

EUROPEAN PARLIAMENT

Working Documents

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DOCUMENT 1-205/82

Report

drawn up on behalf of the Committee on Energy and Research

on the communication from the Commission of the European
Communities to the Council (Doc. 1-1063/81 - COM(82) 24 fin.)
on investment in the rational use of energy

Rapporteur: Mr D. ROGALLA

By letter of 23 February 1982 the President of the Council of the European Communities requested the European Parliament to deliver an opinion on the communication from the Commission of the European Communities to the Council on investment in the rational use of energy.

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 Economic and Monetary Affairs and the Committee on Transport for their opinions.

On 17 March 1982 the Committee on Energy and Research appointed Mr D. ROGALLA rapporteur.

It considered the communication from the Commission and the draft report at its meeting of 28 April 1982 and unanimously adopted the motion for a resolution and explanatory statement.

Present: Mrs WALZ, chairman; Mr GALLAGHER, vice-chairman; Mr NORMANTON, vice-chairman; Mr ROGALLA, rapporteur; Mr ADAM, Mr BEAZLEY, Mr FLANAGAN, Mr K. FUCHS, Mr HERMAN (deputizing for Mr MÜLLER-HERMANN), Mr LALOR (deputizing for Mr MEO), Mr LINKOHR, Mr MARKOPOULOS, Mr MORELAND, Mr PROTOPAPADAKIS, Mr PURVIS (deputizing for Sir Peter VANNECK), Mr RINSHCE, Mr SCHMID, Mr SELIGMAN, Mr VERONESI and Mrs VIEHOFF (deputizing for Mrs LIZIN).

The opinions of the Committee on Economic and Monetary Affairs and the Committee on Transport are annexed to this report.

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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 communication from the Commission of the European Communities to the Council on investment in the rational use of energy

The European Parliament,

- A. having regard to the communication from the Commission of the European Communities to the Council¹,
- B. having been consulted by the Council (Doc. 1-1063/81),
- C. having regard to the report of the Committee on Energy and Research and the opinions of the Committee on Economic and Monetary Affairs and the Committee on Transport (Doc. 1-205/82),
- D. referring to its earlier resolutions on economy measures, and in particular the resolution on
 - the communication from the Commission of the European Communities to the Council on new lines of action by the European Community in the field of energy saving²,
- E. recognising that rational use of energy is the most rapid, cost saving and job creating method of reducing dependence on oil imports,
 - 1. Stresses the cardinal importance of rational energy use for energy saving, particularly for continuing the replacement of oil by alternative energy sources, irrespective of crude oil price trends;

¹ COM(82) 24 fin

² OJ N° C 117, 12 May 1980

2. Acknowledges the need for an agreed Community approach to energy pricing and taxation in achieving its more rational use;
3. Emphasises the importance to private and domestic as well as public energy consumers of the considerable potential energy saving to be made, particularly in industry, infrastructure, building, transport and domestic sectors;
4. Acknowledges the progress already achieved as regards the saving of energy, but regrets the uneven performance in this respect of individual Member States;
5. Calls on the Commission to divide up the proposed measures according to whether they are already being carried out in some Member States and whether further progress can be achieved by coordination with other Member States;
6. Considers that the Commission must specifically address itself to those Member States which have not yet taken any action as regards certain aspects of the rational use of energy, while taking into account the differing situation in each Member State;
7. Agrees with the Commission that effective measures require a substantial increase in investments in the rational use of energy;
8. Is aware that the substantial increase in investment is largely determined by energy prices and that, for the purpose of such investment, savings must be made in other sectors;
9. Calls on the Commission to express the proportions of GDP given as targets for investment of this kind for 1985 and 1990 in terms of absolute amounts in EUA;
10. Asks the Commission and Council to establish the required financial basis by issuing a further tranche of the New Community Instrument (NCI);
11. Also asks for a designation of the priority areas in which investments for the rational use of energy are to be made;

12. Is of the opinion that the agencies which are eligible as advisory services or financing authorities in the Member States should be clearly specified;
13. Notes that there are genuine difficulties in persuading domestic consumers to accept the need for investment in energy saving, and that these difficulties cannot be overcome solely by providing technical guidance, further efforts being necessary;
14. Hopes that the annual expected increase in investment resources will be made public;
15. Requests the Commission to ensure the swift and effective implementation of the Council recommendation of 27 October 1981 on electricity tariff structures and to table proposals along similar lines in the near future on gas tariff structures;
16. Reminds the Commission and Council of the need to implement the Lines of Action for Energy Conservation and Fuel Switching decided by the Council of Ministers of the International Energy Agency, 9 December 1980;
17. Accepts the Commission's recommendation provided that it makes the necessary amendments arising from the above remarks, pursuant to the second paragraph of Art. 149 of the EEC Treaty.

EXPLANATORY STATEMENT

1. The European Parliament objects most strongly to the unacceptably short time available for the formulation of its opinion on the Commission's communication to the Council on 'Investment in the Rational Use of Energy'.

The communication is dated 10 February 1982. According to Press Release 5594/82 (Press 29) the Council held an initial exchange of views on the communication on 16 March 1982.

2. There is no indication in the Press Release of any reference by the Commission during the Council's deliberations to the fact that the Parliament, and indeed several committees of the Parliament, were engaged in drawing up an opinion on the communication.

This is a clear-cut breach of the undertaking given to the committee at its meeting of 25 February 1982 by the Commission's representative (see Minutes PE 77.686, p. 5). Until this situation is remedied, the opinion of the Committee on Energy and Research must restrict itself to the essentials, namely the proposal for a recommendation.

3. This recommendation is very general, being limited to two points. It takes no account of the intricate analyses explained in chapters I to IV of the communication and backed up by statistical material and references to earlier Community documents.

This formal deficiency in itself deprives the recommendation of the different shades of emphasis which it deserves in this important field. It is too generalized a document to be presented as a serious working instrument for a Community body with as much expertise as the Commission, or at least for countries with as much experience in the energy field as the Member States.

4. The Committee on Energy and Research therefore recommends the Commission to adopt the following procedure for the further examination of this issue:
 - (a) The recitals of the recommendation must be freed of truisms and repetitions vis-à-vis earlier energy papers.
 - (b) If it is to have any practical effect the recommendation should be confined in the first place to increasing investment in the rational use of energy.

This is also necessary since (under Article 189(5) of the EEC Treaty) recommendations are not binding and a consensus should thus be made easier to achieve.

5. At the same time the target must be expressed not only as a percentage but in precise figures for a number of stages. The percentage figures should be accompanied by absolute figures in EUA, corresponding to the current monetary situation and making the budgetary policy effect clearer from the outset. The financial framework must also be indicated for the same reason: for investments the only possibility is a further tranche of the New Community Instrument (NCI).
6. The various sections of paragraph 2 of the recommendation must above all be arranged according to whether they represent policies already being carried out (specifying in which Member States) and whether further progress could be made by coordination with other Member States. Secondly the priority areas must be designated as such. In this connection the committee recommends that the list should be restricted in the first place to the sectors listed on page 7 (point II,9) of the communication (industry, infrastructure, buildings and transport). Finally it is important to specify precisely the agencies in each of the Member States which are eligible for designation as advisory services or financing authorities. They should also be told approximately how much is to be expected by way of extra investment each year.
7. A further concern is the promotion of cooperation between gas and electricity companies, particularly as regards price formation. This could be the subject of a separate recommendation since it does not necessarily involve new investments.
8. Finally, the Commission is urgently requested to address itself, in the recommendations to be drawn up, quite specifically to those Member States which have still to undertake action in certain areas and also to indicate the provisions made in earlier recommendations, programmes or Council decisions.
9. In its basically favourable opinion the Committee on Economic and Monetary Affairs stresses that decisions on investment in the energy sector and incentives to save energy depend very much on the level of energy prices and their relative stability.

In the light of this opinion, the suggestion by the Committee on Economic and Monetary Affairs that the Commission consider measures to protect investors from sharp energy price fluctuations should be adopted.

10. In its opinion the Committee on Transport attaches importance to inclusion of an explicit reference to the need for investment in the transport sector in the interests of energy-saving. In this connection it quotes the resolution of 15 October 1981¹ in the report by Mr Albers, which also includes an opinion from our committee drawn up by Mr Beazley.

Notwithstanding our view that the recommendation is unsatisfactory, we cannot disregard the suggestions of the Committee on Transport and recommend the Commission to take full account in this connection of the suggestion contained in the opinion of the Committee on Transport when redrafting the recommendation . For further information please refer to the opinion.

¹OJ N° C 287, 9 November 1981, pp. 66-71

OPINION OF THE COMMITTEE ON ECONOMIC AND MONETARY AFFAIRS

Letter from the Committee chairman to Mrs WALZ, chairman of the
Committee on Energy and Research

Brussels, 6 April 1982

Dear Madam Chairman,

At its meeting of 30 and 31 March 1982, the Committee on Economic and Monetary Affairs considered the communication from the Commission to the Council on investment in the rational use of energy and the recommendation from the Commission to the Council concerning the encouragement of investment in the rational use of energy (COM(82) 24 final)¹.

The Commission communication stresses the need for the Community and the Member States to achieve a high level and rate of investment in the energy sector, particularly in the rational use of energy.

Present:

Mr Moreau, Chairman; Mr Deleau, Vice-Chairman; Mr Herman, rapporteur; Mr Albers (deputizing for Mr Caborn), Mr Bersani (deputizing for Mr Collomb), Mr Beumer, Mr Delorozoy, Mr I. Friedrich, Mrs Lizin (deputizing for Mrs Desouches), Mrs Nielsen (deputizing for Mr Combe), Mr Leonardi, Mr Notenboom (deputizing for Mr Schnitker), Mr Purvis, Mr Turner (deputizing for Mr Hopper), Mr Van Rompuy
Mr von Wogau.

In its opinion on the 5th Medium-Term Economic Policy Programme (Doc. 1-687/81), the European Parliament also emphasized the importance of making better use of energy.

Following an analysis of current policy in the Member States and the problems encountered, the Commission proposes various measures at national and Community level to encourage investments in the energy sector.

Although their objective falls within the terms of reference of the Committee on Energy and Research, the actual measures proposed by the Commission, particularly those relating to energy prices and taxation, should be referred to the Committee on Economic and Monetary Affairs as the committee responsible.

As far as basic issues are concerned, our committee wishes to make the following points:

Although further price increases cannot be ruled out, given the long-term prospects for the petroleum products market, this is not true in the short-term where the trends are less clear-cut.

Short-term adjustments of supply to demand and vice-versa may lead to price movements which will tend to be amplified by business expectations in a variety of fields, including the monetary, and also as a result of speculation.

Decisions on investment in the energy sector, and incentives to save energy depend very much on the level of energy prices and their relative stability.

Certain major investments have obviously been deferred recently, the reason being that the dollar price of oil has been falling for several months.

Under these circumstances, our committee wonders whether the Commission should not consider what measures might be proposed to reduce some of the risks to which investors are exposed as a result of sharp fluctuations in the relative prices of the various sources of energy.

Several different proposals have been made such as increasing oil storage capacity, the conclusion of long-term agreements at guaranteed or indexed prices, and, more recently, a variable levy on imported oil.

These various measures are not mutually exclusive.

Our committee, which has no preconceived notions on this issue, believes that these matters merit Community attention and should be considered by the Commission.

Please regard this letter as a favourable opinion from the Committee on Economic and Monetary Affairs.

Yours sincerely,

(sgd) Jacques MOREAU

Chairman

OPINION OF THE COMMITTEE ON TRANSPORT

Letter from the Committee chairman to Mrs WALZ, chairman of the Committee on Energy and Research

Dear Madam Chairman,

At its meeting of 29 March 1982 the Committee on Transport considered the Communication from the Commission to the Council on investment in the rational use of energy and is glad to note that the Commission is aware of the considerable scope for energy saving which exists in the transport sector. The committee was, however, surprised that the Commission did not mention Mr Albers' report on this subject (Doc. 1-249/81).

The Committee on Transport also regretted that in referring to the transport sector which, with its consumption of 153.52 m tonnes in 1980, accounted for 21.8% of the Community's final energy consumption and 25% of its consumption of petroleum products, the Commission merely noted that for various reasons the potential for energy saving had so far been exploited to only a very small extent. What is more, the draft Council Recommendation concerning the encouragement of investment in the rational use of energy in annex to the Communication contains no proposals whatsoever for the transport sector.

The Committee on Transport wishes to point out to the Committee on Energy that in the resolution adopted on 15 October 1981 on the basis of the report drawn up by Mr ALBERS (Doc. 1-249-81) the European Parliament put forward a number of specific proposals concerning the possibilities of energy saving in the transport sector, designed in particular to reduce the Community's dependence on imported oil. These proposals included:

- making technical improvements to the existing modes of transport
- setting maximum consumption levels
- channelling traffic flows more efficiently
- staggering working hours and holidays
- increasing the load factor of both public and private vehicles transport
- promoting combined transport
- preventing the wastage of fuel in town centres and conurbations by traffic planning measures, synchronization of traffic lights, construction of ring roads and, at the same time, diversion of traffic from city centres.

The Committee on Transport therefore requests the Committee on Energy in its report to underline the need for investment in the transport sector, directed towards energy saving and to call for an appropriate recital to be inserted in the Council Recommendation on the encouragement of the rational use of energy. Furthermore, Parliament's resolution should propose the addition of the following new subparagraph to paragraph 2 of the Recommendation:

- ' - promote investment in energy saving in the transport sector, particularly for the technical improvement of modes of transport, the channelling of traffic flows, the improvement of the service provided by public transport, the promotion of combined transport and the development of infrastructures;'

Yours sincerely,

(sgd) Horst SEEFELD

The following took part in the vote: Mr Seefeld (chairman), Mr Carossino, Mr Kaloyannis (vice-chairmen), Mr Albers, Mr Buttafuoco, Mr K Fuchs (deputizing for Mr O'Donnell), Mr K.-H. Hoffmann, Mr Key, Mr Klinkenborg, Mr Lagakos, Mr Moreland (deputizing for Mr Moorhouse), Mr M. Martin and Mr Veronesi (deputizing for Mr Cardia).

