

**Brussels, 14 September 2012**

**Recommendations on the draft report of Rapporteur Campos regarding the Commission Proposal for a Regulation on Guidelines for Trans-European Energy Infrastructure (“TEN-E”)**

In view of the upcoming vote of the European Parliament’s ITRE Committee on the draft report of its Rapporteur, Mr Correira de Campos, concerning the draft TEN-E Regulation, Orgalime kindly requests your support for the following comments and voting recommendation.

We widely welcome the Commission’s infrastructure package, including the draft TEN-E Regulation, and related work of the European Parliament to step up efforts in investing and making trans-European energy infrastructures fit for meeting future societal challenges.

We consider the proposal for a TEN-E Regulation as an opportunity to achieve more competitive, flexible, integrated, energy efficient energy infrastructures, while ensuring security and reliability of energy supply. This is not only essential for European industries, which depend on energy input for their manufacturing processes, but also of utmost importance for the overall welfare of European citizens in a modern society.

As key technology providers for the generation, transmission, distribution and use of energy and energy related products, but also as significant energy users, European engineering industries represented by Orgalime are particularly committed to contribute to upgrading and modernising energy infrastructures in Europe and beyond. We are equally committed to work together with all other actors and stakeholders in the interest of achieving smart, sustainable, cost-efficient and inclusive growth solutions.

Regarding the draft TEN-E Regulation, it is in our view essential to properly identify, define and harmonise the criteria for the selection of “Projects of Common Interest” (PCI’s). Thus, our comments and recommendations **focus on the EP’s discussions regarding article 4 and Annex IV of the Commission’s TEN-E proposal**, and in particular on shaping the conditions defining significant cross border impacts of a smart grid project to better exploit the benefits and potential of smart grids for Europe and its citizens.

**In this respect, the following proposed criteria require particular modification from our point of view:**

**1. The proposed threshold of 10 kV or more**

We are concerned with the Commission’s proposal for a threshold of "10 kV or more", which restricts the scope of the project to equipment and installations at high-voltage and medium-voltage. Smaller scale smart grid projects in the distribution grid are excluded, while they should in our view also be eligible to optimise benefits from smart grids and speed up their introduction:

*Orgalime, the European Engineering Industries Association, speaks for 37 trade federations representing some 130,000 companies in the mechanical, electrical, electronic, metalworking & metal articles industries of 22 European countries. The industry employs some 10.2 million people in the EU and in 2011 accounted for some €1,666 billion of annual output. The industry not only represents some 28% of the output of manufactured products but also a third of the manufactured exports of the European Union.*

- It is necessary to design projects for equipment and installations at all levels, including the low voltage, as most of the benefits can presently be achieved in low voltage networks, where the highest numbers of consumers and small power generation facilities connect.
- As the majority of consumers is in fact connected at low voltage level and in the end required to pay the bill, it will be difficult for the consumer to understand why Europe favours substantial investment in new assets for smart grid projects without identifying projects of visible benefit and real cost - benefits that are close to the consumer's electricity needs.

**Therefore, we believe that the criteria for the scope of smart grids need to be extended to low voltage networks.**

Following the Commission proposal, smaller smart grid projects can be eligible under the TEN-Telecom draft regulation. While ICT is used to make the networks more intelligent, projects “down the last mile” are designed for the supply of energy to consumers.

**Therefore, the selection of this type of projects should be based on energy related criteria defined in the TEN-E Regulation.**

## **2. The minimum threshold of 100,000 users**

The Commission's draft TEN-E Regulation proposes a minimum threshold of 100,000 users to be covered by transmission and distribution operators involved in the project. However, such a mandatory figure (100,000 users) is in our view too restrictive and will result in blocking many promising smart grid projects, most of which deal with small communities.

**The future criteria should therefore allow projects to address smart grid in small communities, such as villages and small towns with 5,000, 10,000 or 20,000 users.**

## **3. The proposed minimum threshold of 20% of electricity generated or consumed from non-dispatchable resources**

The proposed minimum threshold of 20% of electricity generated or consumed from non dispatchable resources, such as solar or wind sources, seems too high to us. While this figure supports the development of renewable energy, it may result in restricting the scope of smart grid projects.

**We therefore support further flexibility as regards the proportion of electricity originated from non dispatchable resources, as this is the way to favour a step by step integration of renewable energies into the grid system.**

Smart Grid projects need in fact to solve the real local technical issues arising at low voltage level, providing solutions close to consumers.

### **Voting recommendations**

**Orgalime kindly asks you to SUPPORT AMENDMENT 767.**

**However, Orgalime remains concerned with several elements of amendments 101 and 766, and we therefore kindly request you to reject them.**