

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(80) 301 final

Brussels, 29th May 1980

E N E R G Y

(Communication from the Commission to the European Council)

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COMMUNITY PROGRESS IN THE ENERGY FIELD

Report to the European Council in Venice

1. At its meeting in Luxembourg on 27 and 28 April, the European Council considered ideas put forward by the Commission for a new Community initiative as part of a Community strategy for energy (COM(80)130 of 20 March). The Commission drew particular attention to the need to undertake progressive harmonization of energy prices and taxes; to promote an investment programme to support the efforts of Member States to encourage energy saving, the substitution of oil by energy from other sources, the reduction of dependence on foreign suppliers, and the development of other renewable sources; and to examine various possibilities for financing such a programme. In its conclusions the European Council invited the Council of Ministers to consider as a matter of urgency the steps proposed by the Commission to stimulate the development of a coherent energy policy within the Community.
2. Against the background of continuing uncertainties on the world oil market, the Council of Energy Ministers was also invited to consider what further action was now required to meet the possibility of short-term oil supply difficulties.
3. At its meeting on 13 May, the Council of Energy Ministers considered some of these questions. Progress was made. The main conclusions were as follows.
4. First, after a preliminary discussion of the Commission's new proposals, the Council agreed that further work was needed as a matter of urgency on energy investment in the Community. The Council will revert to this issue at its next meeting. It will then have before it the result of an examination by the Commission of energy programmes in each of the Member States. This examination, which aims to identify the areas where extra investment is required and to explore the scope for Community support, is already under way through bilateral consultations between individual Member States and the Commission.

5. Secondly the Council approved a Resolution on Community Energy Objectives for 1990 and Convergence of the Policies of the Member States. This called for an annual report by the Commission on energy programmes up to 1990 in each of the Member States to determine how far they are in line with the Community's energy policy objectives. In preparing its report, the Commission will take into account the following guidelines for 1990 for the Community as a whole :

- reducing to 0.7 or less the ratio between the rate of growth in energy consumption and the rate of economic growth
(the present objective for 1985 is 0.8);
- reducing oil consumption in the Community to about 40 % of total energy consumption
(the present level is about 55 %);
- raising the share of coal and nuclear in electricity generation to 70-75 %
(this compares with about 50 % at present and will mean considerably speeding up coal firing conversion and new capacity and the ordering and commissioning of nuclear plants);
- encouraging an increase in renewable energy sources;
- the pursuit of energy pricing policies geared to attaining Community energy objectives (see paragraph 6 below).

The Commission will aim to produce its first report to the Council by early 1981.

6. Thirdly the Council approved a Resolution on New Lines of Action by the Community in the Field of Energy Saving. This called for the further development of energy savings programmes in Member States covering all the main sectors of energy use. It was agreed that, if comparable effects are to be achieved throughout the Community, these programmes should be based on a number of guidelines proposed by the Commission including, notably, three key principles of energy pricing :

- (i) consumer prices should reflect representative conditions on the world market, taking account of longer-term trends;
- (ii) one of the factors determining consumer prices should be the cost of replacing and developing energy resources;
- (iii) energy prices on the market should be characterised by the greatest possible degree of transparency.

The Commission has been invited to monitor and report on progress.

- 7. Finally the Council called for an urgent examination of a number of areas where action could help to stabilise oil markets and could improve the Community's emergency planning arrangements. This examination will be conducted by the Commission in consultation with Member States. The Commission has been asked to report results to the Council by September.
- 8. The Commission welcomes the progress so far made by the Council of Energy Ministers. The agreements reached should be helpful to the representatives of the Community in Venice on 22 and 23 June. The experience of the Tokyo Summit of 1979 shows the value of prior Community decisions in discussion at the Summit among our major industrial partners.