

European solidarity on Energy: Better integration of the Iberian Peninsula into the EU energy market

Leaders will take stock of the important progress achieved in better integrating the Iberian Peninsula into the internal energy market and will formally agree on ways to strengthen the regional cooperation between Spain, France and Portugal.

European Commission President Jean-Claude **Juncker** said: *“Today’s event shows the value of European solidarity and regional unity. By agreeing on steps forward to complete the energy interconnections between France, Portugal and Spain and ways to enhance our regional cooperation, we are strengthening the security of energy supply across Europe, and delivering on our promise to make Europe number one on clean energy and renewables. The world looks to us for leadership in these turbulent times. Let’s show just how much unity can achieve.”*

Commissioner Miguel Arias **Cañete** said: *“This summit will showcase the commitment of the Juncker Commission to get the hardware of the Energy Union built on the ground and make a difference. A solid and resilient energy infrastructure is also essential to encourage regional action in new areas, such as renewables and energy efficiency. This will help us deliver on our Paris Agreement commitments. I am particularly pleased by the signing of a grant agreement for the power line crossing the Bay of Biscay, the largest investment in energy infrastructure under Connecting Europe Facility ever awarded. It is good for Spain and Portugal, good for France, and good for Europe”.*

Commissioner for Climate Action and Energy Miguel Arias Cañete will be present on behalf of the Commission President Jean-Claude Juncker. The Vice-President of the European Investment Bank Emma Navarro will also attend the meeting.

Since the Juncker Commission took office, the integration of the Iberian Peninsula into the internal energy market has been a priority. By supporting the construction of the necessary infrastructure, the EU’s goal is to end the energy isolation of this part of Europe, whilst improving energy security, giving consumers more choice, and spurring economic growth and jobs. These interconnections are also essential for renewable energy sources to thrive and make Europe world number one in renewable energy.

Underlining the EU’s willingness to complete the Energy Union and fulfil its commitments under the Paris agreement, the leaders will sign the **Lisbon Declaration** that clearly sets out the way forward. It builds on the [Madrid Declaration](#) from March 2015 which launched the integration process and set up a High Level Group chaired by the Commission to steer progress. A grant agreement for the power line crossing the **Bay of Biscay** totalling €578

million, will also be signed at the occasion. It will be the largest Connecting Europe Facility investment ever awarded to an energy infrastructure project. With 280 kilometres of electricity interconnection, the link will double by 2025 the exchange capacity between France and Spain and bring Spain closer to the 15% interconnection target contained in the new regulation on the governance of the Energy Union.

Background

The lack of sufficient interconnection capacity remains an obstacle for the creation of an electricity market in South-West Europe and has prevented Iberian energy companies from fully participating in the EU electricity market. With an interconnection capacity of only 6,000 MW, Spain and with it, Portugal remains largely an energy island that does not participate fully in the European electricity market. This interconnection capacity also puts them behind the 15% interconnection target contained in the recently adopted regulation on the Governance of the Energy Union. Since the Juncker Commission took office, energy interconnections between the Iberian Peninsula and the EU internal market have been boosted considerably.

Examples of progress:

- **Biscay Bay line:** with 280 kilometres of electricity interconnection, it will double by 2025 the exchange capacity between France and Spain, bring Spain closer to the 10% interconnection target set by the European Council (from the current level of 6%) and will integrate the whole Iberian Peninsula into the internal electricity market. At Lisbon, it was awarded €578 million in [Connecting Europe Facility-Energy](#) grants, the largest ever awarded to an energy infrastructure project.
- **Santa-Llogaia-Baixas/INELFE project:** the completion in June 2017 of the phase-shifter transformer in Arkale, Spain, enabled the full utilisation of the Santa-Llogaia-Baixas interconnection between Spain and France, doubling the electricity interconnection capacity between both countries. These investments co-financed by the European Commission made it possible for Spain to help France and show solidarity during periods of supply-demand stress during the winter of 2017.
- **Interconnection project between Spain and Portugal** (Ponte Lima – Vila Nova Famalicão – Recarei (PT) and Beariz – Fontefría (ES)): it will allow Portugal to attain the 10% level of interconnections by increasing the current interconnection capacity level to 3.2 GW. The commissioning date of the project is planned by 2021.
- **Pyrenean crossings:** two projects to increase the electricity interconnection capacity between Spain and France across the Pyrenees are under consideration. A first link concerns Cantegrit in France and Navarra in Spain, and the other one Marsillon in France and Aragón in Spain.

- **Val de Saône gas pipeline:** it will contribute to Spanish and Portuguese access to the European Gas Market when completed by end 2018.
- **STEP project:** aims at increasing the bidirectional flows between the Iberian Peninsula and France and improve the interconnection with the internal gas market through the development of the Eastern gas axis, including a third interconnection point between Spain and Portugal.

Financing

In addition to the financing opportunities provided to infrastructure [projects of common interest \(PCIs\)](#) under the [energy window of the Connecting Europe Facility \(CEF\)](#) and the European Structural and Investment Funds, the [European Fund for Strategic Investment \(EFSI\)](#) (the so-called “Juncker Plan”) supports key interconnection projects, therefore accelerating and complementing the current structure of European financial assistance. The proposals for the [next EU budget for 2021-2027](#) include a new energy window under the Connecting Europe Facility, with a budget close to 1 billion euro (€865 million), to nurture Member States cooperation on cross-border renewables projects.

More information

[Madrid declaration](#)

[More information on EU energy infrastructure](#)