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NOTE

From:	General Secretariat of the Council
To:	Permanent Representatives Committee
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Subject:	Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on guidelines for trans-European energy infrastructure and repealing Regulation (EU) No 347/2013 - Guidance for further work

I. INTRODUCTION

1. On 15 December 2020, the Commission proposed a Regulation on guidelines for trans-European energy infrastructure repealing Regulation (EU) No 347/2013 (TEN-E). The general objective of this revision is to facilitate the timely development of adequate energy infrastructures across the EU and its neighboring countries to enable delivering on the EU's energy and climate objectives in line with the European Green Deal. The energy transition aims at meeting the 2030/50 targets, including the climate-neutrality objective, and fostering interconnections, market and system integration, competitiveness, and security of supply at the least cost to consumers and businesses. Improving energy infrastructure planning and permitting for energy system are also in the scope of the new regulation.

II. STATE OF PLAY

2. Throughout January - April 2021, the Portuguese Presidency has led the discussions in the energy working party on the Commission's proposal and has prepared a draft compromise text on the basis of the observations and the comments received from the Member States.
3. Regarding few outstanding areas, the Presidency deems necessary to further assess the situation and ask the Permanent Representatives Committee for political guidance on a viable way forward.

III. ISSUES FOR POLITICAL GUIDANCE

4. In light of the above, the Permanent Representatives Committee is asked to provide political guidance for further work on the following issues:
 - a) Natural gas: the Commissions' proposal excludes support for natural gas infrastructure projects. However, during the discussions in the energy working party, some Member States expressed the need for support to natural gas projects for a transitional period to facilitate the phasing out of other more polluting fossil fuels, and to cope with energy isolation. These Member States expressed the concern that a number of strategic projects will not be finished when the new Regulation comes into force and that they will lose their PCI (Projects of Common Interest) status. Therefore, in their opinion, as a provisional solution, strategic natural gas infrastructure projects which were already registered as projects of common interest should have the opportunity to maintain this status and be eligible for the first list to be adopted under the revised TEN-E.

Should natural gas projects already included in the PCI list and in an advanced stage still be qualified as PCIs for a transitional period?

- b) Transitional period for retrofitting: in the transition from fossil-based to renewable-based gases, the EU can profit from the stock of current infrastructures. Some Member States argued that the new regulation should include projects expanding the capacity and upgrading the existing grid by repurposing and retrofitting the equipment, to enable the transport of pure hydrogen or blends of hydrogen and natural gas. In their opinion, in the first phase of the energy transition, in order to start the decarbonisation of the energy sector, retrofitting of the existing gas infrastructure will be one of the most cost-efficient solutions. The same Member States argued that blending of hydrogen and biomethane will be instrumental in scaling up the renewable hydrogen production capacity, facilitating transport of hydrogen when volumes are not sufficient for dedicated hydrogen systems. Therefore, projects which relate to retrofitting of current gas infrastructure for transmission of methane and hydrogen blends will be contributing to the future repurposed gas infrastructure and should therefore be eligible for PCI status and related financing opportunities.

Should a transitional period for retrofitting projects be included in the new regulation?

- c) Disadvantaged, less connected, peripheral, outermost or isolated regions, such as islands: some Member States stated that energy projects in these regions shall have the right to access the Tran-European energy networks in order to accelerate their decarbonisation process and reduce dependency on fossil fuels (170 TFEU). They also argued that projects in these regions can have a significant positive contribution to achieving the EU energy and climate targets. However, other Member States expressed the view that one of the features of the PCIs is to bring cross-border effects among Member States.

Should projects in disadvantaged, less connected, peripheral, outermost or isolated regions, such as islands, be eligible as PCIs under the new regulation?

IV. CONCLUSION

The Permanent Representatives Committee is therefore invited to address the above issues and provide political guidance for further work on this proposal in view of the adoption of a general approach at the Transport, Telecommunications and Energy Council in June 2021.

