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Report

drawn up on behalf of the Committee on Energy, Research and Technology

on the proposal from the Commission of the European Communities to the
Council (Doc. 473/74) for programmes of research and development actions in
the field of energy

Rapporteur : Lord BESSBOROUGH

1.2.1

PE 39.741/fin.

By letter of 31 January 1975, the President of the Council of the European Communities requested the European Parliament, pursuant to Article 235 of the EEC Treaty, to deliver an opinion on the proposal from the Commission of the European Communities to the Council for programmes of research and development actions in the field of energy.

The President of the European Parliament referred this proposal to the Committee on Energy, Research and Technology as the committee responsible, and to the Committee on Budgets for its opinion.

On 12 February 1975, the Committee on Energy, Research and Technology appointed the Earl of Bessborough rapporteur.

It considered this proposal at its meeting of 3 March 1975.

At the same meeting the Committee unanimously adopted the motion for a resolution and the explanatory statement.

Present: Mr Springorum, chairman, Mr Leonardi, vice-chairman, The Earl of Bessborough, rapporteur, Mr Cointat, Mr Covelli, Mr Flämig, Mr Giraud, Mr Guldberg (deputizing for Mr Helveg Petersen), Mr Hansen (deputizing for Mr Nørgaard), Mr Hougardy, Mr Jakobsen, Mr Krall, Mr Lautenschlager, Mr Leenhardt, Mr Willi Müller, Mr Ney, Mr Noe', Mr Schmidt (deputizing for Mr Kater), Mr Vandewiele, Mr Vetrone (deputizing for Mr Andreotti) and Mrs Walz.

The opinion of the Committee on Budgets is attached.

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A

The Committee on Energy, Research and Technology 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 proposal from the Commission of the European Communities to the Council for programmes of research and development actions in the field of energy

The European Parliament.

- having regard to the proposal from the Commission of the European Communities to the Council (COM(74) 2150 final);
 - having been consulted by the Council pursuant to Article 235 of the EEC Treaty (Doc. 473/74);
 - having regard to the report of the Committee on Energy, Research and Technology and the opinion of the Committee on Budgets (Doc. 526/74);
1. Notes that the purpose of the present proposal is to enable a large part of intended research actions to be carried out, as desired by the European Parliament in different resolutions, especially in the resolution of 20 February 1975 on the communication from the Commission to the Council: 'Energy for Europe: Research and Development' .
 2. Believes nevertheless that these actions should not be limited to four years, but that they should be continued and developed before the expiration of the present programme. New proposals to continue and to develop this programme shall be presented by the Commission to the Council at least one year before the expiration of this programme.
 3. Believes it to be necessary to develop existing Community structures : for the organisation of the activities referred to above, while carrying out indirect actions when possible in order fully to utilise recognised national research centres.

4. Requests the Commission to incorporate the following amendments in its proposal, pursuant to Article 149, second paragraph, of the EEC Treaty.
5. Requests its appropriate committee to check carefully whether the Commission adopts the European Parliament's amendments to its proposal, and, if necessary, to report to Parliament on the matter.
6. Instructs its President to forward this resolution and the report of its committee to the Council and Commission of the European Communities.

Proposal for a Council Decision of adopting a research programme
for the European Economic Community in the field of energy

Preamble and recitals unchanged

Article 1

A programme of research for the European Economic Community in the field of energy shall be adopted in the form set out in the Annex to this Decision for a four-year period from 1 January 1975. The Annex forms an integral part of this Decision.

Article 2

The upper limit for expenditure commitments and for staff necessary for the implementation of this programme shall be 54.96 m.u.a. and 27 Community servants for the duration of the programme. The unit of account is defined in Article 10 of the Financial Regulation of 25 April 1973 applicable to the budget of the European Communities.

Article 3

The Commission shall ensure that the programme is implemented.

Article 1

A programme of research for the European Economic Community in the field of energy shall be adopted in the form set out in the Annex to this Decision for a four-year period from The Annex forms an integral part of this Decision.

Article 2

The upper limit for expenditure commitments and for staff necessary for the implementation of this programme shall be 59 m.u.a. and 27 Community servants for the duration of the programme. The unit of account is defined in Article 10 of the Financial Regulation of 25 April 1973 applicable to the budget of the European Communities.

Article 2(a)

The programme shall be reviewed at the beginning of 1977.

Article 3

The Commission shall ensure that the programme is implemented. It will arrange for cooperation with third countries where it is thought desirable. It will consult CREST wherever appropriate.

Article 4 unchanged.

¹ For the complete text, see COM(74) 2150 fin.

EXPLANATORY STATEMENTI. General

1. The draft programme of research and development actions in the field of energy is to be considered as the practical application of the communication from the Commission 'Energy for Europe: Research and Development' (Doc. 314/74). Mr Vandewiele, in the name of this committee, has prepared a report on this document, which was presented on 20 February 1975 as Doc. 447/74 .

Accordingly, the proposals of our committee contained in the resolution as adopted on 20 February 1975 are to be taken into consideration when examining the present document.

2. The proposed programmes of R & D actions consist of two parts:

- (i) an outline programme for energy, research and development;
- (ii) a research and development programme in the fields of energy conservation on the one hand, and of the production of hydrogen, solar energy and geothermal energy on the other. A programme of systems modelling is also included.

The final section contains a proposal for a Council decision, with an annex on the indirect actions forming an integral part of this decision.

3. The decision, and therefore the programmes too, are based on Article 235 of the EEC Treaty. The application of this Article is explained by Article 2 of the EEC Treaty, assigning to the Community the task of promoting throughout the Community a harmonious development of economic activities.

Bearing in mind the various Council resolutions of 1974 in the matter of research and energy, on which Parliament has expressed its opinions, the principle of the decision can be approved.

The juridical base, as proposed by the Commission, may also be approved since Parliament has always advocated the application of Article 235, based on the tasks enumerated in Article 2 of the EEC Treaty.

II. The criticisms as formulated in the resolution of 20 February 1975

4. In this resolution, our committee took the view that the problem of overcoming the energy shortage could only be partially solved by 1985 (para. 1):

- believed that research and development, as part of a general energy strategy, should not be regarded as final and unalterable but should be constantly reviewed in the light of changing circumstances and newly-acquired knowledge (para. 2);
- urged the Commission to fix objective criteria for determining the priority to be given to the various sectors (para. 4);
- urged the Commission, in connection with practice of energy research and development, to arouse and strengthen public consciousness of the need to save energy (para. 6);
- urged the Council to see that so far as possible the Member States coordinate jointly all their research activities in the energy field (para. 7);

5. Therefore this committee first sought to establish whether its requests have been taken into consideration in the new document submitted by the Commission.

III. General scope of the document

6. The fact that the Council decision (pages 79 to 81) as outlined in Article 1 will be effective for a period of four years indicates that it is not to be regarded as final and unalterable. Yet no review is foreseen. Accordingly, a new Article 2(a) should be added and should read:

The programme shall be reviewed at the beginning of 1977.

And furthermore new proposals may, if necessary, be made at least one year before the programme expires.

7. At the same time, it seems curious that a programme should start on 1 January when the date of issue of the document is 8 January and Parliament is only being consulted in March. On the other hand, if the date of 1 January has been kept in for purely budgetary reasons, i.e. that it is the start of the financial year, then your committee has no objection. However it would stress the importance of Parliament being consulted earlier than it has been in this case.

8. As far as Parliament's request for the fixing of objective criteria for determining the priority to be given to the various sectors is concerned, Section 5 of part I and the financial timetables from page 23 give an indication of a certain priority choice given to the various sectors.

The R & D programme for energy conservation, as given in part II of this document, creates the basis for the measures to be taken to arouse and to strengthen public awareness of the need to save energy.

9. As far as the need for coordination of the research activities in the energy field in the Member States is concerned, the document states that Member States must forward the required information to the Commission, in accordance with the Resolution of 14 January 1974 (i.e. the Resolution on the principles of a Community R & D policy).

This, however, can only be a start. In any event, the Council decision should contain a more specific text on this point.

IV. The different actions

10. It is, of course, not the main task of a committee composed of members of parliament to enter into too many technical details in the strategic areas. Nor is the time available to do so. Your rapporteur would nonetheless suggest that it might be useful for the committee to produce in due course an 'own initiative' report assessing each of the energy sectors listed in the Commission proposals; and consider whether the Commission have got the balance right, and whether certain areas (e.g. methanol and wave-power) have not been overlooked.

Energy conservation is, in the view of this committee, one of the most important actions to be undertaken. Here we have an opportunity to reduce energy consumption by our own will and by appropriate means.

All measures of this kind should become effective as soon as possible.

11. Moreover, our committee points out that the major part of energy consumption is industrial. Accordingly, the principle task of research should be to explore all possible means of energy conservation within the industrial sector.

But energy conservation does not necessarily mean economies in general. Indeed the benefits of energy conservation can be more than offset by the costs of introducing new methods of conservation.

12. As far as fossil fuels are concerned, our committee warmly welcomes such research. There is no problem in so far as the ECSC is concerned. The technology is known and no special comments need be made.

But most other fields of energy research - apart from nuclear or energy in which nuclear research is involved - is a new field. Here coordination is not only desirable, but necessary, and the Commission needs and should be able to insist upon the necessary coordination under its leadership.

As far as oil and natural gas, coalliquification and gazification, hydrogen, solar energy, geothermal energy are concerned, Article 235 of the EEC Treaty has to be applied.

But as far as fission and controlled thermonuclear fusion are concerned, the provisions of the Euratom Treaty can be invoked.

13. The JRC could make a valuable contribution to the overall programme, if it is able to work in an effective manner. This will depend on the success of the administrative reforms instituted by the new JRC management.

V. The means

14. Our committee has asked the Commission if the personnel and financial arrangements are sufficient. The information given to us shows that the financial means proposed has been determined in close cooperation with the national experts meeting either on specific technical questions or within the CREST framework. They take into account not only the economic situation as regards research and development funding in Member States but also the fact that such a programme in new fields must be considered as a continuously developing one.

- the number of personnel should be sufficient to carry out coordination and administrative management. It has been estimated on the basis of the Commission's past experience and takes into account the necessary contractual work.

15. As far as Article 2 is concerned, the 54.96 m.u.a. funding will make it possible to undertake all projects through the 'indirect action' method except for three of them - two in the solar and one in the geothermal field, which would have been 'concerted actions' and would not therefore require either Community funds or participation by all nine countries.

Your committee understands, however, that CREST has recommended that those three projects should nonetheless be undertaken as 'indirect actions' and your committee agrees to this. Accordingly, the total funding should be increased to 59 m.u.a.

VI. International cooperation

16. The question of international cooperation, as explained in Part I, has been examined by us in a more detailed manner than has been done by the Commission in its proposal.

We fully agree that non-member countries should be associated with these projects and we have called for consultations in which Member States would work out a common attitude.

17. But if the Commission is to organize, through CREST, concertation among the Nine in regard to the international organisations operating in the field of energy R & D, a warning must be given: we should not allow a similar situation to develop as has arisen in energy policy generally, where it is possible that the International Energy Agency may play a stronger role than the Community itself.

VII. The Proposal for a Council Decision

18. This proposal consists of a preamble, recitals and four articles.

No special comment is necessary on the preamble or the recitals, and there is no amendment to Article 1 except for keeping open the date of the start of the programme (see para. 7 above). Your rapporteur suggests that it should be for the Council to decide on this date.

19. As far as Article 2 is concerned, in view of para. 15 above this should now read as follows:

For '54.96 m.u.a.' read '59 m.u.a.'

20. For the new Article 2(a) regarding the review of the programme, see para. 6 above.

21. As already explained in paragraphs 16 and 17 above, cooperation with third countries should be implemented on the advice of CREST. Therefore Article 3 should read as follows:

'The Commission shall ensure that the programme is implemented. It will arrange for cooperation with third countries where it is thought desirable. It will consult CREST wherever appropriate.'

22. Article 4 remains unchanged.

OPINION OF THE COMMITTEE ON BUDGETS

Draftsman for the opinion: Mr LAUTENSCHLAGER

On 5 March 1975, the Committee on Budgets appointed Mr Lautenschlager draftsman.

It considered the draft opinion at its meeting of March 5 and adopted it unanimously.

Present: Mr Spénale, Chairman, Mr Aigner, Vice-chairman;
Mr Durand, Vice-chairman; Mr Lautenschlager, draftsman for the opinion;
The Earl of Bessborough (deputizing for Mr Kirk), Mr Fabbrini, Mr Hansen,
Mr Lagorce, Marquess of Lothian, Mr Maigaard, Mr Terrenoire.

Introduction

1. The Communities' tentative steps towards a global long-term energy policy have not been without setbacks. In the area of research and development the Commission has already given its general indications¹. Now the Commission, in this present proposal, advances a series of more detailed measures, and makes the general point of the major difference between the Community allocation to research projects in the energy sector, currently valued at 70 million units of account and the R and D expenditure within the Member States valued at some 1,000 million units of account in 1974.

2. So the Commission seeks first the coordination of these national programmes; secondly, the adoption of new research projects of Community interest; thirdly, exchange of information on research results, and fourthly concerted action for particular projects of interest either to certain sectors of industries or limited numbers of Member States.

The proposed spheres for Community action

3. The Commission proposes the adoption, as a supplement to current projects, of a four-year programme (1975-1978) of research in five fields (energy conservation, production and utilization of hydrogen, solar energy, geothermal energy and model formulations for systems analysis) with total expenditure for this period of 54.96 million units of account.

4. Side by side with these proposals comes an outline plan, again for the four-year period 1975-1978, on the processing of solid fossil fuels into hydro-carbons, plus a further five-year programme (1976-1980) on thermonuclear fusion and biology and health protection. This outline programme will, if approved in principle, then be the subject of a series of proposals put forward in the course of 1975. The Commission gives an estimated total expenditure of these sectors of 320 million units of account. In any case it is to be supposed that the Committee on Budgets will have the opportunity to give its opinion on this more costly programme in the course of the elaboration of these proposals, and therefore this draft opinion concentrates on the immediate practical proposals.

¹ Energy for Europe: SEC (74) 2592 final of 5 August, 1974

5. The Commission has established a series of criteria, the fulfilment of which has encouraged the Community to consider Community action rather than relying simply on the coordination of national policies. The present proposal outlines these criteria as follows -

- firstly when the scale of the operation is so great either in terms of manpower or monetary requirements that it could not be carried out on a purely national basis (as is the case with nuclear fusion)
- secondly where certain collective requirements in the Member States need to be met (the case of reactor safety is cited)
- thirdly, when "market forces" do not provide the necessary incentive e.g. energy conservation.

The financial implications of the Commission's proposal

6. The presentation of the financial implications of the Commission's proposal seems to your draftsman to present an improvement on some recent proposals in the energy field. In the tables provided in the document a final timetable is given for each sector from 1974 up to 1980. This timetable seems a particular useful at-a-glance approach. Furthermore for each of the five sectors for Community action which make up the present programme, the breakdown on an annual basis and also the division between administrative costs and finance for the programme is given. Below is a brief table giving the total appropriations for the three-year programme in each sector plus the number of new staff necessary for each sector plus the appropriations proposed for the year 1975.

Programme	Total amount (Mua)	Period	Staff	1975 (Mua)
Energy conservation	11.38	1975-78	6	1.68
Production and utilization of hydrogen	13.24	1975-78	4	1.83
Solar energy	14.68	1975-78	6	2.08
Geothermal energy	11.72	1975-78	4	1.22
Systems analysis	3.94	1975-78	7	0.60
TOTAL	54.96		27	7.41

7. The Committee on Budgets welcomes the principle of an increased Community role in the research and development programmes in the field of energy. The disproportion between expenditure at national level and Community level needs to be reduced particularly if the scale problems are to be overcome.

8. The Committee on Budgets welcomes the presentation of the present proposal which seems to give a clear indication of the annual expenditure involved for each of the three-year programmes. It is also a point to be welcomed that the staff and administrative costs remain a relatively small proportion of the total expenditure (generally between 5% and 15%).

9. It is, however, to be pointed out that one essential part of the financial schedule remains uncompleted, namely the tie-up with the Community budget structure. What is not explained in the Commission's proposal is the budgetary line and the covering of expenditure of the 1975 budget.

It is not explained whether the adoption of this programme and subsequent other programmes can in fact be carried out without recourse to either supplementary budget procedure or major transfer within the 1975 budget.

10. Your draftsman has received two late extra items of information concerning the financial regulations of the proposed programme:

- (i) First, that it is the intention of the Commission to introduce, probably during March, a supplementary budget regrouping various items including the cost of this programme - amounting for the 1975 budget to around 7.4 million units of account. This will probably be the second supplementary budget for 1975, and will enable Parliament to re-examine this proposal at some length,
- (ii) It seems that the Commission is at the moment, after consultation with the CREST (Scientific and Technical Research Committee) intending to propose a slight increase in the total volume of the programme, conceivably up to the amount of 59 million units of account. At the time of the drafting of this opinion, neither the implications for the 1975 financial year nor the exact size of the general increase are available.

Conclusion

11. The Committee on Budgets

- in view of the urgent need to activate Community participation in research and development in the energy sector,
- in view of the limited financial cost of the proposal currently envisaged and the restriction of administrative costs to a relatively small part of the proposal,
- with the reserve that the document on which the Parliament was consulted did not contain certain key information about the placing of the budgetary items and the covering of expenditure for 1975,

gives a favourable opinion.

12. The Committee on Budgets, in conjunction with the Committee on Energy, Research and Technology, will take the opportunity of the examination of the Draft Supplementary Budget which will include appropriations to cover this programme for a further consideration of the financial implications of this programme.