

COMMISSION OF THE EUROPEAN COMMUNITIES

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**PROPOSAL FOR A COUNCIL REGULATION (EEC)
AMENDING COUNCIL REGULATION No. 726/79 AS REGARDS
THE GRANTING OF FINANCIAL SUPPORT FOR PROJECTS
TO EXPLOIT ALTERNATIVE ENERGY SOURCES**

(presented by the Commission to the Council)

JUSTIFICATION

1. The Council, acting on a proposal from the Commission, adopted, on 12 June 1978, Regulation (EEC) No. 1302/78* on the granting of financial support for projects to exploit alternative energy sources. This is intended, among other things, for demonstration projects on the liquefaction and gasification of solid fuels.
2. The Council, acting on a proposal from the Commission, adopted, on 9 April 1979, Regulation (EEC) No. 728/79** on the implementation in the solid fuel liquefaction and gasification sectors of Council Regulation (EEC) No. 1302/78 on the granting of financial support for projects to exploit alternative energy sources.
3. The Council, adopted, also on 9 April 1979, Regulation (EEC) No. 726/79** fixing the maximum amount of aid to be made available pursuant to Council Regulation (EEC) No. 1302/78. The maximum amount of support for projects to exploit alternative energy sources was fixed at 95 MEUA over 5 years, of which 50 MEUA was earmarked for the support of demonstration projects on the liquefaction and gasification of solid fuels.
4. In reply to the Commission's call for tenders published on 30 June 1978***, 14 undertakings and institutions presented requests for support to carry out demonstration projects whose total cost amounted to some 280 MEUA, which showed the interest of the Member States and of the industries in this sector. Four projects have already received support amounting to 15.825 MEUA for their initial phases. The portion of financial aid remaining available will be used, in the near future, to provide support for major projects that have been presented to the Commission. Moreover, further projects are anticipated.

*OJ No. L158 of 16.6.1978
**OJ No. L 93 of 12.4.1979
*** OJ No. C154 of 30.6.1978

5. Since the adoption of the above decisions, recent events in the energy sector, and particularly the constant increases and prospective increases in the price of oil products show that it will be more and more necessary to have recourse to other sources of energy in order to reduce dependence on oil supplies. The position of coal in the energy structure of the period 1980-90 is destined to be strengthened considerably through the technologies of liquefaction and gasification.

6. The Member States of the Community, and particularly the countries that produce and use coal, have recognized the growing importance of coal conversion techniques and have consecrated increased financial means to this end in their national budgets. The transposition of technology to demonstration on the semi-industrial scale, or even the industrial scale, requires major financial commitments by both industry and the public sector. In order to accelerate the development of these techniques and processes it would be desirable to support, by means of Community aid, projects whose interest and usefulness passes beyond the national level. By this means, the results obtained during the carrying out of these projects will contribute to the more general introduction of coal conversion technologies. Such an action would require an appreciable increase in financial means.

7. The Council of Europe in Strasbourg, in examining the energy dossier on 21 and 22 June 1979, considered it essential that an energy strategy should be defined that should be aimed particularly at the pursuit of economic growth which is no longer dependent on increasing oil consumption, but which is based on the development of other sources of energy including coal. The Council of Europe also made specific statements about coal. In view of the change of direction that is necessary in oil imports, the use of coal in power stations must be increased immediately and its use in industry must be encouraged. The new technological programmes aimed at the development of new methods of production, transport and conversion of coal will be stressed.

8. The Commission, moreover, has made statements on several occasions about gasification and liquefaction and the sums that must be dedicated to that end (20 MEUA/ year, i.e., 100 MEUA/5 years). It is sufficient to refer here to the Medium-Term Guidelines for Coal 1975-1985* where a sum of some

*OJ No. C 22 of 30.1.1975

20 MEUA per year is proposed for the development of coal conversion technologies over a period of 10 years. Subsequently, at the beginning of December 1978, in a letter to the President of the Council, having discussed the decisions to be taken with regard to the support of projects to exploit alternative energy sources and energy saving, the Commission foresaw and requested a sum of 1000 MEUA over 5 years for gasification and liquefaction.

9. For reasons of a technical, economic and political nature recapitulated above, the financial aid of 50 MEUA decided by the Commission should be augmented and brought up to a total estimated, by way of illustration, at 100 MEUA for a period of 5 years. The draft Council Regulation (EEC) modifying Regulation (EEC) No. 726/79 of 9 April 1979 is appended to the present document.

10. The Commission has, on several occasions and with the fullest formality, formulated objections to the unilateral fixing, by the Council, of financial ceilings in the provisions of its Regulations and Decisions.

In a declaration that was noted in the Council's minutes, the Commission considered that "the respect due to the powers of the Parliament with regard to non-obligatory expenditure implies that figures should not be included in the Council Regulation except by way of illustration with the sole aim of enabling the budgetary authority to have a reasonable idea of the volume of expenditure that will probably be involved".

On the occasion of the present Regulation the Commission once more reiterates its request that the new total amount of financial aid should appear only by way of illustration.

II

(Preparatory Acts)

COMMISSION

Proposal for a Council regulation amending Council Regulation (EEC) No 726/79 as regards the granting of financial support for projects to exploit alternative energy sources

(Submitted by the Commission to the Council on 5 December 1980)

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to Council Regulation (EEC) No 1302/78 of 12 June 1978 on the granting of financial support for projects to exploit alternative energy sources ⁽¹⁾, and in particular Article 11 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

Whereas the maximum amount of aid to be made available pursuant to Council Regulation (EEC) No 1302/78 was fixed by Council Regulation (EEC) No 726/79 ⁽²⁾;

Whereas the developments that have occurred in the energy sector since the entry into force of Council Regulation (EEC) No 726/79 make it necessary, in the case of the liquefaction and gasification of solid fuels in order to accelerate the application of these technologies, to increase the limits initially fixed at 50 million EUA;

Whereas the Commission has presented to the Council estimates relating to the expenditure to be envisaged for the overall five-year programme and for its various sectors,

HAS ADOPTED THIS REGULATION:

The sole Article of Regulation (EEC) No 726/79 is amended to read as follows:

'Sole Article

1. The maximum amount of aid to be granted pursuant to Regulation (EEC) No 1302/78 is hereby fixed, for guidance purposes, at 145 million European units of account for the whole of the five-year programme.

2. The following maxima are established, for guidance purposes, for the following sectors:

	<i>(million EUA)</i>
— liquefaction and gasification of solid fuels	100
— exploitation of geothermal fields	22.5
— exploitation of solar energy	22.5

The Commission may, within the limit of 145 million European units of account, modify this apportionment by up to 10 % of any of the sectoral amounts. The Council acting unanimously may modify the apportionment by an amount in excess of 10 % of any of the sectoral amounts.'

⁽¹⁾ OJ No L 158, 16. 6. 1978, p. 3.

⁽²⁾ OJ No L 93, 12. 4. 1979, p. 2.

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

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FINANCIAL DETAILS

1. Budgetary line concerned: Art. 324 - Item 3241 (1981 Budget)
2. Title of the budgetary line: "New sources of energy - liquefaction and gasification of solid fuels " (1981 Budget)
3. Legal basis:
 - 3.1 Council Regulation (EEC) No. 1302/78 of 12 June 1978 on the granting of financial support for projects to exploit alternative energy sources (OJ No. L158 of 16.6.1978).
 - 3.2 Council Regulation (EEC) No. 728/79 of 9 April 1979 on the implementation in the solid fuel liquefaction and gasification sectors of Council Regulation (EEC) No. 1302/78 on the granting of financial support for projects to exploit alternative energy sources. (OJ No. L 93 of 12.4.79)
 - 3.3 Council Regulation (EEC) No. 726/79 of 9 April 1979 fixing the maximum amount of aid to be made available pursuant to Council Regulation (EEC) No. 1302/78 on the granting of financial support for projects to exploit alternative energy sources. (OJ No. L93 of 12.4.1979)
 - 3.4 Draft Council Regulation (EEC) modifying Regulation (EEC) No. 726/79 of 9 April 1979.
4. Description of the Action: Allocation of supplementary financial aid to Community undertakings or organisations to carry out demonstration projects in the solid fuel liquefaction and gasification sector.
5. Object of the Action: To encourage processes for the liquefaction and gasification of solid fuels in the Community by favouring the realisation of projects aimed at demonstrating their industrial and commercial viability, and also to accentuate and accelerate the exploitation of processes for converting coal and other solid fuels.

6. Justification of the Action: Given the risks, the high capital costs and the implementation of techniques and technologies that are partially new, the execution of these projects could not be assured or could be deferred without the intervention of financial support from the Community and there would consequently be a lack of exploitation of a new source of energy.

7. Credits

- 1978 and 1979: authorised engagement of credits*: 15 825 000 EUA* (for the liquefaction and gasification of coal)

- 1980: engagement of credits requested*: 34 125 000 EUA*

- 1981: engagement of credits requested*: 50 000 000 EUA**

- Payments envisaged: 50 000 000 EUA, divided in the following way, over the next five years:

- . 1981: 15 000 000 EUA
- . 1982: 12 000 000 EUA
- . 1983: 12 000 000 EUA
- . 1984: 6 000 000 EUA
- . 1985: 5 000 000 EUA

8. Method of control envisaged

8.1 No control by the Member States is envisaged. The organizing service and the Financial Control will carry out periodical on-the-spot audits and will follow the execution of the projects through the technical and financial reports that the undertakings and organizations are required to submit periodically.

8.2 The Commission is required to report periodically to the Assembly and the Council on the application by Regulation 1302/78 and the Regulation on the implementation of Regulation 1302/78 in the solid fuel liquefaction and gasification sectors.

* Within the framework of Council Regulation (EEC) No. 726/79 of 9 April 1979

** Within the framework of the draft Regulation mentioned under 3.4

9. Staff required:

9.1. Tasks: Preliminary investigation of projects, consultation and decision procedures, negotiation and conclusion of contracts, control of contractual commitments and periodical reports

9.2. Supplementary staff: 1 responsible official (A)
1 secretary (C)