

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(78) 122 final

Brussels, 31 March 1978

Proposal for a
COUNCIL REGULATION (EEC)

applying to the sector of conversion of solid fuels
into gaseous and liquid fuels of Council Regulation
No on the granting of financial support for
projects to exploit alternative energy sources

Proposal for a
COUNCIL REGULATION (EEC)

applying in the geothermal energy sector of Council
Regulation No on the granting of financial
support for projects to exploit alternative energy
sources

(submitted to the Council by the Commission)

COM(78) 122 final

BACKGROUND STATEMENT

1. The Commission submitted to the Council on 25 May 1977 a proposal for a Regulation on the granting of financial support for projects to exploit alternative energy sources (1).
2. Having taken note of a report from the Committee of Permanent Representatives on this proposal, the Council gave the Committee on 13 December 1977 a mandate to pursue its examination with a view to its approval by the Council as soon as possible (2).

The work which has taken place within the Council has shown that it would be of value to adopt the intention to include in one part of the regulation arrangements dealing in common with the grant of support to projects relating to the different alternative energy sources; in the other part specific regulations would be included on the application of the general conditions to each of the sectors eligible for support, whilst however ensuring that these did not modify the general economics of the system proposed.

3. The Proposal attached concerns the regulation of application for the geothermal energy sector. As its work progresses, the Commission will propose implementing regulations concerning the other alternative energy sources.
4. The reasons which justify the grant of a financial support to the development of geothermal energy, as well as the basic principles according to which the support would be provided have been set out in Annex 1 to the proposal of 25 May 1977 (1).

A financial note also attached to the proposal of 25 May 1977 (1) indicates that an overall support of 83 m.E.u.a., over 5 years, granted in the form of subsidies repayable under certain conditions, would permit the carrying out of some 30 projects.

5. The European Parliament and the Economic and Social Committee, consulted on the Commission proposal, referred to above at point 1, have given favourable opinions, particularly concerning geothermal energy, on 17 November 1977 and 29 September 1977 respectively (3).

(1) [Doc. COM (77) 187 final of 25.5.77]

(2) [Doc. R/279/78 ENER]

(3) [Doc. 1315/77 (ASS-822)] and [Doc. CES/898/77].

Council Regulation applying to the sector of conversion of solid fuels into gaseous and liquid fuels of Council Regulation No. _____ on 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,

Having regard to Council Regulation No. _____ concerning the provision of financial support for projects to exploit alternative energy sources, and particularly its Article 3,

Having regard to the proposal of the Commission,

Whereas, among the alternative sources of energy, the future prospects for exploiting the conversion of solid fuels are promising and it is necessary to have well-proven technologies available in good time,

HAS ADOPTED THIS REGULATION

Article 1

1. As provided for in the conditions laid down in Council Regulation No. _____ and the provisions fixed in the following articles, the Community may support projects concerning the conversion of solid fuels into gaseous and liquid fuels.
2. This support is to be granted to projects concerning the conversion of solid fuels into gaseous and liquid fuels that deal with the construction and operation of pilot- or demonstration-scale installations for the gasification and liquefaction of coal (hard coal and lignite), including underground gasification.

Article 2

The support can be granted only to projects for the conversion of solid fuels into gaseous and liquid fuels that cover two successive phases:

- the design and construction of demonstration plants
- the commissioning, testing and operation of these plants.

With regard to underground gasification, the first phase comprises the borings and related work (linking between boreholes); the second phase consists of the gasification itself and the recovery of the gas produced.

Article 3

1. The support is to be granted in the form of grants repayable under the conditions described in point 2 below.
2. The support may not be greater than:
 - a) For the first phase mentioned in Article 2, 49% of the investment costs, of which half is repayable in cases where the plant can be used for industrial purposes after completion of the tests. In other cases, the support for this phase will not have to be repaid, except for the residual value of the equipment which will be decided by agreement between the beneficiaries and the Commission.
 - b) For the second phase, 49% of the costs of commissioning, testing and operation, a deduction being made for the income from the sale of products. The support for this phase will not have to be repaid.
3. The reimbursable part of the support defined in paragraph 2 shall be reimbursed by payments spread over a maximum of 8 years, starting from the second year of operation of the installation. The detailed arrangement for repayment will be specified in the contracts to be drawn up with the beneficiaries, according to the nature of the projects.

Article 4

1. The Commission will publish in the Official Journal of the European Communities an announcement inviting proposals for projects on the conversion of solid fuels into gaseous and liquid fuels.
2. These projects will be examined by the Commission on the basis of the following information which will be communicated by the applicants :
 - the detailed description of the project and its time scale
 - the interest of the project for the supply of energy

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- the financial situation and the technical capabilities of those responsible for the project,
- the nature and magnitude of the technical and economic risks of the project,
- the cost of the project, its economic viability, and the intended method of financing,
- whether the project has been aided financially by the Community or the Member States at an earlier stage of research and development,
- whether other measures of financial support by one or more Member States are foreseen or counted upon,
- all other considerations which might justify the Community aid requested,
- the manner foreseen for making known the results.

3. In accordance with Article 5(2) of Council Regulation No the Commission shall decide on the projects to receive financial support and, will be assisted in this respect by a Consultative Committee concerned with the management of projects on the conversion of solid fuels into gaseous and liquid fuels, composed of representatives nominated by the Member States and chaired by a representative of the Commission. In addition, the Commission may invite to the Committee persons competent in this field.

Article 5

The present Regulation shall be applicable for a period of 5 years.

The Council, acting on a proposal by the Commission, shall decide whether there is a need to extend or amend it.

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

Article 6

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

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

4 Done at Brussels

BACKGROUND STATEMENT

1. On 25 May 1977 the Commission transmitted to the Council a proposal for a Regulation on the granting of financial support for projects to exploit alternative energy sources (1).
2. The Council, having taken note of a report by the Committee of Permanent Representatives on 13 December 1977 mandated the Committee to proceed with the examination of this proposal with a view to its approval by the Council in the shortest possible time (2).

The work carried out by the services of the Council revealed the advisability of planning, on the one hand, a Regulation containing the arrangements common to the provision of aid to projects concerning the different alternative energy sources and, on the other hand, separate Regulations on the application of these arrangements to each of the sectors eligible for support without in any way modifying the general economy of the proposed system.

3. The attached draft implementing Regulation concerns the sector of conversion of solid fuels into gaseous and liquid fuels. As its work proceeds, the Commission will propose implementing Regulations relating to the other alternative energy sources.
4. The reasons justifying the provision of financial support to the development of the conversion of solid fuels into gaseous and liquid fuels and the basic principles according to which the support should be granted are explained in Annex 2 of the draft of 25 May 1977 (1).

A financial summary is also annexed to the draft of 25 May 1977 (1), and this indicates an annual support of 20 MEUA over a period of 10 to 15 years, provided in the form of grants repayable under certain conditions. About ten projects could be made the subject of such support over a period of 5 years.

A first instalment of 6 MEUA is written into the Community's 1978 budget (Post 3241).

5. The European Parliament and the Economic and Social Committee, consulted on the Commission's draft described under Point 1 above, gave a favourable opinion, particularly with regard to the conversion of solid fuels into gaseous and liquid fuels, on 17 November and 29 September 1977 respectively (3).

(1) Doc. COM(77) 187 final of 25.5.1977

(2) Doc. R/279/78 (ENER 7)

(3) Doc. 1315/77 (ASS. 822) and Doc. CES/898/77

Proposal for a
COUNCIL REGULATION (EEC)

applying in the geothermal energy sector of Council Regulation
No on 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,

Having regard to Council Regulation No on the granting of
financial support for projects to exploit alternative energy sources
and in particular to Article 3 thereof,

Having regard to the proposal from the Commission,

Whereas, among the alternative energy sources, the future prospects
for exploiting geothermal energy are promising,

HAS ADOPTED THIS REGULATION.

Article 1

1. As provided for in the conditions laid down in Council regulation
No and the provisions fixed in the following articles, the
Community can support projects concerning the exploitation of geo-
thermal energy.
2. This support is granted for those exploitation projects involving
geothermal fluid for heating of dwellings or industrial premises and
other buildings, electrical energy production, or for the use of heat
for industrial or agricultural purposes.

Article 2

1. Aid can only be given to complete projects for the exploitation of
geothermal energy covering the two successive phases of exploring the source
and of using the fluid. The exploration phase cover in particular the
drilling work to establish the commercial exploitability of the reser-
voir and the testing of the fluid located. The fluid use phase covers
the other work and the investments necessary to achieve the commercial
exploitation of the source. The commercial exploitation stage is de-
fined for each specific project on the basis of the procedure of Art.4,
paragraph 3.

Article 3

1. Support is to be granted in the form of grants repayable under the con-
ditions stipulated in point 2 below.

2. The support may not be greater than :
 - (a) for the exploration phase of the geothermal source, 40% of the actual cost, of which half is reimbursable.
Where the results of this first phase do not allow the commercial exploitation of the source, this aid need not be repaid;
 - (b) for the use phase of the geothermal fluid, 20% of the actual cost, normally entirely reimbursable.
Where, by reason of special risks in certain projects, the source is not exploited or exploited only in part, part of this aid, to be defined according to the nature of the project, need not be repaid.
3. The reimbursable part of the support defined in paragraph 2 shall be repaid by payments spread over a maximum of 8 years starting from the second year of commercial exploitation of the source. Detailed arrangements for repayment shall be specified in the contracts to be drawn up with the recipients according to the nature of the projects.

Article 4

1. The Commission will publish in the Official Journal of the European Communities an announcement inviting proposals for projects aimed at the exploitation of geothermal energy.
2. These projects shall be examined by the Commission on the basis of the following information which shall be communicated by the application:
 - the detailed description of the project and its time scale,
 - the interest of the project for the supply of energy,
 - the financial situation and the technical capabilities of those responsible for the project,
 - the nature and magnitude of the technical and economic risks of the project,
 - the cost of the project, its economic viability and the intended method of financing,
 - the extent to which the achievement of the project can encourage the exploitation of other geothermal sources in the Community,
 - whether the project has been supported financially by the Community or the Member States at an earlier stage of research and development,
 - whether other measures of financial support by one or more Member States are foreseen or counted upon,
 - all other considerations which might justify the Community aid requested,
 - the manner foreseen for making known the results.

3. In accordance with Article 5(2) of Council Regulation No . . . the Commission shall decide on the projects to receive financial support and shall be assisted in this respect by an advisory Committee for the Management of Projects to Exploit Geothermal Energy, composed of representatives nominated by the Member States and chaired by a representative of the Commission.

Article 5

This Regulation shall apply for a period of 5 years.

The Council, acting on a proposal from the Commission, shall decide whether there is a need to extend or amend it.

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

Article 6

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

This Regulation is obligatory in all its forms and directly applicable in each Member State.

Done at Brussels,