

EC, France, Portugal and Spain set up High Level Group to break energy barriers

To implement the Madrid Declaration

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USPA NEWS - A well-connected energy market is vital for creating an Energy Union that will ensure secure, affordable and sustainable energy for all European Union citizens and businesses, said European Commission on Monday.

Building missing cross-border links between the Iberian Peninsula and the rest of the EU energy market is therefore a priority for the European Commission, which has set up today a new High Level Group to drive forward key energy infrastructure projects in South-West Europe. Commissioner Miguel Arias Cañete said: "Energy must flow freely across Europe. This will bring benefits to the European Union as a whole, in particular to European consumers. It will strengthen our industry's competitiveness and bring about jobs, while protecting the environment by a better use of renewable energy."

"The setting up of the High Level Group, following on the historical Madrid Interconnections Summit on 4 March, is an important step in this direction as its work will be essential to achieve the integration of the Iberian Peninsula and the rest of the EU energy market," he added. The Memorandum of Understanding for the South-West Regional group creating the High Level Group was agreed Monday in Luxembourg. This Group will prepare a plan to implement the so-called Madrid Declaration, signed on 4 March by Commission President Jean-Claude Juncker, the President of France François Hollande, the Prime Minister of Spain Mariano Rajoy and the Prime Minister of Portugal, Pedro Passos Coelho.

The High Level Group will deal with both gas and electricity infrastructure. It will ensure regular monitoring and provide technical assistance to the Member States. To support the work of this Group, the Commission has launched two studies on the benefits, costs and the technical possibilities for further electricity and gas interconnections between the Iberian Peninsula and the rest of Europe. The results of the electricity study will be presented in the autumn. The results of the gas study will be available in December 2015.

On 25 February 2015 the Commission launched its Energy Union strategy. As a concrete element of the strategy, the Commission presented a communication on how to achieve an electricity interconnection of 10% in all Member States by 2020. On 13 January 2015, the Commission proposed the creation of a European Fund for Strategic Investment (EFSI) to significantly improve EU investment projects' access to long term financing. This instrument could cover Projects of Common Interest (PCIs) or other interconnection projects put forward, therefore accelerating and complementing the current structure of support for PCIs and beyond.

The Fund is at the very heart of the Commission's Growth, Jobs and Investment package. The EFSI will mobilise at least EUR 315 billion in private and public investment across the EU, alongside an EU budget contribution of EUR 16 billion and a contribution of EUR 5 billion from the EIB. Insufficient interconnection capacity remains a major obstacle for the creation of a regional market in South-West Europe and it has prevented Spanish and Portuguese energy companies from participating in the EU internal market.

However, interconnection between the Iberian Peninsula and the EU internal market has recently gained momentum -in January 2015 the Transmission System Operators of Spain, France and Portugal signed a common strategy paper to develop the electricity interconnection-. The Commission has actively facilitated this cooperation. Furthermore, in February 2015 the Santa Llogaia "Baix" power line, which doubles the interconnection capacity between France and Spain was inaugurated. The project received €255 million in EU support under the European Energy Programme for Recovery.

The implementation plan to be prepared by the High Level Group will focus on the achievement of the EU's target to reach 10% electricity interconnection target by 2020. This means that each Member State should ensure it has installed the electricity cables that would allow at least 10% of the electricity that is produced by its power plants to be transported across its borders to neighbouring countries. The current interconnection level between Portugal and Spain is 4%. Under the plan, priority will be given to the Biscay Bay project and to two lines crossing the Pyrenees.

The plan will also focus on the development of the so-called Eastern axis which will allow bi-directional gas flows between the Iberian Peninsula and the French gas system. Furthermore, the implementation plan will also consider ways to eliminate the internal bottlenecks preventing the free flow of gas from the Iberian Peninsula to the French gas system.

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