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**Three Building Blocks for Public
Acceptance:
Transparency, Participation, Benefit
Sharing**

*Check Against Delivery
Seul le texte prononcé fait foi
Es gilt das gesprochene Wort*

EUROPEAN GRID CONFERENCE BEYOND PUBLIC
OPPOSITION

Brussels 10 November 2011

Good afternoon, ladies and gentlemen,

- I am very pleased to be here today to speak with you about one of the greatest challenges Europe is facing in the energy sector: the realisation of a pan-European electricity grid. And to discuss with you the question: how do we ensure trust, transparency and participation to get the European citizens on board.
- Let me first of all thank the Renewables Grid Initiative for having taken the initiative to organise this event in such a timely fashion, just after the Commission presented its legislative proposal for a new European energy infrastructure policy on 19 October. Let me now tell you what this is all about.

Goal of the proposal

- Our electricity grid needs to be refurbished and expanded. Without secure, intelligent and sustainable networks we cannot meet our energy and climate targets in Europe. Within the horizon of the next decades our energy system will go through a deep transformation process, with huge challenges, but also opportunities in the way we generate, transport, distribute and consume in particular electricity. By 2015, there should be no energy island, meaning isolated countries, in the EU. By 2020, 20% of our energy consumption should come from renewable sources and greenhouse gas emissions be 20% lower. By 2050, EU emissions are to be reduced by 80-95%.
- The challenges for our electricity infrastructures are clear: Electricity grids will have to cope with steadily increasing demand, with increasing electrification of energy, changing demand patterns and increasingly variable supplies both from centralised production as well as from many small (decentralised) producers of renewable energy.
- The share of renewables will grow from 19.5% today to around 35% in 2020, which corresponds roughly to a doubling of electricity generation from renewables. More importantly the role of variable energy sources, such as wind and solar, could make up about 50% of this. Over 40 GW of installed capacity are foreseen for offshore wind alone, mostly in the Northern Seas. This will create immense challenges for the grid, and bigger risks for our energy systems and our economies, if we are not able to live up to these challenges. Just remember the November 2006 black-out, which hit several EU countries from Austria to Spain with around 15 million people literally "sitting in the dark".
- Thousands of kilometres of new lines and unprecedented investments are needed to guarantee a secure supply of energy, and to keep our promises when it comes to the 2020 targets.
- We have been working hard during the past years: Since the Green Paper in 2006 we have had a broad public debate to discuss the future of the current programme for trans-European energy networks (TEN-E). The existing TEN-E programme is not suited to match the challenges of the future, not with regard to the legal framework, nor the scope of the available financial resources.

- Building on this debate, the Commission proposed, in November 2010, a Communication outlining the energy infrastructure priorities to be implemented by 2020 and beyond. These were endorsed by the Heads of State and Government as well as by Ministers in charge of Energy, both in February 2011. The priorities include e.g. offshore electricity grids in the Northern Seas, interconnections in South Western Europe, Central Eastern and South Eastern Europe or the integration of the Baltic market, not to forget smart grid technologies. These were the starting point for what came next: the legislative proposal with concrete measures to make these priorities reality, which the Commission presented last month.

Outline of the legislative proposal: selection of projects

- First, the proposal puts forward a **new method** necessary **to get from the broad priorities to concrete projects** (declared as "projects of common interest" or PCI), building on the ten-year network development plans in electricity and gas and existing regional cooperation. Member States, national regulators and TSOs, and other project promoters, will play a crucial role at this regional level in collectively identifying the limited number of those projects, which should receive the "PCI" label. Already successful regional fora such as BEMIP (Baltic Energy Market Interconnection Plan), the North Seas Countries' Offshore Grid Initiative or the recently established North-South High-Level Group in Central Eastern Europe will be key in creating the consensus necessary on the projects to be retained. Consultation of stakeholders is a key part of the process. ACER and the Commission will ensure consistency of the selection process across all regions.
- The projects to be identified should be cross-border links – between Member States, but also with third countries – or internal links with cross-border benefits to at least one other Member state. The projects should contribute significantly to the implementation of the identified priorities. The proposal will make sure that the identification is based on simple, transparent and measurable indicators that each project promoter will have to provide and that will help during the process.

Outline of the legislative proposal: incentives for investment

- Second, our proposal will **set appropriate incentives and rules to ensure cross-border infrastructure is being built where it is needed**. This will be part of the internal market legislation, and will ensure that regulators and TSOs look at infrastructure from a European point of view. Interconnectors bring benefits across borders and we should make sure that the maximum benefit is taken from such projects by involving all parties. Payments across borders by TSOs for such investments should become common ground in a pan-European electricity network. National Regulators, with the help of the Agency, should facilitate this.
- Therefore, the proposal contains a mechanism to ensure that TSOs and regulators take the interest of neighbouring countries into account when deciding on network investments, and allow for flexible mechanisms to allocate costs of infrastructure to the beneficiaries that is not limited to the domestic market.
- Moreover, operators should be encouraged to engage in innovative projects, or those that are essential for security of supply, by offering them appropriate incentives for their investment or sufficient guarantees to mitigate the risks.

Outline of the legislative proposal: financing

- Third, our proposal will **ensure that projects of common interest get financed, even if the regulation alone cannot deliver them**. We think that existing tariff systems and market mechanisms should deliver the bulk of our needed investments. But given the volume of investments needed and their urgency, they will need appropriate financing. Some might even be hampered when projects are not "bankable" for individual investors but provide wider European benefits, such as security of supply, solidarity or innovation.
 - On the one hand, we propose to use market-based financial instruments, including project bonds, to help projects of common interest to get the financing conditions adapted to their specific needs.
 - On the other hand, we propose to directly support a limited subset of projects of common interest through grants.
- This is why the Commission has proposed the "**Connecting Europe Facility**", which proposes to allocate about € 9.1 billion to energy infrastructures, using both financial instruments and grants in a flexible way ensuring optimal use of EU budget resources.

Outline of the legislative proposal: Permit granting

- Now, let me come to the fourth and perhaps THE single most important element of this proposal. Even if we have a transparent and effective process to identify concrete projects, if the necessary regulatory measures are in place and if financing is secured, projects may still not being realised. Lacking public support and missing permits cause delays for years, even decades in some cases.
- I would like to give you some examples:

The French-Spanish interconnection, crucial in terms of security of supply and integration of renewables, took about 30 years from first planning until an approval has recently been given. It was for a long time a European priority but only when former Commissioner Mario Monti got involved and met all stakeholders, that all the necessary permits were granted in a bit more then 2 years.

The Steiermarkleitung in Austria took about 25 years, and severe opposition against the Salzburgleitung still hampers the completion of the Austrian electricity ring.

Or let's take the German "wind collection connection", of major importance to bring wind energy from the North to consumption areas in the South, and crossing the border of two federal states: Applications were submitted to the two competent authorities in 2007. Today, the project is completed on one side of the border, whereas it is still waiting for approval on the other side.

- From a European perspective, this is simply not acceptable! We need to be faster if we all agree that we want to have electricity at all times, that we want to deploy renewables at a large scale, and that we want to preserve our climate!
- We have carried out an extensive analysis in the different Member States and consultations with all interested parties. We have worked a lot to understand in more detail which exact issues are leading to delays, and we have identified many examples of good practice. The Dutch authorities have managed to push down the implementation period for certain projects from 15 to 6 years – including planning and construction. This is remarkable. Similar efforts have been undertaken in the UK, Ireland and Germany.

- Based on this analysis and the good practices encountered, we propose to tackle the challenges at two fronts. First: to **shorten permit granting procedures by exploiting administrative inefficiencies**, and second: **to improve conditions for better public participation**.
- More concretely, to **improve administrative procedures**, we propose to:
 - grant the **highest priority at national level** to projects of common interest, with all procedural consequences that this entails, and **acknowledge their necessity** as a result of the selection process carried out;
 - organise the permit granting process around **one competent authority** per Member State responsible for the coordination and delivery of permits for projects of common interest;
 - fix a **time limit of three years** for the duration of the process (excluding legal recourse actions and activities to access property) and determine a **permit granting schedule**, against which to measure progress of a given project.

Let me stress here that under no circumstances will these measures undermine the EU's legislation in the field of environmental protection or shorten the period given to citizens and other stakeholders to express their views.

Public acceptance

- On the contrary, some of the most crucial elements of the proposal aim to improve the situation in many Member States and to increase participation of citizens in the decision-making process. We have to be aware: Without public support, we will not go ahead with our projects. We need to make sure that citizens are informed and get engaged. This means: transparency, trust, early involvement and real dialogue.
- There are diverse reasons for public opposition: Impacts of installations on health and security, and impacts on biodiversity and local wildlife. These are serious concerns, and we have to take them seriously. However, the so-called NIMBY (Not in my Backyard)-phenomenon, where citizens may advocate a project, but do not want to accept installations close by their property, is also wide-spread and well-known.
- No matter what the concerns are, they have to be addressed, to find the best possible solution for society as a whole. Therefore, the legislative proposal:
 - Guarantees **transparency at a programme level** through a clear project selection process, where all stakeholders can participate and where results are made publicly available
 - Enhances **transparency at a project level**, by requiring the publication of relevant information, including on websites, to make citizens understand whether they are affected, and at what stages and by which means they can make their voice heard.
 - Provides for **early planning of communication activities**, as promoters have to agree with authorities on a concept for public participation early on and have to report on the lessons learnt.
 - **Involves the public at an early stage** of a project, by making a consultation of targeted stakeholders and the public compulsory before application documents are submitted – not when decisions are taken, but when all options are open.

- Let me underline that this proposal does not claim to give answers to all the problems that are related to such complex decision-making process. A lot more will have to be done in terms of awareness-raising, communication and best-practice sharing! Costs and benefits of a project have to be explained. The “broad picture”, the direct link between a given project and its contribution to energy and climate objectives has to be drawn. Open and bi-directional dialogue is necessary. This cannot be responsibility of the project promoter only, this needs joint efforts of all parties involved.
- Environmental legislation is also an issue in this context. I would like to emphasise the importance of the adequate and coherent application of our environmental legislation also in the future. I have worked closely with Commissioner Potocnik, responsible for environment, during the past months, to ensure that we will keep the high standards for the preservation of biodiversity and the environment, of which Europe can be proud. We will continue our cooperation to follow up on the infrastructure package, to ensure that we get rid of the administrative inefficiencies I was talking about, whilst ensuring that the objectives of our environmental legislation are complied with.
- As you will have noticed, the dimension of the tasks ahead is enormous. We all have to engage in a broad public dialogue: politicians at local, at national and at European level, the authorities concerned, TSOs and NGOs. We have to act together, and we have to act now: 2020 is at the doorstep!
- Therefore, I would like to express my appreciation for this promising initiative. Without all parties across the different sectors joining forces we will not be able to meet our ambitious energy and climate targets. The Renewable Grid Initiative brings these parties together, and has already achieved a remarkable milestone by signing the "joint declaration on electricity network development and nature conservation" today, to which I would like to congratulate you.
- Ladies and Gentlemen, I would like to invite you to continue this fruitful dialogue with us and contribute with your excellent work to the realisation of a pan-European electricity grid. Thank you.