

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(78) 511 final.

Brussels, 13 October 1978

Proposal for a
COUNCIL REGULATION (EEC)
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

(submitted to the Council by the Commission)

COM(78) 511 final.

EXPLANATORY NOTE

To increase the potential contribution of solar energy in the European Community's energy supplies, an active research and development programme has been and is being pursued at Community level. The scope of the indirect actions programme* includes research in heat collectors, power production, photovoltaic conversion, photochemical and photobiological processes, photosynthesis (biomass) and solar radiation. The Community's research programme (**) dates from 1975. The Joint Research Centre has been active in the solar energy field since the 1970's.

The first results from these energy research and development programmes are helping to show those areas where more research may be necessary and where certain applications of solar energy are at the threshold of economic competitiveness.

The realisation by industrialists that solar energy is on the verge of being a viable and competitive energy source has increased interest in the potential role that solar energy might play in the space heating market. Possible applications for solar energy include the pre-heating of water for industry and the public services, biomass applications, including commercial forestry, and power generation. Many of these applications will need a certain level of financial support in order to encourage industry and public authorities to make investment decisions in favour of solar energy applications, where a great amount of capital investment is required. By aiding in the finance of the solar energy option, a suitable range of solar energy demonstration projects will be established.

The demonstration projects selected will have to satisfy certain criteria which include industrial and commercial viability demonstrated by previous studies and research. The projects must conform with Council Regulation (EEC) 1302/78, particularly Article 4. The cost of the installation (or installations) producing useful energy should in general exceed 100,000 European Units of account.

* Council decision 22.8.1975. OJ L 231 of 2.9.75. (1.7.75 - 30.6.79)
** Council decision of 18.7.1977. OJ L 200/4 of 8.8.77.
(1977 - 1980).

In its resolution on the need for a Community policy on the use of solar energy (1), the European Parliament recommended that the practical applications of solar energy be quickly ascertained. The proposed application regulation for demonstrations in the solar energy field, drawn up in accordance with the Council Regulation (EEC) No. 1302/78 of 12 June 1978, helps to meet this objective.

(1) OJ No. C 163/66 of 11.7.1977 based on:
Document 120/77. Report by Mr L. Noé on the need for a Community policy on the use of solar energy (3 June 1977).

3

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 sources⁽¹⁾ and in particular Article 3 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament⁽²⁾,

Having regard to the opinion of the Economic and Social Committee⁽³⁾,

Whereas among alternative energy sources, solar energy holds out interesting possibilities for exploitation that require proven technologies to be available in good time,

HAS ADOPTED THIS REGULATION:

Article 1

1. In accordance with the conditions laid down in Regulation (EEC) No 1302/78 and the rules laid down in the following Articles, the Community may grant financial support for demonstration projects to exploit solar energy.

⁽¹⁾ OJ No L 158, 16.6.1978, p. 3.

⁽²⁾ OJ No C 299, 12.12.1977, p. 50.

⁽³⁾ OJ No C 287, 30.11.1977, p. 7.

2. Financial support shall be granted to projects for exploiting solar energy for the purposes of heating or cooling domestic, industrial or other premises, production of mechanical and/or electrical energy, or industrial or agricultural applications of heat or fuel production.

Article 2

Financial support may be granted for projects for the exploitation of solar energy which satisfy the following conditions:

- they must be capable of encouraging other installations for the same type in the Community and have real prospects of commercial use;
- in view of the risks or large investments involved in such activities finance for the demonstration of potentially viable projects is not forthcoming in a satisfactory manner.

Article 3

Support may in general be no less than 25% and no more than 49% of the total estimated cost of the project. The level of support shall be determined for each project individually and with due regard to any other aid received or expected. The conditions and procedure for any repayment of financial aid will be laid down in the contract between the Commission and those responsible for the project.

Article 4

1. The Commission shall publish announcements in the Official Journal of the European Communities inviting proposals for projects for the exploitation of solar energy.
2. Every project submitted shall be examined by the Commission on the basis of the following information to be supplied by the applicants:
 - a detailed description of the project and the time table for its execution;

- the importance of the project for reducing energy dependence and diversification of supply;
 - the financial guarantees and technical capabilities of those responsible for the project;
 - the nature and extent of the technical and economic risks involved in the project;
 - the cost of the project, the prospects of economic viability and the proposed arrangements for financing it;
 - the extent to which the relevant experience obtained may encourage widespread introduction of the technique, process or product in the Community; the prospects of widespread application of the technique, process or product and the benefits thereby obtainable for the economy as a whole;
 - whether at an earlier stage of research and development the project has been given financial support by the Community or by Member States;
 - details of any other financial support provided for by or expected from Member States or the Community;
 - any other information which justifies the Community support requested;
 - how it is proposed to publicize the results.
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 5

This Regulation shall apply for 5 years.

The Council, acting on a proposal from the Commission, shall decide whether it should be extended or amended.

The Commission shall report to the European Parliament and the Council.

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.

Done at Brussels,

Financial Record

These financial implications are presented as illustrative. The final figures will be submitted for approval by the usual budgetary procedures.

1. Budget heading : Line 3241
2. Title of budget heading : New energy sources demonstration programme.
3. Legal base : Council Regulation (EEC) No. 1302/78 of 12 June 1978 on the granting of financial support for projects to exploit alternative energy sources.

4. Description, objectives and justification of the project

4.0. Description of the project/persons concerned

- 4.0.0. Description : To reduce the Community's dependence on imported energy supplies, it is necessary to develop indigenous energy resources. At present, considerable advances in energy research are being made and within the near future the results of these researches will allow progress to be made in the demonstration and commercialisation of this new energy source.

Community financial support for the demonstration and commercialisation projects will help reduce the financial risks and by establishing solar applications will increase Community knowledge about solar energy. It is envisaged that this first programme to develop and promote the uses of solar energy will last for five years.

- 4.0.1.2. Geographical location : Within territory of the Member States

4.1. Objectives of the project

- 4.1.0. General objective : To accelerate the use of solar energy; to develop the Community's own resources and thus to contribute to the security of supply for the Community.

4.2. Justification for the form of action chosen to attain the objectives

Active solar research and development programmes have been and are being pursued at Community level. The first results from these solar energy R & D programmes are helping to show those areas where more research may be necessary and where certain applications of solar energy, for example, pre-heating of water, are at the threshold of economic competitiveness.

Many of these applications will need a certain level of financial support in order to encourage industry and public authorities to make investment decisions in favour of solar energy where a great amount of capital investment is required.

5. Implication in respect of expenditure

16 million EUA have been written into the first draft of the 1979 budget (line 3241) for new sources of energy. The necessary credits for the first year of the solar programme will be finalised when all tenders have been submitted, though it is estimated that 3 million EUA might be required for the first year of a solar energy demonstration programme. Further, it is estimated that 60 million EUA could be required for a five-year solar energy demonstration programme.

5.0.0.0. Multiannual timetable

<u>Commitments</u>	<u>Payments</u>				
	1979	1980	1981	1982	1983
3 MUC	1.5	0.75	0.75		
27 MUC	-	9.20	8.80	9.0	
30 MUC	-	-	11.90	9.8	8.3
	<u>1.5</u>	<u>9.95</u>	<u>21.45</u>	<u>18.8</u>	<u>8.3</u>

5.0.0.1. Calculation method

Solar energy demonstration projects will have a three-year repayment period:

50% when the contract is signed

25% in the second year

25% in the third year.

5.0.0.1.1. Factors of incertitude

- the number of projects submitted
- delays in the construction of certain projects.

6. Control foreseen

Responsible service - DG XVII/D/1
Budgetary execution - Financial Control.

7. Financial implications

7.0. Community budget - 60 MUC.

The contractants might be asked to repay the contributions in the event of successful commercial developments.

8. Information regarding staffing and the appropriations for administrative expenditure necessary for the implementation of the project

a) Personnel expenses

The personnel needs for 1979 have been calculated on a basis of 0.5 A/5, 0.5 A/7, 0.5 C. For 1980, a new grade A official will be requested. The calculations bear in mind the guidelines of the Council Decision of 21.12.1976 relating to remuneration of officials.

b) In view of the diverse nature of solar energy applications, a uniform calculation method has not been established.

A consultative committee will give its opinion on the distribution of credit.