

*José Manuel Barroso*  
*President of the European Commission*

*copy to Dick Dunlop  
+ MEP who attended  
meeting of Barroso*

Brussels, 17. 08. 2011  
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Dear Sir Graham,

Thank you for your e-mail of 27 June and our fruitful meeting. I do appreciate your interest and support on the crucial issue of promoting and funding the development of renewable energy sources.

As you know, decarbonisation has a central place in the Europe 2020 agenda. The Commission proposal for the 2014-2020 Multiannual Financial Framework<sup>1</sup> was adopted on 29 June and the key priorities you advocate are well reflected in the proposed allocation of budgetary resources. Already today, a proportion of the EU budget is related to climate action mainstreaming and contributes to Europe's transition to a low carbon and climate resilient society. The Commission intends to increase the proportion to at least 20%, with contribution from different policies, subject to impact assessment evidence. Funding the development of renewable energy sources is part of the climate actions that we propose.

In particular, as regards infrastructure, we propose to create a single €40,000 million "Connecting Europe Facility" (CEF) to promote infrastructure investment in transport, energy and information and communication technologies (ICT). As you rightly point out, innovative financial instruments have a key role to play in this area. That is why the CEF will combine innovative financial instruments and EU direct support (grants) in order to optimise the impact of financing. The proposed envelope for energy infrastructures under CEF is €9,120 million for the period 2014-2020. This budget aims to complement grant funding for energy projects with forms of financing that allow for a higher leverage. CEF will target energy infrastructures of common strategic interest in line with the Energy Infrastructure Package communication from November 2010<sup>2</sup>. The scope of CEF will include supporting the development of electricity highways, part of the European supergrid concept, and in particular providing for connecting off-shore wind farms.

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Sir Graham WATSON, MEP  
Chairman  
Climate Parliament  
European Parliament  
Rue Wiertz  
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<sup>1</sup> COM(2011) 500 final

<sup>2</sup> COM(2010) 639

*Research and innovation are key priorities of the Europe 2020 strategy. The Commission's ambition is to strengthen the European Union's support to research and innovation activities in the coming years and in particular to implement the Strategic Energy Technology Plan with appropriate funding. The proposal for a Multiannual Financial Framework (2014-2020), foresees €80,000 million for research and innovation, which will be channelled through the HORIZON 2020 programme, representing an increase of 46% in real terms compared to the current period. The share of this envelope to be earmarked for the energy sector is subject to further discussion in the coming months. A substantial part of the budget should be invested via financial instruments (debt and equity) to address shortfalls in the market uptake of innovative low carbon and adaptation technologies. As regards development aid and other external action, very substantial funds will be available in the period 2014-2020, namely €70,000 million under the MFF and €3,000 million for the European Development Fund. Climate change policy, including renewable energy, is high on our development agenda. Specific budget allocations will be defined in the legislative proposals for geographical and thematic instruments that the Commission will table by the end of the year.*

*I would also like to stress the importance of cohesion policy. The proposed MFF allocates €336,000 million to the structural funds and the Cohesion Fund. This is very relevant for investments in energy from renewable resources and energy efficiency, since these are priority themes of cohesion policy and we expect that significant amounts will be allocated to support sustainable energy projects. Transition regions and competitiveness regions would be required to focus at least 20% of cohesion funding (except for the ESF) on energy efficiency and renewable energy.*

*The coming negotiations will be decisive for the successful adoption of the MFF and the corresponding legislative proposals that will translate fund allocations into operational spending programmes. The task for the Commission is challenging and I rely on your constructive support to achieve our common goals.*

*Yours sincerely,*

A handwritten signature in black ink, consisting of a vertical line on the left and a long, sweeping horizontal line that curves upwards at the end.

*José Manuel BARROSO*