– Consultation response –

Revision of Regulation (EU) 347/2013 on guidelines for trans-European energy infrastructure (TEN-E Regulation)

Brussels, 13 July 2020 | Europex fully supports efforts to ensure trans-European energy infrastructure is fit-for purpose and consistent with the 2050 climate neutrality objective. The TEN-E Regulation and related CEF Energy funding has made important contributions towards improved connection levels of the Internal Energy Market, allowed energy to be traded across borders and increased security of supply. We believe the revised TEN-E Regulation should now reflect the needs of a rapidly evolving energy system, with a view to enabling the integration of higher shares of renewable energy, at a more decentralised level. Greater integration between the different energy sources and carriers will also need to be taken into account.

Cross-border infrastructure plays a vital role in an integrated European energy market. It allows for improved system flexibility by enabling growing shares of renewable energy to be transported from where it is produced to the actual load centres where it is needed. It further increases security of supply and improves competition in the wholesale energy markets. Efficient use of interconnectors through market coupling projects such as single day ahead (SDAC), single intraday coupling (SIDC) as well as European balancing projects, is at the heart of economic welfare increases and ensure affordable energy is available to European consumers. Market coupling projects bring European consumers a benefit of around EUR 1 billion per year.[1] TEN-E thus far has facilitated the identification and coordination of priority cross-border projects and has improved overall levels of interconnection between Member States.

Energy market integration should remain an important objective when assessing eligibility of projects for PCI status. Improved infrastructure is important to help reduce congestion at 'bottlenecks'. Against the backdrop of increased renewable generation and increased cross-border trading of energy, managing the electricity grid presents a significant challenge. Remedial actions required to maintain system security are increasingly used, some of which come with a high cost attached[2]. At the same time, unscheduled flows on the interconnector,

[1] ACER Market Monitoring Report 2018.

[2] Examples of remedial actions which come at a cost to the system or to TSOs include redispatching, counter-trading and curtailment of allocated capacity.

including loop flows[3], can have the effect of limiting the amount of interconnector capacity available for trading, with subsequent negative effects on welfare. Reinforcement of the electricity grid – both cross-border and within bidding zones, is vital to help foster further market integration, by increasing cross-border capacities and avoiding to the extent possible counterproductive reconfigurations of bidding zones. The integration of the energy market and the benefits it provides in terms of increased liquidity and competition, should therefore remain a key objective of the TEN-E Regulation.

The development of assets such as P-2-X and EV charging infrastructure should be market-driven in line with established unbundling principles. Other assets which can support decarbonisation efforts, including renewable gas infrastructure, P-2-X and EV charging, will play an increasingly important role in the energy system. However, it is important to make a clear distinction between regulated and non-regulated assets and to enforce the clear unbundling principles confirmed in the Clean Energy Package and established in previous packages. Activities which can and should be developed by the market (such as P-2-X and EV charging) should remain fully market-driven.

Further integration of electricity and gas network planning would be valuable but stakeholder involvement must be ensured. While the TYNDP process has made promising steps towards a more holistic planning perspective, for example through the joint scenario planning for electricity and gas, it should reflect the growing integration between the electricity and gas sectors and should be further combined. It is important that this process also systematically considers alternatives to infrastructure investment (i.e. non-wire alternatives such as flexibility procurement). The process should therefore involve all necessary stakeholders to reflect the wider scope of projects and instruments available.

About

Europex is a not-for-profit association of European energy exchanges with 29 members. It represents the interests of exchange-based wholesale electricity, gas and environmental markets, focuses on developments of the European regulatory framework for wholesale energy trading and provides a discussion platform at European level.

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[3] Cross-zonal physical power flows caused by internal commercial energy transactions within a bidding zone.