
EUROPEAN PARLIAMENT

Working Documents

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Report

drawn up on behalf of the Committee on Energy and Research

on the proposal from the Commission of the European Communities to the Council (Doc. 433/78) for a regulation on the implementation in the solar energy sector of Regulation (EEC) No 1302/78 concerning the ~~granting~~ of financial support for projects to exploit alternative energy sources

Rapporteur: Mr T. DALYELL

1.21

By letter of 31 October 1978 the President of the Council of the European Communities requested the European Parliament, pursuant to Article 235 of the EEC Treaty, to deliver an opinion on the proposal from the Commission of the European Communities to the Council for a regulation on the implementation in the solar energy sector of Council Regulation (EEC) No. 1302/78 concerning the granting of financial support for projects to exploit alternative energy sources.

The President of the European Parliament referred this proposal to the Committee on Energy and Research as the committee responsible and to the Committee on Budgets for its opinion.

On 29 November 1978 the Committee on Energy and Research appointed Mr DALYELL rapporteur.

It considered this proposal at its meeting of 21 December 1978.

At the same meeting the committee unanimously adopted the motion for a resolution and the explanatory statement.

Present: Mrs Walz, chairman; Mr Flämig, vice-chairman; Mr Dalyell, rapporteur; Lord Bessborough, Mr Brown, Mr De Clercq, Mr Edwards, Mr Ellis (deputizing for Mr Fitch), Mr Fuchs, Mr Lamberts, Mr Ligios (deputizing for Mr Fioret), Mr Mitchell, Mr H.W. Müller, Mr Noè, Mr Osborn, Mr Ripamonti and Mr Verhaegen.

The opinion of the Committee on Budgets is attached.

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The Committee on Energy and Research hereby submits to the European Parliament the following motion for a resolution together with explanatory statement:

MOTION FOR A RESOLUTION

embodying the opinion of the European Parliament on the proposal from the Commission of the European Communities to the Council for a Regulation on the implementation in the solar energy sector of Council Regulation (EEC) No 1302/78 concerning the granting of financial support for projects to exploit alternative energy sources

The European Parliament,

- having regard to the proposal from the Commission of the European Communities to the Council,¹
- having been consulted by the Council (Doc. 433/78),
- having regard to the report of the Committee on Energy and Research and the opinion of the Committee on Budgets (Doc.557/78),
- having regard to its resolutions
 - on the proposal from the Commission of the European Communities to the Council (Doc. 473/74) for programmes of research and development actions in the field of energy²
 - on the proposal from the Commission of the European Communities to the Council (Doc. 145/76) for a multiannual research programme of the Joint Research Centre (1977-1980)³
 - on the need for a Community policy on the use of solar energy⁴
 - on the proposals from the Commission of the European Communities to the Council (Doc. 158/77) for
 - I. a regulation on the granting of financial aids to demonstration projects in the field of energy saving
 - II. a regulation on the granting of financial support for projects to exploit alternative energy sources,⁵

¹OJ No. C. 259, 1.11.1978, p.4

²OJ No. C 76, 7.4.1975, p.28

³OJ No. C 238, 11.10.1976, p.11

⁴OJ No. C 163, 11.7.1977, p.66

⁵OJ No. C 299, 12.12.1977, p.50

1. Approves the proposal for a regulation on the implementation in the solar energy sector of Council Regulation (EEC) No 1302/78 concerning the granting of financial support for projects to exploit alternative energy sources;
2. Expresses serious reservations, however, with regard to the decision-making procedures introduced by the Council in respect of alternative energy sources in Regulation (EEC) No 1302/78, procedures which would be detrimental to both the European Parliament's budgetary powers and to the Commission's executive responsibilities for the administration of programmes;
3. Informs the Council of its intention to call for the initiation of the conciliation procedure should the Council attempt to adopt a regulation, pursuant to Article 11 of Council Regulation (EEC) No 1302/78, which would enable it to fix unilaterally the maximum amount of aid to be made available for projects to exploit alternative energy sources;
4. Requests the Commission, as an indication of the unacceptability of certain articles in Council Regulation (EEC) No 1302/78, to incorporate the following amendments in its proposal, pursuant to Article 149, second paragraph, of the EEC Treaty, thereby deleting all reference to the unacceptable articles.

Proposal for a Council Regulation on the implementation in the solar energy sector of Council Regulation (EEC) No 1302/78 concerning the granting of financial support for projects to exploit alternative energy sources

THE COUNCIL OF THE EUROPEAN
COMMUNITIES

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

Having regard to Regulation (EEC) No 1302/78 of 12 June 1978 for the granting of financial support for projects to exploit alternative energy sources¹ and in particular Article 3 thereof

unchanged

Having regard to Regulation (EEC) No 1302/78 of 12 June 1978 for the granting of financial support for projects to exploit alternative energy sources¹

Recitals 3-6 unchanged

Articles 1-4(2) unchanged

Article 4(3)

Pursuant to Article 6(2) of Regulation (EEC) No 1302/78 the Commission shall set up an Advisory Committee on the Management of Projects for the Exploitation of Solar Energy composed of representatives of the Member States. This Committee shall assist the Commission in the examination of applications

The projects to receive financial support shall be selected in accordance with Article 6(2) of Regulation (EEC) No 1302/78.

Article 4(3)

Pursuant to Regulation (EEC) No 1302/78 the Commission shall set up an Advisory Committee on the Management of Projects for the Exploitation of Solar Energy composed of representatives of the Member States. This Committee shall assist the Commission in the examination of applications.

The projects to receive financial support shall be selected in accordance with Regulation (EEC) No 1302/78.

* For full text see OJ No. C 259, 1.11.78, p.4.

¹ OJ No. L 158, 16.6.1978, p.3

Article 5 unchanged

Article 6

This Regulation shall enter into force on the day following that of its publication in the Official Journal of the European Communities.

Article 1 of this Regulation shall apply following the decision taken by the Commission, or by the Council in the event of appeal, on the first series of projects in accordance with Article 6 of Regulation (EEC) No 1302/78.

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

Article 6

This Regulation shall enter into force on the day following that of its publication in the Official Journal of the European Communities.

Article 1 of this Regulation shall apply following the decision taken by the Commission.

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

EXPLANATORY STATEMENTI. BACKGROUND

1. Since 1975 the European Communities have been active in the field of solar energy. On 22 August 1975 the Council adopted an energy, research and development programme, part III of which concerned indirect actions including research on heat collectors, autonomous power production, photovoltaic conversion, photochemical and photobiological processes, photosynthesis and data processing for solar radiation. This programme had already been approved by the European Parliament on 13 March 1975¹, subject to a few minor amendments.

2. On 18 July 1977 the Council adopted a research programme for the Joint Research Centre for 1977-1980, which included three solar energy research projects, namely Solar Energy in Residential Dwellings and Thermal Conversion; European Solar Irradiation Simulation Facility; Guideline Studies Centre on direct conversion. This programme had been approved by the European Parliament on 14 September 1976², subject to the amendment of a provision relating to the budgetary procedure to be followed.

3. On 16 June 1977 the European Parliament adopted the resolution contained in an own-initiative report³ drawn up on behalf of the Committee on Energy and Research on the need for a Community policy on the use of solar energy.

4. In June 1977 the European Parliament was consulted on a proposal from the Commission (Doc. 158/77) for

- (i) a regulation on the granting of financial aids to demonstration projects in the field of energy saving
- (ii) a regulation on the granting of financial support for projects to exploit alternative energy sources.

The Committee on Energy and Research and the European Parliament gave a favourable opinion⁴ with one amendment on 17 November 1977. On 12 June 1978 the Council adopted Regulation (EEC) No 1302/78⁵ on the granting of financial support for projects to exploit alternative energy sources.

¹ Report of Lord Bessborough (Doc. 526/74), OJ No. C 76, 7.4.75, page 28

² Report of Mrs Walz (Doc. 283/76), OJ No. C 238, 11.10.76, page 11

³ Report of Mr Noè (Doc. 120/77), OJ No. C.163, 11.7.77, page 66

⁴ Report of Mr Brown (Doc. 362/77) OJ No. C 299, 12.12.77, page 50

⁵ OJ No. L 158, 16.6.78, page 3

This regulation differed considerably from the proposal of the Commission which had been the subject of Mr Brown's report (Doc. 362/77).

5. The Committee on Budgets and the Committee on Energy and Research believe that certain articles in Council Regulation (EEC) No 1302/78 would be detrimental to the budgetary powers of the European Parliament and to the executive powers of the Commission. The following articles in particular appear to be unacceptable to the committees concerned: article 3, article 6(2) and article 11.

6. These articles lay down the following procedure for the granting of financial support for projects to exploit alternative energy sources

- provisions for implementing the regulation would be adopted by the Council acting unanimously
- the Council would fix by regulation, acting in unanimity, the maximum amount of aid to be made available under the relevant implementing regulations and the corresponding project programmes.

7. It should be noted that such a procedure would make the Council the sole budgetary authority.

8. It is not only the project for granting financial support to exploit alternative energy sources that is in question. The procedure adopted by the Council in Regulation (EEC) No 1302/78 could form a precedent for the creation of a decision-making process that could be applied to other sectors of energy policy.

9. As a result, the President of the European Parliament sent a telex on 14 July 1978 to the President of the Council of Ministers requesting the initiation of a conciliation procedure between the European Parliament and the Council with regard to Council Regulation (EEC) No 1302/78 and Council Regulation (EEC) No 1303/78. In a reply dated 10 October 1978 (nearly 3 months later) the Council stated that it would not be possible at that stage to begin the conciliation procedure, as the two regulations in question had been formally adopted and published in the Official Journal.

II. THE COMMISSION'S PROPOSAL

10. Council Regulation (EEC) No 1302/78 requires the adoption of implementing regulations before financial support can be provided for projects to exploit alternative energy sources. The present proposal constitutes the implementing regulation for the solar energy sector.

11. Since solar energy may be on the verge of being a viable and competitive energy source, increased interest is being shown in the potential role that solar energy might play in the space heating market. The Commission believes that by aiding the financing of solar energy a suitable range of solar energy demonstration projects can be established. These must, however, satisfy the criteria set out in Council Regulation (EEC) 1302/78.

12. The present proposal for an implementing regulation is based on Article 235 of the EEC Treaty. It stipulates that, in accordance with the conditions laid down in Regulation (EEC) No 1302/78, the Community may grant financial support for demonstration projects to exploit solar energy for the purposes of heating or cooling, the production of mechanical and/or electrical energy, applications of heat or fuel production (Article 1), if they offer incentives for other installations of the same type in the Community and have real prospects of commercial use and if finance is not forthcoming in a satisfactory manner in view of the risks or large investments involved (Article 2).

13. Support, including that of the Community, may be no less than 25% and no more than 49% of the total estimated cost of the project (Article 3). Invitations to put forward projects for consideration are to be published in the Official Journal and every project submitted is to be examined by the Commission on the basis of detailed information supplied by the applicants; the Commission is to set up an Advisory Committee composed of representatives appointed by the Member States (Article 4).

14. The regulation is to apply for five years, and the Council, acting on a proposal from the Commission, is to decide whether it should be extended or amended and the Commission is required to report to the European Parliament and the Council (Article 5).

15. According to the financial record, the expenditure is to be charged against Item 3241 (new energy sources demonstration programme). The estimated requirement for the five-year period is approximately 60 m EUA, the final figures to be submitted for approval in accordance with the usual budgetary procedure.

16. In the event of successful commercial development of the projects the contractants might be asked to repay the contribution made by the Community.

III. CONCLUSIONS

17. The Committee on Energy and Research has no objections to the present regulation in the solar energy sector. However, it has serious misgivings with regard to Council Regulation (EEC) 1302/78 on which this proposed regulation is based. The Committee's objections to that Council Regulation have been outlined in paragraphs 5 - 8 supra.

18. Moreover, it is proposed that the European Parliament seek recourse to the conciliation procedure provided for in the Joint Declaration of the European Parliament, Council and Commission of 4 March 1975¹ should the Council attempt to adopt a regulation, pursuant to Article 11 of Council Regulation (EEC) No 1302/78, fixing the maximum amount of aid to be made available under the relevant implementing regulations and the corresponding project programmes.

19. Furthermore, as an indication of the Parliament's unwillingness to accept Articles 3, 6(2) and 11 of Council Regulation (EEC) No 1302/78, it is proposed to delete all reference to these articles from the Commission's proposal for a Council Regulation on the implementation in the solar energy sector of Council Regulation (EEC) No 1302/78. Thus amended the present proposal can be endorsed by the Committee on Energy and Research.

¹OJ No. C89 of 22 April 1975, page 1

OPINION OF THE COMMITTEE ON BUDGETS

Letter from the vice-chairman of the committee to Mrs H. WALZ,
chairman of the Committee on Energy and Research

Brussels, 29 November 1978

Opinion of the Committee on Budgets on the proposal for a Council Regulation on the implementation in the solar-energy sector of Council Regulation (EEC) No. 1302/78 concerning the granting of financial support for projects to exploit alternative energy sources (COM(78) 511 final)

Dear Mrs Walz,

At its meeting of 29 November 1978 the Committee on Budgets considered this proposal for a Council regulation.

It noted that the proposal is for action to implement the basic regulation, No. 1302/78, on the exploitation of alternative energy sources¹. It also noted that, at the time this basic regulation was adopted, Parliament officially informed the Council² of its serious reservations about the decision-making procedure thus established. The principal grounds for these reservations were:

- the Council's interference in the practical administration of the measure; the basic regulation states that financial support from the Community may only be granted if the Council
 - . unanimously adopts the provisions for implementing the regulation (Article 3),
 - . unanimously approves financial support for individual projects (Article 6(2));
- the Council's circumvention of the powers of the budgetary authority; under the basic regulation, the Council must adopt a regulation fixing by unanimity the maximum amount of aid to made available under the relevant implementing regulations, and the corresponding project programmes (Article 11).

¹ OJ No. L 158 of 16 June 1978

² Telex dated 14 July 1978 from President Colombo

In his telex of 10 October 1978 the President-in-Office of the Council stated that he did not see any possibility of a conciliation procedure being initiated in connection with the basic regulation. However, he pointed out to Parliament that the regulation would come into force only when the implementing provisions had been adopted.

The Committee on Budgets therefore takes the view, after consideration of the first of these implementing measures, that Parliament must repeat its formal objection to this procedure, which it feels might become a most dangerous precedent, affecting Parliament's budgetary powers and the Commission's administrative responsibilities.

The Committee on Budgets also reserves the right to propose the application of the conciliation procedure to Parliament when it is asked for its opinion on the regulations fixing the funds required.

I should be most grateful if you could include the following paragraphs in your committee's draft resolution:

- (x) 'Refers once more to the serious reservations which it has already expressed in connection with the decision-making machinery introduced by the Council in respect of both alternative energy sources and energy-saving; these reservations concern above all the maintenance of
 - Parliament's budgetary powers and
 - the Commission's administrative responsibilities;

- (xx) Gives the Council notice here and now that it will call for the application of the conciliation procedure as a means of objecting to the adoption of regulations aimed at the unilateral fixing of the maximum amounts of aid to finance the planned measures in the two abovementioned fields;'

The Committee on Budgets has no particular objections to the proposal for a regulation (COM(78) 511 final).

Yours sincerely,

(sgd) Martin BANGEMANN
Acting Chairman

Present: Mr Bangemann, vice-chairman and acting chairman; Mrs Dahlerup, Mr Dalyell, Mr Dankert, Mr Hamilton, Mr Nielsen, Mr Radoux, Mr Schreiber, Mr Shaw and Mr Würtz.

N.B. During the first reading of the 1979 draft budget, Parliament adopted a draft amendment (PE 55.203) raising the appropriations for new sources of energy (item 3241). In the 'Remarks' column of this draft amendment the view was expressed that the Commission should use the funds regardless of those articles of the basic regulation that encroach on the powers of the budgetary authority and the Commission.

Encl.

T E L E X

Luxembourg, 14 July 1978

Mr Hans-Dietrich GENSCHER

President of the Council
of Ministers of the
European Community

170 rue de la Loi

1040 BRUSSELS

I should be grateful if, in accordance with the proposal of the Committee on Budgets and the Committee on Energy and Research, the Council would open the conciliation procedure for:

- financial aid for demonstration projects in the field of energy-saving;
- financial support for projects to exploit alternative energy sources.

Both committees hold that the Council cannot regard its decisions as final since it has departed considerably from Parliament's position and the Council text provides for a financial aid allocation procedure unacceptable to Parliament.

Yours sincerely,

Emilio COLOMBO

President of the European Parliament

Letter from Mr H. J. VOGEL, for the President of the Council of the European Communities to Mr Emilio COLOMBO, President of the European Parliament

Brussels, 10 October 1978

Sir,

The Council acknowledges receipt of your telex of 14 July, in which you ask the Council to arrange a meeting of the Conciliation Committee to discuss the proposals for Regulations concerning the granting of:

- financial aid for demonstration projects in the field of energy-saving;
- financial support for projects to exploit alternative energy sources.

The Council examined these two proposals for Regulations at its meeting on 30 May 1978, with particular reference to the European Parliament's Opinion of 17 November 1977. After agreeing on the content of the Regulations at the aforementioned meeting, the Council formally adopted them at its meeting on 12 June 1978 and ordered their publication in the Official Journal of the European Communities (OJ No. L 158, 16.6.1978).

This being so, the Council regrets that it is no longer possible to open the conciliation procedure.

I would, however, draw your attention to the fact that in accordance with Article 10 of the first Regulation and Article 11 of the second, these two Regulations will not enter into force until the Council adopts an additional implementing Regulation unanimously fixing the maximum amount of aid which can be granted under the two Regulations.

Please accept, Sir, the assurance of my highest consideration.

(signed) H.J. VOGEL