

INTRODUCTION

The revision of the regulation for trans-European energy infrastructure - Trans-European Network-Energy (TEN-E [1]) - aims to ensure EU energy infrastructure policy is consistent and aligned with the climate neutrality objective of the Green Deal. The European Commission is expected to present the revised text on 15 December.

Current TEN-E guidelines were defined in 2013 with market integration and security of supply as the ultimate goal. That approach is no longer in line with the 2030 and 2050 decarbonisation goals. The need to reflect higher climate and energy targets, to accelerate the phase out of all fossil fuels, and build out of renewable energy, the role of decentralised technologies and the need to support a more democratically-owned energy system are new features of the changing landscape. Getting energy infrastructure regulation right is central to reaching these objectives.

The TEN-E is a policy that is focused on linking the energy infrastructure of EU countries. As part of the policy, nine priority corridors and three priority thematic areas have been identified. The TEN-E Regulation key objective is the implementation of the projects of common interest (known as "PCIs") which interconnect energy markets across Europe.

Projects receiving PCI status are eligible for EU funding from the Connecting Europe Facility funding instrument and must meet criteria including enhancing security of supply, increasing market competition and integration, and contributing to sustainability objectives. They also receive fast-tracked environmental impact assessments.

For the past seven years, Brussels has funded and fast-tracked cross-border fossil gas projects for 1,5bn € without sufficiently weighing the environmental risks, according to a [final decision](#) issued in November 2020 by the European Ombudsman.

During July's plenary session, MEPs called for a revision of funding guidelines for cross-border, trans-European energy infrastructure projects to bring them into line with EU climate policy. The resolution calls for the TEN-E guidelines to be consistent with EU energy and climate targets for 2030, its long-term commitment on decarbonisation and the energy efficiency first principle [2].

1. TEN-E regulation must stop subsidising fossil gas infrastructure including infrastructure for fossil based hydrogen that will only deepen the gas lock in effect.

2. To address the conflict of interest in particular with the gas transmission industry (ENTSO-G), TEN-E governance needs to be revised towards more independent and science based oversight.

3. The TEN-E regulation must foster a climate-proof energy system based on the "energy efficiency first" principle and 100% renewable energy, expanding its scope far beyond transmission infrastructure.

FURTHER STEPS

After the European Commission has published the revised TEN E regulation on December 15, the file will follow the EU's ordinary co-decision procedure. In the upcoming months, the Council of the EU and the European Parliament will develop their respective positions on the text proposed by the Commission. This process will continue well into 2021. We can expect the legislation entering into trilogues (negotiations between Council and European Parliament) by May/June 2021.

SOURCES AND RESOURCES

CAN Europe Position ON THE USE OF GAS IN THE FUTURE ENERGY SYSTEM
OCTOBER 2019

Climate Action Network (CAN) Europe is Europe's leading NGO coalition fighting dangerous climate change. With over 200 member organisations from 25 European countries, representing over 1.500 NGOs and more than 40 million citizens, CAN Europe promotes sustainable climate, energy and development policies throughout Europe.

We need a rapid and far-reaching transition of our energy system if we want to remain compatible with the Paris Agreement's goal to limit temperature rise to 1.5°C. Fossil gas is still a widely used fuel for power generation, heating of buildings and industrial processes. Even though it is often claimed to be a transition fuel, it is not a low carbon energy source able to contribute to global and EU's climate commitments. Fossil gas inevitably emits abundant volumes of carbon dioxide when it is combusted and is inherently linked with leakage of methane – a very potent greenhouse gas – all along its life cycle. The prolonged use of it would lock our economy in a new fossil fuel dependence we cannot afford if Europe wants to maintain its chances to deliver on its climate objectives. Therefore, fossil gas needs to be phased out by 2035 at the latest.

Even if we maximise our efforts for energy efficiency and electrification, it may still be useful to utilize a limited amount of non-fossil gases¹ in the energy system, e.g. to deliver long-term storage and in sectors which might be difficult to supply with renewable electricity. However, these can only be used to the extent they are compatible with a net zero emission society in line with the objectives of the Paris agreement, as they are from renewable sources and comply with stringent sustainability criteria. They also cannot be used to greenwash a prolonged use of fossil gas or represent a competition to renewable electricity. Any development of energy infrastructure needs to be in line with EU and global climate targets and policies. The EU and its Member States should immediately cease all public support for fossil gas infrastructure and develop a roadmap for decommissioning and adapting existing fossil gas installations and related infrastructure to achieve the 2035 phase-out date.

CAN EUROPE CALLS FOR THE EU AND THE MEMBER STATES:

- The EU needs to achieve net-zero greenhouse gas emissions by 2040 at the latest. In order to do so, there is a need for a complete phase-out of fossil gas by 2035 at the latest starting today.
- Demand for gas can be reduced significantly by fully implementing policies that maximize energy efficiency in buildings, energy systems, transport and industrial processes. In addition to savings, the full deployment of various renewable energy sources, including community-

¹ In this position paper, the term fossil gas is used where we are specifically referring to gases from fossil fuel sources. There is a list of candidate and term "transition", "bridge" or "interim" gases, which in some cases misleading. That is why we use the term non-fossil gas to indicate clearly that in our view, only those types of gases which deliver genuine climate benefits and which do not originate from a fossil fuel source under certain conditions be considered as future source. Non-fossil gases that not only comply with a net-zero emission society but also come from sustainable and renewable sources.

EU GAS INFRASTRUCTURE DOES NOT NEED MORE SUBSIDIES
OCTOBER 2020

Existing fossil gas supply infrastructure can satisfy EU demand under any scenario, including under a rapid coal phase-out. Meeting the infrastructure eligible for EU funds would be an ineffective use of taxpayer money and contrary to green and just transition climate targets. Additional EU funding would only add to stranded assets. This is particularly pertinent to funds typically intended to support a transition to climate neutrality, such as the Just Transition, Regional Development and Recovery Funds. Limited public money should be directed to best case solutions for the climate social transition, including renewables and energy efficiency.

Existing fossil gas infrastructure is sufficient

Fossil gas demand in developing EU countries will not need to be expanded. All available scenarios, including European Commission projections on Paris Agreement compliant pathways to climate neutrality, show fossil gas demand decreasing from 2020 and beyond (Figure 1). The demand for EU renewable electricity becomes an increasingly important part of the energy mix, alongside efficiency improvements.

Future gas demand is consistently overestimated¹

For the years 2015 to 2019, the association of transmission system operators for gas, ENTSO-G, consistently overestimated gas demand by 17% when compared to what gas demand².

Figure 1: Change in gas consumption compared to 2019

Source: ENTSO-G

What energy infrastructure to support 1.5°C scenarios?
Final report

An analysis on behalf of the European Climate Foundation

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13/12/2020
Final report

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Letter to European Commission: Fossil gas infrastructure should be excluded in the revised TEN E Regulation

EU gas infrastructure does not need more subsidies

What energy infrastructure to support 1.5°C scenarios? (Artelys, 2020)

Decision in case 1991/2019/KR on the European Commission's action concerning sustainability assessment for gas projects on the current List of Projects of Common Interest

Decision
Case 1991/2019/KR - Opened on 10/02/2020 - Decision on 17/11/2020 - Institution concerned (European Commission) (No further inquiries justified) |

The case concerned the inclusion of gas projects on the ELA 2015 list of Projects of Common Interest (PCI). These are cross-border energy infrastructure projects that should help achieve EU energy and climate policy objectives. The complainant was concerned that the sustainability of gas projects on that PCI list had not been sufficiently assessed, as is required.

The Commission had already acknowledged that the sustainability assessment of candidate gas projects had been suboptimal due to a lack of data and inadequate methodologies. In the course of the inquiry, the Commission informed the Ombudsman that it is updating the criteria used for assessing the sustainability of projects that are candidates for inclusion on the next PCI list, which will set out in 2021.

Among other things, this update is expected to take into account the CO₂ and methane balance, as well as efficiency impacts, and the assessment of projects. The indicator requested to reflect the complainant's requested impact on the overall greenhouse gas intensity of energy production in a given EU Member State and the emissions related to the functioning of the infrastructure itself.

The Ombudsman welcomes the fact that the Commission will ensure that this update is in place before the decision is taken on the next PCI list. The adoption date for the next PCI list is foreseen in the last quarter of 2021.

Given the EU's objectives concerning climate change and sustainability, it is regrettable that gas projects were included on previous PCI lists, without having their sustainability properly assessed. This means that it was not possible to ask them to comply with the most sustainable ones. However, the Commission is taking the necessary action with the result that no further inquiries of the Ombudsman are justified in this point.

Background to the complaint

Measuring the contribution of gas infrastructure projects to sustainability as defined in the TEN-E Regulation
Final Report
June 2020

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OCTOBER 2019

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Ombudsman decision on PCI list

Measuring the contribution of gas infrastructure projects to sustainability as defined in the TEN-E regulation

EU funds need to catalyse the transition away from fossil fuels (CAN Europe, position paper 2019)

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