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Energy

EU invests €444 million in key energy infrastructure

In Brussels, on 17 February 2017 EU Member States agreed on the Commission's proposal to invest €444 million in priority European energy infrastructure projects. The 18 selected electricity, smart grids and gas projects will contribute to achieving the Energy Union's goals by connecting European energy networks, increasing security of energy supply, and contributing to the sustainable development by integrating renewable energy sources across the EU.

The Energy Union strategy has at its centre the transition to a low-carbon, secure and competitive economy. Properly interconnected electricity lines and gas pipelines form the backbone of an integrated European energy market. Investing in sustainable and renewable energy sources helps accelerate the energy transformation in Europe and ensures that such a transformation is used for the EU industry to reach a leading position in low-carbon technologies, thereby fostering green growth and jobs – all priorities of the Juncker Commission.

The money for the chosen projects comes from the Connecting Europe Facility (CEF), the EU's funding support programme for infrastructure.

Commission Vice-President for Energy Union Maroš Šefkovic said: "*I welcome today's agreement by the Member States. These are important projects with major cross-border implications. They are a tangible sign of what the Energy Union means for Europe and how the European Union can help making our countries stronger by cooperating closely together*."

Commissioner for Climate Action and Energy Miguel Arias Cañete said: "*This is another milestone in the setup of a cleaner, more competitive European energy market. An energy infrastructure which is fit for purpose is essential for renewables to thrive. Thanks to this upgrade, the proposals in the Clean Energy for All Europeans package are even closer to become a reality. The EU is demonstrating its commitment to delivering cheaper, more sustainable and secure energy to European consumers*".

Renewables: Europe on track to reach its 20% target by 2020

How is Europe performing in renewable energy?

Having achieved a share of 16% renewables in its final energy consumption in 2014 and an estimated share of close to 16.4% in 2015, the EU as a whole is well on track to reach its 20% target by 2020. However, Member States will have to keep up their efforts in order to reach their national goals.

Europe as a whole is performing well in its deployment of renewables. In 2011, renewables generated 21.7% of the EU's electricity; three years later, this figure has reached 27.5%, and it is expected to climb to 50% by 2030. The EU's initial efforts in promoting the use of renewables facilitated this continued growth which resulted in lowered renewable costs: the prices of photovoltaic modules fell by 80% between the end of 2009 and the end of 2015. Renewables have now become cost-competitive, and sometimes even cheaper than fossil fuels.

The renewable energy sector plays a key role for the EU economy with a turnover of around €144bn in 2014 and more than one million people employed.

European investments have dropped by more than half since 2011 to €44bn last year, while global investments in renewable energy continue to increase to above €260bn.

Europe's energy transition is well underway

The Second Report on the State of the Energy Union shows that the modernisation of the European Union economy and the transition to a low-carbon era are happening.

In terms of greenhouse gas emissions, energy efficiency and renewable energy, Europe is on track to reach its 2020 targets. To further drive this process, the Commission today is announcing a new Energy Union tour.

In line with its commitment to report annually on the state of the Energy Union, the European Commission is publishing today its Second State of the Energy Union Report. This report looks at the progress made since the publication of the first State of the Energy Union in November 2015.

These reports are central elements to monitor the implementation of this key priority of the Juncker Commission.

Since the publication of the first State of the Energy Union, several trends in the EU's transition to a low-carbon economy were continued and strengthened. The Commission will carry out further in-depth analysis of Member States' policies, using the new Energy Union Tour throughout 2017.

For the Energy Union, 2016 was the year of delivery where the vision of the Energy Union Framework Strategy was further translated into concrete legislative and non-legislative initiatives, above all with the "Clean Energy for all Europeans" package presented on 30 November 2016.

The EU as a whole has continued to make good progress on delivering the Energy Union objectives, in particular on the 2020 energy and climate targets (see MEMO/17/162 and MEMO/17/163). It has already achieved its 2020 final energy consumption target. The same is true for greenhouse gas emissions: in 2015, EU greenhouse gas emissions were 22% below the 1990 level. The EU is also on track in the renewable sector where – based on 2014 data – the share of renewables reached 16 % of the EU's gross final energy consumption. Another important trend is that the EU continues to successfully decouple its economic growth from its greenhouse gas emissions. During the 1990-2015 period, the EU's combined Gross Domestic Product (GDP) grew by 50 %, while total emissions decreased by 22 %.

Following the conclusion of the Paris Agreement in December 2015, it was the swift ratification by the EU that enabled the entry into force of the first-ever universal, legally-binding global climate deal on 4 November 2016.

In a fast-changing geopolitical environment, a successful Energy Union is crucial to protect the long term economic interests and well-being of Europe and of Europeans. That is why work on the Energy Union in the past months has included a reinforced focus on energy diplomacy, designed to strengthen security of energy supply, to expand exports of EU low carbon technology solutions and to boost Europe's industrial competitiveness.

In 2016, the Commission also presented a European low emission mobility strategy with a clear ambition: by mid-century, greenhouse gas emissions from transport should be at least 60 % lower than in 1990 and be firmly on the path towards zero, while ensuring the mobility needs of people and goods as well as global connectivity.

State aid

Commission green-lights German green cars infrastructure

The European Commission has decided that Germany's scheme to roll out a network of user-friendly infrastructure for charging electric vehicles across the country is in line with EU state aid rules. It addresses a real gap in the market without unduly affecting competition in the Single Market.

Commissioner Margrethe Vestager, in charge of competition policy, said that "Electric vehicles can provide real benefits to society by reducing harmful emissions and noise pollution. The German support scheme will encourage consumers and businesses to use electric vehicles. It will provide the necessary infrastructure in a cost-effective way in line with EU state aid rules".

At a cost of in total €300 million over four years, this measure promotes the installation of new standard and high-speed charging stations for electric vehicles, as well as the extension of the existing infrastructure. The scheme is open to all, including companies, individuals and local authorities, and support will be awarded progressively through an open and transparent tender procedure. It requires that the electricity for the charging infrastructure comes from renewable energy sources.

The Commission considers that this measure will encourage a significant uptake of electric vehicles and therefore make a major contribution towards meeting the common interest of reducing emissions and improving air quality. The measure will also support the European Strategy for low-emission mobility, in particular in terms of the objective of speeding up the deployment of low-emission alternative energy for transport and contributing to the decarbonisation agenda.

This support measure is expected to stimulate investment in a market that still requires incentives before it can function on its own. The Commission expects that the financial support for the construction of charging infrastructure will create the conditions for its further expansion without any further support in the future. It will also encourage the use of electric vehicles on German and European roads.

On this basis, the Commission concluded that the measure is in line with EU state aid rules (Article 107(3)(c) of the Treaty on the Functioning of the European Union), which allow aid to facilitate the development of economic activities in the common interest under certain conditions.

Commission endorses three French initiatives to produce more than 2600 megawatts in renewable energy

The European Commission has endorsed three French schemes to support solar and hydropower energy generators in France under EU state aid rules. The schemes will allow France to develop around 2600 megawatts of additional solar capacity and 60 megawatts of additional hydropower capacity.

The two solar schemes together have a provisional budget of €439 million per year (or a total of €8.8 billion over 20 years) and the hydropower scheme has a provisional budget of €25 million per year (or a total of €500 million over 20 years). These measures will help France achieve its 2020 target of producing 23% of its energy needs from renewable sources.

Commissioner Margrethe Vestager, responsible for Competition, said: "*These French initiatives will stimulate a greater use of renewable energy sources and provide legal certainty to the sector, while limiting the use of state support to the minimum. This is a very important balance for Europe in the pursuit of our environmental objectives*".

The approved schemes consist of the following measures:

- A solar scheme which provides for the payment of a preferential price (feed-in tariff) to operators of small-scale solar installations of less than 100 kilowatts in size, installed on domestic or commercial roofs. This scheme will develop around 1500 megawatts in additional solar capacity.
- A solar support scheme for operators of larger solar installations (those between 100 and 250 kilowatts and those above 250 kilowatts) with a feed-in tariff over twenty years. France selected the beneficiaries of this scheme under tenders conducted between July 2011 and March 2013. This scheme will develop around 1100 megawatts in additional solar capacity.
- A hydropower support scheme that will grant support for up to 60 megawatts of new hydropower plants. The beneficiaries will be selected through a tender. Plants with a capacity of less than 500 kilowatts may receive a feed-in tariff while bigger installations will receive their support in the form of a top-up payment or 'feed-in premium', which will fluctuate depending on the market price for electricity.

The Commission assessed all three schemes under EU state aid rules, which ensure that the use of public funds is limited and there is no overcompensation. It concluded that the measures will boost the share of electricity produced from renewable energy sources, in line with the environmental objectives of the EU, while the distortion of competition caused by the state support is minimised.

Antitrust

Commission confirms unannounced inspections in the electricity sector in Greece

The European Commission confirmed that on 14 February 2017 its officials carried out unannounced inspections at the premises of companies active in the generation, transmission and supply of electricity in Greece.

The Commission has concerns that the relevant companies may have engaged in anti-competitive practices in breach of EU antitrust rules that prohibit the abuse of a dominant position (Article 102 of the Treaty on the Functioning of the European Union) or that they are in possession of information relating to such practices.The Commission officials were accompanied by their counterparts from the Hellenic Competition Commission.

Unannounced inspections are a preliminary step into suspected anti-competitive practices. The fact that the Commission carries out such inspections does not mean that the companies are guilty of anti-competitive behaviour nor does it prejudge the outcome of the investigation. The rights of defence, in particular the right of companies to be heard in antitrust proceedings are in any case well respected.

There is no legal deadline to complete inquiries into anti-competitive conduct. Their duration depends on a number of factors, including the complexity of each case, the extent to which the companies concerned co-operate with the Commission and the exercise of the rights of defence.

Commission fines three companies €68 million for car battery recycling cartel

The European Commission has fined Campine, Eco-Bat Technologies and Recylex a total of €68 million for fixing prices for purchasing scrap automotive batteries, in breach of EU antitrust rules.

A fourth company, Johnson Controls, was not fined because it revealed the existence of the cartel to the Commission.

Commissioner Margrethe Vestager, in charge of competition policy, said: "*Well functioning markets can help us reduce waste and support the circular economy. Therefore, we do not tolerate behaviour that undermines competition. The four companies fined today have colluded to maximise their profits made from recycling scrap batteries, reducing competition in this essential link of the recycling chain*."

From 2009 to 2012, four recycling companies took part in a cartel to fix the purchase prices of scrap lead-acid automotive batteries in Belgium, France, Germany, and the Netherlands. The companies are Campine (Belgium), Eco-Bat Technologies (UK), Johnson Controls (US) and Recylex (France).

Recycling companies purchase used automotive batteries (from cars, vans or trucks) from scrap dealers or scrap collectors. The used batteries are obtained from collection points such as garages, maintenance and repair workshops, battery distributors, scrapyards and other waste disposal sites. Recycling companies carry out the treatment and recovery of scrap batteries and then sell recycled lead, mostly to battery manufacturers, who use it to make new car batteries.

Unlike in most cartels where companies conspire to increase their sales prices, the four recycling companies colluded to reduce the purchase price paid to scrap dealers and collectors for used car batteries. By coordinating to lower the prices they paid for scrap batteries, the four companies disrupted the normal functioning of the market and prevented competition on price.

This behaviour was intended to lower the value of used batteries sold for scrap, to the detriment of used battery sellers. The companies affected by the cartel were mainly small and medium-sized battery collectors and scrap dealers.

The majority of the anti-competitive contacts between the four recycling companies took place on a bilateral basis, mainly through telephone calls, emails, or text messages. Some contacts also took place in person, either in bilateral meetings or, less frequently, in multilateral meetings. The parties were well aware of the illegal character of their contacts and sometimes tried to disguise them by using coded language, for examplereferring to weather conditions to signal different price levels.

The decision of the Commission intends to ensure that there will be competition on the merits between recyclers of automotive batteries and real competitive price setting for used automotive batteries.

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