



Régions Ultrapériphériques

Regiones Ultraperiféricas Europeas

Regiões Ultraperiféricas Europeias



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PRÉSIDENCE DE LA CONFÉRENCE DES RÉGIONS ULTRAPÉRIPHÉRIQUES

PUBLIC CONSULTATION

Evaluation of the TEN-E regulation – Regulation (EU) n°347/2013 of the European Parliament and of the Council of 17 April 2013

POSITION OF THE CONFERENCE OF THE PRESIDENTS OF THE OUTERMOST REGIONS REGARDING STRATEGIC PRIORITIES AND GUIDELINES FOR TRANS-EUROPEAN ENERGY INFRASTRUCTURES BEYOND 2020

4 September 2017

The Outermost Regions (OR) highlight the recognition of their specificities stated in the **COMMUNICATION FROM THE COMMISSION COM (2012) 287**, currently in force, **“The outermost regions of the European Union: towards a partnership for smart, sustainable and inclusive growth”** that outlines, under the proposals for the future, the following measures, in the internal and external dimensions:

- Under Emerging sectors - Sustainable Energy: “The EU will support current and new actions designed to reduce dependence on energy imports and on fossil fuels in the OR and to develop renewable energy sources through the structural funds and initiatives such as the "Pact of Islands". The objective will be to enhance self-sufficiency in energy, and support the creation of centres of excellence which would contribute to achieving a reduction in CO2 emissions of at least 20 % by 2020. Following suggestions made by the European Parliament in the field of energy, the Commission will examine with the OR and their Member States how funding for renewable energy and energy efficiency under the cohesion policy funds can best be deployed to meet the specific needs and capacities of the OR.”
- Under Integration in the single market: “The Single Market Act has underlined the importance of the single market as a competitiveness platform for the OR. A second chapter of the Single Market Act is to be adopted in autumn 2012. Wherever it is relevant, the specific situation of the OR will be taken into account to enable their full integration in the single market. The first obstacle to such integration is the OR' remoteness. The EU will take into account the OR dimension in the implementation and development of the trans-European networks in the fields of transport, telecommunications and energy. In these three fields, the OR will be included in projects of common interest where appropriate and in line with the policy objectives and criteria, as set out in the sectoral Guidelines once adopted. The proposed Connecting Europe Facility (CEF) will also follow this approach when identifying those projects of common interest eligible for funding.”
- Under protecting the outermost regions' environment - Climate action: “The EU will take action both in the fields of climate change mitigation and adaptation. ORs' resilience to climate change

impacts has to be increased by supporting climate change adaptation in all relevant sectors, and promoting a greener, low-carbon economy, the improvement of energy and resource efficiency as well as sustainability of transport and agriculture.”

- Under Energy: “The EU will support projects to create more effective energy markets encompassing the OR and neighbouring countries and territories.”

The COMMUNICATION’s conclusions underline that “Efforts to mitigate their permanent constraints and to ensure their full integration into the single market and into their respective neighbourhood need to be maintained and consolidated by actors at all levels”.

The OR recognize the importance, in terms of impact on the Union’s energy and climate policy goals and objectives, of the strategic guidelines for trans-European energy infrastructures defined in the REGULATION (EU) No 347/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 17 April 2013, which substantiated the investment priorities for 2020 in energy infrastructures of European significance based on the inclusion of the cross-border nature in the criteria and procedures for the classification, selection and eligibility for the granting of Union financial assistance to Projects of Common Interest.

Surpassed the period of priority financial assistance to projects of specific cross-border nature and having acknowledged their significant importance for boosting competitiveness in the European energy market, the OR consider of particular fairness, in the economic and social cohesion framework, that the Union takes into consideration the OR specific condition, of outermost natural energy islands that lack economies of scale, when defining strategic priorities and guidelines on trans-European energy infrastructures beyond 2020.

The condition of outermost natural energy islands and the lack of economies of scale determine increased challenges for the OR to ensure security and quality of energy supply with valorization of endogenous resources necessary for economy boosting and quality of life. These challenges are brought on from the constraints of small scale non-interconnected energy systems, aggravated in fragmented territories, and a high exterior dependence on fossil fuels, that imply a high vulnerability to transport overcosts and to the variation of international crude oil prices, in addition to specific logistic difficulties in access, transportation and storage of less polluting fuels, such as natural gas.

Although the projects of the OR do not achieve the ratios of the projects with an European mainland dimension and typology, being excluded from Union financial assistance if integrated in a performance ranking at a Union level under the criteria of the current regulatory framework, the OR consider the financial assistance for carrying out their projects is justified as it allows to overcome the constraints of isolated systems and provide a significant impact in boosting the competitiveness of their peripheral economies based on the valorization of endogenous resources. This assistance would allow the OR, under the cohesion principle, to achieve the goals and objectives of sustainability and socio-economic development within their territories which the Union also aspires for its territory.

The OR consider that the Union financial assistance for the projects of their outermost isolated trans-European energy networks, by enabling them to attain in their territories the added value that the Union aims for in the European market, does not constrain the allocation of the majority share of the Union’s financial resources to Projects of Common Interest under European mainland priority corridors and areas, which, by their dimension, have a strong impact in fostering the competitiveness of the European energy market, security of energy supply and valorization of endogenous resources of the Union.

Underlining what is stated in the **COMMUNICATION FROM THE COMMISSION COM (2012)287**, the OR:

- Alert to the fact that the specificities of their isolated small scale non-interconnected energy systems should not constitute an obstacle to the opportunities for development, growth, and job creation associated to the Union's priorities, namely regarding energy and climate objectives for 2020 and beyond, and justify a particular framework for these regions, respecting a harmonious development inherent to the principle of territorial cohesion and the right to clean energy for all Europeans, that guide the Union's policies.
- Consider that the constraints that limits the OR access to the benefits of competitiveness inherent to the internal energy market, justify the increased importance in boosting competitiveness based on the valorization of endogenous resources supported on the development of the energy infrastructures of each of their non-interconnected systems, that allows to reach the Union's energy policy objectives on sustainability and security of supply, that together with competitiveness, are at the base of the Union's strategy for 2020 and beyond.
- Underline that, in remote, small scale non-interconnected energy systems, the increased difficulties and overcosts to ensure security and quality of supply with valorization of endogenous resources are aggravated by the lack of economies of scale, particularly in fragmented territories, and have market shortcomings which condition private investment and have been difficult to overcome through regulatory measures due to their lack of adequacy to the specific market conditions of each isolated system. These circumstances determine that the OR markets, on their own, are still not susceptible to produce efficient results, being that the specific investment challenges in these territories justify the continuation of public sector interventions and the Union financial assistance for projects that guarantee a high level of security of energy supply in isolated systems, strengthen the Union's solidarity or propose highly innovative solutions.

The natural context of energy islands and their outermost condition calls for increased efforts to overcome the technical barriers of non-interconnected systems, without access to the internal energy market and inherent services, which implies huge investments in energy infrastructures (namely in reserve capacity, transmission networks including inter-island submarine cables, energy storage systems, intelligent networks and logistics to access, transportation and storage of less-polluting fuels, such as natural gas), that, as a whole, may guarantee the security and quality of energy supply with integration of their endogenous resources, particularly renewable resources variable in nature.

In isolated energy systems, the investments in energy infrastructures and renewable energies, essential to security of supply and reduction of exterior dependence, are conditioned by the lack of economies of scale and transport overcosts, felt particularly in fragmented territories of archipelagos, and which lead to longer payback periods and higher risks for the investors. This context has been restricting the renewable energy market and inherently distorted competition in favour of other energy sources, in particular fuel oil, the dominant energy carrier in isolated systems of the OR.

As stated and supported by the proposals of the **COMMUNICATION FROM THE COMMISSION COM(2012)287**, currently in force, under the evolution of the Union's policies, regulations, priorities and financial assistance mechanisms, the OR consider that their right to integrate the Union's single market, as a competitiveness platform, and their condition of outermost natural energy islands, justify, in the economic and social cohesion framework, an approach to the evolution of **the REGULATION (EU) No 347/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 17 April 2013**, that does not exclude their projects of the possibility for classification

as European Projects of Common Interest, integration in the Union List and access to granting Union financial assistance. In this context, under the evolution of **the REGULATION (EU) No 347/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 17 April 2013**, the OR propose:

1. That a specific priority corridor or area be established for the OR or a specific criterion be integrated allowing to not exclude, by incompliance with the cross-border nature, the OR projects of priority corridors or areas that will become established, in order to value the projects' contribution to the Union's goals and objectives beyond 2020, based on the impact on its respective isolated system.
2. That the definition of energy infrastructure categories does not exclude, for their characteristics and/or size, the infrastructures of OR conditioned by the lack of scale inherent to the small size of its outermost regions, aggravated by the fragmentation in the archipelagos.
3. That the criteria and procedures for evaluating OR projects be based on the impact on the specific goals and objectives of each of their isolated energy systems, bearing in mind the potential of their endogenous resources and their specific conditions of competitiveness, for the purpose of classification of Projects of Common Interest, selection for inclusion in the Regional List and in the Union List, and granting Union financial assistance, namely from the Connecting Europe Facility in combination with other funds, such as structural funds.