

EU 'MUST SPEND €1 TRILLION' ON ELECTRICITY GRID

The European Union must spend €1 trillion by 2020 on upgrading the electricity grid system if it is to meet its climate-change goals, according to a leaked report from the European Commission.

This is the first estimate from the Commission on how much spending on grid and infrastructure is needed if the EU is to stay on track to get 20% of its energy from renewable sources by 2020.

A big influx of renewable energy will put huge demands on the ageing grid system. The Commission report, due to be published in late October or November, states that the current system will be unable to cope. “Europe is still lacking the infrastructure to enable renewables to develop and compete on an equal footing with traditional source,” it says.

By 2020, one-third of electricity is expected to come from renewables, meaning that the grid system will have to cope with fluctuating input from wind and solar energy. Investment will be needed to ensure sufficient energy storage capacity, keeping demand and supply in balance and avoiding black-outs, as well new grid interconnections across borders to allow countries to trade energy more easily.

The Commission is doubtful that this vast sum will come from private companies alone and promises —innovative funding mechanisms|| to ensure that pan-European projects that might otherwise struggle to get built will go ahead. A strategy from the Commission will be drawn up to identify projects of European interest that deserve public resources and a fast-track permit process.

Although not named, these pan-European projects are likely to include the Baltic interconnection plan, the 'Mediterranean energy ring', better east-west grid links and a North Sea offshore grid.

The paper drops a strong hint that the Commission's energy directorate-general will seek more money for infrastructure projects in the next EU budget, with a reference to the requirement for “additional resources under the next multi-annual financial framework”, a reference to the EU's post-2013 budget.

The draft paper takes a wide look at the EU's energy goals for the next decade and warns of serious gaps in delivery. It says that national governments' performance on energy efficiency has been “discouraging”, the switch to renewable fuels in transport is —happening too slowly||, and despite the “wake-up call” of gas-supply crises “there is still no common foreign policy approach towards partner supplier or transit countries”.

The policy paper calls for more political backing for energy efficiency, faster work on green-technology projects, better implementation of internal energy market rules and extending EU energy rules to neighbouring countries, such as Ukraine and Turkey.

Source: (European Voice/30 September 2010)