » Enhancing investments in infrastructure
 - » Empowering consumers
 - » New dynamism for regional initiatives

● Implementing the Third energy package

- A timely and correct implementation is a precondition for market opening and integration in the EU
- Key topics:
 - » Unbundling of networks
 - » Strengthening of regulatory oversight at EU and national level
 - » Empowering of consumers
- Implementation process is generally delayed; majority of Member States must urgently step up efforts

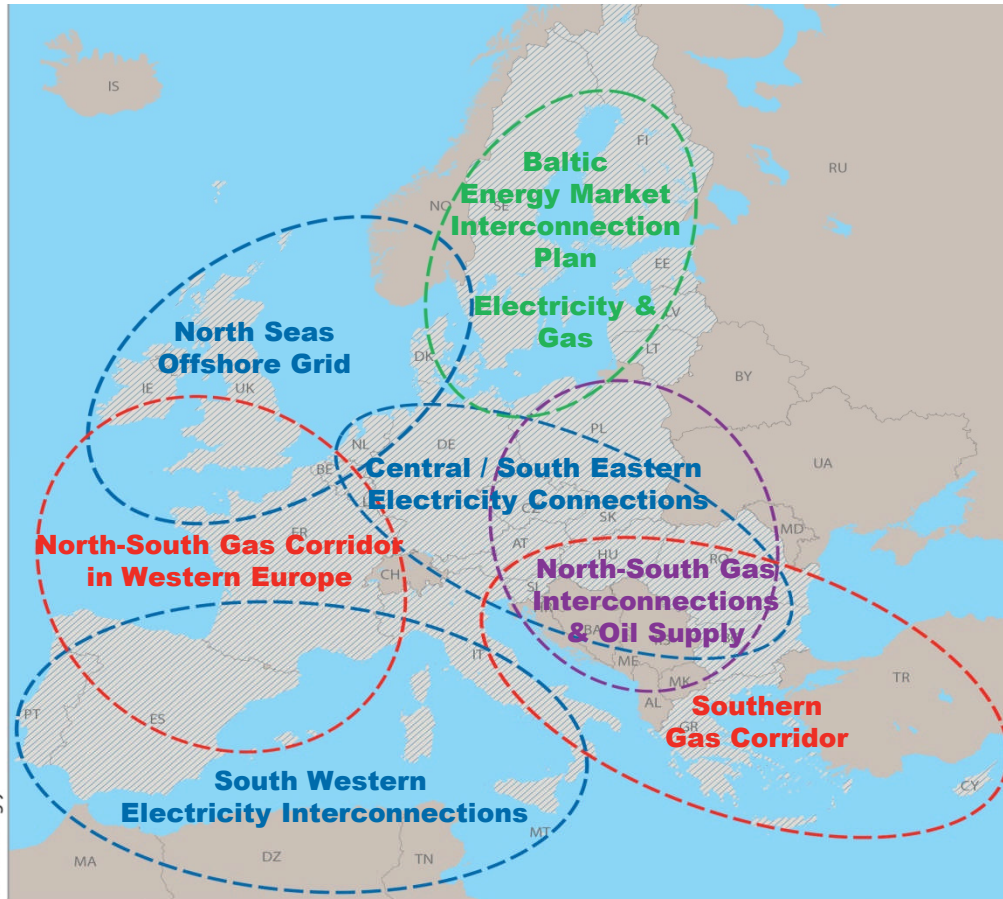
● Harmonising market rules and network operation rules at EU level

- Market integration requires harmonisation of market rules and network operation rules
- New institutional set up created for developing technical rules at EU level for gas and electricity
- Key role for ACER, ENTSOs and Commission, together with stakeholders

● Enforcing competition rules in the EU

- Energy regulation interacts directly with application of competition and State aid rules
- EU internal energy market can only function if rules on competition and State aids are respected
- Effective enforcement by Commission and by national competition authorities remains essential

Enhancing investments in infrastructure

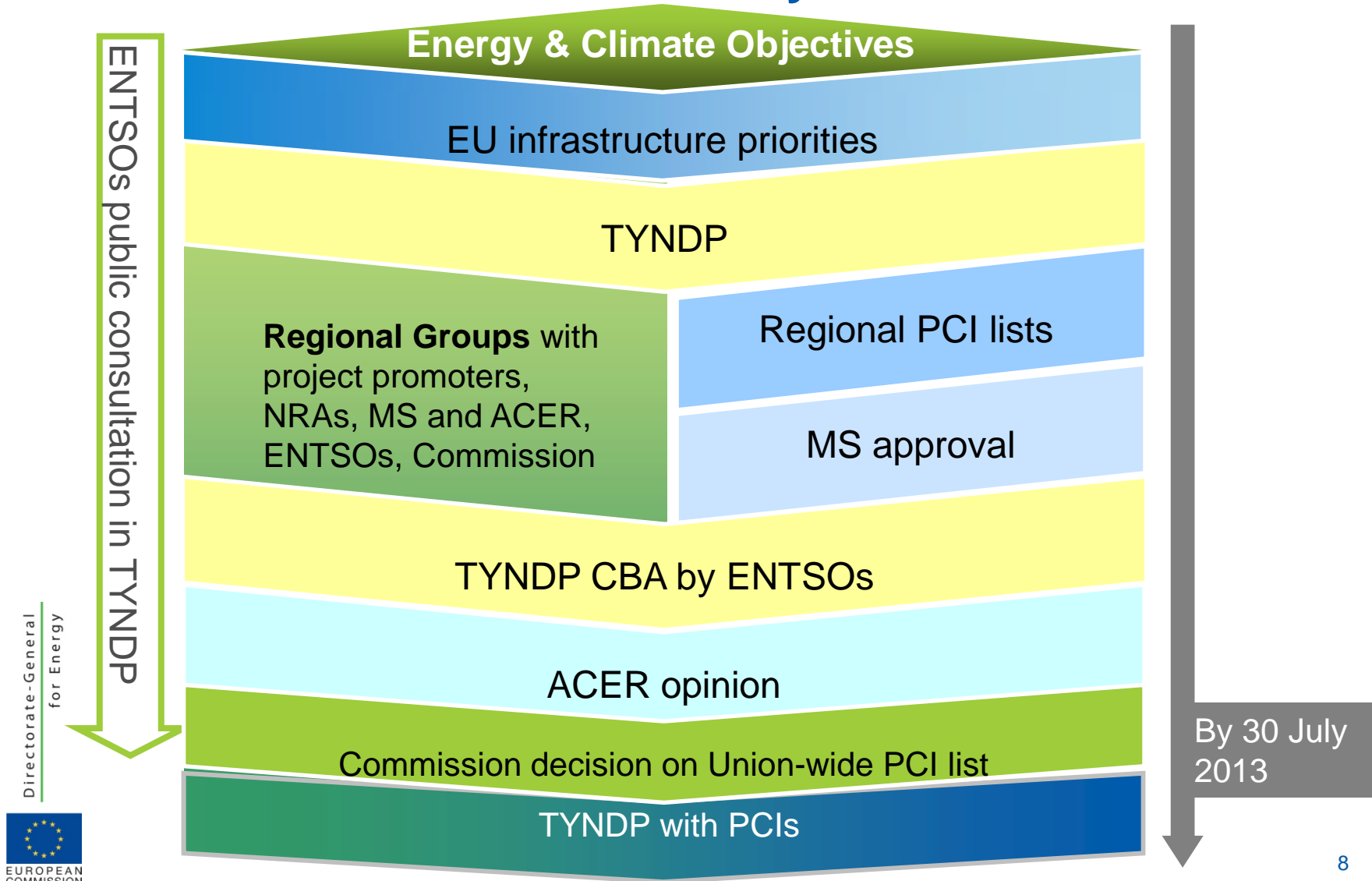


- - - Gas
- - - Electricity
- - - Electricity and Gas
- - - Oil and Gas
- Smart Grids for Electricity in the EU

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TYNDP process with regional cooperation for PCI selection - Gas and Electricity



● **Permit granting**

Improvements in duration and transparency

- Common interest regime for electricity and gas PCIs
- National priority for PCIs
- Competent Authority to manage permit granting procedures with cross-border cooperation
- Standards on enhanced transparency of permit granting and public consultation for both authorities and projects promoters
- Time limit for the duration of the administration decision (from the date of notification of the project, excluding legal recourse actions)
- Permit granting schedule



Complementing the regulatory framework for investment

EU energy system wide cost-benefit analysis:

- Common methodology complementing the TYNDP
- Proposal by ENTSOs
- ACER opinion

Enabling investments with cross-border impact:

- Cost allocation as function of net positive impacts
- Agreement between NRAs without prejudice to joint agreement between TSOs
- ACER decision in case of non-agreement

Long-term incentives for investment:

- Obligation on NRAs to grant appropriate risk related incentives through tariffs
- Choice with the NRA for rules for anticipatory investments, additional return or early recognition of incurred costs before commissioning and others
- Best practices of NRAs

Financing

Connecting Europe Facility - Energy

- **Financing challenges**

- Financial crisis: difficult access to capital and lower credit ratings, higher country risks
- Lack of credit ratings and access to the capital market
- Corporate/project financing

- **Proposal for Connecting Europe Facility 2014-2020**

- » *Incentivising networks for the implementation of internal energy market and achieving Europe's energy and climate targets by 2020 and attract new investors*
- » **€ 50 bn for transport, energy (€9.12 bn) and ICT**
- » Financial Instruments (equity/debt incl. project bonds in cooperation with IFIs) and grants for studies and works

- **Reducing the risks through market-based approach** complementing regulation and permitting as appropriate

● External energy policy: 4 priority areas

- Building up the external dimension of our internal energy market;
- Strengthening partnerships for secure, safe, sustainable and competitive energy;
- Improving access to sustainable energy for developing countries;
- Better promoting EU policies beyond its borders.

● Building up the external dimension of our internal energy market

- Developing information sharing as regards IGAs concluded by Member States will strengthen the EU energy market, enhance transparency and solidarity
- Ensuring - at an early stage in negotiation- that EU internal market rules are respected
- Our internal market is attractive and has become a regulatory reference for several neighbours: need for a comprehensive but differentiated approach
- Reinforce the individual and collective negotiating position of the EU Member States
- Moving from supply partnership to greater convergence of energy markets between EU and Russia

● Energy Roadmap 2050

- Context of “global climate action” and decarbonisation objectives of other sectors
- Scenarios to assess long-term impacts of energy policy choices to provide long-term predictability for the regulatory framework
- All scenarios to address our challenges in RES, EE, infrastructure
- Gas as transition fuel to decarbonisation in the power sector and key role of CCS
- An open process towards the Roadmap: input from stakeholders via public consultation and advisory group
- Planned adoption: end of 2011
- A priority of Polish & Danish Presidencies



Thank you for your attention!