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THE EUROPEAN UNION**

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PROPOSAL

from: the Commission
dated: 30 January 2009

Subject: Proposal for a Regulation of the European Parliament and of the Council
establishing a programme to aid economic recovery by granting Community
financial assistance to projects in the field of energy

Delegations will find attached a proposal from the Commission, submitted under a covering letter from Mr Jordi AYET PUIGARNAU, Secretary-General, to Mr Javier SOLANA, Secretary-General/High Representative.

Encl.: COM(2009) 35 final



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 28.1.2009
COM(2009) 35 final

2009/0010 (COD)

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

**establishing a programme to aid economic recovery by granting
Community financial assistance to projects in the field of energy**

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

- **Grounds for and objectives of the proposal**

The proposal responds to the sharp downturn faced by the European economy in the wake of the financial crisis and to shortcomings in the Community's security of energy supply illustrated by the gas crisis. It implements the European Economic Recovery Plan (COM (2008) 800) endorsed by the European Council of 11-12 December 2008. Together with the proposals in the area of broadband and rural development, it specifically responds to the request of the European Council to provide a detailed and balanced list of actions.

- **General context**

The financial crisis began to spread to the real economy in autumn 2008. The gas crisis, involving lack of delivery to the Community of gas produced in Russia, emerged in December 2008. The economic crisis and the gas crisis which has shown that energy interconnections in Europe are not sufficient, both pose structural problems for the European economy and the welfare of Europe's citizens. A comprehensive Recovery Plan is needed and is being put in place; this proposal for a financial stimulus to key parts of the energy sector is an essential element of the Plan.

- **Existing provisions in the area of the proposal**

The energy infrastructure part of the Trans-European Networks programme aims to catalyse the construction of cross-border gas and electricity interconnections; that is also the aim of one of the three sub-programmes of this proposal. The list of projects established in this Regulation is complementary to the Guidelines for trans-European energy networks (European Parliament and Council Decision no. 1364/2006 of 6 September 2006).

- **Consistency with the other policies and objectives of the Union**

The proposal aids projects in the field of energy policy as a key part of the EU's wider objective of promoting economic progress and sustainable development. It is consistent with the objectives of EU energy policy as set out in the Second Strategic Energy Review, notably in increasing security of energy supply and reducing greenhouse gas emissions.

The Commission has taken into account, when selecting the projects, multiple criteria that in particular refer to maturity of projects, coherent geographical distribution, European interest as well as European added value and technological progress. All of these criteria are in accordance with the energy policy developed by the EC during the past years as well as the actual context of the ongoing financial perspectives. This approach will most likely be supported in future financial perspectives.

2. CONSULTATION OF INTERESTED PARTIES AND IMPACT ASSESSMENT

- **Consultation of interested parties**

The urgency of the economic crisis calls for the fastest possible action to send a signal to investors. This means there has not been time for a consultation process.

- **Collection and use of expertise**

External expertise was not used.

- **Impact assessment**

The urgency of the economic crisis calls for the fastest possible action, in line with the conclusions of the European Council.

This means there has not been time for an impact assessment.

3. LEGAL ELEMENTS OF THE PROPOSAL

- **Summary of the proposed action**

It is proposed to undertake a programme of investment measures during 2009 and 2010 comprising sub-programmes in the following fields:

- gas and electricity interconnection projects (financial envelope: EUR 1750 million);
- offshore wind projects (EUR 500 million);
- carbon capture and storage (EUR 1250 million).

- **Legal basis**

The legal basis will be Article 156 of the Treaty for the sub-programme for gas and electricity interconnection projects, and Article 175 for the remainder of the action.

- **Subsidiarity principle**

The subsidiarity principle applies insofar as the proposal does not fall under the exclusive competence of the Community.

The objectives of the proposal cannot be sufficiently achieved by the Member States for the following reason(s):

- A coherent and effective response to the economic crisis requires a coordinated approach to investment at EU level, involving EU as well as national resources.
- Many of the projects identified in the Regulation are of transnational character, notably in the offshore wind and interconnection sub-programmes.
- The encouragement of interconnection, renewable energy and carbon capture and storage has recently been confirmed as a common objective of the Union.
- All the sub-programmes, and notably that for carbon capture and storage, are designed to maximise opportunities for replication across Member States.

- Action by Member States alone would prevent the achievement of a coordinated approach; completion of projects with transnational significance is essential to meet the Union's objectives.

Community action will better achieve the objectives of the proposal for the following reason(s):

- EU action will allow these objectives to be achieved.
- EU action is able to complement national action to attain the overall objectives of the Union, reflecting the transnational character of the economic crisis and of the challenge of energy security.
- The scope of the proposal is limited to such projects.

The proposal therefore complies with the subsidiarity principle.

- **Proportionality principle**

The proposal complies with the proportionality principle for the following reason(s):

- Since the proposal establishes a programme for financial assistance it can only take the form of a regulation.
- The financial burden is proportionate to the aim of introducing a major stimulus to the European economy and addressing the challenge of energy security.
- The administrative burden is minimised by the choice to focus on a few large scale projects.

- **Choice of instruments**

Proposed instruments: regulation.

Other means would not be adequate for the following reason(s):

- Since the proposal establishes a programme for financial assistance it can only take the form of a regulation.

4. BUDGETARY IMPLICATION

A financial envelope of €3,500 million is foreseen in total for the three sub-programmes, consisting of €1,500 million for 2009 and €2,000 million for 2010.

The main volume of payments will be made between 2009 and 2012 with the last payments, notably for carbon capture and storage projects, foreseen for 2014/2015.

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

**establishing a programme to aid economic recovery by granting
Community financial assistance to projects in the field of energy**

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 156 and 175(1) thereof,

Having regard to the proposal from the Commission¹,

Having regard to the opinion of the European Economic and Social Committee²,

Having regard to the opinion of the Committee of the Regions³,

Acting in accordance with the procedure laid down in Article 251 of the Treaty⁴,

Whereas:

- (1) The European economy is facing a sharp downturn resulting from the financial crisis.
- (2) At the same time it is clear that the long-term strength and sustainability of the European economy depends on reshaping it to face the demands of energy security and the need to reduce greenhouse gas emissions. Increasing concerns about securing reliable gas supplies reinforce this conclusion.
- (3) In the light of these concerns, the European Council at its meeting of 11 and 12 December 2008⁵ endorsed the European Economic Recovery Plan⁶, setting out how Member States and the European Union can coordinate their policies and provide new stimulus to the European economy, targeting that stimulus to the Community's long-term objectives
- (4) An important part of the Recovery Plan was the proposal to increase Community spending in defined strategic sectors, addressing lack of confidence among investors and helping develop the path to a stronger economy for the future. The European Council asked the Commission to present a list of concrete projects, taking into

¹ OJ C , , p. . [must get complete references!]

² OJ C , , p. .

³ OJ C , , p. .

⁴ OJ C , , p. .

⁵ The conclusions of the Presidency of the European Council meeting in Brussels on 11-12 December 2008, 17271/08, point 9

⁶ COM (2008) 800

account an adequate geographical balance, to reinforce investments for the development of, in particular, infrastructure projects.

- (5) It is especially important to finance measures that rapidly address both the economic crisis and the Community's urgent energy needs.
- (6) To have a tangible and substantial impact, this investment should be focussed on a few specific sectors. These should be sectors in which:
 - (a) the action will make a clear contribution to the objectives of security of energy supply and the reduction of greenhouse gas emissions;
 - (b) there exist large, mature projects capable of making efficient and effective use of significant amounts of financial assistance and of catalysing significant amounts of investment from other sources, including the European Investment Bank; and
 - (c) action at European level can add value.

The sectors of gas and electricity interconnections; offshore wind energy; and carbon capture and storage fulfil these criteria.

- (7) In the case of gas and electricity interconnections, the challenges have developed in the course of the last years. The recent gas crises (winters 2006 and 2009) and the increase of oil prices until mid-2008 showed how much Europe was vulnerable. Indigenous energy resources – gas and oil – are decreasing so that Europe is increasingly dependent on imports for its energy supply. In this context, energy infrastructure will play a crucial role.
- (8) However, the current economic and financial crisis is affecting the implementation of energy infrastructure projects. Some important projects – including projects of Community interest – may face severe delays in implementation due to scarcity of funds. Urgent action to support investment in energy interconnections is therefore appropriate. Given the significant time necessary to plan and then execute such projects it is important that the Community invests in such infrastructure immediately so that it may, in particular, accelerate the development of projects of particular importance to security of energy supply within the Community. This will be vital in ensuring the Community's security of energy supply at competitive prices when the economy rebounds and global energy demand increases.
- (8 bis) Among the energy infrastructure projects, it is necessary to select projects that are important to the operation of the internal energy market, to the security of energy supply and which also contribute to the recovery of the economy.
- (9) In the cases of carbon capture and storage and offshore wind energy, this Regulation builds on the Strategic Energy Technology Plan for Europe⁷, which called for a joint and strategic plan for energy research and innovation efforts in alignment with EU energy policy goals, while committing towards the establishment of six European

⁷ "A European strategic energy technology plan (SET Plan) - Towards a low carbon future" (COM (2007) 723)

Industrial Initiatives, and in particular in these two areas. The European Council at its meeting on 16 October 2008⁸ called on the Commission to significantly accelerate the implementation of the Technology Plan. This Programme initiates the funding for Carbon Capture and Storage and off-shore wind without prejudice to the future setting up of the six industrial initiatives on energy demonstration projects as outlined by the Strategic Energy Technology Plan for Europe.

- (10) In order to have an immediate impact on the economic crisis, it is necessary for this Regulation to list the projects that may receive immediate financial assistance, subject to conformity with criteria that ensure efficiency and effectiveness and to the limits set by the financial envelope.
- (11) In the case of gas and electricity interconnection projects, this list is established according to the project's contribution to the objectives of security and diversification of supply as identified in the recent 2nd Strategic Energy Review⁹ and endorsed by the European Parliament and the Council.¹⁰ Projects are selected on the basis that they implement the priorities identified in that Review, have achieved a reasonable degree of maturity, and contribute to:
- (a) Security and diversification of sources of energy and supplies;
 - (b) Optimisation of the capacity of the network and the integration of the internal energy market, in particular concerning cross-border section;
 - (c) Development of the network to strengthen economic and social cohesion by reducing the isolation of the less-favoured and island regions of the Community;
 - (d) Connection of renewable energy resources; and
 - (e) Safety, reliability and interoperability of interconnected networks.
 - (f) Solidarity between Member States

Realisation of these projects will require a commitment from national, regional and local authorities to accelerate administrative procedures and authorisations. For many projects, support will not be forthcoming within the timeframe set if this acceleration does not take place.

- (12) In the case of offshore wind energy, the list contains projects that can be considered, on the basis of information gathered from stakeholders in the framework of the European Wind Energy Technology Platform, industrial sources and other sources, to be approved and ready for implementation; to be innovative, while building on well established concepts; to be capable of acceleration in response to a financial stimulus; to have a cross border significance; to be of a large scale; and be able to demonstrate how the results of technological advances will be disseminated effectively in the light of the objectives and structures endorsed by the Strategic Energy Technology Plan for

⁸ The conclusions of the Presidency of the European Council meeting in Brussels on 16 December 2008, [exact reference]

⁹ COM (2008) 781

¹⁰ [references]

Europe. Financial assistance should be directed towards those projects that are in a position to progress substantially with project development in 2009 and 2010.

- (13) In the case of carbon capture and storage, this list should be established on the basis of information gathered from stakeholders in the framework of the Fossil Fuel Forum, the Zero Emissions Fossil Fuel Power Plants Technology Platform and other sources. Financial assistance should be directed towards those projects that are in a position to progress substantially with project development in 2009 and 2010.
- (14) Readiness should be assessed on the basis of the existence of a mature and feasible concept for the power plant, including its carbon capture component; the existence of a mature and feasible concept for the transport and storage of CO₂; and articulated commitment of local authorities to support the project. Projects will also need to demonstrate how the results of technological advances will be disseminated effectively and how they will accelerate the achievement of the objectives laid down in the Strategic Energy Technology Plan for Europe.
- (15) It will be necessary to select among the eligible projects. This selection should ensure, *inter alia*, that no more than one carbon capture and storage project is supported in each Member State, in order to ensure the investigation of a wide range of geological storage conditions and to support the objective of encouraging economic recovery across Europe.⁽¹⁶⁾ Community funding should not unduly distort competition or the functioning of the internal market, having regard in particular the rules on third party access and possible third party access exemptions. Any further national funds in addition to this Community funding will have to take into account State aid rules.

Regardless of its form, the Community financial assistance should be granted in accordance with the provisions of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities¹¹ (the "Financial Regulation") and of Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities¹², except where the provisions of the present Regulation explicitly depart from those rules.

- (17) Due to the urgent need to address the economic crisis and the Community's pressing energy needs and taking into account the level of detail in this Regulation, financial assistance may be granted, by derogation from Articles 75(2) and 110 of the Financial Regulation, without the previous adoption of a work programme or of another form of financing decision.
- (18) Article 160a of the Financial Regulation allows for the possibility to again make available the decommitted commitment appropriations as a result of total or partial non-implementation of a project under exceptional circumstances. However, this provision is limited to research projects. In order to ensure that the budget foreseen under this Regulation is well spent and contributes to its objectives, it is necessary to also allow for the possibility in the context of this Regulation.

¹¹ OJ L 248, 16.9.2002, p. 1.

¹² OJ L 357, 31.12.2002, p. 1.

- (19) When actions financed under this Regulation are implemented, the financial interests of the Community should be protected by the application of preventive measures against fraud, corruption and any other illegal activities, by effective checks and by the recovery of amounts unduly paid and, if irregularities are detected, by effective, proportional and dissuasive penalties, in accordance with Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities financial interests¹³, Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities¹⁴ and with Regulation (EC) No 1073/1999 of the European Parliament and of the Council of 25 May 1999 concerning investigations conducted by the European Anti-Fraud Office (OLAF)¹⁵.
- (20) Since the objectives of this Regulation to aid economic recovery within the Community, face the demands of energy security and reduce greenhouse gas emissions by increasing spending in defined strategic sectors cannot be sufficiently achieved by the Member States, and can therefore, by reason of the scope of this Regulation and the nature of the sectors and projects selected, be better achieved at Community level, the Community may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve those objectives.
- (21) Taking into account the nature of the issues in the sub-programmes, the Commission should be assisted by different committees for the selection of proposals retained for funding and the determination of the amount of funding to be granted under each sub-programme.
- (22) The measures necessary for the implementation of this Regulation should be adopted in accordance with Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission.¹⁶
- (23) Due to the urgent need to address the economic crisis and the Community's pressing energy needs, this Regulation should enter into force immediately after its publication,

HAVE ADOPTED THIS REGULATION:

¹³ OJ L 312, 23.12.1995, p. 1.

¹⁴ OJ L 292, 15.11.1996, p. 2.

¹⁵ OJ L 136, 31.5.1999, p. 1.

¹⁶ OJ L 184, 17.7.1999, p.23.

CHAPTER I

INTRODUCTORY PROVISIONS

Article 1 *Subject matter*

This Regulation establishes a financing instrument, the European Energy Programme for Recovery, hereinafter referred to as "the EEPR", for the development of projects in the field of energy in the Community that contribute to economic recovery, the security of energy supply and the reduction of greenhouse gas emissions.

It establishes sub-programmes to advance those objectives in the fields of:

- (a) gas and electricity interconnections;
- (b) offshore wind energy; and
- (c) carbon capture and storage.

It identifies projects to be financed under each sub-programme and lays down criteria for identifying and implementing actions to realise these projects.

Article 2 *Definitions*

For the purposes of this Regulation, the following definitions shall apply:

- (a) "carbon capture and storage" shall mean a means of mitigating climate change consisting of the capture of carbon dioxide (CO₂) from power generating installations, its transport to a storage site and its injection into a suitable geological formation for the purposes of permanent storage;
- (b) "eligible costs" shall have the same meaning as in Regulation (EC) No 2342/2002
- (c) "gas and electricity interconnections" shall mean :
 - (i) all high-voltage lines, excluding those of distribution networks, and submarine links, provided that this infrastructure is used for interregional or international transmission or connection;
 - (ii) any equipment or installations essential for the system in question to operate properly, including protection, monitoring and control systems;
 - (iii) high-pressure gas pipelines, excluding those of distribution networks;
 - (iv) underground storage facilities connected to the high-pressure gas pipelines referred to in point (iii);

- (v) reception, storage and regasification facilities for liquefied natural gas (LNG);
and
- (vi) any equipment or installations essential for the system in question to operate properly, including protection, monitoring and control systems;
- (d) "part of a project" means any activity that is independent financially, technically or over time and which contributes to the completion of a project;
- (e) "investment phase" shall mean the phase of a project during which construction takes place and capital costs are incurred;
- (f) "offshore wind energy" shall mean the electric power generated from turbine engines powered by wind and that are situated in the sea - near or far from the shore;
- (g) "planning phase" shall mean the phase of a project that precedes the investment phase, during which project implementation is prepared, including, where appropriate, feasibility assessment, preparatory and technical studies and the obtaining of licences and authorisations.

Article 3
Budget

1. The financial envelope for the implementation of the EEPR for 2009 and 2010 shall be EUR 3,500 million, allocated as follows:
 - (a) gas and electricity interconnection projects: EUR 1,750 million;
 - (b) offshore wind energy projects: EUR 500 million;
 - (c) projects for carbon capture and storage: EUR 1,250 million.
2. The commitment appropriations corresponding to the amount of the commitment decommitted as a result of total or partial non-implementation of the projects for which they were earmarked may, exceptionally and in duly substantiated cases, be made available again in 2010 and 2011 where it is essential to achieve the objectives of the EEPR.
3. For the purposes of paragraph 2, the Commission shall, at the beginning of each financial year, examine decommitments made during the previous financial year and assess, in the light of the requirements, the need for making the appropriations available again. On the basis of this assessment, the Commission may submit appropriate proposals to the budgetary authority, by 15 February of each financial year, stating for each budget item the reasons for making these appropriations available again.
4. The budgetary authority shall decide on the Commission's proposals within six weeks. Where no decision is taken within this time limit, the proposals shall be deemed to be approved.

5. Commitment appropriations made available again shall not be carried over. Legal commitments relating to the commitment appropriations which have been made available again shall be concluded by 31 December of year *n*. At the end of year *n*, the unused balance of the commitment appropriations made available again shall be definitively decommitted by the authorising officer responsible.

CHAPTER II SUB-PROGRAMMES

SECTION 1 GAS AND ELECTRICITY INTERCONNECTION PROJECTS

Article 4 Objectives

The Community shall promote gas and electricity interconnection projects having the highest Community added value and contributing to the following objectives:

- (a) security and diversification of sources of energy and supplies;
- (b) optimisation of the capacity of the energy network and the integration of the internal energy market, in particular concerning cross-border section;
- (c) development of the network to strengthen economic and social cohesion by reducing the isolation of the less-favoured and island regions of the Community;
- (d) connection of renewable energy resources; and
- (e) safety, reliability and interoperability of interconnected energy networks.

Article 5 Priorities

The EEPR shall serve to urgently adapt and develop energy networks of particular importance to the Community in support of the operation of the internal energy market and, in particular, to solve the problems of bottlenecks, security and diversification of supply and to overcome environmental, technical and financial obstacles. Special Community support is necessary to develop energy networks more intensively and to accelerate their construction.

Article 6 List of projects

A list of projects corresponding to the priorities laid down in Article 5 is set out in the Annex, Part A.

Article 7
Granting of Community financial assistance

1. Financial assistance under the EEPR (hereinafter referred to as "EEPR assistance") for gas and electricity interconnection projects shall be awarded to actions that realise the projects in the Annex, Part A, or parts thereof.
2. The Commission shall call for proposals to identify the actions referred to in paragraph 1 and shall assess the compliance of these proposals with the eligibility criteria laid down in Article 8 and the selection and award criteria laid down in Article 9. The Commission shall inform the beneficiaries of any EEPR assistance to be granted.

Article 8
Eligibility

1. Proposals shall be eligible for EEPR assistance only if they implement the projects listed in the Annex, Part A and do not exceed the maximum amount of EERP assistance laid down there.
2. Proposals may be submitted:
 - (a) by one or several Member States acting jointly;
 - (b) with the agreement of the Member State(s) directly concerned by the project in question, by one or several public or private undertakings or bodies acting jointly;
 - (c) with the agreement of all Member States directly concerned by the project in question, by one or several international organisations acting jointly; or
 - (d) with the agreement of all Member States directly concerned by the project in question, by a joint undertaking.
3. Proposals submitted by natural persons shall not be eligible.

Article 9
Selection and award criteria

1. In assessing the proposals received under the call for proposals referred to in Article 7(2), the Commission shall apply the following selection criteria:
 - (a) the soundness and technical adequacy of the approach;
 - (b) the soundness of the financial package for the full investment phase of the action.
2. In assessing the proposals received under the call for proposals referred to in Article 7(2), the Commission shall apply the following award criteria:

- (a) maturity, in relation in particular to the ability to start work early and commit funds by the end of 2010;
- (b) the extent to which lack of access to finance is holding back the implementation of the action;
- (c) the extent to which EEPR assistance will stimulate public and private finance;
- (d) socio-economic impacts;
- (e) environmental impacts;
- (f) the contribution to the continuity and interoperability of the energy network, as well as to the optimisation of its capacity
- (g) the contribution to the improvement of service quality, safety and security;
- (h) Member States' demonstrated commitment to taking the project forward, notably in relation to the procedures and processes referred to in Article 12(2).

Article 10
Funding conditions

1. EEPR assistance shall cover only project-related expenditure incurred by the beneficiaries or by third parties responsible for the implementation of a project.
2. EEPR assistance shall not exceed 50% of the eligible costs.

Article 11
Instruments

1. Following the call for proposals referred to in Article 7(2), the Commission, acting in accordance with the procedure referred to in Article 27(2), shall select the proposals to receive EEPR assistance and determine the amount of EEPR assistance to be granted. The Commission shall specify the conditions and methods for their implementation.
2. EEPR assistance shall be granted on the basis of Commission decisions.

Article 12
Member States' financial responsibilities

1. Member States shall undertake the technical monitoring and financial control of projects in close cooperation with the Commission and shall certify the amount and the conformity with this Regulation of the expenditure incurred in respect of projects or parts of projects. Member States may request the participation of the Commission during on-the-spot checks.
2. Member States shall inform the Commission of the measures taken under paragraph 1 and, in particular, shall supply a description of the control, management and

monitoring systems established to ensure that projects are successfully completed and that related expenditure is legal and regular.

SECTION 2

OFFSHORE WIND PROJECTS

Article 13

Granting of EEPR assistance

1. EEPR assistance for offshore wind projects shall be awarded following a call for proposals limited to the actions that realise the projects listed in the Annex, Part B.
2. The Commission shall call for proposals to carry out the actions referred to in paragraph 1 and shall assess the compliance of these proposals with the eligibility criteria laid down in Article 14 and the selection and award criteria laid down in Article 15.
3. The Commission shall inform the beneficiaries of any EEPR assistance to be granted.

Article 14

Eligibility

1. Proposals shall be eligible for EEPR assistance only if they implement the projects listed in the Annex, Part B, do not exceed the maximum amounts of EEPR assistance laid down there and fulfil the following conditions:
 - (a) the project timetable shall include substantial capital expenditure in 2009 and 2010;
 - (b) the project shall be led by a commercial undertaking.
2. Proposals may be submitted by one or several undertakings, acting jointly.
3. Proposals submitted by natural persons shall not be eligible.

Article 15

Selection and award criteria

1. In assessing the proposals received under the call for proposals referred to in Article 13(1), the Commission shall apply the following selection criteria:
 - (a) the soundness and technical adequacy of the approach;
 - (b) the soundness of the financial package for the full investment phase of the project.
2. In assessing the proposals received under the call for proposals referred to in Article 13(1), the Commission shall apply the following award criteria:

- (a) the extent to which the project improves or increases the scale of installations and infrastructures that are already under construction, or are in the planning phase;
- (b) the extent to which the project includes the construction of full-size and industrial-scale installations and infrastructures, and the extent to which it addresses in particular:
 - (i) balancing the variability of wind electricity through integrative systems;
 - (ii) large-scale storage systems;
 - (iii) management of wind farms as virtual power plants (more than 1 GW);
 - (iv) turbines placed further from the shore or in deeper waters (20 to 50 m) than is currently standard;
 - (v) novel sub-structure designs; or
 - (vi) processes for assembly, installation, operation and decommissioning and testing of these processes in life-size projects.
- (c) the innovative features of the project and the extent to which it will demonstrate the implementation of such features;
- (d) the impact of the project and its contribution to the Community's offshore wind grid system, including its replication potential.
- (e) the commitment demonstrated by the beneficiaries to diffuse the results of technological advances made by the project to other European operators in a manner compatible with Community law and in particular with the objectives and structures outlined in the Strategic Energy Technology Plan for Europe.

Article 16
Funding conditions

1. EEPR assistance shall contribute to the costs associated with the construction and establishment of projects.
2. EEPR assistance shall not exceed 50% of the costs referred to in paragraph 1. The eventual cumulation of Community and national funding shall not lead to overcompensation.

Article 17
Instruments

1. Following the call for proposals referred to in Article 13(1), the Commission, acting in accordance with the procedure referred to in Article 27(2), shall select the proposals to receive EEPR assistance and determine the amount of funding to be granted. The Commission shall specify the conditions and methods for their implementation.

2. EEPR assistance shall be granted on the basis of grant agreements.

SECTION 3

CARBON CAPTURE AND STORAGE

Article 18

Granting of EEPR assistance

1. EEPR assistance for carbon capture and storage projects shall be awarded to actions that realise the projects in the Annex, Part C.
2. The Commission shall call for proposals to carry out the actions referred to in paragraph 1 and shall assess the compliance of the proposals with the eligibility criteria laid down in Article 19 and the selection and award criteria laid down in Article 20.
3. If several proposals from projects located in the same Member State comply with the eligibility criteria laid down in Article 19 and the selection criteria laid down in Article 20(1), the Commission shall select for EEPR assistance, on the basis of the award criteria in Article 20(2), no more than one proposal per Member State among those proposals.
4. EEPR assistance shall be granted to no more than 5 projects. Funding shall not exceed EUR 250 million per project.
5. The Commission shall inform the beneficiaries of any EEPR assistance to be granted.

Article 19

Eligibility

1. Proposals shall be eligible for EEPR assistance only if they implement the projects listed in the Annex, Part C and fulfil the following conditions:
 - (a) projects shall demonstrate that they have the ability to capture at least 85% of CO₂ in power generating installations that will have at least 300 MW electrical output or equivalent and the ability to transport and geologically store this CO₂ safely underground;
 - (b) the project timetable shall include substantial capital expenditure in 2009 and 2010.
 - (c) project promoters shall make a binding declaration that the generic knowledge generated by the demonstration plant will be made available to the wider industry and to contribute to the Strategic Energy Technology Plan for Europe¹⁷.
2. Proposals shall be submitted by one or several undertakings, acting jointly.

COM (2007) 723.

3. Proposals submitted by natural persons shall not be eligible.

Article 20
Selection and award criteria

1. In assessing the proposals received under the call for proposals referred to in Article 18(2), the Commission shall apply the following selection criteria:
 - (a) the soundness and technical adequacy of the approach;
 - (b) the soundness of the financial package for the full investment phase of the project;
 - (c) identification of, all necessary permits required for construction and operation of the project at the proposed site(s) and having a strategy to secure those permits.
2. In assessing the proposals received under the call for proposals referred to in Article 18(2), the Commission shall apply the following award criteria:
 - (a) requested funding per tonne of CO₂ to be abated in the first 5 years of operation (weighting of 40%);
 - (b) complexity of the project and level of innovation of the overall installation including other accompanying research activities as well as the commitment demonstrated by the beneficiaries to diffuse the results of the technological advances made by the project to other European operators in compatibility with Community law and in particular with the objectives and structures outlined in the Strategic Energy Technology Plan for Europe (weighting of 40%);
 - (d) soundness and adequacy of the management plan including, in relation to the scientific, engineering, and technical information and data that it contains, documenting readiness of the proposed concept to achieve operation of the project by 31 December 2015 (weighting of 20%).

Article 21
Funding conditions

EEPR assistance shall contribute to the cost of those elements of the investment phase of the project that are only attributable to carbon capture and storage, taking account of possible operating benefits. It shall not exceed 80% of total eligible investment costs.

Article 22
Instruments

1. Following the call for proposals referred to in Article 18(2), the Commission, acting in accordance with the procedure referred to in Article 28(2), shall select the proposals to receive EEPR assistance and determine the amount of EEPR assistance to be granted. The Commission shall specify the conditions and methods for the implementation of the proposals.

2. EEPR assistance shall be granted on the basis of grant agreements.

CHAPTER III COMMON PROVISIONS

Article 23

Other EEPR assistance and instruments

1. A part of the Community assistance for the projects listed in the Annex may be implemented through a contribution to an appropriate instrument under the resources of the European Investment Bank. That contribution shall not exceed EUR 500 million.
The Community exposure to the loan guarantee instrument or other financing instrument, including management fees and other eligible costs, shall be limited to the amount of the Community contribution to that instrument and there shall be no further liability on the general budget of the European Union.
2. 3. The Commission, acting in accordance with the procedure referred to in Article 28(2), shall decide on the amount of EEPR assistance to be granted to this instrument. The Commission and the European Investment Bank shall establish a memorandum of understanding specifying the conditions and the methods for the implementation of that decision.

Article 24

Programming and implementing modalities

1. By way of derogation from Article 75(2) and Article 110 of the Financial Regulation, calls for proposals shall be directly launched by the Commission on the basis of budgetary availabilities referred to in Article 3(1) of this Regulation and on the basis of the eligibility, selection and award criteria as set out in Chapter II of this Regulation.
2. EEPR assistance shall cover only project-related expenditure incurred by the beneficiaries responsible for the implementation of a project. Expenditure may be eligible as from the date referred to in Article 31.
3. VAT shall not be an eligible cost, except for non-refundable VAT.
4. Projects and actions financed under this Regulation shall be carried out in conformity with Community law and shall take into account any relevant Community policies, in particular those relating to competition including the applicable state aid rules, the protection of the environment, health, sustainable development and public procurement.

Article 25

Reserve

Up to 0.1% of the budget provided for in this Regulation shall be set aside for implementation and evaluation by the Commission.

Article 26
Member States' general responsibilities

1. Within the sphere of their responsibility, the Member States shall make every effort to implement the projects which receive EPR assistance . They shall, in particular, make every effort to expedite the administrative procedures and authorisation, licensing and certification procedures to be fulfilled by the projects' promoters.
2. Member States shall inform the Commission by 31 March of each year of the measures taken under paragraph 1 during the previous year.

Article 27
Protection of the European Communities' financial interests

1. The Commission shall ensure that, when actions financed under this Regulation are implemented, the financial interests of the Community are protected by the application of preventive measures against fraud, corruption and any other illegal activities, by effective checks and by the recovery of amounts unduly paid and, if irregularities are detected, by effective, proportional and dissuasive penalties, in accordance with Council Regulation (EC, Euratom) No 2988/95 , Council Regulation (Euratom, EC) No 2185/96 and with Regulation (EC) No 1073/1999 of the European Parliament and of the Council
2. For the Community actions financed under this Regulation, the notion of irregularity referred to in Article 1(2) of Regulation (EC, Euratom) No 2988/95 shall mean any infringement of a provision of Community law or any breach of a contractual obligation resulting from an act or omission by an economic operator, which has, or would have, the effect of prejudicing the general budget of the European Union or budgets managed by it, by an unjustified item of expenditure.
3. All implementing measures resulting from this Regulation shall provide, in particular, for supervision and financial control by the Commission or any representative authorised by it, and by audits by the European Court of Auditors, if necessary on-the-spot audits.

CHAPTER IV IMPLEMENTING AND FINAL PROVISIONS

Article 28 Committees

1. The Commission shall be assisted by the following committees.
 - (a) for projects for carbon capture and storage, the committee established by Article 8 of Council Decision 2006/971/EC¹⁸;
 - (b) for offshore wind projects, the committee established by Article 8 of Decision 2006/971/EC;
 - (c) for gas and electricity interconnection projects, the committee established by Article 15 of Regulation (EC) 680/2007 of the European Parliament and of the Council.
2. Where reference is made to this Article, Articles 4 and 7 of Decision 1999/468/EC shall apply, having regard to the provisions of Article 8 thereof.

The period laid down in Article 4(3) of Decision 1999/468/EC shall be set at one month.

Article 29 Evaluation

1. The Commission shall carry out an evaluation of the EEPR in order to assess its contribution to the objectives of Community energy policy and the effective use made of the appropriations.
2. The Commission may request a beneficiary Member State to provide a specific evaluation of projects financed under Chapter II Section 1 of this Regulation or, where appropriate, to supply it with the information and assistance required to undertake an evaluation of such projects.
3. The Commission shall present to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions an evaluation report on the results achieved by the EEPR.

Article 30 Information to, the European Parliament and the Council

The Commission shall monitor the implementation of this Regulation. Each year, when it presents the preliminary draft budget, it shall present a report to the European Parliament and to the Council on the implementation of the Programme.

¹⁸ OJ L 162 of 22.6.2007

Article 31
Entry into force

This Regulation shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the European Parliament
The President

For the Council
The President

ANNEX
Eligible projects

A. INTERCONNECTORS

1. Gas interconnectors

Project	Location of projects supported	Envisaged Community contribution (€ million)
<i>Southern Gas Corridor</i>		
NABUCCO ¹⁹	Austria, Hungary, Bulgaria, Germany, Romania	250
ITGI – Poseidon	Italy, Greece	100
<i>Baltic interconnection</i>		
Skanded	Poland, Denmark, Sweden	150
<i>LNG network</i>		
Liquefied Natural Gas terminal at Polish coast at port of Świnoujście	Poland	80
<i>Central and South East Europe</i>		
Slovakia-Hungary Interconnector (Velky Krtis – Balassagyarmat)	Slovakia-Hungary	25
Gas transmission system in Slovenia between the Austrian Border to Ljubljana (excluding the section Rogatec-Kidričevo)	Slovenia	40
Interconnection Bulgaria-Greece	Bulgaria, Greece	20

¹⁹ This support may be channelled alongside European Investment Bank support

(Haskovo-Komotini)		
Romania-Hungary gas interconnector	Romania, Hungary	30
Expansion of Gas Storage Capacity in the Czech hub	Czech Republic	25
Infrastructure and equipment to permit west-east gas flow in the event of short term supply disruption	All Member States	20
<i>Mediterranean</i>		
Reinforcement of FR gas network on the Africa-Spain-France axis	France	150
<i>North Sea area</i>		
Germany-Belgium-United Kingdom pipeline	Belgium	35
France-Belgium connection	France, Belgium	100
TOTAL		1025

2. Electricity interconnectors

Project	Location of projects supported	Envisaged Community contribution (EUR million)
<i>Baltic interconnection</i>		
Estlink-2	Estonia, Finland	100
Interconnection Sweden- Baltic States, and strengthening of the grid in Baltic States	Sweden, Latvia, Lithuania	175
<i>Central and South East Europe</i>		
Halle/Saale – Schweinfurt	Germany	50
<i>Mediterranean</i>		

Portugal-Spain interconnection reinforcement	Portugal	30
Interconnection France-Spain (Baixas – Sta Llogaia)	France, Spain	150
New 380 kV AC submarine cable between Sicily-Continental Italy (Sorgente – Rizziconi)	Italy	100
<i>North Sea area</i>		
Interconnection Republic of Ireland – Wales	Ireland, UK	100
TOTAL		705

3. Small island projects

Small isolated island initiatives	Cyprus, Malta	20
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B. OFFSHORE WIND PROJECTS

Project	Capacity	Location of projects supported	Envisaged Community contribution (EUR million)
<i>1) Grid integration of offshore wind energy</i>			
1.1. Baltic I and II - Kriegers Flak I, II, III Building on projects under development. Financing aimed at ensuring extra cost for securing a joint interconnection solution.	1.5 GW	Denmark, Sweden, Germany, Poland	150
1.2. North sea grid Modular development of offshore grid, demonstration of virtual offshore power plant	1 GW	United Kingdom, The Netherlands, Germany, Ireland, Denmark,	150
<i>2) New turbines, structures and components, optimisation of manufacturing capacities</i>			
2.1 Alpha Ventus/Bard Offshore 1 Building on projects presently under development. New generation of 6-7 MW size turbines and innovative structures, situated far from shore (up to 100km) in deeper waters (up to 40 m).	0.5 GW	Germany, Poland	150
2.2 Aberdeen offshore wind farm (European testing centre) Building on project presently under development -Testing of multi-MW turbines. Development of innovative structures and substructures including optimisation of manufacturing capacities of offshore wind energy production equipment. An increase in size of 100MW can be envisaged.	0.25 GW	UK	40

<p>2.3 Thornton Bank</p> <p>Building on project presently under development. Learning from the Downvind project (co financed through FP6); Upscaling the Downvind installations turbines (5 MW size) in deep waters (up to 30 m) with low visual impact (up to 30 km).</p>	90MW	Belgium	10
TOTAL			500

C. CARBON CAPTURE AND STORAGE PROJECTS

Project Name/ Location	Envisaged Community contribution (EUR million)	Fuel	Capacity	Capture Technique	Storage Concept	
Huerth	Germany	250	Coal	450 MW	IGCC	Saline Aquifer
Jaenschwalde			Coal	500 MW	Oxyfuel	Oil/Gas fields
Eemshaven	Netherlands	250	Coal	1200 MW	IGCC	Oil/Gas fields
Rotterdam			Coal	1080 MW	PC	Oil/Gas fields
Rotterdam			Coal	800 MW	PC	Oil/Gas fields
Belchatow	Poland	250	Coal	858 MW	PC	Saline Aquifer
Compostilla (León)	Spain (with {Portugal)	250	Coal	500 MW	Oxyfuel	Saline Aquifer
Kingsnorth	UK	250	Coal	800 MW	PC	Oil/Gas fields
Longannet			Coal	3390 MW	PC	Saline Aquifer
Tilbury			Coal	1600 MW	PC	Oil/Gas fields
Hatfield (Yorkshire)			Coal	900 MW	IGCC	Oil/Gas fields
TOTAL 1 250						

LEGISLATIVE FINANCIAL STATEMENT

This document is intended to accompany and complement the Explanatory Memorandum. As such, when completing this Legislative Financial Statement, and without prejudice to its legibility, an attempt should be made to avoid repeating information contained in the Explanatory Memorandum. Before filling in this template, please refer to the specific Guidelines that have been drafted to provide guidance and clarification for the items below.

1. NAME OF THE PROPOSAL:

Regulation of the European Parliament and of the Council establishing the programme for the granting of Community financial assistance to energy projects to aid economic recovery.

2. ABM / ABB FRAMEWORK

Policy Area(s) concerned and associated Activity/Activities:

06: Energy and transport

06 09: Energy projects to aid economic recovery

3. BUDGET LINES

3.1. Budget lines (operational lines and related technical and administrative assistance lines (ex- B.A lines)) including headings :

06 09 01: Energy projects to aid economic recovery: energy networks

06 09 02: Energy projects to aid economic recovery: carbon capture and storage

06 09 03: Energy projects to aid economic recovery: European offshore wind grid system

06 01 04 13: Energy projects to aid economic recovery: Expenditure on administrative management

3.2. Duration of the action and of the financial impact:

Start: 2009 end: 2010

3.3. Budgetary characteristics (add rows if necessary) :

Budget line	Type of expenditure		New	EFTA contribution	Contributions from applicant countries	Heading in financial perspective
06 09 01	Non-comp	Diff	YES	NO	NO	1a
06 09 02	Non-comp	Diff	YES	NO	NO	1a
06 09 03	Non-	Diff	YES	NO	NO	1a

	comp					
06 01 04 13	Non-comp	Non Diff	YES	NO	NO	1a

4. SUMMARY OF RESOURCES

4.1. Financial Resources

4.1.1. Summary of commitment appropriations (CA) and payment appropriations (PA)

EUR million (to 3 decimal places)

Expenditure type	Section no.		2009	2010	2011	2012	2013	2014	2015	Total
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Operational expenditure

Commitment Appropriations (CA)	8.1	A	1498,8	1998,8						3497,6
Payment Appropriations (PA)		B	75	1012	750	1024	362	212	62,6	3497,6

Administrative expenditure within reference amount

Technical & administrative assistance (NDA)	8.2.4	C	1,2	1,2						2,4
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TOTAL REFERENCE AMOUNT

Commitment Appropriations		a+c	1500	2000						3500
Payment Appropriations		b+c	76,2	1013,2	750	1024	362	212	62,6	3500

Administrative expenditure not included in reference amount

Human resources and associated expenditure (NDA)	8.2.5	D	1,014	2,2	2,2	2,2	2,2	2,2	2,2	14,214
Administrative costs, other than human resources and associated costs, not included in reference amount (NDA)	8.2.6	E	0,468	0,468	0,610	0,610	0,610	0,510	0,510	3,786

Total indicative financial cost of intervention

TOTAL CA including cost of Human Resources		a+c+d+e	1501,5	2002,7	2,81	2,81	2,81	2,71	2,71	3518
TOTAL PA including cost of Human Resources		b+c+d+e	77,682	1015,9	752,81	1026,8	364,81	214,71	65,31	3518

Co-financing details

If the proposal involves co-financing by Member States, or other bodies (please specify which), an estimate of the level of this co-financing should be indicated in the table below (additional lines may be added if different bodies are foreseen for the provision of the co-financing):

EUR million (to 3 decimal places)

Co-financing body		Year n	n + 1	n + 2	n + 3	n + 4	n + 5 and later	Total
	f							
TOTAL CA including co-financing	a+c +d+ e+f							

4.1.2. Compatibility with Financial Programming

- Proposal is compatible with existing financial programming.
- Proposal will entail reprogramming of the relevant heading in the financial perspective.
- Proposal may require application of the provisions of the Interinstitutional Agreement²⁰ (i.e. flexibility instrument or revision of the financial perspective).

4.1.3. Financial impact on Revenue

- Proposal has no financial implications on revenue
- Proposal has financial impact – the effect on revenue is as follows:

NB: All details and observations relating to the method of calculating the effect on revenue should be shown in a separate annex.

EUR million (to one decimal place)

		Prior to action [Year n-1]	Situation following action					
Budget line	Revenue		[Year n]	[n+1]	[n+2]	[n+3]	[n+4]	[n+5] 21

²⁰ See points 19 and 21 to 23 of the Interinstitutional agreement on budgetary discipline and sound financial management of 17 May 2007, OJ C139, 14.6.2006, p.1.

	a) Revenue in absolute terms						
	b) Change in revenue	Δ					

(Please specify each revenue budget line involved, adding the appropriate number of rows to the table if there is an effect on more than one budget line.)

4.2. Human Resources FTE (including officials, temporary and external staff) – see detail under point 8.2.1.

Annual requirements	2009	2010	2011	2012	2013	2014 and later
Total number of human resources	10	22	22	22	22	22

5. CHARACTERISTICS AND OBJECTIVES

Details of the context of the proposal are required in the Explanatory Memorandum. This section of the Legislative Financial Statement should include the following specific complementary information:

5.1. Need to be met in the short or long term

The proposal responds to the sharp downturn faced by the European economy in the wake of the financial crisis and to the winter's gas crisis. It implements the European Economic Recovery Plan (COM (2008) 800 endorsed by the European Council of 11-12 December 2008.

The financial crisis began to spread to the real economy in autumn 2008. The gas crisis, involving lack of delivery to the Community of gas produced in Russia, emerged in December 2008. The economic crisis and the gas crisis both pose structural problems for the European economy. A comprehensive Recovery Plan is needed and is being put in place; this proposal for a financial stimulus to key parts of the energy sector is an essential element of the Plan.

The Commission has already tabled a proposal to revise the Multiannual Financial Framework 2007-2013 to make available additional funds under heading 1A whilst respecting the total amounts agreed in the Interinstitutional Agreement on budgetary discipline and sound financial management of 17 May 2006²² In the light of first discussions with the budgetary authority, it now proposes a transfer of resources not required under the ceiling of heading 2 in respect of the year 2008 to

²¹ Additional columns should be added if necessary i.e. if the duration of the action exceeds 6 years

²² COM(2008) 859 of 10.12.2008

heading 1A to fund the EUR 3.5 billion proposed for energy projects (EUR 1.5 billion in 2009 and EUR 2.0 billion in 2010)..

- In order to make an immediate contribution to addressing the economic crisis, it is necessary for projects to receive approval as soon as possible.

- It is therefore necessary for this regulation already to list the projects that may receive support, subject to conformity with criteria to ensure efficiency and effectiveness and subject to the limit set by the financial envelope.

- In the case of carbon capture and storage, this list should be established on the basis of information gathered in the framework of the Fossil Fuel Working Group, the Zero Emissions Fossil Fuel Power Plants Technology Platform and other sources. Within this list, financial assistance should be directed towards those projects that are ready to start project development in 2009/2010, while those that are not should constitute a reserve list. Readiness should be assessed on the basis of the existence of a mature and feasible concept for the power plant, including its capture component; the existence of a mature and feasible concept for the transport and storage of CO₂; and articulated commitment of local authorities to support the project. In order to ensure the maximum chance of accelerated project development, resources of maximum €250 million should be made available for each project. To achieve this, it will be necessary to make a selection among the projects that are ready to start project development in 2009/2010. This selection should ensure, inter alia, that no more than one project is supported in each Member State, in order to ensure the investigation of a wide range of geological storage conditions and to support the objective of encouraging economic recovery across Europe.

In the case of offshore wind, this list should contain only projects that are ready for implementation; capable of acceleration in response to a financial stimulus; of cross-border significance; and of a large scale.

In the case of gas and electricity interconnection projects, this list should be established on the basis of project maturity of the project and projects' contribution to the objectives of security and diversification of supply as identified in the recent 2nd Strategic Energy Review and endorsed by the European Parliament and the Council.

5.2. Value-added of Community involvement and coherence of the proposal with other financial instruments and possible synergy

Energy has become one of the key concerns for Europe. In December, the European Union took a set of key decisions to address the future of energy in Europe. To drive an energy sector able to make cuts in greenhouse gas emissions. To make renewable energy a major part of Europe's energy mix. And to contain Europe's demand for energy by realising the gains of energy efficiency.

These changes need a major commitment and major investment. But the economic downturn risks delaying this investment unless additional action is taken now. The credit crunch is having a direct impact on the speed with which Europe is making the changes required. The risk is a loss of momentum and technological edge, and delay today meaning higher costs later. That is why the

Economic Recovery Plan put particular emphasis on the need for "smart investment", a stimulus to the economy targeted on clear strategic objectives.

To have a tangible and substantial impact, this investment should be focussed on a few specific sectors. These should be sectors in which action at European level can add value; in which there exist large, mature projects capable of absorbing significant amounts of financial assistance; and whose development will make a clear contribution to the objectives of security of energy supply and the reduction of greenhouse gas emissions. The sectors of carbon capture and storage; offshore wind; gas and electricity interconnections; and energy efficient cities fulfil these criteria.

In the cases of carbon capture and storage and offshore wind, this builds on the Strategic Energy Technology Plan for Europe, which called for the establishment of European Industrial Initiatives in these areas. The European Council of 16 October 2008 called on the Commission to significantly accelerate the implementation of the Technology Plan.

In the case of gas and electricity interconnections, the energy challenges have developed in the course of the last years. The recent gas crises (winters 2006 and 2009) and the increase of oil prices until mid-2008 showed how much Europe was vulnerable. Indigenous energy resources – gas and oil – are decreasing so that Europe is more and more depending on imports for its energy supply. In this context, energy infrastructure will play a crucial role. However, the current economic and financial crisis is affecting the implementation of energy infrastructure projects. Some important projects – including projects of European interest – may face severe delays in implementation due to scarcity of funds. Urgent action to support investment in energy interconnections is therefore appropriate. Given the significant time necessary to plan and then execute such projects it is important that the Community now invests in such infrastructure in particular to accelerate the development of projects of particular importance to the EU's energy security. This will be vital for the EU to be in a better position to secure its energy security when the economy does rebound and global energy demand picks up.

5.3. Objectives, expected results and related indicators of the proposal in the context of the ABM framework

- (a) contributing to the EU's climate change objectives by taking a tangible step towards the European Council objective of developing up to 12 demonstration plants for sustainable fossil fuel technologies by 2015 in order to make carbon capture and storage a commercially viable technology by 2020;
- (b) establishing a modern and fully integrated European offshore wind grid system, which substantially reinforces the contribution of wind power to the EU renewable energy target and strengthens the EU industrial leadership in the field of wind power;
- (c) adapting and developing the energy networks in support of the operation of the internal energy market and, in particular, solving the problems of bottlenecks, security and diversification of supply and to overcome environmental, technical and financial obstacles.

5.4. Method of Implementation (indicative)

Show below the method(s)²³ chosen for the implementation of the action.

X Centralised Management

X Directly by the Commission

Indirectly by delegation to:

Executive Agencies

Bodies set up by the Communities as referred to in art. 185 of the
Financial Regulation

National public-sector bodies/bodies with public-service mission

Shared or decentralised management

With Member states

With Third countries

Joint management with international organisations (please specify)

6. MONITORING AND EVALUATION

6.1. Monitoring system

The granting of subsidies to these types of action will be based on the standard subvention contract of the European Communities. The various monitoring, information and auditing provisions of this contract will fully apply.

In particular for interconnection projects, the Member States shall undertake the technical monitoring and financial control of projects in close cooperation with the Commission and shall certify the reality and the conformity of the expenditure incurred in respect of projects or parts of projects. The Member States may request the participation of the Commission during on-the-spot checks.

The Member States shall inform the Commission of the measures taken to expedite the administrative procedures and authorisation, licensing and certification processes to be fulfilled by promoters of the interconnection projects and, in particular, shall supply a description of the control, management and monitoring systems set up to ensure that projects are successfully completed

²³ If more than one method is indicated please provide additional details in the "Relevant comments" section of this point

6.2. Evaluation

6.2.1. Measures taken following an intermediate/ex-post evaluation (lessons learned from similar experiences in the past)

The Commission shall carry out an evaluation of the Programme in order to assess its contribution to the objectives of Community energy policy and the effective use made of the appropriations.

The Commission may request a beneficiary Member State to provide a specific evaluation of projects financed under Chapter 2 Section 3 of this Regulation or, where appropriate, to supply it with the information and assistance required to undertake an evaluation of such projects.

The Commission shall present to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions an evaluation report on the results achieved by the Programme.

6.2.2. Terms and frequency of future evaluation

Not applicable

7. ANTI-FRAUD MEASURES

- As the contracts for all actions envisaged will be standard subvention contracts, the generally applicable anti-fraud measures will apply.
- Output will be clearly visible and measurable in all types of action. The types of subsidy will be straightforward: expenditure in investment, and costs arising from operations. These items can be verified in details, and there is enough material and knowledge through projects to make an informed assessment of the dangers of fraud.
- On the spot visits will be possible on all projects.
- Depending on the complexity of the projects, specific monitoring tasks can be entrusted to specialised staff or outside consultants. .

8. DETAILS OF RESOURCES

8.1. Objectives of the proposal in terms of their financial cost

Commitment appropriations in EUR million (to 3 decimal places)

(Headings of Objectives, actions and outputs should be provided)	Type of output	Av. cost	2009		2010		2011		2012		2013		2014		TOTAL	
			No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost
OPERATIONAL OBJECTIVE																
No.1 ²⁴ projects for carbon capture and storage			3	535	4	714,2										1249,2
No.2 offshore wind projects			3	213,8	3	285,4										499,2
No.3 gas and electricity interconnection projects			8	750	12	999,2										1749,2
TOTAL COST			14	1498,8	19	1998,8										3497,6

²⁴ As described under Section 5.3

8.2. Administrative Expenditure

8.2.1. Number and type of human resources

Types of post		Staff to be assigned to management of the action using existing and/or additional resources (number of posts/FTEs)					
		2009	2010	2011	2012	2013	2014
Officials or temporary staff ²⁵ (XX 01 01)	A*/AD	6	12	12	12	12	12
	B*, C*/AST	1	3	3	3	3	3
Staff financed ²⁶ by art. XX 01 02		3	7	7	7	7	7
Other staff ²⁷ financed by art. XX 01 04/05							
TOTAL		10	22	22	22	22	22

8.2.2. Description of tasks deriving from the action

- Programme definition and coordination
- Financial management of the projects
- Monitoring of the projects
- Representing the Commission in the Programme Committee and the submission to it of measures to be taken where there is a comitology procedure
- Undertaking inter-service consultations within the Commission
- Strategic evaluations

8.2.3. Sources of human resources (statutory)

The needs for human and administrative resources shall be covered within the allocation that can be granted to the managing DG in the framework of the annual allocation procedure in the light of budgetary constraints.

²⁵ Cost of which is NOT covered by the reference amount

²⁶ Cost of which is NOT covered by the reference amount

²⁷ Cost of which is included within the reference amount

8.2.4. *Other Administrative expenditure included in reference amount*

EUR million (to 3 decimal places)

Budget line (number and heading)	2009	2010	2011	2012	2013	Year 2014 and later	TOTAL
1 Technical and administrative assistance (including related staff costs)							
Other technical and administrative assistance	1,2	1,2					2,4
- <i>intra muros</i>							
- <i>extra muros (IT maintenance)</i>							
Total Technical and administrative assistance	1,2	1,2					2,4

8.2.5. *Financial cost of human resources and associated costs not included in the reference amount*

EUR million (to 3 decimal places)

Type of human resources	2009	2010	2011	2012	2013	2014 and later
Officials and temporary staff (XX 01 01)	1,014	2,2	2,2	2,2	2,2	2,2
Staff financed by Art XX 01 02 (auxiliary, END, contract staff, etc.) (specify budget line)						
Total cost of Human Resources and associated costs (NOT in reference amount)	1,014	2,2	2,2	2,2	2,2	2,2

Calculation– **Officials and Temporary agents**

Reference should be made to Point 8.2.1, if applicable

Year 2009 and later: 7 officials (122.000 €/official/year) and 3 external staff: 2 GFIV (62.500 €/year), 1 GFII (34.500 €/year)

Year 2010 and later: 15 officials (122.000 €/official/year) and 7 external staff: 4 GFIV (62.500 €/year), 2 GFII (34.500 €/year) and 1 SNE's (51.000 €/year)

The needs for human and administrative resources shall be covered within the allocation that can be granted to the managing DG in the framework of the annual allocation procedure in the light of budgetary constraints

8.2.6 Other administrative expenditure not included in reference amount

EUR million (to 3 decimal places)

	2009	2010	2011	2012	2013	2014 and later	TOTAL
XX 01 02 11 01 – Missions	0,300	0,300	0,300	0,300	0,300	0,200	1,7
XX 01 02 11 02 – Meetings & Conferences							
XX 01 02 11 03 – Committees ²⁸	0,108	0,108					0,216
XX 01 02 11 04 – Studies & consultations			0,25	0,25	0,25	0,25	1
XX 01 02 11 05 - Information systems	0,06	0,06	0,06	0,06	0,06	0,06	0,36
2 Total Other Management Expenditure (XX 01 02 11)							
3 Other expenditure of an administrative nature (specify including reference to budget line)							
Total Administrative expenditure, other than human resources and associated costs (NOT included in reference amount)	0,468	0,468	0,610	0,610	0,610	0,510	3,276

Calculation - *Other administrative expenditure not included in reference amount*

Missions : 100.000 € by type of projects

One committee a year by topics = 4*27*1000 €=108.000 €

Monitoring consultancy as from 2011 : 250.000 €/year

0,5 FTE (consultancy) for monitoring system : 60.000 €/year

²⁸ Coordination group and (comitology) committee foreseen in the draft legislation

The needs for administrative resources shall be covered within the allocation that can be granted to the managing DG in the framework of the annual allocation procedure in the light of budgetary constraints.