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*****II**

RECOMMENDATION FOR SECOND READING

on the Council common position for adopting a European Parliament and Council decision on adopting a multiannual programme for action in the field of energy: "Intelligent Energy - Europe" Programme (2003-2006) (15547/3/2003 – C5-0037/2003 – 2002/0082(COD))

Committee on Industry, External Trade, Research and Energy

Rapporteur: Eryl Margaret McNally

Symbols for procedures

- * Consultation procedure
majority of the votes cast
- **I Cooperation procedure (first reading)
majority of the votes cast
- **II Cooperation procedure (second reading)
*majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend
the common position*
- *** Assent procedure
*majority of Parliament's component Members except in cases
covered by Articles 105, 107, 161 and 300 of the EC Treaty and
Article 7 of the EU Treaty*
- ***I Codecision procedure (first reading)
majority of the votes cast
- ***II Codecision procedure (second reading)
*majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend
the common position*
- ***III Codecision procedure (third reading)
majority of the votes cast, to approve the joint text

(The type of procedure depends on the legal basis proposed by the Commission)

Amendments to a legislative text

In amendments by Parliament, amended text is highlighted in ***bold italics***. Highlighting in *normal italics* is an indication for the relevant departments showing parts of the legislative text for which a correction is proposed, to assist preparation of the final text (for instance, obvious errors or omissions in a given language version). These suggested corrections are subject to the agreement of the departments concerned.

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PROCEDURAL PAGE

At the sitting of 20 November 2002 Parliament adopted its position at first reading on the proposal for a European Parliament and Council decision on adopting a multiannual programme for action in the field of energy: "Intelligent Energy - Europe" Programme (2003-2006) (COM(2002) 162 – 2002/0082 (COD)).

At the sitting of 13 February 2003 the President of Parliament announced that the common position had been received and referred to the Committee on Industry, External Trade, Research and Energy (15547/3/2003 – C5-0037/2003).

The committee had appointed Eryl Margaret McNally rapporteur at its meeting of 22 May 2002.

It considered the common position and draft recommendation for second reading at its meetings of 27 January 2003, 19 February 2003, 19 March 2003 and 23 April 2003.

At the last meeting it adopted the draft legislative resolution by 43 votes to 0, with 4 abstentions.

The following were present for the vote: Carlos Westendorp y Cabeza, chairman; Peter Michael Mombaur and Jaime Valdivielso de Cué, vice-chairmen; Eryl Margaret McNally, rapporteur; Gordon J. Adam (for Massimo Carraro), Per-Arne Arvidsson (for W.G. van Velzen), Danielle Auroi (for Yves Piétrasanta), Luis Berenguer Fuster, Guido Bodrato, David Robert Bowe (for Myrsini Zorba), Hiltrud Breyer (for Nuala Ahern), Gérard Caudron, Giles Bryan Chichester, Nicholas Clegg, Willy C.E.H. De Clercq, Harlem Désir, Francesco Fiori (for Paolo Pastorelli), Concepció Ferrer, Colette Flesch, Cristina García-Orcoyen Tormo (for Dominique Vlasto), Norbert Glante, Alfred Gomolka (for Sir Robert Atkins), Michel Hansenne, Hans Karlsson, Bashir Khanbhai, Wilfried Kuckelkorn (for Mechtild Rothe , pursuant to Rule 153(2)), Peter Liese (for Werner Langen), Rolf Linkohr, Caroline Lucas, Erika Mann, Elizabeth Montfort, Angelika Niebler, Giuseppe Nisticò (for Umberto Scapagnini), Seán Ó Neachtain, Josu Ortuondo Larrea (for Claude Turmes), Reino Paasilinna, John Purvis, Godelieve Quisthoudt-Rowohl, Imelda Mary Read, Christian Foldberg Røvsing, Paul Rübig, Jacques Santer (for Konrad K. Schwaiger), Esko Olavi Seppänen, Gary Titley, Roseline Vachetta, Alejo Vidal-Quadras Roca and Olga Zrihen.

The recommendation for second reading was tabled on 25 April 2003.

DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

on the Council common position for adopting a European Parliament and Council decision on adopting a multiannual programme for action in the field of energy: "Intelligent Energy - Europe" Programme (2003-2006) (15547/3/2003 – C5-0037/2003 – 2002/0082(COD))

(Codecision procedure: second reading)

The European Parliament,

- having regard to the Council common position (15547/3/2003 – C5-0037/2003),
 - having regard to its position at first reading¹ on the Commission proposal to Parliament and the Council (COM(2002) 162²),
 - having regard to Article 251(2) of the EC Treaty,
 - having regard to Rule 80 of its Rules of Procedure,
 - having regard to the recommendation for second reading of the Committee on Industry, External Trade, Research and Energy (A5-0131/2003),
1. Amends the common position as follows;
 2. Instructs its President to forward its position to the Council and Commission.

¹ P5-TA(2002)0551.

² OJ C 203E of 27.8.2002, p. 47.

Amendment 1
Recital 15 a (new)

(15 a) Taking into account the conclusions from the mid-term assessment of the Energy Framework Programme (1998-2002) which stated that all programmes amongst them ALTENER and SAVE, as well as SYNERGY as the predecessor of COOPENER, suffered from a serious lack of resources, an increase in the budget for an even more compassing "Intelligent Energy for Europe" program is indispensable.

Justification

Self-explanatory.

Amendment 2
Recital 21 a (new)

(21 a) In order to increase energy efficiency and the use of renewable energy sources across all sectors of society, the establishment of a European Intelligent Energy Agency, responsible for strategic thinking to help in the development, promotion and implementation of technological and behavioural measures will be indispensable in the medium term. Such an Agency, with the support of Member States, will assist with ensuring that best practices are quickly replicated across the Union and facilitate the introduction of new technologies, leading to associated environmental and economic benefits. The Agency will not necessarily be

expected to take on administrative work in relation to the programme.

Justification

The challenges of future European energy policy are subject to ongoing changes such as technological progress. A European Energy Agency for strategic thinking would make a valuable contribution by evaluating trends, carrying out benchmarking etc.

Unlike a possible Executive Agency, such a European Energy Agency would not necessarily be expected to be involved in the administrative implementation of the programme.

Amendment 3 Article 2, letter a

(a) to provide the elements needed for the promotion of energy efficiency, the increased use of renewable energy sources and energy diversification, including in transport, the improvement of sustainability, the development of the potential of the regions, in particular the outermost regions, and of islands, and the preparation of the legislative measures needed to attain these strategic objectives;

(a) to provide the elements needed for the promotion of energy efficiency, the increased use of renewable energy sources and energy diversification ***through new and renewable energy sources***, including in transport, the improvement of sustainability, the development of the potential of the regions, in particular the outermost regions, and of islands, and the preparation of the legislative measures needed to attain these strategic objectives;

Justification

In order to clarify that only the promotion of renewable energy sources allows for an increase of security of supply without impinging on the other long-term EC energy policy goal of environmental protection this wording shall be added.

Amendment 4 Article 3, paragraph 1, letter c

(c) "STEER", which concerns support for initiatives relating to all energy aspects of transport, the diversification of fuels and the promotion of renewable fuels and energy efficiency in transport, including

(c) "STEER", which concerns support for initiatives relating to all energy aspects of transport, the diversification of fuels ***through new and renewable energy sources*** and the promotion of renewable

the preparation of legislative measures and their application;

fuels and energy efficiency in transport, including the preparation of legislative measures and their application;

Justification

The fact, that the diversification of fuels in the transport sector are brought about through the promotion of renewable energy sources is highlighted.

Amendment 5
Article 4 b (new)

Article 4 b

- 1. The Commission shall present a report leading to a possible proposal for a European Intelligent Energy Agency (including internal structure, functioning and financial requirements).***
- 2. A European Intelligent Energy Agency shall ensure high levels of development, promotion and implementation of technological and behavioural measures designed to increase energy efficiency and the use of renewable energy sources across all sectors of society.***
- 3. The Agency, with the support of Member States, shall provide the technical and scientific assistance needed and a high level of expertise, in order to ensure that the best practices are quickly replicated across the European Union and to facilitate the introduction and deployment of new technologies, leading to associated environmental and economic benefits.***
- 4. The Commission shall, in its report, also examine the possibility of assigning the responsibilities as explained above, to an already existing European agency, such as the European Environment Agency in Copenhagen.***

Justification

The challenges of future European energy policy are subject to ongoing changes such as technological progress. A European Energy Agency for strategic thinking would make a valuable contribution by evaluating trends, carrying out benchmarking etc.

Unlike a possible Executive Agency, such a European Energy Agency would not necessarily be expected to be involved in the administrative implementation of the programme.

Amendment 6
Article 5, paragraph 2, letter c

(c) the selection criteria and the arrangements for applying them to each type of action and the method and instruments for monitoring and utilising the results of the actions and/or projects, including the definition of performance indicators;

(c) the selection criteria, ***reflecting the objectives mentioned in this Decision***, and the arrangements for applying them to each type of action and the method and instruments for monitoring and utilising the results of the actions and/or projects, including the definition of performance indicators. ***The Commission shall ensure the systematic dissemination and evaluation of the results of all initiatives funded under the programme.***

Justification

Self-explanatory.

Amendment 7
Article 5, paragraph 2, letter g

(g) Community rules concerning public access to information, transparency and gender mainstreaming shall be taken into account ***in the work*** programme.

(g) Community rules concerning public access to information, transparency and gender mainstreaming shall be taken into account ***throughout the*** programme.

Justification

The European Parliament's amendments concerning transparency, availability and gender mainstreaming have been accepted by the Council. These principles have to be respected throughout the whole implementation of the Intelligent Energy programme.

Amendment 8

Article 6, paragraph 1, subparagraph 1

1. The financial reference amount for the implementation of this programme for the period 2003 to 2006 shall be **190 million euros**.

1. The financial reference amount for the implementation of this programme for the period 2003 to 2006 shall be **200 million euros**.

Justification

Possible compromise with the Council.

Considering the influence of this programme and the risk of losing effectiveness if financial means are spread too thinly, yet bearing in mind financial stringency, an increase of at least 10M€ is called for.

Amendment 9

Article 6, paragraph 1, subparagraph 3

Financial reference amounts shall be laid down on an indicative basis for each specific field. An indicative allocation of this amount is given in the Annex. This budgetary allocation between fields shall be flexible in order to deal more effectively with changing needs in the sector; it may be changed with the agreement of the Committee referred to in Article 8.

Financial reference amounts shall be laid down on an indicative basis for each specific field. An indicative allocation of this amount is given in the Annex. This budgetary allocation between fields shall be flexible in order to deal more effectively with changing needs in the sector; it may be changed with the agreement of the Committee referred to in Article 8. ***The Commission shall make a concerted effort to ensure high and balanced implementation rates of the programme.***

Justification

A balanced and foreseeable implementation is essential for the success of the Intelligent Energy programme. In future, it should be avoided that calls for tenders are cancelled, as it was the case for the Synergy programme.

Amendment 10

Article 6, paragraph 1, subparagraph 4

On the basis of a report to be forwarded by the Commission before 30 September 2004, the European Parliament and Council shall, before 31 December 2004, examine the reference amount with a view possibly to revising it, in accordance with the procedures laid down in the Treaty, within the framework of the financial perspective and taking into account applications received. ***deleted***

Justification

Possible compromise with the Council.

The possibility of revising the financial resources in the course of the programme is addressed by amendment 14.

Amendment 11

Article 7, paragraph 1 a (new)

1 a) The Commission shall, in consultation with the Member States, identify regional or local organisations which will have the role of co-ordinating the application of this programme with corresponding national programmes.

Such regional or local organisations may be established throughout the Community.

Justification

The involvement of local organisations in this programme will aid implementation.

Amendment 12
Article 8, paragraph 2 a (new)

2 a. Where reference is made to this paragraph, Articles 5 and 7 of Decision 1999/468/EC shall apply, in conformity with the provisions of Article 8 thereof.

Justification

The work programme will set out important, general aspects of the IE programme, such as guidelines, selection criteria, the timetable for the implementation etc. This goes far beyond the pure implementation of the programme, with which the Commission will be assisted by a management committee.

Consequently, a regulatory committee procedure (including droit de regard for the PE) should apply to the adoption of the work programme.

A third paragraph is therefore added to article 8, providing for a regulatory committee.

Amendment 13
Article 9, paragraph 1

1. The Commission shall carry out an annual examination of the progress made on this programme and the actions carried out in the four specific fields and the key actions referred to in Article 3.

1. The Commission shall carry out an annual examination of the progress made on this programme and the actions carried out in the four specific fields and the key actions referred to in Article 3. ***This report shall also be forwarded to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions.***

Justification

In order to carry out its task of monitoring the implementation of the budget, the European Parliament needs to be kept informed on a regular basis. Also, proposals, in the future, for modifications or a prolongation of the act would be subject to co-decision.

Amendment 14 Article 9, paragraph 2

2. ***During the third*** year of the period of application of the programme, and in any case before putting forward proposals on any subsequent programme, the Commission shall provide, and give its conclusions on, an external evaluation of the overall implementation of the Community actions carried out under this programme. The external evaluation shall be carried out by independent experts. The Commission shall communicate its conclusions regarding this evaluation to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions before putting forward proposals on any subsequent programme.

2. ***At the end of the second*** year of the period of application of the programme, and in any case before putting forward proposals on any subsequent programme, the Commission shall provide, and give its conclusions on, an external evaluation of the overall implementation of the Community actions carried out under this programme. The external evaluation shall be carried out by independent experts. The Commission shall communicate its conclusions regarding this evaluation, ***including, if appropriate, in particular in the light of enlargement, any adaptation of the current programme,*** to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions before putting forward proposals on ***this or*** any subsequent programme.

Justification

Possible compromise with the Council.

In order to permit any necessary adaptations of the current programme as well as the timely preparation of proposals on any subsequent programmes, which would presumably be subject to codecision, an early external evaluation is needed.

Amendment 15 Annex, Table

Council Common Position text

INDICATIVE ALLOCATION OF THE ESTIMATED AMOUNT NEEDED ¹

Fields of action		(2003-2006)
1) of	Improvement of energy efficiency and the rational use of energy	66,3 million euros
2) of	New and renewable energy sources and diversification of energy production	76 million euros
3)	Energy aspects of transport	31 million euros
4) the	Promotion of renewable energy sources and energy efficiency at international level, particularly in developing countries	16,7 million euros
TOTAL		190 million euros ^{2 3 4}

¹ This allocation is indicative for the specific fields "Improvement of energy efficiency and the rational use of energy", "New and renewable energy sources and diversification of energy production" and "Energy aspects of transport". The budgetary allocation between fields is flexible in order to deal more effectively with changing needs in the sector.

² ***The appropriations earmarked for international promotion are a fixed amount representing 8,8% of the total programme cost.***

³ ***An additional contribution is to be anticipated from 2004 onwards as a result of the enlargement of the European Union to include new Member States.*** This contribution would be of ***around 50 million euros.***

⁴ The budget for an Executive Agency could be set by the budgetary authority as a percentage of the programme's overall financial allocation.

Amendments by the Parliament

INDICATIVE ALLOCATION OF THE ESTIMATED AMOUNT NEEDED ¹

Fields of action		(2003-2006)
1)	Improvement of energy efficiency and the rational use of energy	64 million euros
2)	New and renewable energy sources and diversification of energy production	72 million euros
3)	Energy aspects of transport	30 million euros
4)	Promotion of renewable energy sources and energy	34 million euros

efficiency at international level, particularly in the developing countries	
TOTAL	200 million euros ^{2 3 4}

¹ This allocation is indicative for the specific fields "Improvement of energy efficiency and the rational use of energy", "New and renewable energy sources and diversification of energy production" and "Energy aspects of transport". The budgetary allocation between fields is flexible in order to deal more effectively with changing needs in the sector.

² *deleted*

³ ***As a result of the enlargement of the Union an additional contribution reflecting the number, size and particular needs of new Member States shall be foreseen*** from 2004 onwards. This contribution would be of ***at least 50 million Euros***.

⁴ The budget for an Executive Agency could be set by the budgetary authority as a percentage of the programme's overall financial allocation.

Justification

Possible compromise with the Council.

Developments since the original programmes and improvements in the management of DG TREN mean that a modest increase, respecting financial stringency, is called for. These programmes are very influential in both the energy efficiency and renewable energy sectors. Bearing in mind the increasing oil-dependancy of transport and the geopolitical risks linked to it as well as the important share of oil in CO2-emissions the new 'STEER' programme also needs adequate funding.

The world-wide emphasis on the need to promote Energy Efficiency and Renewable Energy in Developing Countries makes a better-funded programme of preparatory work crucially important. Therefore, an increased share is proposed for COOPENER. Moreover, the budgetary allocation between all four fields of action is indicative and should remain flexible. This increase is all the more necessary since, according to the Commission, management costs related to a possible Executive Agency will have to be covered by the budget envelope of the IE programme.

EXPLANATORY STATEMENT

The Commission's proposal for a multiannual programme for action in the field of energy: "Intelligent Energy for Europe" Programme (2003-2006) is to be welcomed. There is a real need for a new energy programme to follow on from the current Energy Framework Programme, which is the main EU non-technology-based support instrument for the energy sector.

This urgent need is further reinforced by the current EU energy policy developments and objectives regarding sustainable development, security of energy supply, energy efficiency, electricity produced from renewable energy sources, the use of biofuels in transport, and combined heat and power generation.

It is particularly welcome that this proposal seeks greater focus and integration, in order to achieve maximum results with what will be a very modest budget, considering the magnitude of EU energy policy objectives.

a) The current multiannual energy framework programme (1998-2002)

The current energy framework programme (EFP) has an overall budget of €175 million and comprised seven decisions: the decision adopting the framework programme¹ and six annexed decisions adopting the specific programmes:

- ALTENER² - promotion of renewable energy sources (€77m),
- SAVE³ - promotion of energy efficiency (€66m),
- SYNERGY⁴ - international energy cooperation (€15m),
- SURE⁵ - cooperation in the nuclear sector and in particular on safety, industrial cooperation with the NIS and the transport of radioactive material, including the combating of illicit traffic (€9m),
- ETAP⁶ - forward studies and monitoring of the markets (€5m),
- CARNOT⁷ - stimulation of technologies for the clean and efficient use of solid fuels (€3m).

The mid-term evaluation concluded that specific programmes were generally well run, funding good projects and producing useful outputs, although it also revealed that the Energy Framework Programme is lacking an adequate public profile and has been operating as six separate programmes. As a result, the evaluation showed, links between the programmes were generally weak and hardly any synergy has been created, except between SAVE and ALTENER.

¹) Council Decision 1999/21/EC, Euratom, OJ L 7 13.01.1999, p. 16.

²) Decision 646/2000/EC of the European Parliament and of the Council, OJ L 79 30.03.2000, p. 1.

³) Decision 647/2000/EC of the European Parliament and of the Council, OJ L 79 30.03.2000, p. 6.

⁴) Council Decision 1999/23/EC, OJ L 7 13.01.1999, p. 23.

⁵) Council Decision 1995/25/EC, Euratom, OJ L 7 13.01.1999, p.28.

⁶) Council Decision 1999/22/EC, OJ L 7 13.01.1999, p. 20.

⁷) Council Decision 1999/24/EC, OJ L 7 13.01.1999, p. 28.

b) Proposal for a new multiannual energy programme 2003-2006: "Intelligent Energy for Europe"

The new proposal strengthens Community support in those energy fields that contribute to sustainable development by grouping them in a single programme.

The single programme retains three of its current areas of activity - energy efficiency, renewable energy, and international co-operation with developing countries-, and includes an new, additional area on the energy aspects of transport, as recommended by a Panel of high-level, independent experts in the mid-term assessment of the current programme.

Funded measures and projects shall be concerned with one or several of the following specific areas:

- SAVE - improvement of energy efficiency and demand management, in particular in the building and industry sectors;
- ALTENER - promotion of new and renewable energy sources for centralised and decentralised production and their integration into the urban environment;
- STEER - energy aspects of transport, the diversification of fuels and the promotion of renewable fuels and energy efficiency in transport;
- COOPENER - promotion of renewable energy sources and energy efficiency in the developing countries (successor to the SYNERGY programme).

Since the CARNOT and SURE specific programmes have no particular synergies with the four proposed thematic areas, activities in these domains will not be conducted in the framework of this single and integrated energy programme. The work currently carried out by CARNOT is to be pursued through the 6th Framework Programme for Research¹, and SURE should be attached to activities in the field of nuclear energy.

Along these lines, the ETAP activities relevant to the new programme areas will be included within each of them.

The total budget the Commission has proposed for the period 2003-2006 is €215 million. The programme shall be open to the participation of the Central and Eastern European candidate countries, Cyprus, Malta and Turkey on the basis of the agreements concluded with these countries.

c) Amendments proposed by the rapporteur

In its common position the Council took over either verbatim or in substance many of the European Parliament's amendments, which had also been accepted by the Commission.

The amendments tabled at second reading relate to the financial resources, the coordination within the European Commission and an Intelligent Energy Agency for strategic thinking, as well as several other - not all - of the amendments adopted by Parliament at first reading

¹) Under priority N° 6 the first specific multi-annual programme 'Integrating and strengthening the European Research Area' (not yet published), mentions "capture and sequestration of CO₂, associated with cleaner fossil fuel plants", an important component of clean coal technology.

which were not taken over by the Council.

– Adequate resources

The mid-term assessment stressed: “In spite of sectoral achievements and successes, all six programmes were considered to suffer from a serious lack of resources, both financial and human. The Panel considers that the future energy programme should be given a *substantially greater budget* than the 175 M€ that the EFP has had for the period 1998-2002.”

In first reading, the Parliament had called for a significant budget increase from €215 million initially proposed by the European Commission. However, in its common position, the Council proposed a reduced overall budget of only €190 million.

Considering the influence of this programme and the risk of losing effectiveness if financial means are spread too thinly, the rapporteur insisted on the allocation of adequate resources, that would reflect the political priorities of the European Union. Therefore, bearing in mind financial stringency, in second reading the Parliament called for an increase of at least 10M€ compared to the Council Common Position, bringing the total overall budget to 200M€. This is complemented by an additional revision clause to allow for any adaptation of the current programme which could leave room for a further budgetary increase in the course of the programme if this need is demonstrated by its external evaluation.

The worldwide emphasis on the need to promote energy efficiency and renewable energy in Developing Countries makes a better-funded programme crucially important. Therefore, an increased share is proposed for COOPENER compared to the Council common position, so that more meaningful initiatives can be undertaken.

The overall increase is all the more necessary given that, according to the Commission, the management costs relating to a possible Executive Agency would have to be covered by the budget envelope of the programme.

– Enlargement

Since the enlargement of the Union is anticipated from 2004 onwards during the course of this framework programme, particular attention must be paid to new Member States and their efforts to integrate the EU policy framework for renewable energy sources and energy efficiency and an additional contribution reflecting the number and size of new Member States shall be foreseen from 2004 onwards.

As the renewable energy sector is almost non-existent in the current candidate countries and policy and legal frameworks are lacking in this field, the challenge to increase the share of renewables in those countries will be much greater.

– Implementation

A balance must be struck between guaranteeing adequate financial control over individual projects, and ensuring that the overall budgetary allocations are fully spent. A stable set of slimmed-down participation procedures should permit easier access for prospective proposers and allow for participation on a regular and continuous basis.

The rapporteur welcomes the fact that no minimum project-size thresholds have been set: small projects at regional and local level are very valuable for the purposes of this programme.

– **European Intelligent Energy Agency for strategic thinking**

The rapporteur proposes the establishment of a European Intelligent Energy Agency, responsible for strategic thinking to help in the development, promotion and implementation of technological and behavioural measures. It should be noted that, unlike an Executive Agency, such an Agency would not necessarily be expected to be involved in the administrative implementation of the programme.