



GEODE COMMENTS ON THE EUROPEAN COMMISSION GREEN PAPER “TOWARDS A SECURE, SUSTAINABLE AND COMPETITIVE EUROPEAN ENERGY NETWORK”

GEODE, European association representing the **interest of electricity and gas distribution companies**, welcomes, in general terms, the European Commission initiative contained in the Green Paper as a part of EU’s energy policy that sets out clear goals and objectives for sustainable, competitive and secure energy.

GEODE agrees with the Commission on the fact that the ambitious renewable energy and emissions reductions targets, will not be achieved unless energy networks are adequate to this change, which will need huge investments on new energy infrastructure.

NETWORK POLICY

1.- Main barriers to the development of a European grid and gas network. How far can they be addressed at national/regional level, and when should the EU act?

One of the main barriers to the development of a European grid and gas network, particularly when it refers to interconnections, is the opposition by some TSO’s belonging to vertical integrated companies that try to keep their dominant position in their national markets, by maintaining national markets closed to new entrants.

To avoid this situation it is very important that the new legislation (third package) provides the Agency and/or the Commission with sufficient powers to oblige TSO’s to be constrained by the 10 year investment plans. These plans have to be carefully monitored by the Agency when it affects more than one Member State, and it is necessary for electricity or gas cross-border, even if depending on one single Member State, it contributes to security of supply.

Of course funding is also a key issue and in this sense the Trans-European Networks for Energy (TEN-E) needs to be updated and **GEODE** agrees with the Commission that there are other major strategic projects to be promoted to strengthen security of supply. Authorisation difficulties should also be addressed.

Another barrier is the lack of transparent information in the usage of capacity and **GEODE** still stands for this requirement at European level. This could be solved by introducing common standards.

2.- What circumstances justify an EU intervention in local planning disputes related to energy infrastructure? What should then the EU do?

GEODE considers that appointment of a European Coordinator in certain key or priority projects for European interests is useful when the project shows slow progress or significant difficulties.



3.- Is a more focused and structured approach to research and demonstration relating to European networks needed ? How should it look?

GEODE welcomes more research in these issues and the EU should make a detailed proposal on how to proceed.

4.- What do you think is the most important activity for the EU in network development?

The achievement of a European internal energy market requires the existence of an efficient grid and gas network with **sufficient** capacity. Good interconnections connecting all existing energy islands of the EU are needed, this includes Baltic countries and the Iberian peninsula. It is also necessary to have a network that responds to its needs in terms of security of supply. This means that it allows mutual support among countries and companies if needed.

GEODE considers that the EU should take a more proactive role promoting strategic energy projects. EU institutions should encourage investment in energy networks. For instance, the European Energy Programme for Recovery, potentially, (as it is under discussion) will contribute with a funding of 3.75 billion € for EU energy projects which constitutes a positive signal for investors.

5.- Should the EU be more involved in facilitating infrastructure projects in third countries?

According to **GEODE's** view, EU involvement in infrastructure projects in third countries should contribute to EU's interest and particularly it may contribute to security of supply, otherwise the priorities must be the European grid and gas network.

TEN-E

6.- What sort of support should the EU provide to developers of new energy networks to have the greatest impact, considering that resources are limited? Is the approach of TEN-E still relevant? How can the EU help improve the conditions for investment?

For network companies, secure long-term financing of their infrastructure is significantly important and a clear and stable legal framework is essential as investment in energy projects can take a very long time to be realised. At the same time the EU should try to involve European banks as the European Investment Bank (EIB).

The approach of the TEN-E is still relevant until the European internal energy market is achieved. There is still a lack of sufficient available interconnection capacity in the European network, which remains as one of the main obstacles to competition.



The EU Energy Security and Infrastructure Instrument which will replace TEN-E has energy security as main goal as well as the new needs to achieve the 20-20-20 targets which is more adequate to current EU's grid and energy networks needs. Then it should offer funding not only for transmission projects (as it is the case of the TEN-E) but also for distribution ones.

7. – In view of the proposed revision to the TEN-E guidelines, how can the EU improve the focus, effectiveness and impact of the TEN-E policy within its existing budget?

This point has been already answered in previous questions.

8. – Should the TEN-E be extended to oil infrastructures? Should it be extended to new networks for CO₂, biogas or other networks?

GEODE agrees that the TEN-E should be extended to new networks for CO₂, biogas and LNG facilities.

9. – Do you have views on, or suggestions for new priority projects which the EU should give backing to?

Apart from the Commission priority projects identified on its Second Strategic Energy Review, the interconnection of the Iberian Peninsula with France, and then with the rest of Europe, is essential, both for gas and electricity. The Iberian Peninsula is the biggest isolated energy island in Europe. As it refers gas, the EU is losing the opportunity of being supplied through Spain from a different source.

10. – Would it help TEN-E/EU to gain more impact and visibility if it was turned into an operational security of supply and solidarity instrument?

No comments.

11. – What additional measures beyond those mentioned in the Green Paper would help secure a sustainable infrastructure for the EU?

GEODE considers that the Green Paper, as it is, including the comments contained in this paper, constitutes an efficient instrument for security of supply and energy networks adequate to current infrastructure needs to achieve energy policy objectives.

Barcelona, 19th. March 2009