

First report from Parliament on next EU budget funding for energy and transport infrastructure shows more work to be done

On 19 July, two European Parliament Committees - on Industry, Research and Energy and Transport and Tourism - delivered their first draft report outlining what they would like to see in the new Connecting Europe Facility, one part of the EU budget after 2020 that Bankwatch is monitoring because CEF provides funding for key pieces of energy and transportation infrastructure across the bloc.

The modifications to the Commission's proposal from May were made by parliamentarians Marian-Jean Marinescu of Romania, Henna Virkkunen of Finland, and Pavel Telička of the Czech Republic. While these proposed changes at times support what we're calling for in the next EU budget, these still fall short of what is needed to critically improve the CEF. Our takeaways from a quick evaluation of the report reveal the following:

Amendments to so-called 'Recital 4' - which refers to the climate objectives of the CEF - underline the need to include sustainable fuels and energy efficiency as eligible investments that benefit climate, but still a more exhaustive description on the 'climate proofing' methodology is not provided, which is inconsistent with other mentions of climate proofing throughout the MFF proposal.

Some attention has been paid to energy efficiency, especially in Article 3 (b), which now states that CEF should "facilitat[e] decarbonisation and energy efficiency". These varied hints as to the importance of energy efficiency is a good step forward, but need to be buttressed by specifying that the Energy Efficiency First Principle should be the cornerstone of the methodology that CEF uses to decide which energy and transport projects receive funding. This is still not the case in this draft report.

Changes in Recital 36 leave room for the suspension of funds according to "general deficiencies as regards the rule of law in the Member States". This at least shows consistency with the Commission's efforts to draft a text on this topic that has generated considerable controversy.

Amendment 14 states that "measurable" indicators should be added. However this could be done by amending Annex I on indicators, which remained untouched in the draft report. Expanded indicators would account for the overall climate impact of the CEF portfolio and ensure that no projects receive funding if these run contrary to the EU's climate policies. Overall however, many problematic aspects of the CEF regulation remain in the draft report, which appears to have been amended only marginally.

For instance the percentage of funding dedicated to cross-border renewable energy projects is unchanged. Fossil fuels are still eligible for funding, and no particular amendment was tabled regarding the removal of obstacles for investments in smart grids and electromobility. And even though there is a new provision regarding the rule of law within



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the proposal, provisions for ensuring accountability and transparency are still lacking.

Source: bankwatch.org