

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

establishing a programme to aid economic recovery by granting Community financial assistance to projects in the field of energy

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 156 and 175(1) thereof,

Having regard to the proposal from the Commission¹,

Having regard to the opinion of the European Economic and Social Committee²,

Having regard to the opinion of the Committee of the Regions³,

Acting in accordance with the procedure laid down in Article 251 of the Treaty⁴,

Whereas:

- (1) The European economy is facing a sharp downturn resulting from the financial crisis.
Extraordinary and immediate efforts are needed to counter the serious, unprecedented economic situation. In order to restore confidence among market players, measures impacting on the economy need to be finalized without delay.
- (2) At the same time it is clear that the long-term strength and sustainability of the European economy depends on reshaping it to face the demands of energy security and the need to reduce greenhouse gas emissions. Increasing concerns about securing reliable gas supplies reinforce this conclusion.
- (3) In the light of these concerns, the European Council at its meeting of 11 and 12 December 2008⁵ endorsed the European Economic Recovery Plan⁶, setting out how Member States and the European Union can coordinate their policies and provide new stimulus to the European economy, targeting that stimulus to the Community's long-term objectives.

¹ OJ C , , p. .[must get complete references!]

² OJ C , , p. .

³ OJ C , , p. .

⁴ OJ C , , p. .

⁵ The conclusions of the Presidency of the European Council meeting in Brussels on 11-12 December 2008, 17271/08, point 9

⁶ COM (2008) 800

(4) An important part of the Recovery Plan was the proposal to increase Community spending in defined strategic sectors, addressing lack of confidence among investors and helping develop the path to a stronger economy for the future. The European Council asked the Commission to present a list of concrete projects, taking into account an adequate geographical balance, to reinforce investments for the development of, in particular, infrastructure projects.

(5) **For the Recovery Plan to be effective, it is vital** to finance measures that rapidly address both the economic crisis and the Community's urgent energy needs. **Nevertheless, this special programme in no way sets a precedent for future co-financing rates within sphere of infrastructure investments.**

(6) To have a tangible and substantial impact, this investment should be focussed on a few specific sectors. These should be sectors in which:

- (a) the action will make a clear contribution to the objectives of security of energy supply and the reduction of greenhouse gas emissions;
- (b) there exist large, mature projects capable of making efficient and effective use of significant amounts of financial assistance and of catalysing significant amounts of investment from other sources, including the European Investment Bank; and
- (c) action at European level can add value.

The sectors of gas and electricity **infrastructure**; offshore wind energy; and carbon capture and storage fulfil these criteria.

(7) In the case of gas and electricity **infrastructures**, the challenges have developed in the course of the last years. The recent gas crises (winters 2006 and 2009) and the increase of oil prices until mid-2008 showed how much Europe was vulnerable. Indigenous energy resources – gas and oil – are decreasing so that Europe is increasingly dependent on imports for its energy supply. In this context, energy infrastructure will play a crucial role.

(8) However, the current economic and financial crisis is affecting the implementation of energy infrastructure projects. Some important projects – including projects of Community interest – may face severe delays in implementation due to scarcity of funds. Urgent action to support investment in energy **infrastructure** is therefore appropriate. Given the significant time necessary to plan and then execute such projects it is important that the Community invests in such infrastructure immediately so that it may, in particular, accelerate the development of projects of particular importance to security of energy supply within the Community. This will be vital in ensuring the Community's security of energy supply at competitive prices when the economy rebounds and global energy demand increases.

(9) Among the energy infrastructure projects, it is necessary to select projects that are important to the operation of the internal energy market, to the security of energy supply and which also contribute to the recovery of the economy.

- (10) In the cases of carbon capture and storage and offshore wind energy, this Regulation builds on the Strategic Energy Technology Plan for Europe⁷, which called for a joint and strategic plan for energy research and innovation efforts in alignment with EU energy policy goals, while committing towards the establishment of six European Industrial Initiatives, and in particular in these two areas. The European Council at its meeting on 16 October 2008⁸ called on the Commission to significantly accelerate the implementation of the Technology Plan. This Programme initiates the funding for Carbon Capture and Storage and off-shore wind without prejudice to the future setting up of the six industrial initiatives on energy demonstration projects as outlined by the Strategic Energy Technology Plan for Europe.
- (11) In order to have an immediate impact on the economic crisis, it is **essential** for this Regulation to list the projects that may receive immediate financial assistance, subject to conformity with criteria that ensure efficiency and effectiveness and to the limits set by the financial envelope.
- (12) In the case of gas and electricity **infrastructure** projects, this list is established according to the project's contribution to the objectives of security and diversification of supply as identified in the recent 2nd Strategic Energy Review⁹ and endorsed by the European Parliament and the Council.¹⁰ Projects are selected on the basis that they implement the priorities identified in that Review, have achieved a reasonable degree of maturity, and contribute to:
- (a) Security and diversification of sources of energy and supplies;
 - (b) Optimisation of the capacity of the network and the integration of the internal energy market, in particular concerning cross-border section;
 - (c) Development of the network to strengthen economic and social cohesion by reducing the isolation of the less-favoured and island regions of the Community;
 - (d) Connection of renewable energy resources;
 - (e) Safety, reliability and interoperability of interconnected networks; **and**
 - (f) Solidarity between Member States.

Realisation of these projects will require a commitment from national, regional and local authorities to accelerate administrative procedures and authorisations. For many projects, support will not be forthcoming within the timeframe set if this acceleration does not take place.

⁷ "A European strategic energy technology plan (SET Plan) - Towards a low carbon future" (COM (2007) 723)

⁸ The conclusions of the Presidency of the European Council meeting in Brussels on 16 December 2008, [exact reference]

⁹ COM (2008) 781

¹⁰ [references]

- (13) In the case of offshore wind energy, the list contains projects that can be considered, on the basis of information gathered from stakeholders in the framework of the European Wind Energy Technology Platform, industrial sources and other sources, to be approved and ready for implementation; to be innovative, while building on well established concepts; to be capable of acceleration in response to a financial stimulus; to have a cross border significance; to be of a large scale; and be able to demonstrate how the results of technological advances will be disseminated effectively in the light of the objectives and structures endorsed by the Strategic Energy Technology Plan for Europe. Financial assistance should be directed towards those projects that are in a position to progress substantially with project development in 2009 and 2010.
- (14) In the case of carbon capture and storage, this list should be **largely** established on the basis of information gathered from stakeholders in the framework of the Fossil Fuel Forum, the Zero Emissions Fossil Fuel Power Plants Technology Platform and other sources. Financial assistance should be directed towards those projects that are in a position to progress substantially with project development in 2009 and 2010.
- (15) Readiness should be assessed on the basis of the existence of a mature and feasible concept for the **industrial installation**, including its carbon capture component; the existence of a mature and feasible concept for the transport and storage of CO₂; and articulated commitment of local authorities to support the project. Projects will also need to demonstrate how the results of technological advances will be disseminated effectively and how they will accelerate the achievement of the objectives laid down in the Strategic Energy Technology Plan for Europe.
- (16) It will be necessary to select among the eligible projects. This selection should ensure, *inter alia*, that no more than one carbon capture and storage project is supported in each Member State, in order to ensure the investigation of a wide range of geological storage conditions and to support the objective of encouraging economic recovery across Europe.
- (17) Community funding should not unduly distort competition or the functioning of the internal market, having regard in particular the rules on third party access and possible third party access exemptions. Any further national funds in addition to this Community funding will have to take into account State aid rules.

Regardless of its form, the Community financial assistance should be granted in accordance with the provisions of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities¹¹ (the "Financial Regulation") and of Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities¹², except where the provisions of the present Regulation explicitly depart from those rules.

¹¹ OJ L 248, 16.9.2002, p. 1.

¹² OJ L 357, 31.12.2002, p. 1.

- (18) Due to the urgent need to address the economic crisis and the Community's pressing energy needs this Regulation **already contains detailed provisions, including a list of eligible projects, on the financial modalities for the assistance to be granted. In addition, due to the urgent need for the stimulus, all legal commitments implementing the budgetary commitments made in 2009 and 2010 should be made before the end of 2010.**
- (19) When actions financed under this Regulation are implemented, the financial interests of the Community should be protected by the application of preventive measures against fraud, corruption and any other illegal activities, by effective checks and by the recovery of amounts unduly paid and, if irregularities are detected, by effective, proportional and dissuasive penalties, in accordance with Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities financial interests¹³, Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities¹⁴ and with Regulation (EC) No 1073/1999 of the European Parliament and of the Council of 25 May 1999 concerning investigations conducted by the European Anti-Fraud Office (OLAF)¹⁵.
- (20) Since the objectives of this Regulation to aid economic recovery within the Community, face the demands of energy security and reduce greenhouse gas emissions by increasing spending in defined strategic sectors cannot be sufficiently achieved by the Member States, and can therefore, by reason of the scope of this Regulation and the nature of the sectors and projects selected, be better achieved at Community level, the Community may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve those objectives.
- (21) Taking into account the nature of the issues in the sub-programmes, the Commission should be assisted by different committees for the selection of proposals retained for funding and the determination of the amount of funding to be granted under each sub-programme.
- (22) The measures necessary for the implementation of this Regulation should be adopted in accordance with Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission.¹⁶
- (23) Due to the urgent need to address the economic crisis and the Community's pressing energy needs, this Regulation should enter into force immediately after its publication,

HAVE ADOPTED THIS REGULATION:

¹³ OJ L 312, 23.12.1995, p. 1.

¹⁴ OJ L 292, 15.11.1996, p. 2.

¹⁵ OJ L 136, 31.5.1999, p. 1.

¹⁶ OJ L 184, 17.7.1999, p.23.

CHAPTER I INTRODUCTORY PROVISIONS

Article 1 *Subject matter*

This Regulation establishes a financing instrument, the European Energy Programme for Recovery, hereinafter referred to as "the EEPR", for the development of projects in the field of energy in the Community that contribute **by providing a financial impulse** to economic recovery, the security of energy supply and the reduction of greenhouse gas emissions.

It establishes sub-programmes to advance those objectives in the fields of:

- (a) gas and electricity **infrastructures**;
- (b) offshore wind energy; and
- (c) carbon capture and storage.

It identifies projects to be financed under each sub-programme and lays down criteria for identifying and implementing actions to realise these projects.

Article 2 *Definitions*

For the purposes of this Regulation, the following definitions shall apply:

- (a) "carbon capture and storage" shall mean the capture of carbon dioxide (CO₂) from **industrial** installations, its transport to a storage site and its injection into a suitable **underground** geological formation for the purposes of permanent storage;
 - (b) "eligible costs" shall have the same meaning as in Regulation (EC) No 2342/2002
 - (c) "gas and electricity **infrastructures**" shall mean :
 - (i) all high-voltage lines, excluding those of distribution networks, and submarine links, provided that this infrastructure is used for interregional or international transmission or connection;
 - (ii) high-pressure gas pipelines, excluding those of distribution networks;
 - (iii) underground storage facilities connected to the high-pressure gas pipelines referred to in point (ii);
 - (iv) reception, storage and regasification facilities for liquefied natural gas (LNG); and
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- (v) any equipment or installations essential for the **infrastructure referred to in sub-paragraph (i), (ii), (iii) or (iv)** to operate properly, including protection, monitoring and control systems;
- (d) "part of a project" means any activity that is independent financially, technically or over time and which contributes to the completion of a project;
- (e) "investment phase" shall mean the phase of a project during which construction takes place and capital costs are incurred;
- (f) "offshore wind energy" shall mean the electric power generated from turbine engines powered by wind and that are situated in the sea - near or far from the shore;
- (g) "planning phase" shall mean the phase of a project that precedes the investment phase, during which project implementation is prepared, including, where appropriate, feasibility assessment, preparatory and technical studies and the obtaining of licences and authorisations **and capital costs are incurred.**

Article 3 Budget

1. The financial envelope for the implementation of the EEPR for 2009 and 2010 shall be EUR **3,980** million, allocated as follows:
 - (a) gas and electricity **infrastructure** projects: EUR **2,365** million;
 - (b) offshore wind energy projects: EUR **565** million;
 - (c) projects for carbon capture and storage: EUR **1,050** million.
2. **Individual legal commitments implementing the budgetary commitments made in 2009 and 2010 shall be made before 31 December 2010.**

CHAPTER II SUB-PROGRAMMES

SECTION 1 GAS AND ELECTRICITY INFRASTRUCTURE PROJECTS

Article 4 Objectives

The Community shall promote gas and electricity **infrastructure** projects having the highest Community added value and contributing to the following objectives:

- (a) security and diversification of sources of energy, **routes** and supplies;
- (b) optimisation of the capacity of the energy network and the integration of the internal energy market, in particular concerning cross-border section;
- (c) development of the network to strengthen economic and social cohesion by reducing the isolation of the less-favoured and island regions of the Community;
- (d) connection **and integration** of renewable energy resources; and
- (e) safety, reliability and interoperability of interconnected energy networks, **including enabling multidirectional gas flows**.

Article 5 *Priorities*

The EEPR shall serve to urgently adapt and develop energy networks of particular importance to the Community in support of the operation of the internal energy market and, in particular, **to increase interconnection capacity**, security and diversification of supply and to overcome environmental, technical and financial obstacles. Special Community support is necessary to develop energy networks more intensively and to accelerate their construction, **notably where the diversity of routes and sources of supply is low**.

Article 6 *Granting of Community financial assistance*

1. Financial assistance under the EEPR (hereinafter referred to as "EEPR assistance") for gas and electricity **infrastructure** projects shall be awarded to actions that realise the projects in the Annex, Part A, **contributing to the objectives laid down in Article 4**, or parts thereof.
2. The Commission shall call for proposals to identify the actions referred to in paragraph 1 and shall assess the compliance of these proposals with the eligibility criteria laid down in Article **7** and the selection and award criteria laid down in Article **8**. The Commission shall inform the beneficiaries of any EEPR assistance to be granted.

Article 7 *Eligibility*

1. Proposals shall be eligible for EEPR assistance only if they implement the projects listed in the Annex, Part A, do not exceed the maximum amount of EERP assistance laid down there **and fulfil the selection and award criteria under Article 8**.
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2. Proposals may be submitted:
 - (a) by one or several Member States acting jointly;
 - (b) with the agreement of **all Member States** directly concerned by the project in question, by one or several public or private undertakings or bodies acting jointly;
 - (c) with the agreement of all Member States directly concerned by the project in question, by one or several international organisations acting jointly; or
 - (d) with the agreement of all Member States directly concerned by the project in question, by a joint undertaking.
3. Proposals submitted by natural persons shall not be eligible.

Article 8
Selection and award criteria

1. In assessing the proposals received under the call for proposals referred to in Article **6(2)**, the Commission shall apply the following selection criteria:
 - (a) the soundness and technical adequacy of the approach;
 - (b) the soundness of the financial package for the full investment phase of the action.
 2. In assessing the proposals received under the call for proposals referred to in Article **6(2)**, the Commission shall apply the following award criteria:
 - (a) maturity, **defined as reaching the investment stage, and incurring substantial capital expenditure** by the end of 2010;
 - (b) the extent **up** to which lack of access to finance is holding back the implementation of the action;
 - (c) the extent to which EEPR assistance will stimulate public and private finance;
 - (d) socio-economic impacts;
 - (e) environmental impacts;
 - (f) the contribution to the continuity and interoperability of the energy network, as well as to the optimisation of its capacity;
 - (g) the contribution to the improvement of service quality, safety and security;
 - (h) the contribution to the creation of a well integrated energy market.**
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Article 9
Funding conditions

1. EEPR assistance shall **contribute to** project-related expenditure **for the implementation of the project**, incurred by the beneficiaries or by third parties responsible for the implementation of a project.
2. EEPR assistance shall not exceed 50% of the eligible costs.

Article 10
Instruments

1. Following the call for proposals referred to in Article **6**(2), the Commission, acting in accordance with the procedure referred to in Article **26**(2), shall select the proposals to receive EEPR assistance and determine the amount of EEPR assistance to be granted. The Commission shall specify the conditions and methods for their implementation.
2. EEPR assistance shall be granted on the basis of Commission decisions.

Article 11
Member States' financial responsibilities

1. Member States shall undertake the technical monitoring and financial control of projects in close cooperation with the Commission and shall certify the amount and the conformity with this Regulation of the expenditure incurred in respect of projects or parts of projects. Member States may request the participation of the Commission during on-the-spot checks.
2. Member States shall inform the Commission of the measures taken under paragraph 1 and, in particular, shall supply a description of the control, management and monitoring systems established to ensure that projects are successfully completed.

SECTION 2
OFFSHORE WIND PROJECTS

Article 12
Granting of EEPR assistance

1. EEPR assistance for offshore wind projects shall be awarded following a call for proposals limited to the actions that realise the projects listed in the Annex, Part B.
 2. The Commission shall call for proposals to carry out the actions referred to in paragraph 1 and shall assess the compliance of these proposals with the eligibility criteria laid down in Article **13** and the selection and award criteria laid down in Article **14**.
 3. The Commission shall inform the beneficiaries of any EEPR assistance to be granted.
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Article 13
Eligibility

1. Proposals shall be eligible for EEPR assistance only if they implement the projects listed in the Annex, Part B, do not exceed the maximum amounts of EEPR assistance laid down there and fulfil **the selection and award criteria under Article 14. The corresponding projects** shall be led by a commercial undertaking.
2. Proposals may be submitted by one or several undertakings, acting jointly.
3. Proposals submitted by natural persons shall not be eligible.

Article 14
Selection and award criteria

1. In assessing the proposals received under the call for proposals referred to in Article 12(1), the Commission shall apply the following selection criteria:
 - (a) the soundness and technical adequacy of the approach;
 - (b) the soundness of the financial package for the full investment phase of the project.
 2. In assessing the proposals received under the call for proposals referred to in Article 12(1), the Commission shall apply the following award criteria:
 - (a) **maturity, defined as reaching the investment stage, and incurring substantial capital expenditure by the end of 2010;**
 - (b) **the extent up to which lack of access to finance is holding back the implementation of the action;**
 - (c) the extent to which the project improves or increases the scale of installations and infrastructures that are already under construction, or are in the planning phase;
 - (d) the extent to which the project includes the construction of full-size and industrial-scale installations and infrastructures, and the extent to which it addresses in particular:
 - (i) balancing the variability of wind electricity through integrative systems;
 - (ii) large-scale storage systems;
 - (iii) management of wind farms as virtual power plants (more than 1 GW);
 - (iv) turbines placed further from the shore or in deeper waters (20 to 50 m) than is currently standard;
 - (v) novel sub-structure designs; or
 - (vi) processes for assembly, installation, operation and decommissioning and testing of these processes in life-size projects;
 - (e) the innovative features of the project and the extent to which it will demonstrate the implementation of such features;
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- (f) the impact of the project and its contribution to the Community's offshore wind grid system, including its replication potential.
- (g) the commitment demonstrated by the beneficiaries to diffuse the results of technological advances made by the project to other European operators in a manner compatible with Community law and in particular with the objectives and structures outlined in the Strategic Energy Technology Plan for Europe.

Article 15
Funding conditions

1. EEPR assistance shall contribute **to project-related expenditure for the implementation of the project.**
2. EEPR assistance shall not exceed 50% of the **eligible** costs.

Article 16
Instruments

1. Following the call for proposals referred to in Article 12(1), the Commission, acting in accordance with the procedure referred to in Article 26(2), shall select the proposals to receive EEPR assistance and determine the amount of funding to be granted. The Commission shall specify the conditions and methods for their implementation.
2. EEPR assistance shall be granted on the basis of grant agreements.

SECTION 3
CARBON CAPTURE AND STORAGE

Article 17
Granting of EEPR assistance

1. EEPR assistance for carbon capture and storage projects shall be awarded to actions that realise the projects in the Annex, Part C.
 2. The Commission shall call for proposals to carry out the actions referred to in paragraph 1 and shall assess the compliance of the proposals with the eligibility criteria laid down in Article 18 and the selection and award criteria laid down in Article 19.
 3. If several proposals from projects located in the same Member State comply with the eligibility criteria laid down in Article 18 and the selection criteria laid down in Article 19(1), the Commission shall select for EEPR assistance, on the basis of the award criteria in Article 19(2), no more than one proposal per Member State among those proposals.
 - 4.** The Commission shall inform the beneficiaries of any EEPR assistance to be granted.
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Article 18
Eligibility

1. Proposals shall be eligible for EEPR assistance only if they implement the projects listed in the Annex, Part C and fulfil the following conditions **as well as the selection and award criteria under Article 19:**
 - (a) projects shall demonstrate that they have the ability to capture at least **80** % of CO₂ in **industrial** installations and the ability to transport and geologically store this CO₂ safely underground;
 - (b) in power installations, CO₂ capture has to be demonstrated on an installation of at least 250 MW electrical output or equivalent;**
 - (c) project promoters shall make a binding declaration that the generic knowledge generated by the demonstration plant will be made available to the wider industry and **to the Commission** to contribute to the Strategic Energy Technology Plan for Europe¹⁷.
2. Proposals shall be submitted by one or several undertakings, acting jointly.
3. Proposals submitted by natural persons shall not be eligible.

Article 19
Selection and award criteria

1. In assessing the proposals received under the call for proposals referred to in Article 17(2), the Commission shall apply the following selection criteria:
 - (a) the soundness and technical adequacy of the approach;
 - (b) maturity, defined as reaching the investment stage, which includes exploration and development of storage options, and incurring substantial investment-related expenditure for the project by the end of 2010;**
 - (c) the soundness of the financial package for the full investment phase of the project;
 - (d) identification of, all necessary permits required for construction and operation of the project at the proposed site(s) and having a strategy to secure those permits.
2. In assessing the proposals received under the call for proposals referred to in Article 17(2), the Commission shall apply the following award criteria:
 - (a) **the extent up to which lack of access to finance is holding back the implementation of the action;**
 - (b) requested funding per tonne of CO₂ to be abated in the first 5 years of operation;

¹⁷ COM (2007) 723.

- (c) complexity of the project and level of innovation of the overall installation including other accompanying research activities as well as the commitment demonstrated by the beneficiaries to diffuse the results of the technological advances made by the project to other European operators in compatibility with Community law and in particular with the objectives and structures outlined in the Strategic Energy Technology Plan for Europe;
- (d) soundness and adequacy of the management plan including, in relation to the scientific, engineering, and technical information and data that it contains, documenting readiness of the proposed concept to achieve operation of the project by 31 December 2015.

Article 20
Funding conditions

1. EEPR assistance shall contribute **only to those project-related expenditure for the implementation of the project which** are attributable to carbon capture, **transport** and storage, taking account of possible operating benefits.
- 2. EEPR assistance** shall not exceed 80% of total eligible investment costs.

Article 21
Instruments

1. Following the call for proposals referred to in Article 17(2), the Commission, acting in accordance with the procedure referred to in Article 26(2), shall select the proposals to receive EEPR assistance and determine the amount of EEPR assistance to be granted. The Commission shall specify the conditions and methods for the implementation of the proposals.
 2. EEPR assistance shall be granted on the basis of grant agreements.
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CHAPTER III COMMON PROVISIONS

Article 22

Other EEPR assistance and instruments

1. A part of the Community assistance for the projects listed in the Annex may be implemented through a contribution to an appropriate instrument under the resources of the European Investment Bank. That contribution shall not exceed EUR 500 million.
- 2.** The Community exposure to the loan guarantee instrument or other financing instrument, including management fees and other eligible costs, shall be limited to the amount of the Community contribution to that instrument and there shall be no further liability on the general budget of the European Union.
3. The Commission, acting in accordance with the procedure referred to in Article **26**(2), shall decide on the amount of EEPR assistance to be granted to this instrument. The Commission and the European Investment Bank shall establish a memorandum of understanding specifying the conditions and the methods for the implementation of that decision.

Article 23

Programming and implementing modalities

1. Calls for proposals shall be directly launched by the Commission on the basis of budgetary availabilities referred to in Article 3(1) of this Regulation and on the basis of the eligibility, selection and award criteria as set out in Chapter II of this Regulation.
2. EEPR assistance shall cover only project-related expenditure incurred by the beneficiaries responsible for the implementation of a project. Expenditure may be eligible as from the date referred to in Article **29**.
3. VAT shall not be an eligible cost, except for non-refundable VAT.
4. Projects and actions financed under this Regulation shall be carried out in conformity with Community law and shall take into account any relevant Community policies, in particular those relating to competition including the applicable state aid rules, the protection of the environment, health, sustainable development and public procurement.

Article 24

Member States' general responsibilities

Within the sphere of their responsibility, the Member States shall make every effort to implement the projects which receive EEPR assistance, **notably through efficient administrative and authorisation, licensing and certification procedures.**

Article 25
Protection of the European Communities' financial interests

1. The Commission shall ensure that, when actions financed under this Regulation are implemented, the financial interests of the Community are protected by the application of preventive measures against fraud, corruption and any other illegal activities, by effective checks and by the recovery of amounts unduly paid and, if irregularities are detected, by effective, proportional and dissuasive penalties, in accordance with Council Regulation (EC, Euratom) No 2988/95, Council Regulation (Euratom, EC) No 2185/96 and with Regulation (EC) No 1073/1999 of the European Parliament and of the Council
2. For the Community actions financed under this Regulation, the notion of irregularity referred to in Article 1(2) of Regulation (EC, Euratom) No 2988/95 shall mean any infringement of a provision of Community law or any breach of a contractual obligation resulting from an act or omission by an economic operator, which has, or would have, the effect of prejudicing the general budget of the European Union or budgets managed by it, by an unjustified item of expenditure.
3. All implementing measures resulting from this Regulation shall provide, in particular, for supervision and financial control by the Commission or any representative authorised by it, and by audits by the European Court of Auditors, if necessary on-the-spot audits.

CHAPTER IV
IMPLEMENTING AND FINAL PROVISIONS

Article 26
Committees

1. The Commission shall be assisted by the following committees:
 - (a) **for gas and electricity infrastructure projects, the committee established by Article 15 of Regulation (EC) 680/2007 of the European Parliament and of the Council;**
 - (b) for offshore wind projects, the committee established by Article 8 of Decision 2006/971/EC;
 - (c) **for projects for carbon capture and storage, the committee established by Article 8 of Council Decision 2006/971/EC¹⁸.**
2. Where reference is made to this Article, Articles 4 and 7 of Decision 1999/468/EC shall apply, having regard to the provisions of Article 8 thereof.

The period laid down in Article 4(3) of Decision 1999/468/EC shall be set at one month.

¹⁸ 2006/971/EC

Article 27
Evaluation

1. The Commission shall carry out an evaluation of the EEPR **by 31 December 2011** in order to assess its contribution to the effective use made of the appropriations.
2. The Commission may request a beneficiary Member State to provide a specific evaluation of projects financed under Chapter II Section 1 of this Regulation or, where appropriate, to supply it with the information and assistance required to undertake an evaluation of such projects.
3. The Commission shall present to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions an evaluation report on the results achieved by the EEPR.

Article 28
Information to the European Parliament and the Council

The Commission shall monitor the implementation of this Regulation. Each year, when it presents the preliminary draft budget, it shall present a report to the European Parliament and to the Council on the implementation of the Programme.

If the report identifies serious risks in implementing the priority projects the Commission should recommend measures to offset those risks.

Article 29

Entry into force

This Regulation shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the European Parliament
The President

For the Council
The President

ANNEX

Eligible projects

A. INTERCONNECTORS

1. Gas interconnectors

Project	Location of projects supported	Envisaged Community contribution (€ million)
<i>Southern Gas Corridor</i> Nabucco	Austria, Hungary, Bulgaria, Germany, Romania	200
ITGI – Poseidon	Italy, Greece	100
<i>Baltic interconnection</i> Skanled	Poland, Denmark, Sweden	150
<i>LNG network</i> Liquefied Natural Gas terminal at Polish coast at port of winouj cie	Poland	80
<i>Central and South East Europe</i> Slovakia-Hungary Interconnector (Velky Krtis – <u>Vecsés</u>)	Slovakia, Hungary	30
Gas transmission system in Slovenia between the Austrian Border to Ljubljana (excluding the section Rogatec-Kidri evo)	Slovenia	40
Interconnection Bulgaria-Greece (<u>Stara Zagora - Dimitrovgrad</u> -Komotini)	Bulgaria, Greece	45
Romania-Hungary gas interconnector	Romania, Hungary	30
Expansion of Gas Storage Capacity in the Czech hub	Czech Republic	35
Infrastructure and equipment to permit reverse gas flow in the event of short term supply disruption	Austria, Bulgaria, Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Poland, Portugal, Romania, Slovakia	80
Slovakia-Poland interconnection	Slovakia, Poland	20
Hungary-Croatia interconnection	Hungary	20
Bulgaria-Romania interconnection	Bulgaria, Romania	10
<i>Mediterranean</i> Reinforcement of FR gas network on the Africa-Spain-France axis	France	200

GALSI (Gazoduc Algérie-Italie)	Italy	120
Gas Interconnection Western Axis Larrau Branch	Spain	45
<i>North Sea area</i>		
Germany-Belgium-United Kingdom pipeline	Belgium	35
France-Belgium connection	France, Belgium	200
TOTAL		1440

2. Electricity interconnectors

Project	Location of projects supported	Envisaged Community contribution (EUR million)
<i>Baltic interconnection</i>		
Estlink-2	Estonia, Finland	100
Interconnection Sweden- Baltic States, and strengthening of the grid in Baltic States	Sweden, Latvia, Lithuania	175
<i>Central and South East Europe</i>		
Halle/Saale – Schweinfurt	Germany	100
Wien-Győr	Austria	20
<i>Mediterranean</i>		
Portugal-Spain interconnection reinforcement	Portugal	50
Interconnection France-Spain (Baixas – Sta Llogaia)	France, Spain	225
New 380 kV AC submarine cable between Sicily-Continental Italy (Sorgente – Rizziconi)	Italy	110
<i>North Sea area</i>		
Interconnection Republic of Ireland – Wales	Ireland, United Kingdom	110
Electricity interconnection Malta-Italy	Malta/Italy	20
TOTAL		910

3. Small island projects

Small isolated island initiatives	Cyprus	10
	Malta	5
TOTAL		15

B. OFFSHORE WIND PROJECTS

Project	Capacity	Location of projects supported	Envisaged Community contribution (EUR million)
1) Grid integration of offshore wind energy			
1.1. Baltic - Kriegers Flak I, II, III Building on projects under development. Financing aimed at ensuring extra cost for securing a joint interconnection solution.	1.5 GW	Denmark, Sweden, Germany, Poland	150
1.2. North sea grid Modular development of offshore grid, demonstration of virtual offshore power plant and integration in the existing onshore grid system.	1 GW	United Kingdom, Netherlands, Germany, Ireland, Denmark, Belgium, France, Luxembourg	165
2) New turbines, structures and components, optimisation of manufacturing capacities			
2.1 Borkum West II - Bard 1 - Nordsee Ost - Global Tech I <u>New generation of multi-megawatt size turbines (5-7 MW) and innovative structures, situated far from shore (up to 100 km) in deeper waters (up to 40 m).</u>	<u>1.6 GW</u>	Germany	200
2.2 Aberdeen offshore wind farm (European testing centre) Building on project presently under development - Testing of multi-MW turbines. Development of innovative structures and substructures including optimisation of manufacturing capacities of offshore wind energy production equipment. An increase in size of 100MW can be envisaged.	0.25 GW	United Kingdom	40
2.3 Thornton Bank Building on project presently under development. Learning from the Downwind project (co financed through FP6); Upscaling the Downwind installations turbines (5 MW size) in deep waters (up to 30 m) with low visual impact (up to 30 km).	90MW	Belgium	10
TOTAL			565

C. CARBON CAPTURE AND STORAGE PROJECTS

Project Name/ Location		Envisaged Community contribution (EUR million)	Fuel	Capacity	Capture Technique	Storage Concept
Huerth	Germany	180	Coal	450 MW	IGCC	Saline Aquifer
Jaenschwalde			Coal	500 MW	Oxyfuel	Oil/Gas fields
Eemshaven	Netherlands	180	Coal	1200 MW	IGCC	Oil/Gas fields
Rotterdam			Coal	1080 MW	PC	Oil/Gas fields
Rotterdam			Coal	800 MW	PC	Oil/Gas fields
Belchatow	Poland	180	Coal	858 MW	PC	Saline Aquifer
Compostilla (León)	Spain	180	Coal	500 MW	Oxyfuel	Saline Aquifer
Kingsnorth	United Kingdom	180	Coal	800 MW	PC	Oil/Gas fields
Longannet			Coal	3390 MW	PC	Saline Aquifer
Tilbury			Coal	1600 MW	PC	Oil/Gas fields
Hatfield (Yorkshire)			Coal	900 MW	IGCC	Oil/Gas fields
Porto Tolle	Italy	100	Coal	660 MW	PC	
Industrial carbon capture project						
Florange	France	50	Transport of CO ₂ from industrial installation (steel plant) to underground storage (saline aquifer)			
TOTAL				1050		