



COMMISSION OF THE EUROPEAN COMMUNITIES

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Proposal for a

COUNCIL REGULATION (EC)

extending the validity of the programme to promote international
cooperation in the energy sector - Synergy programme -
as established by Council Regulation (EC) No 701/97
of 14 April 1997

(presented by the Commission)

Explanatory memorandum

On 14 April 1997 the Council adopted the Regulation concerning a programme to promote international cooperation in the energy sector - Synergy programme - for a period of one year, covering 1997. This called on the Commission to present, before the end of 1997, a communication on all the Community programmes which have an energy component and a proposal for a framework energy programme.

In response, on 23 April 1997 the Commission adopted a communication entitled "An overall view of energy policy and actions". The objective of the communication was to bring greater transparency to the Community's energy policy. It marked an initial response to the Council's request.

Apart from increased transparency, the communication draws two operational conclusions as regards the policy which could be followed in future:

- energy measures should be strengthened so as better to respond to the expected significant increase in external dependency, to the objective of competitiveness, and to the need to respect the environment;
- with a view to increased efficiency, efforts should be made at clarification and streamlining. Community energy policy needs a coherent framework to allow it to fulfil its priority purposes with adequate means.

At the Council meeting on energy on 27 May the Presidency drew conclusions in which it "supports the Commission in its intention to continue with its analyses in this direction and to present proposals on the basis of the treaties and the allocation of responsibilities before the end of 1997".

The Commission will submit appropriate proposals by the end of the year. However, clearly it will not be possible definitively to adopt a new programme before the first half of 1998, given the scope of the new proposal and the consequent need for in-depth analysis and adequate negotiations.

With this in mind, the Council annexed a declaration to the Regulation of 14 April stating that should it prove impossible to adopt the framework energy programme provided for by Article 3(3) by the end of 1997, the Council would decide on the question of extension of the Synergy programme at the appropriate time.

Consequently, the objective of this proposal is to secure the continuity, for 1998, of the action started by Synergy, until these measures are incorporated into the new programme. The amount proposed is identical to the amount for 1997 and in line with the 1998 preliminary draft budget submitted by the Commission.

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THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 235 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

Whereas Council Regulation (EC) No 701/97 of 14 April 1997 adopting a programme to promote international cooperation in the energy sector - Synergy programme¹ - and in particular Article 3 thereof, provides for implementation of the Synergy programme to start on 1 January 1997 and end on 31 December 1997;

Whereas the declaration annexed to the Council minutes states that should it be impossible to adopt the framework energy programme provided for by Article 3(3) of the abovementioned Regulation before the end of 1997, the Council will decide on the question of extension of the Synergy programme at the appropriate time;

Whereas the Commission communication entitled "An overall view of energy policy and actions" concludes that an effort is needed to improve the transparency of Community energy policy and marks a first step towards a proposal for a framework energy programme;

Whereas the Council Presidency's conclusions of 27 May 1997 supported the Commission in its intention to continue with its analyses to define a pluriannual programme, covering all Community energy action, with a view to present proposals on the basis of the treaties and the allocation of responsibilities before the end of 1997;

Whereas it is necessary to extend the Synergy programme for one year, on a transitional basis, until the programme is incorporated into the new framework energy programme;

Whereas the Treaty provides no powers for adoption of this Regulation other than those provided by Article 235 of the EC Treaty,

HAS ADOPTED THIS REGULATION:

¹ OJ No L 104, 22.4.1997, p. 1.

Sole Article

1. The provisions of Regulation (EC) No 701/97 of 14 April 1997 adopting a programme to promote international cooperation in the energy sector - Synergy programme - until 31 December 1997 shall be extended for one year from 1 January 1998 to 31 December 1998.
2. The budgetary authority shall determine the appropriation for 1998 in accordance with the financial perspectives and budget discipline.
3. This Regulation shall enter into force on the 20th day following its publication in the Official Journal of the European Communities.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Council

The President

IMPACT ASSESSMENT FORM

THE IMPACT OF THE PROPOSAL ON BUSINESS

with special reference to small and medium-sized enterprises (SMEs)

Title of proposal:

Regulation concerning international cooperation in the energy sector - Synergy programme

Reference No:

The proposal:

1. TAKING ACCOUNT OF THE PRINCIPLE OF SUBSIDIARITY, WHY IS COMMUNITY LEGISLATION NECESSARY IN THIS AREA AND WHAT ARE ITS MAIN AIMS?

The objective is to promote the Community's energy interests in fields such as the overall competitiveness of industry, security of supply and environmental protection at European level, bearing in mind that each Member State defines its own energy policy objectives, which sometimes differ from those of other Member States.

2. WHO WILL BE AFFECTED BY THE PROPOSAL?

Aid only for undertakings in the energy sector for penetration of markets in non-EU countries.

– are there particular geographical areas of the Community where these businesses are found?

No, but the priority measures concern the Mediterranean and central and eastern European countries and should be of particular benefit to undertakings in these frontier regions.

3. WHAT WILL BUSINESS HAVE TO DO TO COMPLY WITH THE PROPOSAL?

4. WHAT ECONOMIC EFFECTS IS THE PROPOSAL LIKELY TO HAVE?

- on employment

The objective of providing aid for penetration of markets in non-EU countries should create jobs in undertakings supplying goods or services in this sector. The energy market should grow by 2% worldwide, compared with just 1% in Europe.

- on investment and the creation of new businesses

European investments and business start-ups in non-EU countries.

- on the competitive position of businesses

An indirect effect on energy supply costs is expected.

5. DOES THE PROPOSAL CONTAIN MEASURES TO TAKE ACCOUNT OF THE SPECIFIC SITUATION OF SMALL AND MEDIUM-SIZED FIRMS (REDUCED OR DIFFERENT REQUIREMENTS, ETC.)?

CONSULTATION

6. LIST THE ORGANISATIONS WHICH HAVE BEEN CONSULTED ABOUT THE PROPOSAL AND OUTLINE THEIR MAIN VIEWS.

EnR network, trade associations in this sector: Eurelectric, Eurogas, Europia, etc.

FINANCIAL STATEMENT

ITEM B4-1041

1. TITLE OF OPERATION

Promotion of international cooperation in the energy sector - Synergy programme.

2. BUDGET HEADING INVOLVED

B4-1041

3. LEGAL BASIS

Council Regulation (EC) No 701/97 of 14 April 1997 adopting a programme to promote international cooperation in the energy sector - Synergy programme (OJ No L 104, 22.4.1997, p. 1).

4. DESCRIPTION OF OPERATION

4.1 General objective

The need for an international cooperation programme at European level has been heightened by developments on the world energy scene in recent years:

- Europe's growing dependence on outside energy sources;
- extremely sharp increase in demand for energy in developing countries;
- growing impact of environmental problems, particularly greenhouse gas emissions, on energy choices.

The objective is to promote cooperation in the field of formulation and implementation of energy policy in non-EU countries to help achieve the objectives of the European Union's energy strategy, namely:

- overall competitiveness;
- security of energy supply for Europe;
- environmental protection.

This operation should be held to attain these objectives by launching schemes aiming, in particular, at:

- improving energy efficiency in non-EU countries;
- promoting use of clean technologies;
- encouraging use of local and, in particular, renewable energy sources;
- providing support for regional integration and opening-up of the energy sector in non-EU countries;
- fostering dialogue and contacts between Europe, producer countries and international organisations in the energy field;
- supporting penetration by European energy undertakings in non-EU countries.

The operation also provides support for the European Union's external relations policy and helps to establish frameworks for steering and preparing energy projects and to pave the way for the accession of Central and Eastern European countries.

Formulation of the annual programme, in collaboration with other Commission departments and representatives of the Member States, will provide an opportunity to target Synergy on the priority issues, taking account of the annex to the Regulation, as proposed by the European Parliament.

4.2 Period covered

One year, from 1 January 1998 to 31 December 1998, as an extension of the current programme, which ends on 31 December 1997.

5. CLASSIFICATION OF EXPENDITURE

Non-compulsory expenditure/differentiated appropriations.

6. TYPE OF EXPENDITURE OR REVENUE

Financing of studies, technical assistance and advice through the possible intermediary of experts; training and promotion activities, dissemination of information, organisation of conferences, seminars, workshops, technical and educational visits, support for energy cooperation or energy policy institutions and other activities in support of energy policy.

Expenditure on promotion of the programme, dissemination of the results and evaluation of the programme by outside experts and operating expenditure of bodies supporting cooperation in the energy field.

Normally the Community will contribute not more than 50% of the total cost of the project and will fund projects jointly with non-EU countries, the Member States or international organisations.

In certain cases, however, the Community can contribute up to 100%: to finance experts seconded full time to the authorities in non-EU countries or action solely in the interest of the Community (preliminary studies, reconnaissance missions, European energy centres, project evaluation, etc.).

7. FINANCIAL IMPACT

7.1 Method of calculating total cost of operation

The total cost of the operation depends on the specific measures.

The budget submitted is in line with the forecasts in the financial perspectives.

- "Horizontal measures" cover evaluations and information campaigns on the programme itself.
- "Energy analyses" cover sector-by-sector energy analyses and the energy planning studies referred to in the previous statement plus, increasingly, studies on the existing legislation in non-EU countries and adaptation to the new energy context.
- "Cooperation in formulating energy policy in non-EU countries" covers secondment of European experts to the energy authorities in non-EU countries for specific short-term team-building missions.
- "Financial support for cooperation bodies" covers projects under the auspices of the energy centres plus, increasingly, support for meetings of working parties or fora.
- "Seminars, conferences and workshops" are growing as non-EU countries show greater interest in Europe's experience with regulation and integration.

7.2 Itemised breakdown of cost

EC in mECU

Breakdown	Amount
Horizontal measures	0.500
Energy analyses	1.500
Cooperation in formulating energy policy in non-EU countries	1.000
Financial support for cooperation bodies	2.000
Seminars, conferences and workshops	1.000
Information and training	1.000
TOTAL	7.000

7.3 Operating expenditure on studies and meetings of experts included in Part B

Breakdown	Amount
Studies	-
Meetings of experts	-
Conferences and congresses	-
Information and publications	0.150
TOTAL	0.150

8. FRAUD PREVENTION MEASURES; RESULTS OF MEASURES TAKEN

The work is paid after its acceptance on the basis of a percentage set before award of the contract, and in the light of a final financial report on the operation. Documentary proof of travel and subsistence expenses may be required.

9. ELEMENTS OF COST-EFFECTIVENESS ANALYSIS

9.1 Specific objectives

A distinction can be drawn between:

- the specific objectives to which Synergy contributes without bearing sole responsibility for the results;
- the direct objectives of the Synergy schemes.

9.1.1 Objectives of the programme

- to reduce the predicted increase in greenhouse gas emissions worldwide by means of measures to encourage energy efficiency, new technologies, renewable sources and energy planning;
- to increase energy investment and exports by European undertakings in non-EU countries;
- to facilitate interconnection of the energy networks in non-EU countries and between non-EU countries and Europe;
- to prepare for accession of the associated countries by helping to bring their energy policies closer to EU energy policy;
- to maintain or increase the capacity for exporting energy from non-EU countries to Europe, despite the growing demand in non-EU countries.

9.1.2 Specific objectives of the schemes

In the case of seminars, conferences, workshops and financial support for cooperation bodies:

- to strengthen ties between decision-makers in the public or private sectors in Europe and in non-EU countries;
- to foster contacts between the authorities responsible in non-EU countries;
- to help to implement other cooperation schemes between the Community and non-EU countries;
- to disseminate information on the energy situation in Europe.

In the case of cooperation in formulating energy policy in non-EU countries and energy analyses:

- to make a European contribution to formulation of energy plans and regulations in non-EU countries.

In the case of training and information:

- to train members of the profession in non-EU countries and make them aware of European points of view.

Target population

States, public energy services, businesses, individuals from non-EU countries and the European Communities.

9.2 Grounds for the operation

Action at Commission level is justified for the following reasons:

- only the Commission can support European interests and undertakings without favouring any particular Member State;
- the Commission as such is designated as the intermediary with non-EU countries in contexts such as the G-24 or agreements concluded with some non-EU countries which explicitly include energy in their scope;
- action at Commission level will make it possible to complete the measures taken at the level of Member States and to strengthen their impact;
- the European Commission can represent better the interests of the Member States as a whole;
- action at European Commission level will make it possible to use expertise scattered between several Member States.

9.3 Monitoring and evaluation of the operation

First, the officials responsible for each geographical region already manage, monitor and evaluate, at their level, each project of which they are in charge.

Performance indicators selected

As Synergy is a programme of cooperation in formulating energy policies, it is difficult to determine quantitative indicators of its impact.

Furthermore, action relating to energy policy influences production or consumption figures only in the medium or long term.

Nevertheless, it is possible to apply indicators corresponding to the two types of objective mentioned in Section 9.1.

In the case of the general objectives:

- comparison of greenhouse gas emission levels with forecasts;
- country-by-country trends in the energy efficiency index;
- increase in local production, particularly the share taken by renewable sources;
- amount of European energy investment and exports;
- growth in energy exports from non-EU countries, in relation to their domestic demand trends;
- investments in interconnections between non-EU countries and between European and non-EU countries.

In the case of the specific objectives of the schemes:

- number of participants at conferences or meetings organised by Synergy plus, possibly, number of business contacts made and of measures taken to follow up such meetings;
- number of countries drawing on European experience to formulate their energy policy;
- number of members of the profession trained;
- number of people informed about the projects;
- cooperation schemes to follow up a Synergy project.

Details and frequency of planned evaluations

During the pilot phase, the Synergy programme was evaluated by independent experts in June 1990. The results of an evaluation of the action taken between 1990 and 1995 was released in June 1996.

The Regulation adopted by the Council provides for an evaluation in 1997 and a report to Parliament and the Council.

Synergy is also included in the general review of programmes administered by DG XVII.

9.4 Elements for evaluation of cost-effectiveness

To compare the figures with other programmes, allowance must be made for the fact that the projects are managed and monitored directly by officials from the Unit and that these tasks are not farmed out. Moreover, Synergy takes the form of Community initiatives and action (such as the Euro-Mediterranean forum) which provide results that can be used by other programmes. The projects call for greater involvement by officials for identification and negotiation of the projects.

The budget cut from ECU 10 million to ECU 7 million in the light of the financial perspectives has also led, out of concern to ensure greater cost-effectiveness, to continued priority for Community initiatives and activities contributing to the emergence of other cooperation schemes, thereby increasing the proportion of the programme's budget taken by administrative costs.

10. ADMINISTRATIVE EXPENDITURE

The allocation of required administrative resources for this action will depend on the Commission's annual decision on the allocation of resources, taking into account the number of staff and additional credits authorised by the budget authority.

10.1 Impact on the number of staff

Post	Staff to be assigned to management of the operation		of whom		of whom
	permanent staff	temporary staff	existing resources within the DG or department concerned	additional resources	
Officials or temporary staff	A B C	6 2 5	2	8 2 5	
Other resources		2 seconded national experts 2 suppliers of services	2 seconded national experts 2 suppliers of services		
Total		13	6	19	
Proportion of time spent on the programme: 60%. Number of posts to be allocated to the programme: 12					

In the case of additional resources, indicate the rate at which they will have to be provided.

10.2 Total financial impact of the human resources

The 19 staff mentioned will not work exclusively on the Synergy programme but also on all international energy measures.

The team as a whole will spend an estimated 60% of its time on the Synergy programme alone.

The total cost of administration of the programme can therefore be estimated at $19 \times 0.6 \times \text{ECU } 103\,000 = \text{ECU } 1\,174\,200$.

10.3 Other operating expenditure

Budget heading	Amount	Method of calculation
A-2510 Meetings in general	40 000	Two one-day meetings with two delegates per Member State, based on an average of ECU 658 per delegate (travel expenses only)
A-130 Mission expenses, travel expenses and incidental expenditure	100 000	Estimate based on expenditure in the first half of the year
Total	140 000	

The appropriations indicated are funded from the existing amount allocated to the departments running the programme.

The amounts correspond to the total expenditure on the operation in the case of operations of limited duration and to expenditure over 12 months in the case of operations of indefinite duration.

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DOCUMENTS

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