

EUROPEAN PARLIAMENT

Working Documents

1982-1983

15 October 1982

DOCUMENT 1-671/82

REPORT

drawn up on behalf of the Committee on
Energy and Research

on

the reports by the Commission of the European Communities
on the application of Regulations (EEC) Nos. 1302/78 and
1303/78 on the granting of financial support for projects
to exploit alternative energy sources and for demonstration
projects in the field of energy saving (Doc. 1-980/81 -
COM(81) 397 final)

and

the motion for a resolution tabled by Mr SELIGMAN and
others on the energy policy of the European Community
in respect of renewable and new sources of energy

Rapporteur: Mr E. PETERSEN

By letter of 26 February 1982 the Council of the European Communities requested the European Parliament to deliver an opinion on the progress reports on the application of regulations (EEC) 1302/78 and 1303/78 on the granting of financial support for projects to exploit alternative energy sources and for demonstration projects in the field of energy saving.

Before this, on 12 February 1982, the European Parliament had referred these reports to the Committee on Energy and Research as the committee responsible and to the Committee on Economic and Monetary Affairs and the Committee on Budgetary Control.

On 15 February the European Parliament referred the motion for a resolution tabled by Mr Seligman and others pursuant to Rule 47 of the Rules of Procedure on the energy policy of the European Community in respect of renewable and new sources of energy to the Committee on Energy and Research as the committee responsible.

On 25 February 1982 the Committee on Energy and Research appointed Mr E. Petersen to draw up a combined report on the reports and the motion for a resolution.

It considered the draft report at its meetings of 29 April, 24 June and 29 September 1982; it unanimously adopted the motion for a resolution and explanatory statement at the latter meeting.

The following took part in the vote: Mrs Walz, chairman; Mr Seligman, vice-chairman; Mr Petersen, rapporteur; Mr Adam, Mr Bombard (deputizing for Mr Percheron), Mrs Calvez (deputizing for Mr Pintat), Mr Karl Fuchs, Mr Linkohr, Mr Markopoulos, Mr Normanton, Mr Petronio, Mr Purvis, Mrs Theobald-Paoli, Mr Veronesi and Mrs Viehoff (deputizing for Mr Schmid).

The opinions of the Committee on Economic and Monetary Affairs and the Committee on Budgetary Control are 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

closing the procedure for consultation of the European Parliament on the reports by the Commission of the European Communities to the Council on the application of Regulation 1302/78 and 1303/78 on the granting of financial support for projects to exploit alternative energy sources and for demonstration projects in the field of energy saving and the motion for a resolution tabled by Mr Seligman and others on the energy policy of the European Community in respect of renewable and new sources of energy

The European Parliament,

- A having regard to the progress reports submitted by the Commission (COM(81) 397 final),
 - B having been consulted by the Council (Doc. 1-980/81),
 - C having regard to the motion for a resolution tabled by Mr SELIGMAN and others (Doc. 1-973/81),
 - D having regard to its previous resolutions on support for the exploitation of alternative sources of energy and the need for greater energy saving,
 - E 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 Budgetary Control (Doc. 1-671/82),
1. Takes note of the interim progress reports on the application of Regulations Nos. 1302/78 and 1303/78;
 2. Notes with satisfaction the favourable interim results achieved, which augur well for industrial capacity and/or potential in the areas covered by the regulations;
 3. Regrets therefore that the Council has not seen fit to adopt the increase in appropriations proposed by the Commission. An

assessment of the various proposals that have had to be turned down on budgetary grounds shows that there is great scope for developments in this field which is not being exploited;

4. Points out that the greater use of renewable energy sources and the encouragement of energy saving coincide exactly with the Community's energy policy objectives and are thus also particularly suitable for inclusion in the measures which must be used to combat both the energy crisis and economic stagnation;
5. Believes that if the crisis is to be surmounted, it is vital that there be a change in the strategic factors which decide economic growth, one of the most obvious of which is the one covered by Regulations Nos. 1302/78 and 1303/78. They would be beneficial in economic, ecological, social and employment terms;
6. Stresses that greater technological knowledge in regard to renewable energy will provide a particularly attractive instrument of Community development policy, seeing that the developing countries are the most badly affected by the energy crisis;
7. Welcomes the fact that the Commission, after reviewing the progress made, has proposed that the programmes be continued, but calls on the Commission to consider how, by massive investment in a comprehensive and integrated programme in these fields, it may be possible to help to resolve the whole range of problems confronting the Community including the energy crisis; the special problems of the developing countries must be taken into account in the planning of the programme.

EXPLANATORY STATEMENTI. Events since the adoption of Council Regulations (EEC) 1302/78 and 1303/78 and the opinion of the European Parliament

1. In a report by Mr BROWN¹ the European Parliament endorsed the Commission's proposal² for Council regulations on financial support for demonstration projects in the field of energy saving and projects to exploit alternative energy sources.
2. On 12.6.1978 the Council adopted two basic regulations (EEC), Nos. 1302/78 on the exploitation of alternative energy sources and 1303/78 on energy saving³, which did however substantially differ from the Commission's proposals on which Parliament had delivered its opinion. Article 6 of Regulation 1302/78 now made the Council in practice the executive as well as the decision-making organ, and Article 11 empowered the Council to fix ceilings for the aid to be granted. These provisions recurred in Regulation 1303/78, in Articles 5 and 10 respectively.
3. On 14.7.78 the President of Parliament protested to the Council that these regulations contravened Article 205 of the EEC Treaty. On 10 October that year the Council announced that the two regulations had been adopted.
4. One week later the Commission submitted a proposal for a regulation on the implementation in the solar sector of Regulation 1302 /78,

¹Doc. 362/ 77, OJ No. C 299, 12.12.1977, p. 50 et seq.

²OJ No. C 138, 11.6.1977, p. 5 et seq.

³OJ No. L 158, 16.6.1978. p. 3 et seq.

Parliament delivered its opinion on this proposal in a report by Mr DALYELL¹, and expressed its serious reservations over the provisions being proposed, in particular Article 11 which, if implemented, would lead it to call for conciliation procedure.

5. On 9.4.1979 the Council adopted five implementing regulations: (EEC) Nos. 725/79 - 729/79². No. 725/79 on the basis of Regulation 1303 (energy saving), the others on the basis of Regulation 1302 (alternative energy sources).

Nos. 725/79 and 726/79 set financial ceilings for support to be granted. The other three implementing regulations specified the areas where assistance was to be given; 727/79: solar energy, 728/79: the liquefaction and gasification of solid fuel, and No. 729/79: geothermal energy.

6. In adopting Nos. 725 and 726/79 fixing financial ceilings, the Council evaded Parliament's budgetary powers. As these are established under the annual budgetary procedure, this action drew an immediate protest from Parliament.

It should be noted that Parliament was consulted only on one implementing regulation, No. 726/79, not on the two others, and that the request for conciliation procedure was ignored.

7. Early in 1980 the Commission submitted its first proposals for amending No. 726/79. The SASSANO report³ endorsed the proposal for higher appropriations for the liquefaction and gasification of coal, but regretted that the increase did not apply to the exploitation of geothermal resources and solar energy. A reservation was expressed over the procedural defects in the regulation, and conciliation procedure was requested if the Council should again unilaterally fix the financial aspects of the regulation.

¹ Doc. 557/79, OJ No. C 39, 12.2.1978, p. 38

² OJ No. L 93, 12.4.1979, p. 1-8

³ OJ No. C 265, 13.10.1980

8. In October 1980 the Commission submitted the next proposals¹ for amendments to Regulations 725/79 and 726/79, requesting that the amounts of aid set by the Council in 1979 be doubled, as they had proved completely inadequate to cope with the great interest in these projects and the number of proposals received. The amounts were moreover inadequate to meet the objectives set in this field.

In a motion for a resolution tabled by Mr TURCAT², as rapporteur for the Committee on Energy and Research, referring to past procedural defects and the failure to initiate conciliation procedure with regard to Regulations 725 and 726/79, and the proposal amending Regulation 726/79, the Council was requested to initiate discussions with Parliament on the infringement of Parliament's budgetary powers, and informed that Parliament for that reason could not deliver its opinion on these proposals until these discussions had taken place.

9. Parliament's latest opinion on the basic Regulations 1302 and 1303/78 and the associated implementing regulations is contained in the opinion of the Committee on Energy and Research drawn up by Mr MEO³ on Doc. 1-526/80 for the Committee on Budgets. Because of the great importance of the budgetary and inter-institutional issues raised, and the resignation of the initial rapporteur Mr TURCAT, the Committee on Budgets has, by way of exception, become the committee responsible, with this committee delivering its opinion. As such the committee gave a favourable opinion on the energy aspects. The opinion of Parliament (rapporteur: Mr PFENNIG) is fundamentally opposed to the procedure adopted over this Commission proposal.

10. The Committee on Energy and Research will be considering below the implementation of the basic Regulations 1302 and 1303/78.

¹Doc. 1-526/80

²Doc. 1-836/80, OJ No. C 50, 9.3.1981

³PE 76.754

II. The progress reports

General comments on Regulations 1302 and 1303/78

11. The Community's energy objectives, on which there is general agreement, and which have always been confirmed by the Council, viz.:

- reduced dependence on imported energy, especially oil,
- encouragement of energy production based on internal resources,
- the diversification of energy supplies,
- the promotion of all kinds of energy production which might support the policy in other sectors, including industrial, economic, environmental and employment policies,

leave us in no doubt that the Committee on Energy and Research has to endorse any effort at Community level to encourage energy saving and the exploitation of alternative energy sources. Projects in these two fields, while tailor-made for the general objectives, will have valuable side effects in alleviating the crisis affecting the Community, which is not simply related to energy, as the rapporteur will demonstrate below.

12. As the progress reports were completed little more than two years after the start of the projects¹, it was difficult to make exact assessments, especially on the technical results achieved. However the overall prospects are very good. It must be pointed out that the demonstration projects, which provide a link between fundamental research and industrial applications, are intended to separate feasible and viable schemes from those that for various reasons ought to be abandoned (which it is equally valuable to know).

¹ It should be noted that the Commission has published the next progress reports and submitted proposals for the continuation of the projects. An assessment of results so far has led to the discontinuation of certain new projects and the termination of others, mainly those which have been successfully completed.

13. The best evidence of the relevance and value of support for demonstration projects in these two areas has been the great number of applications received after the Commission's various calls for projects in the implementing regulations. Many promising projects had to be turned down because of the financial restrictions imposed by the Council. As mentioned above, the Commission has asked for appropriations to be increased both to widen the scope of its programme and to pursue work on projects where investment is disproportionately small by comparison with the probable financial return on larger scale (i.e. widespread industrial) exploitation. Naturally some applications had to be rejected to avoid duplication.

Application of Regulation 1302/78, alternative energy sources

14. In the implementing Regulation N° 726/79, the Council laid down a maximum amount of 95 m EUA in aid to be granted in five years, broken down as follows:

| | |
|---|------------|
| - liquefaction and gasification of solid fuels: | 50 m EUA |
| - exploitation of geothermal fields: | 22.5 m EUA |
| - exploitation of solar energy: | 22.5 m EUA |

35 projects were received in response to the calls of June 1978 and April 1980 for the liquefaction and gasification of solid fuels, 12 of which were selected. When the report went to press contracts had been placed for 9 of these projects.

15. The report points out that despite the exhaustion of the funds available (in the form of commitment appropriations), support for some of the projects could not be guaranteed beyond their initial stages.

Geothermal energy

16. After 3 calls a total of 119 proposals had been received, requesting aid totalling 80 m EUA. Thirty projects had been chosen so far, for which 19 m EUA in EEC aid had been granted.

Space heating accounted for the largest proportion of projects received and selected, followed by electricity generation and the heating of glasshouses.

Almost 50% of the projects were submitted under the aegis of local authorities, the rest being proposed by private and public undertakings. The results of all the projects, both in the initial and subsequent phases, were very promising. Some projects were already being exploited in full or in part. But in some cases, the drilling stage, which is of course the riskiest, and for which Community support is primarily intended, had encountered greater difficulties than expected, and would require further tests. In general, the application and perhaps also the wider application of this regulation must be regarded as fully justified.

Solar energy

17. A first call for projects (June 1978), covering the whole solar energy sector in principle but concentrating on heating (of water and premises), mechanical or electrical energy for purposes of production or processing, and biomass, elicited 135 proposals requesting a total of 43 m EUA in aid. 26 projects were selected, corresponding to 6.35 m EUA in aid.

Two calls for projects in January 1980 resulted in the submission of 105 projects relating to solar energy in general (as stated above). Of these the Commission chose 36 projects corresponding to 13.2 m EUA in aid (aid requested: 37 m EUA). The other call was devoted specially to swimming pools. 22 proposals (for 62 swimming pools), representing financial aid of 3.3 m EUA, were chosen from the 47 proposals submitted.

18. While the committee appreciates the value of most of these projects, in view of their wide applicability, the number of swimming pool projects chosen caused some surprise and seemed disproportionately large, despite the small amount actually set aside for them. If the Commission is up to its task of disseminating information, the number seems unreasonably large, although the specifications of the projects submitted and selected otherwise meet the criteria for aid.

General remarks on the application of Regulation 1303/78

19. Because of the relatively short time the regulations have been in force, the committee is unable to say very much about the probable final technical and financial results of the projects chosen. There seems no doubt as to the relevance and importance of the demonstration projects, as evidenced by the number of applications received alone. From the beginning the appropriations have proved inadequate.

20. However, it must be pointed out that a relatively long time seems to elapse between the initial adoption of a regulation and the start of a project under contract. Obviously decisions are bound to take time (in real terms and in man hours). Neither the Commission nor the contractors can be blamed (these are after all decisions with considerable financial implications), but the Commission is advised to bear this time-consuming process in mind when drawing up its budget proposals, as well as the fact that lateness in spending and/or transferring appropriations from one budgetary year to the next may have unintended and unfortunate consequences.

Application of Regulation 1303/78: Energy saving

21. Regulation 725/79, implementing Regulation 1303/78, fixed the budgetary allocation at 55 m EUA. The object was to make better use of energy consumed by developing new equipment, processes and products in nearly all areas where energy is generated and consumed. After 3 calls for tenders decisions had been taken to support 113 projects (out of 621 submitted) amounting to 45 m EUA. The balance of 10 m EUA would be committed before the end of 1981.

22. The report points out that, while most projects were small in scale, most support had been granted to projects for combined heat and electricity generation and district heating, and for various industrial processes, which explains

why most of the successful applicants were large undertakings. While realizing that undertakings of this kind are far more likely to be in a position to initiate projects and thus be considered, the committee believes that more effort should have been made to involve small and medium-sized undertakings. The savings would probably be no greater, but the multiplier effect, in the form of awareness and opportunities for savings in everyday energy-consuming activities, would perhaps be greater if more and smaller projects, with wider geographical distribution, were considered. It might also be presumed that the larger industrial undertakings would have more opportunities for introducing their own energy-saving schemes (and would have done so without EEC aid).

General remarks on the application of Regulations 1302/78 and 1303/78

23. On the basis of these first progress reports the Committee on Energy and Research, despite the obvious difficulties in predicting the final outcome, notes with satisfaction the results achieved so far. The number of proposals submitted for aid for the difficult demonstration phase, attempting to apply fundamental research results on an industrial scale, demonstrates the importance of and justification for encouraging these activities.

24. It is also clear that the original appropriations were inadequate. Your rapporteur maintains that schemes covered by Regulations 1302 and 1303/78 are not only tailor-made for the Community's energy objectives, but also for objectives in other sectors facing equally serious problems, caused or at least aggravated by the energy crisis.

III. Further considerations on renewable energy sources and the crisis

From an oil crisis to a world crisis

25. The 1973/74 oil crisis has engendered the worst crisis since the Thirties, affecting the EEC countries and the whole world at a time when a number of other problems were emerging, first and foremost the environmental or ecological crisis, and the North/South problem. Our whole global, ecological, economic and political system is facing a crisis of great complexity. That is probably the real reason why no generally recognized crisis theory capable of translation into practical political action has yet been found. That is also why governments of various political colours in the Community countries and non-member states such as the USA, Japan and the Eastern Block countries have adopted differing and sometimes conflicting methods of combating the crisis.

We shall not attempt to formulate any universal crisis theory, but put forward a number of points placing the energy parameters dealt with in this report in the wider political and economic context.

Definition of crisis

26. If we are to emerge from a crisis, the first thing we have to do is decide what we mean by a crisis. We shall be approaching this question in pragmatic terms (having regard to objectives) rather than causal terms.

What is a crisis? It is there to be used! It should be put to constructive use, to trigger new growth and development, just as we as individuals use the crisis of puberty to develop from child to adult. If we do not succeed we end up as perpetual adolescents, inconveniencing ourselves and those around us. If we fail to use our crisis constructively, it will take over and dominate our life.

27. In short, every crisis has an intrinsic purpose, a natural function, which is to be used. Crises are a natural part of life, of the growing process, whether psychological, ecological or economic.

But what is a crisis to be used for? Its purpose is to bring about a change in 'method', as in adolescence we exchange play for work.

Every method is valid only for a limited period, as is every form of economic growth, then comes a crisis. The method has become obsolete, the system degenerates, as we saw with the type of growth in the Sixties, which produced an ecological crisis, an energy crisis and an economic crisis, and consequently a political crisis, too. There then has to be a renewal, which means a change, a crucial intervention in the way the system operates. At all times and in all societies, qualitative growth has been replaced by quantitative growth, which in turn results in qualitative growth, and so on, in a continued upward-spiral. The movement is not a logical one prompted by immanent forces, but one which must be stimulated by intervention from outside. After a qualitative renewal, quantitative growth can resume in new and better directions. Qualitative and quantitative growth are closely inter-related.

28. The process of economic growth or the development of society presupposes changes in physical production conditions. But if there is to be growth, substantial resources must be concentrated on renewal and not only of political attitudes, whatever the social system (socialist or capitalist). If we are to surmount the crisis, and we must, it is vital not to think 'big' along the lines of the old type of growth; the important thing is to do things right, according to the immanent logic of the crisis. Only when qualitative growth is well under way, after investment of a lot of financial and political capital, can quantitative growth recommence. We must make massive investments in renewal, although the individual may not see any immediate cash return. Any kind of renewal costs money, any qualitative growth demands great sacrifices. If we do not understand the immanent logic of the crisis, its substance and its demands on us, we shall never surmount it.

What the crisis demands

29. The crisis demands a change in the economic growth of the Sixties, for it is clear that the system no longer works. Our economic system is obsolete, as it has not adapted to the requirements of the times; growth has become dysfunctional, i.e. it is out of tune with the world we live in, with rising oil prices, diminishing resources, changed world markets, new technology, people's desires for a pollution-free environment and new sets of values.

30. We cannot emerge from the crisis with the same methods and the same form of economic growth that got us into it. Renewal, in the form of qualitative change so that economic growth may continue along another path at a higher stage of development is what is required.

Qualitative renewal of economic growth, of our complete production and consumer system can be achieved only if we discover the key 'strategic parameters', changes in which will produce changes not only in its immediate area, but general change, throughout the system. That is what various political parties in various countries are seeking, obviously without much success. Perhaps this is due to an inclination either to designate their own political hobby horse as the strategic parameter, or to work with so many parameters or to spread their efforts over so many areas that the overall effect is lost.

31. Several such parameters can be established, depending to some degree on the circumstances in the country in question, but there can be little doubt that the energy and raw material parameters are vital to all EEC countries, and to the Community itself as an economic system. We shall confine ourselves to considering energy.

To sum up: the crisis is there to be used, to bring about a quantitative change in economic growth, seen as a system, and one way to do this is by making a qualitative change to the parameters of energy.

What kind of energy?

32. The Community's energy objectives are clear: reduced dependence on imported oil, encouragement of energy saving (energy efficiency), the exploitation of coal and nuclear power, with no more than a marginal role for renewable energy sources. Yet the renewable energy sources offer scope for qualitative renewal of the energy system since they have advantages which the other forms of energy inevitably lack.

It cannot be denied that coal and nuclear power suffer from crucial disadvantages; coal power heavily pollutes both the local and general environment. Nuclear power presents other problems for it divides the populations in most countries, frequently into two equal camps, which is a political disqualification, especially in a crisis. Moreover, coal and uranium prices seem more or less directly linked to the market price for oil, causing problems both to the balance of payments and to the consumer, if total demand for traditional forms of energy continues to rise. Even if consumers have managed, albeit with difficulty, to cope with a ten-fold oil price rise through the seventies, further real increases in oil prices even by a few percent annually will confront all Member States with major social as well as balance of payments problems.

33. That is not to say that coal and nuclear powers are not necessary to the Member States, nor that it would not be desirable for example to attempt to substitute coal for oil. All we are saying is that the Community's traditional energy policy is fundamentally no longer able to answer the needs of our changing society and offers no scope for the renewal which the crisis requires. Coal and nuclear power are dictated by a policy of necessity rather than renewal.

If energy is to be a strategic factor for renewal we can only consider the renewable energy sources. For one thing they are ecologically 'right', especially as they do not produce waste

heat, as do all traditional forms of energy¹. Then they are socially acceptable, as they do not necessarily require large-scale technology while offering considerable scope for it. Renewable energy sources offer clear economic advantages, in respect of balance of payments, employment and exports.

The exploitation of renewable energy sources can therefore be described as an example of multivariable growth as opposed to the linear growth of the Sixties. It would bring solutions to a number of problems, or bring them closer, for example to the energy problem, the ecological problem, the social problem and most economic problems.

But it will be objected that renewable energy sources can produce no more than marginal effects and moreover are uneconomic. Well, after all, we only get out what we put in; but let us consider the question of their economics.

The economic viability of renewable energy sources

34. Renewable forms of energy are not of course completely commercially viable; how could they be, with the Community and the individual Member States investing no more than token amounts in research and development in that field? What is more surprising is that, for example, in a country like Denmark, where there is a prominent consumer movement in favour of renewable energy, they are close to that stage.

¹In recent months the World Meteorological Organization, the United Nations and the International Institute for Applied Systems Analysis in Austria have unanimously warned of the serious danger of global temperature changes, which decades of combustion of fossil fuels are reinforcing, because of increased carbon dioxide emissions to the atmosphere (greenhouse effect)

The profitability of new technology has to be assessed over the long term, taking into account spending during four main stages, research, technological development, industrial development, and production. We must consider the preceding investment as well as production costs in the last stage. With most modern technology, investments during the first two stages are very largely borne by the authorities, while investments in the third and especially the fourth stage are borne mainly by industry itself. It is therefore obvious that we should not have nuclear power today without Government investment in nuclear weapons technology during the war, and that without space research we should be unlikely to have a microelectronics industry.

35. If the role of renewable energy sources is to become strategic rather than marginal, the first requirement is to abandon the obsolete concept of profitability and replace it by the same mixed economic approach to the technological development of renewal energy sources as we have adopted towards other comparable technologies.

It also means that public, in this case Community, investment must be on a completely different scale from hitherto, see the Commission's progress report on regulations 1302 and 1303/78.

The problem is that renewable energy sources are not of tactical military interest and that the conventional energy industries are not interested in establishing an alternative decentralized energy system, and that there is not yet nearly enough political will to call for sacrifices during a crisis on anything like a war-time scale, including a willingness to subordinate individual interests to the common good, nor a readiness to embrace the possibilities offered by new technologies.

36. A technical breakthrough in the form of mass production of renewable energy equipment (e.g. solar cell roofing for all houses) would affect prices in two ways. First, mass production would bring consumer energy costs down as production rose, exactly the opposite to conventional forms of energy. The other would be to alter the substitution price for oil, forcing oil prices down more effectively than coal (uranium has never been a genuine substitute product).

To sum up, price, investment, and profitability calculations for the various energy systems are economically significant only if considered in the wider context, taking procedures and systems into account. The energy systems of the future are, or should be, therefore primarily a question of political choice.

Community energy objectives

37. It is clear from the foregoing, especially the reflections on the definitions of crisis, that the Community's long-term energy objectives are bound to make the individual Member States and the Community itself self-sufficient in energy and thus independent of energy imports. Self-reliance in energy is also advantageous in terms of military strategy, and at the same time most important for an offensive crisis policy. Such a policy is impossible without the renewable energy sources. Although at present it might seem no more than a remote possibility, it is obvious that no progress will ever be made if the objective is not clearly stated.

If we consider the official Community energy objectives (as set out in the countless statements by the Council of Energy Ministers) we note that the Community gives no more than a marginal role to renewable sources. The present Commission proposals demonstrate that the Commission never breaks with conventional thinking and therefore allots renewable energy no more than a marginal role. (Nor are we given any comparison between the efforts the USA and Japan are putting into renewable energy with that in the Community, nor any description of their objectives in that field).

In the long term (within the scope of present technology) fusion is the only solution to mankind's energy problem. The ultimate question is whether to take solar fusion as our basis (which is the basis for all renewable energy sources) or to attempt to create artificial technological fusion, as we are trying to do in the JET project. The choice between natural or artificial fusion is perhaps the most far-reaching we have to face. But the exploitation of natural fusion energy will avoid heat pollution of the globe, while artificial fusion energy, like all cosmological non-interactional energy, will produce heat pollution and thus in the long term progressively change the world climate.

At all events there is a need, and the Commission's progress reports on renewable energy sources and energy saving confirms this, for the Community to review its long and medium term energy objectives, and to give far greater priority to renewable energy sources in its overall energy policy than it has done in the past.

A new Community programme for renewable energy sources and energy saving

38. These progress reports must therefore be welcomed. The projects described therein provide clear evidence that it is practical to make wider use of alternative energy sources and to encourage energy saving.

In the light of the views expressed above with regard to the crisis, your rapporteur wishes to request the Commission, during the time these programmes still have to run, to formulate and submit proposals to continue and extend them as part of a comprehensive strategy to encourage renewable energy sources and energy saving, if possible in the light of a new set of energy objectives for the Community.

At all events, and especially in view of the crisis, massive investment in research and technical development, demonstration projects and publicity, and into industrial scale development in these fields would be justified.

Discussions in committee

39. During the discussion in committee it was not possible to reach agreement on the problems dealt with here and the importance of renewable energy sources as a means of combatting the crisis.

In addition to discrepancies between the motion for a resolution and the explanatory statement, a number of members felt that the rapporteur had overestimated the potential

contribution of renewable energy sources to energy supplies. Insofar as these sources would require massive investment, it was thought that, instead of promoting the development of society, such an approach would be a retrograde step. Renewable energy sources, some felt, could never be more than a supplement to traditional sources. Nor could they be regarded as an anti-crisis measure; instead, it was necessary to concentrate on severing the link between growth in the national product and growth in energy consumption.

Conclusion

40. The rapporteur believes that the Community must give serious consideration to a review of its energy policy and formulate a comprehensive strategy with new objectives for the various energy parameters; it must act where the opportunities are clear. The Commission is therefore requested to draw up an integrated programme looking beyond the present energy problems, and giving the priority to projects for renewable energy sources and energy saving that these interim results have shown to be justified.

41. Apart from the benefits which increased use of renewable energy sources would bring in terms of additional energy supplies, it would also have a favourable impact on employment. It is already apparent that know-how in this field has led to the establishment of a considerable industry and substantial export capacity. It is precisely industrial capacity and/or potential that is the prime objective of the demonstration projects.

42. Lastly, we must underline the importance that improved know-how in the field of renewable energy will have for the developing countries. These energy sources can be applied locally, possibly in an adapted form, in these countries and will therefore offer a positive contribution which the Community is both morally and formally obliged to make.

OPINION OF THE COMMITTEE ON ECONOMIC AND MONETARY AFFAIRS

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

on

the reports presented by the Commission of the European Communities
on the application of Council Regulation (EEC) No 1302/78
on the granting of financial support for projects
to exploit alternative energy sources,

and

on the application of Council Regulation (EEC) No 1303/78
(Doc. 1-980/81)

on the granting of financial support for demonstration projects
in the field of energy saving

Brussels, 31 March 1982

Madam Chairman,

At its meeting of 30 and 31 March 1982, the Committee on Economic and Monetary Affairs considered the reports presented by the Commission on the application of Council Regulation (EEC) No 1302/78 on the granting of financial support for projects to exploit alternative energy sources and on the application of Council Regulation (EEC) No 1303/78 on the granting of financial support for demonstration projects in the field of energy saving (Doc. 1-980/81).¹

As regards the granting of financial support for projects to exploit alternative energy sources (Regulation No 1302/78), initial results in the three sectors concerned (the liquefaction and gasification of solid fuels, the exploitation of geothermal fields, and the exploitation of solar energy) are generally encouraging, even though it is still too early to give an overall evaluation of the technical and economic results at this stage of progress of the projects.

The committee appreciates the importance for the Community of the potential exploitation of alternative sources such as the gasification and liquefaction of solid fuels, geothermal energy and solar energy.

¹ Present:

Mr MOREAU, chairman, Mr DELEAU, vice-chairman, Mr ALBERS (deputizing for Mr CABORN), Mr BERSANI (deputizing for Mr COLLOMB), Mr BEUMER, Mr DELOROZOY, Mr I. FRIEDRICH, Mr HERMAN, Mr LEONARDI, Mrs LIZIN (deputizing for Mrs DESOUCHES), Mrs NIELSEN (deputizing for Mr COMBE), Mr NOTENBOOM (deputizing for Mr SCHINTKER), Mr PURVIS, Mr van ROMPUY, Mr TURNER (deputizing for Mr HOPPER) and Mr von WOGAU.

Accordingly, the committee hopes to see the budgetary provisions in this sector increased in such a way that the number of projects benefiting from Community support is directly governed by the quality of the projects themselves and not by the availability of budgetary resources.

As regards the granting of financial support for demonstration projects in the field of energy saving (Regulation (EEC) No 1303/78), the committee approves the priority given at Community level to strengthening the policy of energy saving. For although it is mainly up to the Member States to apply energy saving measures, the Commission's involvement means that the Member States' activities in this area can be encouraged, guided and corrected.

Furthermore, the Common Market has provided openings for suppliers to distribute their technologies and products. The only completed project to date has proved a successful commercial venture.

However, the committee notes that small and medium-sized undertakings have not figured to any great extent in the projects accepted and it takes this opportunity to point to the importance it attaches to the creation of the necessary economic, social and statutory conditions to allow them to take a growing part in these projects.

Subject to these reservations, I beg you to consider this letter as the committee's favourable opinion.

Yours sincerely,

(sgd) Jacques MOREAU
Chairman

OPINION OF THE COMMITTEE ON BUDGETARY CONTROL

Draftsman: Mr H. SABY

At its meeting of 27 and 28 April 1982, the Committee on Budgetary Control appointed Mr Saby draftsman.

At the same meeting it considered the draft opinion and adopted it unanimously.

Present: Mrs Boserup, acting chairman; Mr Saby, draftsman; Mr Gabert, Mr Georgiadis (deputizing for Mr Key), Mr Irmer, Mr Kellett-Bowman, Mr Price and Mr Konrad Schön.

1. The sector concerned in the two reports presented by the Commission, namely the energy sector, has been repeatedly described by the European Parliament as one of the major priorities in terms of the development of the Community and the revitalization of its economy¹. In the budgetary procedures for the financial years prior to 1982 the European Parliament has thus attempted, at times successfully, to increase the appropriations allocated to these projects. In 1980, for instance, the European Parliament allocated 47m ECU (commitment appropriations) and 24m ECU (payment appropriations) to the programme on new energy sources, compared to the Commission's proposals of 34 and 19m ECU respectively.

In 1982, on the other hand, the European Parliament made no attempt to increase the appropriations earmarked for energy policy, whose share of the general budget has fallen from 3.9% in 1980 to 0.8% in 1982.

2. This is due in general to the low rate of payments compared with the appropriations available².

In the case of the two areas dealt with in the Commission's reports (Regulation 1302/78 on financial support for projects to exploit alternative energy sources and Regulation 1303/78 on financial support for demonstration projects in the field of energy saving), the growing delays in implementing appropriations are due, according to the most recent information we have³, to different factors which fall broadly into two categories:

- (a) Institutional factors: the system chosen by the Council for the implementation of these projects, based on a framework regulation, an implementing regulation and a regulation fixing ceilings for each sector, not only constitutes a serious infringement of the budgetary powers of the European Parliament⁴, but has also caused considerable delays in the starting up of the various projects;

¹ See 'The European Parliament's budgetary priorities: the record since direct elections', working document by Mr R. JACKSON, PE 77.142

² See working document on the implementation of chapters 32 and 33 of the 1980 budget. Rapporteur: Mr KEY (PE 77.314); Court of Auditors report for 1979

³ See COM(81) 607

⁴ See motions for resolutions tabled by Mr Pfennig, rapporteur of the Committee on Budgets, PE 78.036

(b) Procedural factors: projects have had to be submitted in response to invitations to tender published by the Commission. However, the intervals between publication have been excessively long, which has slowed down the procedures for granting aid. It ought to be possible to avoid this problem in the future by means of a procedure which allows for the continuous submission of projects.

3. It should be pointed out that the Commission made no specific mention in its reports of the problems of spending budgetary appropriations and refers to the ceilings fixed in the ad hoc Council regulations simply to draw attention to the need to increase them. Yet in its analysis of financial management¹ the Commission fully recognized that the budgetary lines concerned have not been utilized sufficiently and looked for a marked improvement in early 1981, which unfortunately did not materialize.

4. The Commission points out that 'relatively few projects were chosen as only limited budget resources were available' (page 10) rather than because of the quality of the projects (page 21). The term 'budgetary resources' used by the Commission thus appears to refer to the ceilings fixed by the Council. Yet in its proposals to increase these ceilings² the Commission makes it quite plain that the ceilings are intended purely as a guide.

m ECU

| | <u>Alternative energy sources</u> | <u>Energy savings</u> |
|--|-----------------------------------|-----------------------|
| Commitment appropriations from 1978 to 1980 | 74 | 47 |
| Ceilings fixed by the Council for the programmes | 95 | 55 |
| Commitment appropriations allocated 1978-1982 | 154 | 89 |

¹ COM(81) 222

² Doc. 1-526/80

5. The need to amend the regulations is highlighted by the figures available to us, which reveal that the problem of ceilings arose only after 1980; it is now more essential than ever to reassert the policy in this area in view of the 1978-1982 figures. The ceilings proposed by the Council must no longer constitute an obstacle to implementation of the projects chosen by the Commission.

MOTION FOR A RESOLUTION (DOCUMENT 1-973/81)

tabled by Mr SELIGMAN, Mr NORMANTON, Mr PRICE, Mr MORELAND, Mr BEAZLEY,
Mr MEO, Mr PURVIS and Sir Peter VANNECK

pursuant to Rule 47 of the Rules of Procedure

on the energy policy of the European Community in respect of renewable and new
sources of energy

The European Parliament,

- concerned by the urgency for the European Community to respond to the energy challenge,
 - aware that exhaustion of world reserves of oil and natural gas exceeds the rate of discovery of new resources,
 - aware that the use of coal and of coal enrichment technologies require large scale investment,
 - expecting the demand for energy to increase worldwide particularly in the developing countries,
 - believing that the energy policy of the developing countries ought to be an integral part of their development policy and that it is in the interest of the industrialised countries to help the developing countries in increasing the production of energy, given that their prosperity is necessary for development of mutual commercial exchanges,
 - mindful that the replacement of one type of energy carrier by another is often achievable only in a timescale of decades,
1. Invites the Council, Commission and the governments of Member States to define and implement a programme for a global and common approach to the use of renewable and new sources of energy;
 2. Calls on its competent committee to study the key elements of the programme with especial attention to the following points:
 - strengthening research action in the area of renewable and new energy sources including solar energy, biomass, geothermal energy, recovery of waste heat, recycling of waste oil, heat pumps, coal enrichment, wind, wave and tidal power,
 - the pooling of national efforts and the elimination of duplication,
 - increased investment in development and commercial pilot projects in order to provide the financial tools for the achievement of policy,
 - close cooperation with the developing countries on the energy plan;
 3. Calls on its President to transmit its proposal to the Commission and Council of the European Community, to the joint presidents of the EEC-ACP Joint Committee and to the governments of Member States.