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O P I M I O N

of the Committee on Energy, Research and Technology
for the Committee on Regional Policy and Regional Planning

on a Commission initiative for regional programmes to develop transmission and distribution networks for natural gas and electricity (REGEN)

Draftsman : Mr Carles-Alfred GASOLIBA I BOHM

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*	= Consultation procedure requiring a single reading	**II	= Cooperation procedure (second reading) which requires the votes of a majority of the current Members of Parliament for rejection or amendment
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OPINION

(Rule 120 of the Rules of Procedure)

of the Committee on Energy, Research and Technology
for the Committee on Regional Policy and Regional Planning

Draftsman: Mr Carles-Alfred GASOLIBA I BÖHM

At its meeting of 17 to 19 September 1990 the Committee on Energy, Research and Technology appointed Mr Gasoliba I Böhm draftsman.

At its meeting of 16 and 17 October 1990, it considered the Commission proposal and the draft opinion and adopted the conclusions of the latter on 17 October 1990 by 12 votes to 0, with 2 abstentions.

The following took part in the vote: La Pergola, chairman; Lannoye, vice-chairman; Gasoliba I Böhm, draftsman; Chiabrando, Falqui (for Breyer), Garcia Arias, Larive, Linkohr, Mayer, Pierros, Porrazzini, Regge, Rovsing, Robles Piquer, Sanz Fernandez, Seligman and West.

I. SUMMARY OF THE COMMISSION PROPOSAL

1. The REGEN proposal is a Commission initiative to improve the economic competitiveness and integration of regions whose development is lagging behind and which are inadequately equipped with energy infrastructure. This programme is one of a number of Community regional initiatives, some of which have already been considered by the Committee on Energy, Research and Technology (RECHAR, STRIDE). It will be implemented on the basis of joint finance by the Member State and the Community, with a total Community contribution over four years (1990-1993) 300 m ECU from the European Regional Development Fund. Loans are also expected to be made by the European Investment Bank and the ECSC.

2. The REGEN initiative will be implemented in the form of loans and subsidies, following the guidelines laid down by the Commission for operational programmes submitted by the Member States and approved by the Commission.

3. Action under the REGEN programme is aimed principally at peripheral regions whose development is lagging behind and which do not possess infrastructure for the storage and distribution of natural gas - or exceptionally, electricity - so as to ensure appropriate interconnections between these regions and the rest of the Community, and to complete a Community-wide distribution and transport network. The Commission also believes that this initiative will help improve the competitiveness of industries in the regions concerned and reduce pollution related to energy use.

4. The Commission has identified the following projects as eligible for assistance within the framework of this initiative:

- gas reception facilities and transmission networks (Portugal and Greece)
- an interconnection between gas transmission networks (UK and Ireland)
- a possible interconnection between gas transmission networks (Italy, Sardinia, Corsica)
- interconnections between gas transmission systems (Portugal and Spain)
- interconnection or electricity distribution networks (Italy and Greece).

5. In deciding the amounts to be contributed by the Community to projects submitted, the Commission will take into account, *inter alia*, cost-benefit analyses specifying, for example, benefit to users in terms of the cost of energy or better management and greater security of energy supplies, and the environmental impact of the project.

II. COMMENTS

6. The situation of countries such as Greece, Portugal or Ireland, with regard to gas distribution or transport networks, and the conviction that investment in energy networks is more than necessary if the industries of Objective 1 regions are to be competitive have led the Commission to undertake an initiative which will unquestionably benefit the completion of the single market in these least-favoured regions as well as their economic development, and will provide them with greater security of energy supplies. This, at least, is one of the goals of the proposal and the Committee on Energy, Research and Technology welcomes it.

7. Nonetheless, the Commission proposal appears to have another and more fundamental goal: the insistence of the European Council meeting of 8 and 9 December 1989 on the importance of trans-European networks in the energy field means that the REGEN initiative is basically concerned with problems of achieving supra-regional integration of the Community's natural gas network. This means that the benefits to the regions affected by the projects will, in fact, be incidental. The Commission must provide additional clarification on this point.

8. The Committee on Energy, Research and Technology has indirectly dealt with energy problems at regional level in the ADAM report on new objectives of Community energy policy for 1995; the LINKOHR report on the internal market in energy; and the DESAMA report on the transmission of electricity through major networks. The principal elements of its thinking on this subject are concerned with the following needs:

- (a) to provide Community financial assistance to those Member States and regions which are lagging farthest behind in achieving their energy goals;
- (b) to facilitate gas and electricity distribution, from a Community viewpoint, by supporting the interconnection of these networks;
- (c) to step up efforts to establish an integrated system of energy sources;
- (d) to encourage the development of energy production on the basis of renewable and alternative decentralized energy sources.

9. There is no question of the importance of the role of natural gas in European energy consumption. At present, its contribution to primary energy consumption - whether from Community gas deposits (in the Netherlands and North Sea) or imported from neighbouring countries (Algeria, USSR and Norway) - is almost 20%, without taking into account gas produced from the gasification of coal or fractional distillation of oil. Nonetheless, we should ask the Commission if this promotion of the use of gas in the regions is desirable, from the specifically regional point of view. An initiative such as REGEN should not displace other energy projects that also appear to have much to offer for the development of the least-favoured regions, which, because of their geographical location, low income levels, technologically impoverished industrial base, etc., are particularly attractive for the development of renewable and alternative energy, free of the investment-dependency inherent in distribution and transport networks.

10. Within the scope of the Community support framework, the Commission has established various lines for financing investment for the period 1989-1993, investment totalling 4700 m ECU and earmarked for energy production, transport and distribution projects in Objective 1 regions. For all their

importance, the Commission believes that this investment constitutes only a partial response to the question of developing energy transport networks. Nevertheless, this is an alternative which should not be discounted, since if the development of the region, considered as a suitable unit for Community action, is to be encouraged, it would be reasonable to combine the initiative programmes with the Community support frameworks, so that both the objectives of the Commission proposal on Community-wide integration of transport networks and the promotion of alternative energy projects specifically designed for the least-favoured regions of the entire European Community could be achieved at the same time.

11. In this respect, the choice of projects identified as eligible for Community aid by the Commission is open to discussion. There are other projects for linking up gas networks and transmission systems between Member States, for example, which could promote complementarity between the objective of developing trans-European natural gas networks and that of developing of Objective 1 regions.

III. CONCLUSIONS

12. The Committee on Energy, Research and Technology

- (a) Welcomes the Commission proposal on the REGEN programme, an initiative which represents a step forward in the development of the Community's energy policy at regional level;
- (b) Calls on the Commission to take into account a third objective in Section I (Objectives) as follows :

'Increase the resources earmarked for integrated alternative energy projects in the Objective 1 regions.'
- (c) Calls on the Commission to include a new point (13) in Section IV (Implementation), to read as follows :

'13. The Commission shall each year submit a review of implementation of the initiative programme.'
- (d) Believes that in setting up the REGEN initiative the Commission should not limit the promotion of energy projects other than those included in the proposal in the least-favoured regions, and least of all projects which involve renewable and alternative energy sources;
- (e) Believes that the implementation of the programme should be combined with that of the Community's support frameworks in the energy sector, so that the Community-wide objectives referred to in the proposal are not achieved to the detriment of other energy options of a regional dimension;
- (f) Calls on the Commission to include further details in the proposal as to how supra-regional interests in integrating natural gas distribution and transport networks will not be detrimental to specific regional interests and requirements in the energy sector;

- (g) Believes that the Community initiative ought to envisage the possibility of choosing complementary projects designed to link up Spanish and Portuguese natural gas transport systems, to be carried out on the basis of Objective 1 regions;
- (h) Calls on the Commission to take adequate account of the regional dimension in the development of Community energy policy.

