

## ENTSO-E MEMORANDUM TO THE JUNCKER COMMISSION

The European Union faces significant challenges if it is to accomplish its **2030 Energy and Climate Change objectives**. These will require the establishment of an Internal Energy Market that allows for the full integration of low-carbon energy sources while guaranteeing energy security to citizens at an affordable price.

**ENTSO-E**, the European Network of Transmission System Operators for Electricity, represents 41 transmission system operators (TSOs) from 34 European countries. ENTSO-E is legally mandated in the Third Energy Package and subsequent legislation with key tasks for the completion of the **Internal Energy Market** such as the development of EU network codes which become binding EU regulations to harmonise the electricity system and market, the establishment of pan-European Ten-Year Network Development Plans, and cooperation projects among TSOs on innovation, adequacy assessments and operational coordination.

As a neutral player at the centre of the electricity system, **ENTSO-E outlines below five concrete proposals** to achieve Europe's low carbon ambitions and take us towards a more resilient Energy Union

- 1. Secure the smooth adoption of all electricity network codes by the end of 2015 at the latest** – to ensure that key harmonised rules for the energy transition and the Internal Energy Market are put in place in a timely manner.
- 2. Launch a debate on the next steps for the electricity market design to deliver a more secure energy supply and better prices to citizens:**
  - The market should be designed to deliver effective price signals for energy investments and performance (e.g. capacity, flexibility);
  - All market participants should be incentivised to ensure system adequacy (based on cost-reflective balancing responsibility);
  - The demand side should participate as much as possible in all markets;
  - The EU Emissions Trading Scheme should deliver an investible carbon price.
- 3. Facilitate the further development of interconnectors to strengthen the EU's energy security with the objective of reaching the interconnection targets agreed by the heads of state and governments:**
  - Introduce the completion of Ten-Year Network Development Plan projects as one of the key indicators in the 2030 governance framework;
  - No later than 2017, perform a critical review of the 2013 Infrastructure (TEN-E) Regulation to further improve the permitting process, assess the effectiveness of its implementation, and, in particular, its impact on administrative burden;
  - Launch a pan-European communication plan to publicly support vital European infrastructure projects and help citizens understand the full benefit of the infrastructure, and also what the consequences of not building it would be.
- 4. Support the construction and funding of the EU's transmission lines to ensure a sustainable, affordable and secure energy supply for citizens:**
  - Foster the financeability of the upcoming investment challenges: regulatory regimes should be fit for enabling TSOs to finance the steep rise in capital expenditures;
  - EU funding, including part of the European Fund for Strategic Investments (EFSI), should play a pivotal role in modernising European grids and supporting innovation in the energy sector.
- 5. Encourage the EU Member States to submit their 2030 Energy Governance Framework plans as of next year** – to reinforce stability and predictability for energy stakeholders and facilitate accurate infrastructure planning and market design adaptations, based on TSO analyses of transition cost and time consequences.