

*The UFE – Union Française de l'Électricité – is the professional association for the electricity sector, representing employers within the electrical and gas industries while looking after the interests of its members, producers, network managers and suppliers of electricity in the economic, industrial and social fields.*

The European Commission published on 17 November 2010 the communication entitled: COM(2010)0677 – *Energy infrastructure priorities for 2020 and beyond - A Blueprint for an integrated European energy network*.

## **1. TOWARDS A EUROPEAN “STRATEGIC PLANNING” TOOL FOR FUTURE INVESTMENT**

The *Union Française de l'Électricité* welcomes the approach that focuses on the need for a clearer vision concerning future infrastructure investment in this sector.

The Commission and member States have already started to set up ten-year investment plans (TYNDP) and rules for cooperation between regulators relating to cross-border investments. Regulation 617/210 on notification to the Commission of investment projects was also passed with this in mind.

However, the UFE regrets that these tools appear, so far, merely to meet temporary requirements (in terms of networks) rather than represent a strong desire to organise the sector, and to balance supply and demand.

This approach needs to be expanded and finalised via the creation of a European “strategic planning” tool over the long term, consistent with existing mechanisms.

## **2. THE CORRELATION BETWEEN NETWORKS AND SECURITY OF SUPPLY**

The UFE would like to express its concerns about the central and almost exclusive place given by the Commission to the problem of “networks”, and the European Union's security of supply targets.

A significant Europe-wide electrical grid with electricity highways, and a substantial number of inter-connections would lead to the creation of a Europe-wide “copper-plate” enabling the balancing of the system by distributing energy (renewables in particular) from high-production to high-demand regions.

This theoretical approach, which presupposes the permanent availability of European renewable energy production even during peak times, is not without certain problems. The case of France shows, for example, that the thermo-sensitivity of the system implies a significant hike in demand during extreme cold weather events, periods during which electricity production from wind is extremely low and photovoltaic production fairly random.

Thus, it seems vital to supplement the approach taken by the Commission, by focusing European energy policies on the following two major issues:

- **PRODUCTION CAPACITIES**

Ensuring a balance between supply and demand means increasing the development of electricity production capacities in the Union, to offset the intermittent nature of the production of renewables (renewables back-up) and to guarantee supplies to countries (such as France) which are most sensitive to consumption peaks linked to cold weather patterns.

With this in mind, the Commission needs to strengthen its strategic planning work on production infrastructure and support the emergence of a mechanism to encourage remuneration for capacity, favouring the investments necessary to develop flexible production units.

- **ENERGY MIX**

Rebalancing the system also requires the availability of means of production which are as diversified as possible, in each member state as well as across the Union. Without prejudice to the exclusive jurisdiction of national authorities in the matter, it therefore seems necessary to conduct, on a European scale, an open and transparent debate about the energy mix, taking into account the diversity of means of production available in each member state.

### **3. FINANCING**

The financial investment effort desired by the Commission appears key for the future, bearing in mind the challenge of competitiveness in Europe. As well as efforts required in the area of transport networks, financing should also be provided for new production capacities and the development of distribution networks (i.e. reinforcements linked to renewable energy and the development of electricity usage; modernisation utilizing smart grids). Added to this are the necessary R&D resources, as well as increasing energy efficiency.

This requires a more diversified deployment of funds, including those resulting from new financing tools that the Commission envisages putting in place (i.e. stake-holding and support for infrastructure funds; loan guarantees for public-private partnerships; risk sharing mechanisms, etc.)

The UFE invites the Commission to give priority to issues linked to energy and climate change within existing community financing instruments, such as the Community Research and Development Framework Program (FP), to which easy access should be available for industrial players.

Concerning investments that ought to be borne exclusively by market players, it seems critical for the European Union to swiftly equip itself with a stable and incentivising regulatory framework that provides operators with the visibility necessary to be involved in full confidence. From this viewpoint, a legislative initiative by the Commission relating to smart networks is a notable step forward.

### **4. ACCEPTABILITY OF PROJECTS**

Taking into account the issue of acceptability, which plays a fundamental role in the development of new energy infrastructures, the Commission has explicitly made a great step forward.

The UFE welcomes the desire to encourage the sharing of best practice on a European scale. The setting up of one-stop centres ("*guichets uniques*"), acting as interfaces between different players, should also contribute to the "*early and concrete participation of the population*". The precise form and methods for the application of this structure nevertheless needs to be analysed in greater detail, in the same way that the outlines of the "guidelines" and conditions for the "minimum remuneration criteria" of the citizens concerned need to be thoroughly examined (which criteria? costs? etc.).

### **5. ACCELERATE AUTHORISATION PROCEDURES**

Defining deadlines for authorisation decisions continues to advance; this should boost the process of launching new infrastructures. Yet, providing financial remuneration to companies that facilitate the rapid authorisation of projects of European interest is not an effective response to the need for accelerating authorisation procedures.