

25 February 1999 A4-0085/99

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REPORT

on the proposal for a Council Decision adopting a multiannual programme for the promotion of renewable energy sources in the Community (1998-2002) (COM(97)0550 - C4-0071/98 - 97/0370(SYN))

Committee on Research, Technological Development and Energy

Rapporteur: Mr Carlos Robles Piquer

DOC_EN\RR\373\373131 PE 225.894/fin.

Commented [COMMENT1]:

(Amendment ##)

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PROCEDURAL PAGE

By letter of 4 February 1998 the Council consulted Parliament, pursuant to Articles 130s(1) and 189c of the EC Treaty, on the proposal for a Council Decision adopting a multiannual programme for the promotion of renewable energy sources in the Community (1998-2002)

At the sitting of 16 February 1998 the President of Parliament announced that he had referred this proposal to the Committee on Research, Technological Development and Energy as the committee responsible and the Committee on Budgets and the Committee on the Environment, Public Health and Consumer Protection for their opinions.

At its meeting of 22 January 1998 the Committee on Research, Technological Development and Energy had appointed Mr Carlos Robles Piquer rapporteur.

It considered the Commission proposal and the draft report at its meetings of 17 March 1998, 26 January and 23 February 1999.

At the last meeting it adopted the draft legislative resolution unanimously.

The following were present for the vote: Scapagnini, chairman; Adam and Lange, vice-chairmen; Robles Piquer, rapporteur; Argyros, Bloch von Blottnitz, Camisón Asensio (for Malerba), Chichester, Dimitrakopoulos (for Roving), Estevan Bolea, Graenitz (for Rothe), Haug (for McAvan), Hudghton (for Weber), Linkohr, McNally, Mombaur, Plooij-van Gorsel, Rapkay (for Desama, pursuant to Rule 138(2)), Soulier, Stockmann, Tannert and Trakatellis (for Ferber, pursuant to Rule 138(2)).

The opinions of the Committee on Budgets and the Committee on the Environment, Public Health and Consumer Protection are attached.

The report was tabled on 25 February 1999.

The deadline for tabling amendments will be indicated in the draft agenda for the relevant part-session.

A
LEGISLATIVE PROPOSAL

Proposal for a Council Decision adopting a multiannual programme for the promotion of renewable energy sources in the Community (1998-2002) (COM(97)0550 - C4-0071/98 - 97/0370(SYN))

The proposal is approved with the following amendments:

Text proposed by the Commission

Amendments by Parliament

(Amendment 1)
Recital 3

Whereas, at its meeting on 29 October 1990, the Council announced its objective of stabilising total CO₂ emissions by 2000 at the 1990 level in the Community as a whole; whereas at its meetings in March and June 1997, the Council adopted as a negotiating position for the Kyoto meeting under the Convention on Climate Change a reduction in greenhouse gas emissions of 7.5% by 2005 and 15% by 2010 compared with 1990 levels;

Whereas, at its meeting on 29 October 1990, the Council announced its objective of stabilising total CO₂ emissions by 2000 at the 1990 level in the Community as a whole; having regard to the undertaking given by the EU in the Kyoto Protocol to the UN Framework Convention to the effect that an 8% reduction in greenhouse gas emissions for the years 2008 to 2012 compared with 1990 levels would be achieved;

(Amendment 2)
Recital 4

Whereas to achieve significant reductions in CO₂ emissions in the Community greater efforts are required, particularly in view of the fact that CO₂ emissions from energy consumption in the Community are likely to increase by between 5 and 8% between 1995 and 2000, assuming normal economic growth; whereas it is, therefore, essential to adopt additional measures;

Whereas to achieve significant reductions in CO₂ emissions in the Community greater efforts are required in the light of the above-mentioned Kyoto undertaking, particularly in view of the fact that CO₂ emissions from energy consumption in the Community are likely to increase by between 5 and 8% between 1995 and 2000, assuming normal economic growth; whereas it is, therefore, essential to adopt additional measures; whereas one of the few measures which would genuinely help to achieve the above objective is energy efficiency and a much more intensive use of renewable energy sources, as confirmed at the meeting of EU Environment Ministers held in Graz (Austria) on 17-19 July 1998;

(Amendment 3)
Recital 8

Whereas in its resolution of 4 July 1996⁽⁸⁾ the European Parliament calls on the Commission to implement a Community action plan to promote renewable energy sources;

⁽⁸⁾ A4-0188/96 - EP 251.039

Whereas in its resolution of 4 July 1996⁽⁸⁾ the European Parliament calls on the Commission to adopt a Community action plan to promote renewable energy sources, in accordance with the proposal put forward at the 1994 Madrid Conference;

⁽⁸⁾ OJ C 211, 22.7.1996, p. 27.

(Amendment 4)
Recital 9

Whereas with the Green Paper of 20 November 1996,⁽⁹⁾ Energy for the Future: Renewable sources of energy, the Commission started the process of the development and subsequent implementation of a Community strategy and an action plan on renewable energy sources (RES);

⁽⁹⁾ COM(96)576 final of 20.11.1996.

Whereas with the Green Paper of 20 November 1996,⁽⁹⁾ Energy for the Future: Renewable sources of energy, the Commission started the process of the development and subsequent implementation of a Community strategy and an action plan on renewable energy sources (RES), and whereas these are laid down, together with a 'campaign for take-off', in its White Paper of the same title, dated 26 November 1997^(9a);

⁽⁹⁾ COM(96)576 final of 20.11.1996.
^(9a) COM(97)599 final of 26.11.1997

(Amendment 5)
Recital 9a (new)

Whereas, in its resolution of 15 May 1997^(9b) on the above-mentioned Green Paper on renewable sources of energy, the European Parliament urges the Commission to adopt, as soon as possible, a strengthened Altener II programme, and whereas in its resolution of 29 May 1998^(9c) on the White Paper on renewable sources of energy, it calls for a clear increase in funding for the Altener programme in the energy framework programme;

^(9b) OJ C 167, 2.6.1997, p. 160.

^(9e) OJC 210, 6.7.1998, p. 176.

(Amendment 6)
Recital 9b (new)

Whereas, in its resolution of 14 November 1996^(9d) on the Commission White Paper on an energy policy for the European Union, the European Parliament calls on the Commission to develop a financial programme to stimulate renewable energy; whereas, in its resolution of 15 May 1997 on the Green Paper on renewable sources of energy, the European Parliament calls on the Commission to look into the possibility of coordinating policies and initiatives in the sphere of energy saving and energy efficiency in order to develop potential existing synergies and avoid duplication of efforts wherever possible, and whereas, in its motion for a resolution of 29 May 1998 on the White Paper on renewable sources of energy, Parliament calls for a Charter on Renewable Energies (EURENEW) to be drawn up;

^(9d) OJ C 362, 2.12.1996, p. 279.

(Amendment 7)
Recital 10a (new)

Whereas Article 8 of European Parliament and Council Directive 96/92/EC of 19 December 1996 on common rules for the internal market in electricity^(9e) allows the Member States to promote the market penetration of electricity generated from renewable energy sources and to give them priority;

^(9e) OJ L 27, 30.1.1997, p. 20.

(Amendment 8)
Recital 16

Whereas the Commission has presented to the Council and the European Parliament its

Whereas, furthermore, the Fifth Framework Programme for research, technological

proposals relating to the 5th RTD Framework Programme;

development and demonstration projects, in the specific programme thereof entitled 'Conservation of the ecosystem', devotes particular attention to efficient and renewable energy technologies, and whereas the Altener II programme should once again constitute a valuable instrument complementing the 5th RTD Framework Programme;

(Amendment 9)
Recital 18

Whereas a strengthened ALTENER II programme represents an essential instrument for developing the potential of renewable energy sources;

Whereas a strengthened ALTENER II programme represents an essential instrument for developing the potential of renewable energy sources and whereas the latter should account for a reasonable share of the European internal energy market so that a cleaner, more autochtonous and more diversified supply results;

(Amendment 10)
Recital 19

Whereas in implementing the programme, there should be close cooperation with other Community actions and programmes also concerned with promoting renewable energy sources;

Whereas in implementing the programme, there should be close cooperation with other Community actions and programmes also concerned with promoting renewable energy sources and whereas efforts should be made to develop possible complementarity with initiatives relating to other clean, efficient energy technologies;

(Amendment 11)
Recital 19a (new)

Whereas, in order to ensure proper development of the Community strategy relating to clean, renewable energy technologies, the Commission needs appropriate means of monitoring and assessing the various initiatives;

(Amendment 12)
Recital 19b (new)

Whereas the development of renewable energy sources can help to create a competitive energy system for the whole of Europe and to develop a European renewable energy industry with extensive opportunities for the export of know-how and for investment in third countries with Community participation;

(Amendment 13)
Article 1(1)(a)

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| (a) help create the necessary conditions for <u>the implementation of a Community action plan for renewable energy sources</u> , and in particular the legal, socioeconomic and administrative conditions; | help create the necessary conditions for <u>implementing the Community strategy and action plan and boosting the launch campaign, as called for in the Commission White Paper of 26 November 1997 entitled 'Energy for the future: renewable sources of energy'</u> , and in particular the legal, socioeconomic and administrative conditions, and to |
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(Amendment 14)
Article 1(1), third subparagraph

These two objectives contribute to achieving the overall Community objectives and concerns of limiting CO₂ emissions, increasing the share of renewable energy

These two objectives contribute to achieving the overall Community objectives and concerns of limiting CO₂ emissions, contributing to the energy balance through

sources in the energy balance, reducing energy import dependence, ensuring the security of energy supply and fostering economic development, economic and social cohesion and regional and local development.

the achievement of the target of replacing, by the year 2010, at least the equivalent of 15% of the demand for primary energy in the European Union, increasing the share of renewable energy sources in the energy balance, reducing energy import dependence, ensuring the security of energy supply, creating new jobs and fostering economic development, economic and social cohesion and regional and local development.

(Amendment 15)
Article 1(1)(b)a (new)

(b)a establish the bases for the development of new instruments and mechanisms which will allow faster coordinated market penetration of all sustainable energy technologies.

(Amendment 16)
Article 2(a)

(a) Studies and other actions, intended to implement and complement Community measures taken to develop the potential of renewable energy sources. These include the development of sectoral and market strategies, the development of norms and standards, grouped procurement and the analysis of the legal, socioeconomic and administrative conditions which are more favourable to the market penetration of renewable energies and the preparation of appropriate legislation;

(a) Studies and other actions, intended to implement and complement Community measures and those of the Member States and the associated countries of Central and Eastern Europe which are taken to develop the potential of renewable energy sources. These include the development of sectoral, market and public-awareness strategies, the development of norms and standards which are conducive to innovation, with due regard to the interests of small and medium-sized businesses, grouped procurement, comparative project-related analyses concerned with environmental effects and the difference in cost over the long term of using conventional as compared with renewable energy sources, and the analysis of the legal, socio-economic and administrative

conditions which are more favourable to the market penetration of renewable energies and the preparation of appropriate legislation, the development of mechanisms to increase the competitiveness of renewable energies and facilitate the access thereof to commercial distribution networks and channels, and in particular the development of improved methods for assessing the costs and benefits derived from the use of such energies which are not reflected in market prices.

(Amendment 17)
Article 2(b)

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| (b) Pilot actions aimed at creating or extending infrastructures and instruments for the development of renewable energy sources in: | (b) Pilot actions aimed at creating or extending infrastructures and instruments for the development of renewable energy sources in: |
| - local and regional planning, | - local and regional planning, |
| - the tools for planning, design and evaluation, | - the tools for planning, design and evaluation, |
| - new financial and market instruments, | - new financial <u>products</u> and market instruments. |
| - <u>information,</u> | |
| - <u>education and training;</u> | |

(Amendment 18)
Article 2(c)

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| (c) Measures <u>proposed by the Commission</u> to encourage the exchange of experience and know-how aimed at improving coordination between international, Community, national, regional and local activities, establishment of a centralised system for collecting and circulating information and know-how on renewable energy | (c) <u>Measures to develop information, education and training structures;</u> measures to encourage the exchange of experience and know-how aimed at improving coordination between international, Community, national, regional and local activities, establishment of a centralised system for collecting and circulating information and know-how on |
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sources;

renewable energy sources;

(Amendment 19)
Article 2(d)

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| (d) | <u>Measures to encourage the exchange of experience and know-how, proposed by an entity other than the Commission;</u> | Delete |
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(Amendment 20)
Article 2(e), first paragraph

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| (e) | Targeted actions facilitating the market penetration of renewable energy sources and encouraging investment, by assisting the preparation, presentation and implementation of projects. | (e) | Targeted actions facilitating the market penetration of renewable energy sources and encouraging investment, by assisting the preparation, presentation and implementation of projects, <u>in particular actions to support the transition stage between demonstration and marketing.</u> |
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(Amendment 21)
Article 2(f)

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| (f) | Actions intended to: | (f) | Actions intended to: |
| - | monitor the implementation of the Community strategy and action plan for the development of renewable energy sources, | - | monitor the implementation of the Community strategy and action plan for the development of renewable energy sources, |
| - | support initiatives taken in implementing the action plan, particularly with a view to promoting | - | support initiatives taken in implementing the action plan, particularly with a view to promoting better coordination and greater synergy between actions (<u>especially with ones involving other sustainable energy technologies</u>), including all Community funded activities <u>and those funded by other financing bodies, such as the European Investment Bank,</u> |

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es,

- monitor the progress achieved by the Community and its Member States with regard to the development of renewable energy sources,
 - evaluate the impact and cost effectiveness of measures undertaken under this programme. This evaluation shall also take into account the environmental and social aspects.
- monitor the progress achieved by the Community and its Member States with regard to the development of renewable energy sources and improve the monitoring arrangements so as to enable the Community objectives and corresponding requests for funding to be distributed amongst the Member States.
 - evaluate the impact and cost effectiveness of measures undertaken under this programme. This evaluation shall also take into account the environmental and social aspects and in particular the impact on employment.

(Amendment 22)
Article 2(f), fourth indent b (new)

- promote significantly the export of technology in the form of renewable energy sources through the greater inclusion thereof in the energy and cooperation areas of external policy, and by strengthening the European

Renewable Energies Export Council.

(Amendment 23)
Article 3(1)

- | | |
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| 1. All costs relating to the actions and measures referred to in points (a), (c) and (f) of Article 2 shall be borne by the Community. | 1. All costs relating to the actions and measures referred to in points (a), (c) and (f) of Article 2 shall be borne by the Community. <u>Where a body other than the Commission proposes measures of the kind referred to in point (c), the Community's financial share shall not exceed 50% of the total cost of the measure, the balance being made up from either public or private sources or a combination of the two.</u> |
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(Amendment 24)
Article 3(2)

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| 2. The level of funding under this programme for the actions and measures referred to in points (b) <u>and (d)</u> of Article 2 may not exceed 50% of their total cost, the balance being made up from either public or private sources or a combination of the two. | 2. The level of funding under this programme for the actions and measures referred to in point (b) of Article 2 may not exceed 50% of their total cost, the balance being made up from either public or private sources or a combination of the two. |
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(Amendment 25)
Article 3 (3)
(does not apply to the English version)

(Amendment 26)
Article 5

The Commission shall be assisted by the committee referred to in Article 4 of the Council Decision adopting a multiannual framework programme for actions in the

The Commission shall be assisted by the committee referred to in Article 4 of the Council Decision adopting a multiannual framework programme for actions in the

energy sector.

energy sector.

That committee must ensure that priority is given throughout the framework programme to initiatives intended to increase the contribution made by sustainable energy technologies (particularly activities which promote efficient energy use based on renewable sources), on account of their environmental protection and job-creation potential.

To that end the committee must take into account the guidelines and recommendations of the working party made up of representatives of the Commission and the Member States which is provided for in the White Paper on renewable sources of energy and the similar (or combined) body which emerges from the development of the energy efficiency strategy proposed by the Commission.

LEGISLATIVE RESOLUTION

Legislative resolution embodying Parliament's opinion on the proposal for a Council decision adopting a multiannual programme for the promotion of renewable energy sources in the Community (1998-2002) (COM(97)0550 - C4-0071/98 - 97/0370(SYN))

(Cooperation procedure: first reading)

The European Parliament,

- having regard to the Commission proposal to the Council (COM(97)0550 - 97/0370(SYN)),
 - having been consulted by the Council pursuant to Articles 130s (1) and 189c of the EC Treaty (C4-0071/98),
 - having regard to Rule 58 of its Rules of Procedure,
 - having regard to the report of the Committee on Research, Technological Development and Energy and the opinions of the Committee on Budgets and the Committee on the Environment, Public Health and Consumer Protection (A4-0085/99),
1. Approves the Commission proposal, subject to Parliament's amendments;
 2. Calls on the Commission to alter its proposal accordingly, pursuant to Article 189a(2) of the EC Treaty;
 3. Calls on the Council to incorporate Parliament's amendments in the common position that it adopts in accordance with Article 189c(a) of the EC Treaty;
 4. Should the Council intend to depart from the text approved by Parliament, calls on the Council to notify Parliament and for the conciliation procedure to be initiated;
 5. Instructs its President to forward this opinion to the Council and Commission.

B EXPLANATORY STATEMENT

1. Introduction

The energy sector is undergoing major changes: energy provision has traditionally been dominated by conventional sources but renewable energies, which in the past made no more than a minimal contribution, are now making ever-greater inroads into the market.

There are many reasons for this state of affairs. One of them is society's increasing concern over environmental issues on account of the **increasing rate of change to, and the worsening of, the ecological balance** as a result of human activity and, in particular, the increasing alarm created by **climate change, the phenomenon of which appears ever more firmly linked to the increase in greenhouse gas emissions**, which are mainly produced as the result of the burning of fossil fuels.

In addition, the increasing use of conventional forms of energy is reawakening concerns associated with the use of what are, after all, finite resources, with all that that entails for **security of supply and price stability**.

These circumstances threaten current and future economic development, the sustainability of which depends entirely on a reliable energy supply. These problems make the new energy technologies, in particular renewable energy sources (RES), increasingly attractive.

These technologies were still regarded until recently as marginal but **the most recent technological developments have brought about a huge reduction in the cost thereof and at the same time have made them more reliable** - so much so that in many cases they match, or even exceed, the reliability of traditional energy sources.

The current situation is one of commercial maturity for many forms of renewable energy, such as wind power and small-scale hydroelectric energy, certain biomass and waste recycling applications and bio-climatic architecture or solar heating systems, either single or combined with other energy sources. Other applications, such as wave energy and, in particular, photovoltaic solar energy, still require further technological development but on the basis of the most recent progress made as regards both cost and reliability, they are approaching the stage at which they will become competitive and in the very near future they will have a great deal of potential to offer - indeed, this potential has already in many cases been achieved for isolated applications.

Renewable energy sources also offer a number of advantages, and the contribution they make, although still difficult to quantify, should be taken into account when the desired energy supply model is being selected. Renewable energy sources **not only provide abundant, cheap and better quality energy, they do not cause pollution, they do not entail many risks and they do not need to be imported**.

Furthermore, since the facilities needed to harness renewable energy sources have to be installed over a wide area on account of the scattered nature of such sources, the latter make a significant contribution to **evening out imbalances and generating regional cohesion by creating jobs where they are most needed**. In addition, since they use an advanced though simple technology,

they are particularly suited to the needs of SMEs. Consequently, renewable energy sources offer a **net job-creation** potential which, pending the results of the extensive European study which is currently under way, **is estimated to be two to five times as great as the potential of other, conventional forms of energy** for an equivalent amount of energy produced.

However, despite all these advantages, renewable energy sources have not succeeded in penetrating the energy market to a significant extent on account of the distortions inherent in that market and the barriers (generally non-technological) erected against those forms of energy.

For all the above reasons, renewable energy sources at the moment constitute an emerging sector with significant growth and industrial development potential which has an increasingly significant role to play in the supply of energy to the EU.

2. Institutional development

2.1. *Background*

The European Parliament is pleased at the interest which the Commission is showing in renewable energy sources and which finally seems to be shared by the Council, despite the reservations which certain Member States have harboured until recently with regard to this particular energy sector.

This favourable attitude on the part of the Commission has been mainly expressed in the Commission's communications entitled 'Energy for the future: renewable sources of energy - Green Paper for a Community strategy' (COM(95)576 of 20 November 1996) and 'Energy for the future: renewable sources of energy - White Paper for a Community strategy and action plan' (COM(97)599 of 26 November 1997), and in the proposal concerning the Altener II programme (COM(97)87 of 12 March 1997).

The Council has also demonstrated increasing awareness of renewable energy sources in its deliberations on the above-mentioned Commission communications and it has devoted a significant number of its recent meetings to the topic: 27 May 1997: Green Paper, Altener II and policies and measures to prevent climate change; 8 December 1997: Altener II, Synergy and White Paper; 19 January 1998: common position on Altener II.

The European Parliament enthusiastically supports a firm policy to promote renewable energy sources. Thus in July 1996 it adopted a report on a Community action plan based on the proposal put forward at the Madrid Conference in March 1994 in favour of renewable energy sources (Mombauer report). It then expressed its views on the Green Paper drawn up by the Commission in response to that report and is now preparing a fresh report on the subsequent White Paper (Rothe reports). Lastly, Parliament has also adopted a motion for a resolution by Rolf Linkohr, MEP, on access to the network of electricity generated from renewable sources.

The Economic and Social Committee and the Committee of the Regions have also given firm support to the above Commission and Parliament initiatives relating to renewable energy sources and have placed particular emphasis on the positive effects thereof in terms of job creation, regional development and economic and social cohesion.

Nonetheless, the funding proposed by the Commission for the Altener II programme, which was supported by Parliament at first reading (Bloch von Blottnitz report), was not accepted by the

Council, which reduced it from ECU 30 million to ECU 22 million for the 1998-1999 two-year period. This, together with the refusal to accept some of the amendments contained in the abovementioned Parliament report required the conciliation procedure to be opened (interinstitutional case file 97/0196[SYN]), which caused a very damaging delay to the Altener II programme.

This penny-pinching attitude on the part of the Council not only contrasts with the generosity it displays when funding other programmes (such as, for example, those relating to nuclear fusion) but also belies the statements it has made in support of the security of energy supply, job creation and the protection of the environment and goes against some of the EU's international commitments. It would also be unwise to disregard the export earnings potential of European renewable energy source technology and equipment in the light of the European economy rapidly increasing deficit resulting from imports of conventional energy sources.

It may be presumed that the Council's rather lukewarm response is linked in some way to the internal negotiations which led to the adoption of the common position put forward at the Conference of the States party to the Framework Convention on Climate Change, which was held in Kyoto in December 1997, and to the upholding of that common position in the face of the irresponsibility of other states, either industrialised or developing.

2.2 The multiannual framework programme of activities in the energy sector

Worthy of recognition is the Commission's effort to make energy-related initiatives more transparent, more consistent and more effective, and this is what provides the basis for its proposed an energy sector framework programme. The origins of this initiative lie in the Energy Council's request for a communication on Community programmes which include an energy component (COM(97)167 of 23 April 1997, which Parliament considered in a report by Mr Scapagnini). The Council approved the document at its meeting of 27 May 1997, at which it took the view that a multiannual programme covering all Community initiatives in the energy sector should be drawn up.

The Council decision approving that document lays down the following priority objectives:

- guaranteeing the security of energy supply;
- ensuring competitiveness;
- reconciling the development of the energy market with environmental protection objectives.

In the financial statement to the Commission proposal it is rightly pointed out that, in the energy framework programme, emphasis is placed on activities to promote renewable energy sources (Altener programme) and on improving energy efficiency (Save programme) in view of the **environmental protection** and **job-creation** potential involved. For that reason the two programmes are allocated approximately 75% of the total planned budget.

It should also be pointed out that the future energy framework programme needs to be considered from a broader perspective, particularly where renewable energy sources are concerned, and that the proposal itself refers to the research and development activities covered by the research and technological development framework programmes, trans-European energy networks and other policies and programmes such as the environment, external relations, the

Structural Funds, investment aid and (although they are not mentioned in the proposal) certain aspects of the common agricultural policy.

3 The Altener II programme

The Altener II programme is included in the Commission Communication to the Council COM(97)550 as Annex IV to the Framework Programme for Actions in the Energy Sector.

This programme has a forerunner in the shape of the first Altener programme, which expired on 31 December 1997. For this reason, and in view of the need for this initiative to be given the continuity which is essential to the pursuit of a Community policy to develop new energy technologies, the Altener II programme had to be adopted for a (provisional) period of two years following the abovementioned cooperation procedure, by means of a Council Decision of 18 May 1998.

The proposal for the Altener II programme does not refer in detail to the Commission Communication entitled 'Energy for the Future: renewable sources of energy - White Paper for a Community Strategy and Action Plan'. This document constitutes a political statement of the first magnitude and has received wide support from the main EU institutions, in particular the European Parliament and the European Council (resolution of 12 May 1998). The White Paper sets ambitious though realistic objectives (to double the contribution made by renewable energy sources from 6% to 12% of primary energy demand in the EU by the year 2010), establishes detailed lines of action and proposes an initial launch campaign.

Achieving these objectives would present enormous advantages in terms of a reduction in CO₂ emissions, scientific and industrial development in a leading technological sector, job creation, reduced fuel consumption, greater security of supply, local and regional development and exports to third countries which would benefit considerably from European technology.

The main features of the strategy are as follows: consolidation of policies which have an impact on the penetration of renewable energy sources, including agricultural and rural policy and regional policy, and fiscal and regulatory measures in the internal market. Greater cooperation amongst the Member States is proposed, together with coordinated support measures to facilitate investment in, and improve the distribution of, renewable energy sources and the dissemination of relevant information. A major aspect of the strategy and the action plan is the 'campaign for take-off' which will involve essential sectors (photovoltaic systems, wind energy, biomass) and will encourage a significant increase in market penetration by renewable energy sources.

As regards the proposed Altener II programme itself, its basic objectives are to **help create the necessary conditions for the implementation of a Community action plan** (and in particular the legal, socio-economic and administrative conditions) and to **encourage private and public investments in the production and use of energy obtained from renewable sources**. With a view to achieving these objectives the programme provides funding for measures and initiatives in the following areas:

- studies and other actions intended to implement and complement other Community and Member State measures adopted in order to develop the potential of renewable energy sources;
- Community pilot schemes intended to create or extend infrastructures and instruments for the development of renewable energy sources;

- measures to develop information, education and training structures and to encourage the exchange of experience and know-how;
- specific ('targeted') actions facilitating the market penetration of renewable energy sources;
- monitoring and assessment measures.

4. Justification of the amendments

The Commission proposal included in the framework programme of activities in the energy sector does not contain the most recent advances resulting from the conciliation process referred to earlier, nor any significant amendment which reflects the new Community policy on renewable energy sources (the White Paper), for which reason these new aspects must now be incorporated.

The most contentious aspect of the Altener II programme is the financial one. Most of the funding available under the energy framework programme is allocated to renewable energy sources. Altener II, which has been allocated ECU 81.1 million, accounts for approximately 40% of the ECU 200.4 million total. To this must be added the high percentage allocated to renewable energy sources within the Synergy programme. When referring to the financial impact of the programme the document states that, in view of the programme's environmental protection and job-creation potential, the intention is to emphasise activities which will promote renewable energy sources and improve energy efficiency.

Nonetheless, in view of the ambitious objectives set by the European Union, the financial resources allocated to the energy framework programme (and in particular to the promotion of renewable energy sources) are clearly inadequate. We have to accept that the funding allocated to the Altener II programme must remain within the limits set by the financial perspective. However, after the decision was taken on Altener II, which was adopted in May 1998, a reference amount of ECU 22 million was imposed. Even though this figure was later increased to ECU 29.6 million, the new proposal for a Council decision (produced by the Committee of Permanent Representatives on 30 October 1998), which was drawn up without taking this opinion into consideration, regrettably proposes a reduction, from the already meagre amount of ECU 81.1 million originally earmarked by the Commission to ECU 74 million for the 1998-2002 five-year period.

The amount originally earmarked by the Commission should not therefore be altered (if anything, it should be increased) in view of the incorporation into Altener II of the Community strategy and the action plan provided for in the White Paper and since the programme will be open to the countries of Central and Eastern Europe. If the geographical or thematic scope of the programme were to be extended, the amount would have to be increased accordingly.

It seems unreasonable to call for ambitious objectives and significant actions and yet at the same time provide so little funding. **This is a further case in which words fail to be matched by deeds.**

It is also intended that the amendments should draw attention to the need for better-coordinated activities on the part of the Commission, especially ones which combine ways of improving energy efficiency with a greater use of renewable energy sources. The aim of this type of combination, which has been repeatedly called for by Parliament, is to optimise the resulting synergies on the basis of the compatibility and complementarity of the new energy technologies. The promotion of renewable energy sources should also be fitted into the legal framework which has been in force since the beginning of 1997 in the internal electricity market. In this connection, Article 8(3) of the Directive on the establishment of common rules for the internal market in electricity states that the Member States may lay down rules for supplying the network with electricity generated from renewable energy sources.

The Altener II programme should also provide greater knowledge of the existing alternatives so as to allow the development of mechanisms which will lead to greater **competitiveness, easier access to traditional channels for the marketing** of energy products and an **assessment of external environmental and socio-economic costs and the internalisation thereof in energy prices**. In this connection it must always be borne in mind that **the above three concepts must always be considered together**, since they are closely linked.

In principle there is no objection to the establishment of the advisory committee referred to in Article 4(2) of the proposal and described as 'single' in several of the recitals. However, the position occupied by conventional energy sources in the Member States remains so strong that it is likely that the composition of that committee will lead to restrictions (as in the past) on the use of renewable energy sources and the search for energy efficiency, despite the fact that these two objectives account for (as mentioned earlier) most of the investment provided for in the future energy framework programme. It is also important that the setting up of the committee should not prevent the specific monitoring body proposed in the White Paper on renewable energy sources from being established.

5. Conclusions

The proposal for a Council decision should be welcomed since it undoubtedly represents a worthy effort (as do the directives on the electricity and gas markets) to make up for the lack of a common energy policy which Parliament and the Commission have so far unsuccessfully called on the Council to introduce. It is also true that the maximum combination of efforts between the Member States and the interested parties must be achieved, as proposed by the Commission in its explanatory memorandum, to which end the efforts of the bodies provided for in Commission Decision 96/642 (advisory committee on energy) and in the proposal for a Council decision COM(97)436 (committee for cooperation on energy objectives established by common agreement) should above all be directed.

5.1 Budgetary restrictions

Attention should be drawn to the reduced budgetary funding which, as has already been said, reflects the gap between words and deeds. **It does not make sense to launch a policy** which is firmly in favour of the development of renewable energy sources **without equipping it with the instruments and financial resources needed** to enable the agreed objectives to be met.

5.2 The price and the cost of energy

A question mark hangs over the competitiveness of renewable energy sources on account of current production costs and the spectacular fall in oil prices. However, quite apart from the fact that most renewable energy technologies are rapidly reducing their costs, it must be borne in mind that they are recent technologies which will require a period of support if they are to be able to penetrate the energy market with sufficient critical mass. Furthermore, it must be remembered that **prices on the energy market do not reflect the external costs** generated during the energy production process, which means that the very important benefits associated with renewable energy sources are not fully recognised. For this reason and despite the fact that the issue is a highly controversial one, **a full debate in the EU on the internalisation of external energy costs must not be delayed any longer**, in view of the importance of the matter and the interests involved.

5.3 Access to distribution in networks

The right of electricity produced from renewable sources to be allowed access to electricity networks, the conditions of that access and the payment required were the subject of a recent Parliament resolution which calls on the Commission to **draw up a proposal for a directive**. This aspect, which will doubtless require much more extensive development in the future, **should be linked to Community objectives relating to renewable energy sources and the total energy cost should be considered**.

5.4 Community energy policy

The current trends in energy policy are basically directed towards securing maximum competitiveness. However, as the MEP Rolf Linkohr recently pointed out, we have any number of scenarios but no common strategies, for which reason we need to reach, as a matter of urgency, a long-term agreement on the essential guidelines for a common EU energy strategy. **Other factors in addition to competitiveness should be considered when the EU's energy policy is being drawn up: environmental protection, job creation and security of supply** are some of the factors which need to be considered if a sustainable scheme is to be mapped out.

Such an approach to the EU's energy policy may lead to a strategy based on the following order of priorities:

- use of efficiency and energy-saving to reduce consumption to a minimum;
- increasing use of renewable energy sources in order to meet as much demand as possible;
- the remaining supply to be provided from conventional sources.

5.5 Coordination amongst the various sustainable energy sources

In the Mechtild Rothe report on the Green Paper on renewable sources of energy (A4-0168/97) the European Parliament 'calls on the Commission to look into the possibility of coordinating policies and initiatives in the sphere of energy saving and energy efficiency in order to develop potential existing synergies and avoid duplication of effort wherever possible' (paragraph 11). Parliament also calls on the Council, in the context of the forthcoming revision of the EU Treaty, to include an energy chapter in the Treaty or, alternatively, to prepare an intergovernmental conference on the conclusion of a treaty on renewable energy (EURENEW), to be concerned

principally with promoting technology, technological development and investment activities, coordinating the policies of the Member States and preparing know-how and other information (paragraph 12). Subsequently, in its report on the White Paper on renewable energy sources (A4-0207/98), Parliament called for 'the preparation of a treaty on renewable energies (EURENEW)' (paragraph 4).

There is consequently a need for a **common Community framework to consolidate the development of renewable energy sources and energy efficiency in a comprehensive form**. This framework should be based on an explicit undertaking given by the Member States which subscribed to the initiative, by means of which **the EC would be given sufficient capability** to develop the necessary implementation, monitoring and assessment instruments and **to establish suitable measures to achieve equality of opportunity** for the technologies concerned and **unrestricted access** to energy markets.

The proposal may follow the same model as the European Energy Charter and be a *political* agreement between the Member States, with the legal aspects thereof to be developed at a later stage in the Treaty on the Charter. **EURONEW, the European Charter of Sustainable Energy Sources**, should constitute a basic agreement between the Member States and the applicant countries of Eastern Europe, based on a *genuine* political commitment which includes the European sustainable energy strategy and appropriate guidelines to enable the strategy to the form of practical political and legislative initiatives.

The charter should incorporate mechanisms to allow monitoring by means of regular **indicative programmes** (Indicative Programme for Energy Efficiency and Renewable Energy Sources - PIPER), an obligation on the Commission which should be fulfilled on the basis of the monitoring forecasts contained in the current Community proposals. Just as arrangements were made for sharing the responsibility for achieving the common CO₂ reduction objective agreed in Kyoto, a system of periodic PIPER plans for the whole of the EU would provide a method for **establishing binding objectives for each Member State and each technology** and for revising them periodically, thus enabling **the EU's overall objectives to be met and the necessary resources to be allocated**.

22 July 1998

OPINION
(Rule 147)

for the Committee on Research, Technological Development and Energy

on the proposal for a Council Decision adopting a multiannual programme for the promotion of renewable energy sources in the Community (Altener) (1998-2002) (COM(97)0550 - C4-0071/98 - 97/0370(SYN)) (report by Mr Robles Piquer)

Committee on Budgets

Draftsman: Esko Seppänen

Procedure

At its meeting of 3 February 1998 the Committee on Budgets appointed Esko Seppänen draftsman.

It considered the draft opinion at its meeting of 20 July 1998.

At the latter meeting it adopted the following conclusions unanimously.

The following took part in the vote: Samland, chairman; Tillich, vice-chairman; Seppänen, draftsman; Blot (for Gollnisch), Bösch, Christodoulou (for Bardong), Colom i Naval, Dankert, Dell'Alba, Dührkop Dührkop, Elles, Fabra Vallés, Garriga Polledo, Ghilardotti, Haug, Imaz San Miguel, Katiforis (for Willockx), Kellett-Bowman (for Böge), Krehl, Laignel, Rübigen (for Bourlanges), Tappin, Theato, Tomlinson, Viola (for Di Prima), Virrankoski, Waidelich and Wynn.

1. Background

In the European Union, decision-making concerning energy is divided among numerous Directorates-General. In order to develop a general strategy, a green and a white paper on the European Union's energy policy and a green and a white paper on the energy of the future and renewable energy sources have been drafted. The European Parliament has delivered opinions on them. The Commission has also drawn up a special framework programme for energy, bringing together action programmes for the sector.

The Altener programme is a follow-up to a previous action programme to promote the use of renewable energy sources (Altener I), and it forms part of the above-mentioned framework programme.

Once the framework programme, together with the sectoral programmes which it comprises, has been adopted, it will constitute the legal basis for the budget for them. Because of delays in its adoption, the Council has drawn up a common position on the Altener funding programme for

1998-1999. This was considered by Parliament at second reading during the May 1998 part-session (Bloch von Blottnitz report, A4-0143/98).

The Committee on Budgets considered the legal basis for the framework programme and its sub-programmes, as well as the broad outlines of the development of the energy sector, in the opinion which it adopted on 25 June 1998 for the Committee on Research, Technological Development and Energy (COM(98)0550 - C4-0070/98 - 97/0302(CNS)).

2. *Growing dependence on imports*

According to the report 'European Energy to 2020', published by the Directorate-General for Energy (DG 17), the overriding trends in energy in the EU include the following: 1) demand for energy is growing, 2) energy self-sufficiency will decline from its current level of 50% to around 30% by 2020; in other words, dependence on imports will rise to 70%, 3) electricity's share will grow to 40% of gross energy production, 4) consumption of gas is growing rapidly, including in basic energy production.

It is not thought that nuclear energy consumption in the EU will increase significantly; the share of oil and coal in total energy production is likely to remain stable or decline, and the share of gas and renewables will probably grow.

It is for oil that the EU Member States are most dependent on imports. By 2020, import dependence could attain 94%.

As far as coal is concerned, dependence on imports is likely to rise as high as 80% by the same year. Of known world coal reserves (1032 billion tons), 157 billion tons are in Europe, nearly half of that figure in Germany. As coal is likely to remain cheap, and as it is easy to transport, imports are likely to increase, even though various EU Member States have their own reserves.

As far as gas is concerned, domestic production currently accounts for 60% of supplies and imports for 40%. By 2020, dependence on imports is likely to rise to 75%. Total demand for gas in the EU is now around 350 billion cubic metres. North Sea gas reserves are estimated at 3500 billion m³, those in North Africa at 3500 bn, Russia's at 48 100 bn and those in other CIS States at 6400 bn. In addition, it might be possible to import gas into the EU from Iran and the Middle East. Within ten years, the majority of imports will be coming from countries which are currently politically unstable.

The use of renewables could reduce dependence on imports, but so far their share in consumption is small: 6%. If one excludes hydroelectric power, their share is only 1.3%. There is not much scope for further increases in the use of hydroelectric power. If the objective is to double consumption of renewable energy, the main options which remain for achieving this are wind energy, solar power, biomass and thermal energy. Their share would need to increase many times over in order to attain the objective.

Biofuel production is more a question of agricultural policy than of energy policy. 1.7 MWh of ethanol can be obtained from a hectare of barley, and 4.7 MWh from a hectare of rape. The same amount of energy can be produced from 6.2 square metres using solar power, or from 1.4 square metres using thermal energy. A hectare of straw yields the same amount of energy in the form of biofuel as can be obtained from a mere 273 m² using solar power or from 60 m² using thermal energy. 30 MWh of straw can be obtained from a hectare of barley and 20 MWh from a hectare of rape.

Apart from using renewables, import dependence can be reduced most by means of energy saving measures.

From the point of view of the EU, general security of energy supply should improve if technologies which increase the use of renewables are also introduced outside the EU, thereby saving fossil fuel reserves. It is therefore important also to support the use of renewables in the countries which have applied for membership of the EU and in developing countries. It is accordingly justified to extend Altener to the CEEC applicant countries and Cyprus.

3. *The greenhouse effect*

At Kyoto, the European Union committed itself to reducing emissions of greenhouse gases by 8% by 2012.

If consumption of electricity and other energy constantly grows, if the use of renewables does not increase (Altener programme) and if energy is not saved and the efficiency of energy use improved (Save programme) in EU Member States, the Kyoto target will not be attained.

Natural gas causes less carbon dioxide emissions than coal. Whereas burning 1000 m³ of natural gas releases 2.11 tons of carbon dioxide, the corresponding figures are 2.89 tons for heavy fuel oil, 3.67 tons for coal and 3.95 tons for peat.

From this point of view, burning wood is desirable. It - like other renewables - does not lead to net emissions, provided that the size of forests is not simultaneously reduced, as growing forests are carbon dioxide sinks. Emissions of sulphur and nitrogen from wood-burning are also small.

4. *The white paper on renewable energy sources*

The green paper on the use of renewable energy sources already stated the political grounds for Altener: the environment must be protected and carbon dioxide emissions reduced.

The most important renewable energy source is considered to be biomass and the second most important passive solar power. It is estimated that total energy consumption in buildings could be reduced by half, the use of passive solar power being the key to this.

In its opinion on the white paper, Parliament supports the objective proposed by the Commission of doubling the share of renewables in energy consumption by 2010. The Rothe report (A4-0207/98) stresses that the calculation of energy balances on the basis of the substitution principle is more reliable, particularly in the case of carbon dioxide, than other methods, and Parliament sets the objective of increasing renewables' share to 15% in accordance with the substitution principle.

Parliament considers that the Commission's objective of increasing biomass production threefold conflicts with the Commission's Agenda 2000 programme. The abandonment of compulsory set-aside is even likely to cause a collapse in the use of bioenergy. The production costs of biofuel are still three times as high as those of fossil fuels. It is possible to produce biofuel at all only with tax incentives or if the price of the raw material is subsidised.

As well as agriculture, energy could employ large numbers of people in future. 13 million people are already employed in it, the majority of them in small and medium-sized enterprises.

According to the Teres II forecast, it would be possible to create half a million new jobs in the sector by 2010.

There is no prospect of renewables' share in energy consumption doubling unless new measures are taken swiftly to increase it. Measures are likely to be required in the fields both of taxation policy and of agriculture. At the very least, they must not conflict with the attainment of the objective.

5. *The Altener II programme*

The Altener II programme continues the programme which concluded in 1997. This 'enhanced' programme is intended not only to help reduce import dependence but also to reduce carbon dioxide emissions.

Six measures and types of measure are funded from the programme: research, trials, coordination of data gathering and provision of information (inter alia the establishment of the virtual Agores centre), pooling of experience and know-how and other comparable measures. A new targeted action is promoting the exploitation of biomass, solar power, wind energy, geothermal energy and small-scale hydroelectric power. At the last stage of drafting, tidal and wave power and other marine energy sources were deleted from the list and research into methods of using solar power in buildings was added to it. Altener I measures to define standards and develop sectoral information networks are to continue under the programme.

The programme's priorities are decided annually. During the second year a report will be forwarded to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions. On expiry of the programme, a general assessment will be drawn up. In addition, the Commission will continuously assess Member States' measures.

It is intended that a single person should be appointed to take charge of each of the seven subsectors of renewable energy use. It is proposed that nine people should be recruited for this purpose, five of them permanently.

From the point of view of the Committee on Budgets, it is important that the administration of resources should be simplified and measures in the sector rendered more effective using the available funding. It is also important to focus and direct resources to the priority programmes.

In 1993-1997, ECU 42.5 m was spent on the Altener I programme. For 1998-2002, ECU 81.1 m has been proposed for budget heading B4-1030. Changes have occurred in views on energy priorities (for instance, the Altener and Save programmes have been identified as priorities in Agenda 2000). Although resources for Altener are increasing, the fact is that only limited funding is being made available for the framework programme for energy.

6. *The internal market in electricity*

There is a direct link between the use of renewable energy sources and the single market, and particularly the internal market in electricity. The Commission (COM (98)0167) studies this relationship particularly from the environmental angle.

In the Commission's opinion, the use of renewables should be increased in such a way as to cause the minimum damage to competition and trade. Otherwise it fears that trade in electricity may be distorted as a result. Differences between various countries' subsidy schemes are causing problems. Support schemes could even distort the situation so as to give a competitive advantage to traditional, i.e. fossil, fuels. The Commission is drawing up a proposal for a Directive laying down rules for the treatment of renewables.

7. Conclusions

1. The EU region's dependence on imported energy is growing. The Altener programme will reduce import dependence, but the resources allocated to it are inadequate for this purpose.
2. At Kyoto, the EU committed itself to climate objectives. Using biofuel does not increase net emissions of carbon dioxide. Increasing the burning of wood will likewise help to attain the objective adopted. If it is intended that the Kyoto target should be attained, more resources must be allocated to Altener.
3. If the use of renewables is to be doubled, more resources will be needed for Altener.
4. Agricultural and/or taxation policy could be used to promote the use of renewables. At present the Commission's Agenda 2000 programme conflicts with the objectives of Altener.
5. The Committee on Budgets recalls the call made by Parliament in the Rothe report (COM(97)0599 - C4-0047/98) for at least the same volume of resources to be allocated to renewable energy sources as to fusion research (i.e. EUR 225 m per annum). Current budget plans do not allow for this possibility.
6. The Committee on Budgets considers it understandable from the point of view of budgetary discipline that the Commission has recommended allocating EUR 30 m to Altener II for 1998-1999 and the Council has recommended EUR 22 m. However, the Committee observes that such a small investment jeopardises the attainment of the objective of doubling the use of renewables.
7. The Committee on Budgets considers that the Commission's anxiety to safeguard competition on the internal electricity market is an over-reaction and is likely to mean that it will remain difficult for renewables to break through into the market.
8. Attainment of the Kyoto objectives and doubling of the use of renewables will depend mainly on measures adopted by Member States.

3 February 1999

OPINION
(Rule 147)

for the Committee on Research, Technological Development and Energy

on the proposal for a Council Decision on a multiannual programme for the promotion of renewable energy sources in the Community (1998-2002) (COM(97)0550 - C4-0071/98 - 97/0370(SYN)) (report by Mr Robles Piquer)

Committee on the Environment, Public Health and Consumer Protection

Draftsman: Mrs Dybkær

PROCEDURE

At its meeting of 4 February 1998 the Committee on the Environment, Public Health and Consumer Protection appointed Mrs Dybkær draftsman.

It considered the draft opinion at its meetings of 8 December 1998 and 2 February 1999.

At the latter meeting it adopted the following conclusions unanimously.

The following took part in the vote: Ken Collins, chairman; Dybkær, vice-chairman and draftsman; Bowe, Breyer, Eisma, Fitzsimons, Flemming, Graenitz, Grossetête, Hardstaff (for White), Hautala (for Lannoye), Kirsten Jensen, Kuhn, Lange (for Hulthén), McKenna, Needle, Olsson, Oomen-Ruijten, Pollack, van Putten, Roth-Behrendt, Sandbæk (for Blokland), Schlechter (for Lienemann), Schleicher, Tamino, Virgin and Whitehead.

BACKGROUND/GENERAL COMMENTS

If the current pattern continues, global energy demand will have doubled by 2020. You do not have to be a genius to understand that genuinely original plans and ideas are needed in order to cope with that trend. The consequences of not approaching the problem in an environmentally responsible manner would be grave. It goes without saying that renewable energy, which is the subject of this opinion, and energy efficiency are key components of a successful solution.

At the same time, we have the Kyoto targets to meet, and if Kyoto is to be anything other than so much hot air, the EU must unite around clearly defined guidelines that apply to all Member States and all categories of consumer.

From the overall pattern that emerges from the Commission's two proposals (on energy efficiency and renewable energy), it can be seen that they are biased towards:

- (1) solutions based on conventional rather than renewable energy sources;
- (2) centralised systems rather than decentralised facilities and structures;
- (3) traditional financial mechanisms rather than radical novel approaches;
- (4) purely technical/scientific projects rather than comprehensive approaches.

It is also surprising that the two proposals do not complement each other better, for renewable energy and energy efficiency are two sides of the same coin, and more account should therefore be taken of that fact. Roughly speaking, energy efficiency is part of the overall objective, and renewable energy is one of the means of achieving it.

From an environmental point of view, too, renewable energy and increased energy efficiency are a step in the right direction as regards meeting the growing demand for energy. It must be borne in mind, however, that everything has its price: noise in the case of wind turbines, the diversion of rivers or the harnessing of waterfalls in the case of hydroelectric power. It is our task to ensure that the price to be paid in environmental terms is kept as low as possible.

The Committee on the Environment, Public Health and Consumer Protection applauds the Commission's proposal on renewable energy, for it displays an understanding of what the EU's tasks and scope for action are in this area.

The commitments we entered into at Kyoto mean we have a great deal of work to do. It is therefore good to see the Commission, in this proposal, is now getting to grips with this issue.

The committee wishes in particular to highlight:

- * Article 1(1)(a): efforts to improve the legal, socio-economic and administrative conditions are very significant;
- * The versatile and innovative approach outlined in Article 2(a), in particular the emphasis on sectoral and market strategies, norms and standards and grouped procurement;
- * Article 2(e), which constitutes a sound and innovative proposal for providing support at those stages of the implementation process where it is most needed and where the market and national support measures most often fail;
- * Article 2(f) concerning the monitoring of progress: the importance of effective monitoring should be stressed.

That said, however, the committee would like to highlight a few points that merit further consideration.

Financing

If we are serious about meeting the targets set at Kyoto, a huge amount of money must be invested in a project like this. It must therefore be ensured that the financial framework is adequate. The programme budget should therefore be amended with a view to meeting the Kyoto targets.

1. What investments will be needed to meet the Kyoto targets?
2. What is an appropriate level of supporting measures of the type proposed here?
3. What budget will be adequate to ensure that such supporting measures are not held up by financial problems?

Bioenergy

It must be ensured that mistakes are not made as regards the development of bioenergy. Some countries tend to view bioenergy as an easy solution to their agricultural and waste problems. If no definite guidelines on this subject are incorporated, clearly and in detail, in the Commission's

plan of action, we could find ourselves contributing, in the shape of ostensibly green measures, to a process which does quite a lot of damage to the environment. Bioenergy is an important energy source but, without definite guidelines which, for instance, give priority to biodiversity and water quality, standards could be allowed to slip.

Administration

There is a tendency for the resources provided under support schemes such as these not to be allocated equitably amongst the Member States. This is quite understandable in a transitional scheme that is designed to spread knowledge of renewable energy, but it might make sense gradually to make EU support conditional upon implementation of proper local programmes.

Some countries have incredibly unwieldy procedures for starting-up renewable energy production, and often a huge administrative apparatus. Article 2(f) will help applicants get through the procedures more easily. However, it must be ensured that these countries are encouraged to cut their red tape. A system is needed which, on the one hand, helps applicants find their way through the red tape and reduces the financial burdens they face during the start-up phase of projects and, on the other hand, also spurs Member States into improving their administrative procedures. Moreover, approval procedures should distinguish between well-developed technologies that can be put into practice straight away and technologies that are still at an experimental stage.

The ordinary energy consumer

If renewable energy projects really are to have a good chance of developing in future, energy consumers must be involved. The committee therefore takes the view that Article 2 should incorporate a couple of points on direct participation by the public. For instance, it is important that reference be made to local energy centres, such as CAT in Wales and Folkecenteret in Denmark, which are independent and have a broader remit and an educational mission, and to measures targeted at businesses, especially SMEs.

Price structures

Consideration should be given to price structures, as appropriate pricing systems providing for minimum prices are crucial as regards implementation and in themselves secure investment. The proposal instead focuses on more traditional solutions. With a view to integrating renewable energy fully into future energy supply systems, social costs should be included in calculations so that account is taken of the fact that it is non-polluting.

The Commission proposal distinctly presents renewable energy as subordinate to conventional forms of energy. Article 2 refers to the need to 'develop' renewable energy and to 'exploit' its potential. No explicit mention is made of ensuring the massive development that is needed. If renewable energy is to have a future, a more progressive approach must be taken.

CONCLUSIONS

The Committee on the Environment, Public Health and Consumer Protection calls on the Committee on Research, Technological Development and Energy, as the committee responsible, to incorporate the following amendments in its report:

Text proposed by the Commission

Amendments by Parliament

(Amendment 1) Article 2(a)

(a) Studies and other actions, intended to implement and complement Community measures taken to develop the potential of renewable energy sources. These include the development of sectoral and market strategies, the development of norms and standards, grouped procurement and the analysis of the legal, socioeconomic and administrative conditions which are more favourable to the market penetration of renewable energies and the preparation of appropriate legislation;

(a) Studies and other actions, intended to implement and complement Community measures taken to develop the potential of renewable energy sources. These include the development of sectoral and market strategies, studies of how energy prices impact on the penetration of renewable energy, with a view to introducing minimum prices and tariff systems adapted to the structure of renewable energy, the development of norms and standards, grouped procurement and the analysis of the legal, socioeconomic and administrative conditions which are more favourable to the market penetration of renewable energies, the development of strategies for ensuring more direct public involvement, and the preparation of appropriate legislation;

(Amendment 2) Article 2(b)

(b) Pilot actions aimed at creating or extending infrastructures and instruments for the development of renewable energy sources in:

- local and regional planning,
- the tools for planning, design and evaluation,
- new financial and market instruments,
- information,
- education and training;

(b) Pilot actions aimed at creating or extending infrastructures and instruments for the development of renewable energy sources in:

- local and regional planning,
 - the tools for planning, design and evaluation,
 - new financial and market instruments,
 - information,
 - education and training,
 - direct participation by the public in activities and projects;
- The Commission should negotiate a specific

strategy for such projects with each Member State.

(Amendment 3)
Article 2(ba) (new)

(ba) targeted actions aimed at reducing costs through mass production and innovation;

(Amendment 4)
Article 2(e)

(e) Targeted actions facilitating the market penetration of renewable energy sources and encouraging investment, by assisting the preparation, presentation and implementation of projects.

The aim of these targeted actions is to facilitate and accelerate investment in new operational capacity for the production of energy from renewable sources by providing financial support in order to reduce the peripheral and services costs of renewable energy projects, and thus overcome the non-technical obstacles present.

This action shall promote, inter alia: access to specialised advice, analysis of market prospects, choice of location of projects, application for construction and operation permits, establishment of financing plan, preparation of calls for tender, training of operators, and plant commissioning.

The targeted actions shall concern projects carried out in the following areas:

- biomass, including energy crops, fire wood, residues from forestry and agriculture, municipal waste, liquid

(e) Targeted actions facilitating the market penetration of renewable energy sources and encouraging investment, by assisting the preparation, presentation and implementation of projects.

The aim of these targeted actions is to facilitate and accelerate investment in new operational capacity for the production of energy from renewable sources by providing financial support in order to reduce the peripheral and services costs of renewable energy projects, and thus overcome the non-technical obstacles present.

This action shall promote, inter alia: access to specialised advice, analysis of market prospects, choice of location of projects, application for construction and operation permits, establishment of financing plan, preparation of calls for tender, training of operators, and plant commissioning.

Support shall be allocated and organised in such a way as to give Member States an incentive to minimise the administrative barriers to the utilisation of renewable energy sources.

The targeted actions shall concern projects carried out in the following areas:

- biomass, including energy crops, fire wood, residues from forestry and agriculture, municipal waste, liquid

- biofuels and biogas,
- thermal and photovoltaic solar systems,
- passive and active solar systems in buildings,
- small scale (<10 MW) hydroelectric projects
- wind power
- geothermal energy

- biofuels and biogas,
- thermal and photovoltaic solar systems,
- passive and active solar systems in buildings,
- small scale (<10 MW) hydroelectric projects
- wind power
- geothermal energy

(Amendment 5)
Article 2(f)

(f) Actions intended to:

- monitor the implementation of the Community strategy and action plan for the development of renewable energy sources,

- support initiatives taken in implementing the action plan, particularly with a view to promoting better coordination and greater synergy between actions, including all Community funded activities,

- monitor the progress achieved by the Community and its Member States with regard to the development of renewable energy sources,

- evaluate the impact and cost effectiveness of measures undertaken under this programme. This evaluation shall also take into account the environmental and social aspects.

(f) Actions intended to:

- monitor the implementation of the Community strategy and action plan for the development of renewable energy sources,

- support initiatives taken in implementing the action plan, particularly with a view to promoting better coordination and greater synergy between actions, including all Community funded activities,

- monitor the progress achieved by the Community and its Member States with regard to the development of renewable energy sources,

- evaluate the impact and cost effectiveness of measures undertaken under this programme. This evaluation shall also take into account employment and environmental and social aspects,

- streamline and simplify application procedures for the introduction of renewable energy,

- support activities which directly involve European citizens in renewable energy projects or otherwise increase public awareness and involvement in such projects.

(Amendment 6)
Article 2(fa) (new)

(fa) Measures to promote the creation of decentralised systems and solutions that are adapted to local conditions.

(Amendment 7)
Article 4(2)

2. The conditions and guidelines applicable to funding for the actions and measures referred to in Article 2 shall be defined annually, regard being had to:

(a) the priorities set out by the Community and the Member States in their programmes for the promotion of renewable energy sources,

(b) criteria relating to the profitability and development potential of renewable energy sources and their effects on employment and the environment, in particular the reduction of CO₂ emissions;

(c) for the actions referred to in point (e) of Article 2, the relative cost of the assistance, the new production capacity expected to arise and the extent of transregional and/or transnational benefits;

(d) the principles established in Article 92 of the Treaty and the relevant Community guidelines on State aid for environmental protection.

2. The conditions and guidelines applicable to funding for the actions and measures referred to in Article 2 shall be defined annually, regard being had to:

(a) the priorities set out by the Community and the Member States in their programmes for the promotion of renewable energy sources,

(b) criteria relating to Member States' individual climatic opportunities for exploiting specific renewable energy sources;

(c) criteria relating to the profitability and development potential of renewable energy sources and their positive effects on employment and the environment, in particular the reduction of CO₂ emissions;

(d) for the actions referred to in point (e) of Article 2, the relative cost of the assistance, the new production capacity expected to arise and the extent of transregional and/or transnational benefits;

(e) the principles established in Article 92 of the Treaty and the relevant Community guidelines on State aid for environmental protection.