Speaking points for the Conference:

Romania - an Energy Pole in Europe
Romania ENERGY DAY in Brussels

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Since Romania's accession to the EU in 2007, our citizens are free to travel and work in the Member states, and you, the Romanian industry are free to move capital, goods and services on an internal market of over 500 million citizens. This opportunity of free movement in all domains; be it capital, goods or services, remains to be seized through a strong presence of the Romanian business on the European policy arena. Therefore I salute your presence here today and your work within the Centre for Romanian Energy.

Bearing in mind the opportunities, one must also be aware of the threats to which the Internal Market is subject today, due to the current economic situation. The energy field is at the forefront of these threats due to the nature of its networks, which favours national or regional monopolies.

The accelerated growth of sovereign debt levels is turning financial institutions appetite towards financing or refinancing budgetary deficits, and away from supporting companies and projects. As a consequence Europe is facing an emerging risk of a renationalization of energy policies. And although such a direction would appeal to those envisaging a closed market with planned prices, it very much contradicts the 3rd energy liberalisation Package. Even more it contradicts the general interest.

The general interest as vague as it might sound in a Romanian debate, actually becomes tangible in the energy field and it represents one of the few areas where the entire Romanian business and policy environment stand united: what we aim for is lowering prices for consumers and industry, through a competitive single market that offers multiple services and supply sources.

Therefore I welcomed the content of the 2009 Lisbon Treaty which grants EU powers in order to integrate energy policy, while safeguarding the choice of the energy mix at Member State level. Within this context the EU Commission proposed in October 2011 two legislative proposals regarding the: European Energy Infrastructure Guidelines and their financing through the Connecting Europe Facility.

The Connecting Europe Facility (CEF), a new financial and growth instrument is a very good example of EU added value policy. It aims at financing the cross-border infrastructure gaps left by the dynamics of national policy-making, typically in areas of energy, transport and telecom infrastructures (Gaps which would otherwise damage the interests of the EU as a whole). Modernising European infrastructures - the backbone of the single market - is part of the solution to boost growth and employment. And the CEF provides the possibility to leverage a much wider range of public and private resources than available at the national level alone.

The investment needed to modernise the infrastructures across Europe have been evaluated at 1.5 trillion Euros, and the investment gap identified amounts to 250 billion Euros. With a budget of 9 bio Euros as foreseen in the Commission proposal, it was already clear that we had to prioritize the use of financial instruments for their leverage capacity and limit the use of grants. The outcome of the European Council showed that Member States are ready to allocate no more than 5.1 billion to the CEF´s energy sector, so a cut of 60% from the Commission proposal.

As Rapporteur on the CEF, I have long advocated that if the MFF and the CEF budgets were to be decreased, we would have to refocus our priorities and avoid dispersion. And I did it with two concerns in mind: to ensure the best use of our resources and to avoid market distortion in this sensitive sector. We need to be pragmatic and therefore decide on priorities for our market, in order to make the most efficient use of scarcer resources. In my views, the priority should be to complete the internal energy market. This may mean to carefully identify a limited number of targeted projects that interconnect our regional sub-market, making that long awaited step from regional to a fully-fledged European integrated market. It also means that we may have to encourage an even wider use of financial instruments for their capacity to leverage private investments.

However, one must not think that EU financing will be available for all envisaged projects. Financing is to be directed to those projects which are facing suboptimal investing conditions, in order to facilitate private involvement through equity and debt instruments. Grants will be limited to those projects which aim at ending the energy isolation or dependence on a single supply source.

In a nutshell, the Energy Infrastructure Guidelines and the Connecting Europe Facility will work in a 4-step logic:

Once the Projects of Common European Interest - PCI's - are defined according to the eligibility criteria set in the Energy Infrastructure Guidelines, project promoters will have to search for financing via traditional market instruments.

In a second step regulatory and cost incentives such as: fast-track permits granting (within a period of maximum 3 years), or a cross border cost allocation, or tariff incentives will be applied. These non financial measures will transform the PCI's into an attractive, new asset class of priority projects, for the long term institutional investors such as pension and insurance funds.

The CEF funding will only be applied if the in the 3rd step for those PCI's which are economically viable but due to the current economic situation find themselves in a suboptimal investment rating. Equity and debt instruments (such as Project Bonds) will be used to lift their rating and make them attractive for investors.

The 4th step, constituted by grants, will only be activated for those PCI's which are economically viable but cannot be financed neither through the market nor with the help of incentives or financial instruments.

This 4 step logic represents in my opinion a long awaited shift from the Cohesion Funds Financing structure, where the old Member States can secure well targeted envelopes through their experience and weight in European negotiations.

For Romania it is pretty clear that securing a large envelope did not automatically mean successful investments. Therefore I think that a shift in the European financing paradigm represented by the Connecting Europe Facility will work to our benefit, and will change the way we act at European level.

Competition is good and competition means performance and as such, I of course welcome this new financing mechanism. No one can deny that Europe needs growth initiatives to revitalise its economy and employment policy. The key question is how to achieve this goal in the most efficient way, maximizing available and scarce financial resources and minimizing bureaucracy. This is the philosophy that guided my reflection while working on this package.

I would like to conclude by wishing the Center for Romanian Energy and its members success in grasping every opportunity that EU-affairs offer. The Romanian Industry, as well as the Romanian society, represented by your customers and employees, have the right to be part of the EU-decision making process. As a liberal I was always convinced that the industry provides the best solutions for its customers as long as policy makers allow it to decide on the best ways to get to the common goals, so I would like to reassure you of my and my colleagues support.

Thank you!