

European Communities

EUROPEAN PARLIAMENT

Working Documents

1984-1985

6 March 1985

DOCUMENT 2-1784/84

REPORT

drawn up by the Committee on Energy, Research and
Technology

on the proposal from the Commission on the application
of the Community's energy pricing principles in Member
States (COM(84) 490 final)

Rapporteur: Mr A. BONACCINI

At its sitting of 9 October 1984, the President of the European Parliament referred the motion for a resolution by Mr K. STEWART and others on the social effects and hardship caused by disconnections of heat and light (Doc. 2-593/84), and at the sitting of 13 November 1984 the motion for a resolution by Mrs LIZIN on a European recommendation to suspend the cutting-off of gas and electricity supplies to the poor (Doc. 2-938/84), to the Committee on Energy, Research and Technology as the committee responsible, and to the Committee on Budgets, the Committee on Economic and Monetary Affairs and Industrial Policy, Committee on Legal Affairs and Citizens' Rights, the Committee on Social Affairs and Employment and the Committee on the Environment, Public Health and Consumer Protection for opinions.

At its meeting of 17 November 1984, the Committee on Energy, Research and Technology decided to draw up a report on the motion for a resolution by Mr K. STEWART and others and to consider the Commission's proposal on the application of the Community's energy pricing principles in Member States (COM(84) 490 final) which had been forwarded to the European Parliament for information, in the same report. At the same meeting the committee appointed Mr BONACCINI rapporteur.

At its meeting of 22 November 1984 the Committee on Energy, Research and Technology decided to include consideration of the above-mentioned motion for a resolution by Mrs LIZIN in the report.

The committee considered the draft report at its meetings of 22 January 1985, 30 January 1985 and 27 February 1985. The motion for a resolution was adopted by 11 votes to 8.

The following took part in the vote: Mr Poniatoski, chairman; Mr Adam, vice-chairman; Mr Bonaccini, rapporteur; Mr Battersby (deputizing for Mr Seligman), Mrs Bloch von Blottnitz (deputizing for Mr Molinari), Mr Ciancaglini, Mr Ippolito, Mrs Lizin, Mr Mallet, Mr Martin (deputizing for Mr Fitzsimons), Mr Metten (deputizing for Mr Linkohr), Mr Munch, Mr Peters (deputizing for Mrs Lienemann), Mr Rinsche, Mr Smith, Mr Spath, Mr Toksvig, Mr Turner and Mrs Viehoff.

The opinion of the Committee on the Environment, Public Health and Consumer Protection will be published separately.

The Committee on Social Affairs and Employment, the Committee on Budgets, the Committee on Economic and Monetary Affairs and Industrial Policy and the Committee on Legal Affairs and Citizens' Rights will not deliver an opinion.

The explanatory statement will be made orally.

The report was tabled on 1 March 1985.

The deadline for tabling amendments to this report will be indicated in the draft agenda for the part-session at which it will be debated.

The Committee on Energy, Research and Technology hereby submits to the European Parliament the following motion for a resolution:

A

MOTION FOR A RESOLUTION

on the proposal from the Commission on the application of the Community's energy pricing principles in the Member States

The European Parliament,

- having regard to the Commission Staff Report on the application of the Community's energy pricing principles in Member States (COM(84) 490 final),
 - having regard to the motion for a resolution by Mr K. STEWART and others on the social effects and hardship caused by disconnections of heat and light (Doc. 2-593/84),
 - having regard to the motion for a resolution by Mrs LIZIN on a European recommendation to suspend the cutting off of gas and electricity supplies to the poor (Doc. 2-938/84),
 - having regard to the report of the Committee on Energy, Research and Technology, and the opinion of the Committee on Economic and Monetary Affairs and Industrial Policy (Doc. 2-1784/84),
1. Expresses its surprise that the Commission has not submitted its Staff Report as its own;
 2. Endorses the general guidelines set out in the Commission Staff Report (COM(84) 490 final) of 18 September 1984 on the application of the Community's energy pricing principles in the Member States;
 3. Notes that in general these principles have become the usual practice in the various Member States; this has produced a clear improvement in the overall financial situation of the undertakings concerned and has restored their independent capacity for self-financing;
 4. Notes that this has clearly contributed to the revival and relaunch of plans for investment and expansion of productive capacity in certain Member States which had fallen badly behind in this field with the need in particular to diversify away from oil in electricity generation and in industry into coal and nuclear power in accordance with the Community's 1990 Energy Objectives;
 5. Calls for more careful comparisons and checks to be made in future in respect of the diversification of energy sources, the rationalization of consumption and the excessive dependence on oil still prevalent in some Member States;
 6. Emphasizes the importance of gas, electricity and coal prices to Community firms whose product costs are considerably influenced by the energy content of their manufacture and processing, and the importance of their competitive position, vis-à-vis firms in the same sector in the USA and Japan and in other states which compete with the Community in world markets;

7. Requests the Commission and the Council to pursue in addition the harmonization of energy-pricing principles in other international fora, for example, the International Energy Agency;
8. Fully supports, therefore, the idea of the study mentioned in paragraphs 52 and 58 into electricity and gas tariffs, and calls for completion of the review mentioned in paragraph 64 concerning natural gas prices in the petrochemical gas sector;
9. Stresses the close relationship between the production and distribution of energy resources and the protection and renewal of the environment, as well as the protection of the health and life of individuals and communities. The effects of these latter costs on final energy prices and tariff structures should not in principle do anything to jeopardize the production and distribution of energy resources;
10. Considers that the measure now being taken by certain Member States mark the end of the phase which has seen a recovery in the real value of prices, particularly for electricity, which have now reached comparable levels;
11. Considers that unfavourable trends in the economy and international trade, together with overproduction of crude oil, are likely to lead in the near future to further substantial reductions in the price of crude oil;
12. Considers, however, that this factor and other favourable conditions for the Community economy could once again be cancelled out by the unprecedented and unjustified rise in the value of the dollar. For this reason, therefore, (and without wishing in this context to make general remarks on exchange policy, on which it has already given its views on various occasions), Parliament asks the Commission to explore all possible opportunities for settling oil and gas bills in ECU;
13. Demands that adverse effects on the environment should be taken into account when calculating costs, in accordance with the polluter pays principle;
14. Affirms that, in any case, price and tariff structures must be the result of a more complete cost/benefit analysis, consistent with overall costs and with the energy policy objectives laid down by the EEC, and should help to promote the definition of a more comprehensive Community energy policy;
15. Endorses the remarks made in the report concerning the need for the oil products market to be organized in such a way as to guarantee competition between suppliers (paragraph 29(i)) and for the dominance of monopoly suppliers in the natural gas market to be challenged (paragraph 38);
16. Considers that a careful check should be kept on the Dutch gas monopoly's pricing practices, which are still discriminatory;
17. Stresses the importance of price transparency in the energy sector in order to guide consumer choice and ensure the proper functioning of the European energy market;

18. Shares the belief, therefore, that it is important to avoid artificial distortions in the prices of energy products which could damage competition within the Community;
19. Shares the view that tariffs, particularly for domestic consumers, should be published and that the various sections of society should be involved in their preparation and definition, the purpose being to ensure social solidarity with certain categories of final consumers and with certain regions which are affected by particular geographical or economic conditions;
20. Considers also that individual Member States should be recommended to allow intervention by local authorities and other welfare organizations, to contribute to and guarantee the payment of fuel bills for the poorest, most neglected or most deprived sections of the population, and to reach agreement with electricity and gas supply industries on reasonable postponements of payment, so as to avoid the cutting off of gas and electricity supplies to these categories of the population;
21. Stresses the need to step up the development of transfrontier gas and electricity pipelines which will facilitate trade in energy products at prices which are both realistic and free from artificial distortions and act as a means of stimulating competition among suppliers of gas and electricity for the benefit of industrial and domestic consumers;
22. Calls on the Commission to make preparations for a resumption of the meetings aimed at securing the harmonization of excise duties and value added taxes, to avoid jeopardizing the aim of a more effective energy pricing policy;
23. Calls on the Commission to draw up without delay a draft recommendation based on the policies and principles outlined above and aimed at achieving effective coordination of the energy policies of the Member States;
24. Recalls that in its first reading of the draft budget of the European Communities for 1985 the European Parliament, at the initiative of the Committee on Energy, Research and Technology, adopted an amendment creating a new item for studies on energy costs (Item 7091) intended to provide for a feasibility study on the setting-up of an independent unit to monitor energy pricing in the European Community, with special reference to electricity generation and gas distribution, and reaffirms its intention to incorporate this item when the 1985 budgetary procedure is concluded;
25. Calls on the Commission to undertake the feasibility study referred to in the preceding paragraph as soon as practically possible;
26. Asks to be consulted on this matter after the Council's discussions which are due to be held on 15 March 1985;
27. Instructs its President to forward this resolution to the Commission and Council of the European Communities.

MOTION FOR A RESOLUTION (DOCUMENT 2-938/84)

tabled by Mrs LIZIN

pursuant to Rule 47 of the Rules of Procedure

on a European recommendation to suspend the cutting-off of gas and electricity supplies to the poor

The European Parliament,

- A. having regard to the trend in the incomes of a great many poor families in Europe and the general increase in poverty in Europe,
- B. aware of the importance of expenditure on heating, gas and electricity in the household budget of these families,
- C. having regard to the vital nature of these supplies and the need for special measures to prevent the sudden cutting off of supplies, a practice which has become increasingly widespread,
- D. whereas the provision of these vital supplies is not only a commercial transaction but also a social service,
 1. Considers that the cutting-off of the gas and electricity supplies of low-income families has become a serious and widespread phenomenon, making it a social problem in Europe;
 2. Calls on the Commission to launch a European inquiry into the extent of this problem;
 3. Calls on the Commission to submit a recommendation to the Member States with a view to the general introduction in each State of special treatment for low-income families as regards gas and electricity supplies;
 4. Proposes that this recommendation include reference to the need to set up a fund financed by the States and the undertakings concerned in order to finance these social measures.

MOTION FOR A RESOLUTION (DOCUMENT 2-593/84)

tabled by Mr K. STEWART and Mr STEVENSON

pursuant to Rule 47 of the Rules of Procedure

on the social effects and hardship caused by disconnections of heat and light

The European Parliament,

- A. recognising the importance of adequate heat and light to the health, happiness and quality of life of citizens,
- B. noting that in 1984-5, over 120.000 UK households will be deprived through disconnection of one or more of the basic amenities of heat and light,
- C. noting that these households suffer from 'fuel poverty', defined as a 'lack of sufficient resources to buy adequate heat and light',
- D. noting that on Merseyside, almost 1% of domestic electricity users are disconnected because of the inability to meet costs,
- E. noting that a major factor in fuel poverty is high fuel costs and low income; poorer households are affected more because of poor housing which often requires more heating,
- F. disturbed by the fact that in the UK, fuel authorities are empowered to disconnect consumers without recourse to the law, and without adhering to recognised standard procedures,
- G. recognising that the code of practice, designed to minimise disconnection through hardship exists, and is operated by the fuel authorities, but is completely inadequate in achieving its stated aims,
- H. noting that the following procedures designed to prevent disconnection and/or clear debt are not in the spirit of the code of conduct, and add to the poverty and hardship of many people:
 - i) installation of pre-payment meters, calibrated to collect debt, often rendering the householder unable to afford to use it,
 - ii) agreed weekly payments, often out of all proportion to ability to pay, leading to subsequent disconnection,

iii) direct payments via deductions by the DHSS or employers, increasing the inability of the debtor to purchase other necessities,

iv) imposition of installation deposits designed to clear debt before re-connection of supply, disproportionate to ability to pay, leaving many victims without supply for long periods,

I. noting that this is confirmed by the PSI report of fuel debts and hardship 1981, commissioned by the Department of Energy and the UK fuel industries, which concluded that

'The code of practice has not been adequate to achieve the radical minimisation of hardship. The deficiencies appear to lie not so much in the industries' operation of the code as in the code itself',

J. noting the new working document put forward by the Commission on energy pricing policy, due to be discussed by the Council,

1. Calls on the Commission and Council of Ministers to take full account of the social problems of energy prices in its further consideration of its recent proposals on energy pricing policy;

2. Recognises the right of citizens to adequate supplies of heat and light, and calls upon the Council and Commission to enact legislation that would remove the power to disconnect domestic fuel supplies from the fuel industries within the EC, and to institute a satisfactory code or judicial control over fuel disconnections.