

The EU's new priorities in developing energy infrastructure

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On 28 November the European Commission presented a new list of its priority energy infrastructure projects. It is the sixth such list, but the first to have been created in line with the TEN-E Regulation which was revised in 2022. The revisions were aimed at enabling the implementation of the provisions of the European Green Deal strategy, by means including the EU's withdrawal from co-financing infrastructural projects related to the transmission of hydrocarbons (mostly natural gas) and its intensified support for projects that fit in with the objectives of decarbonisation and electrification in the fields of renewable energy, green gases and the transport of carbon dioxide captured using CCS technology.

The list includes 166 cross-border Projects of Common Interest (PCIs) related to infrastructure plans within the EU and Projects of Mutual Interest (PMIs) in which both EU and non-EU countries are involved.

PCI or PMI status, in addition to financial assistance from the EU (as part of grants from the Connecting Europe Facility, CEF), facilitates getting a national priority project status, thus opening up a faster and simplified path (to a single national institution, the so-called One-Stop-Shop) to win approvals and environmental assessments, as well as a clearer procedure for sharing construction costs between the member states which will benefit from the implementation of a given investment.

For the first time the PCI and PMI list includes hydrogen projects (a total of 65, linked to the process of creating the European hydrogen network and electrolyser farms). This is intended to help achieve the EU's strategic goal of developing its hydrogen market and enabling hydrogen transport. Most of the projects are initiatives originating from North-Western and South-Western Europe. A large share of them envisage the development of routes which connect Germany with countries that border it, or which will expand the transport or import infrastructure within Germany itself. The list includes:

- hydrogen corridors and valleys connecting the Iberian peninsula, France and Denmark or Norway with Germany;
- plans to develop internal H2 infrastructure in Germany (three projects, including one offshore), France, Belgium and the Netherlands;
- infrastructure projects to enable the import of ammonia by sea in Belgium, Germany, the Netherlands and France;
- plans for building electrolyser facilities (Portugal, Spain, France, the Netherlands, Germany and Denmark);

- plans for building hydrogen storage facilities (Denmark, the Netherlands, Germany, France and Spain).

Around a dozen of the hydrogen projects come from Central, Southeastern and Baltic European countries. They include hydrogen corridors and interconnectors: from Italy and Austria, Ukraine, Slovakia, the Czech Republic and Austria, and from the Czech Republic to Germany, as well as the Baltic corridor (including the interconnector running through the territory of Poland) and the Greek-Bulgarian interconnector.

A further dozen or so cover the transport of CO₂, which in turn is aimed at facilitating the creation of a market for carbon dioxide capture & storage in Europe. The greatest part of the list, well over half of the projects (85), involve electricity, including offshore and smart grids.

The list presented by the EC has been sent to the European Parliament and the Council, which now have two months to accept or reject it (as a whole). At this stage, it will no longer be possible to change the proposal. The process may be extended for two more months. Then, if the list is adopted, the projects should be implemented in accordance with the guidelines presented in the non-binding EU Action Plan for Grids (proposed on the same day), the objectives of which include streamlining the necessary expansion of energy networks across the EU, including accelerating the implementation of PCIs.

Commentary

- The new list of PCIs and PMIs is a good illustration of the strategic shift in the priorities of the EU's energy and climate policy: support will be focused on projects consistent with the goals of the European Green Deal, including the hydrogen strategy, while (for the first time) no support for gas projects is envisaged. The only two natural gas projects on this year's list were commenced in previous years; they retain their PCI status from the previous list, and are important in terms of security of supplies. These are the connection of Malta to the European gas network, and a pipeline connecting the offshore East Mediterranean gas reserves near Cyprus with the network on the Greek mainland.
- At the same time, there is a visible imbalance in the geographical distribution of hydrogen projects on the EC's list. Firstly, 53 out of 65 (or over 80%) are Western European projects. The infrastructure planned there is intended to enable not only the intra-European transport of hydrogen, but also its import by sea (in the form of ammonia), production (electrolysers) and storage. When it comes to the Central and Eastern European region, the number of such projects is much lower, and all of them concern the transmission of hydrogen, partly by adapting the existing infrastructure to transport it. Secondly, it is quite evident that a large part of the proposed initiatives (30 in number) are intended to support the creation of the hydrogen market in Germany and the import of hydrogen into this country. This fits in with Germany's strategy and clearly shows that this country is far more advanced in this regard than other EU member states, especially those located to Germany's east. This also suggests that Germany might play a key role in the creation of a future hydrogen market and network (or at least their first phase) in Europe.
- The uneven distribution of the infrastructural plans for hydrogen across Europe, including those with a chance of receiving EU support, may also be an effect of the different

approaches adopted by individual EU countries to the use of hydrogen in their energy mixes in the near future. Outside Germany, the Netherlands is one of the countries where the development of the hydrogen market has been clearly prioritised. At the same time, a number of countries are more sceptical about the use of hydrogen (especially the so-called 'green' variety) in the near future, and are more interested in developing the markets for biomethane or biogas (such as Denmark) or for 'blue' hydrogen along with the CCUS technology. The CO₂ transport projects (for which support under the PCI and PMI list is envisaged) are also intended to facilitate the storage of carbon dioxide generated, for example, during the production of hydrogen from natural gas, as well as the broader commercialisation of related services. They would largely be used to transport this greenhouse gas to commercial storage sites at the bottom of the North Sea, including in depleted undersea gas and oil fields in the Netherlands, Denmark and Norway.

- Activists and environmental NGOs (including Greenpeace, the Clean Air Task Force and Global Witness) have criticised the EC for including projects covering the transport of natural gas and 'blue' hydrogen (for example, the planned route from Norway to Germany) and the transmission & storage of carbon dioxide on the list of priority projects, claiming that this is contrary to the objectives of decarbonisation. A frequently raised objection is that it is still uncertain whether the adaptation of gas infrastructure to the transmission, import or storage of hydrogen (as well as its use, for example, in gas power plants) will succeed; it is claimed that the 'hydrogen-ready' label is in fact a way to maintain the profitability and use of gas assets in the EU. At the same time, building a completely new hydrogen network would not only be time- and cost-consuming, but would also entail a greater risk of a large number of assets being left stranded in Europe as natural gas consumption is reduced. Additionally, the list fails to envisage support or funding for the infrastructure of Central European countries (including Slovakia, Hungary and Austria), which they will still need in order to ensure the security of natural gas supplies in the short term.