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COMMISSION OF THE EUROPEAN COMMUNITIES

General Secretariat

COM(83) 773 final
Brussels, 21 December 1983
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COMMUNICATION FROM THE COMMISSION TO THE COUNCIL

Request for Council assent under Article 54, second paragraph, of the ECSC Treaty to the financing of the building of a coal-fired heating station at Clichy (Hauts-de-Seine) and the construction of the link to the existing network

Note to the Council

Subject: Request for Council assent under Article 54, second paragraph, of the ECSC Treaty to the financing of the building of a coal-fired heating station at Clichy (Hauts-de-Seine) and the construction of the link to the existing network.

Loan requested: FF 310 million (approximately 45.12 million ECU)

Recipient: Compagnie Parisienne de Chauffage Urbain (CPCU), Paris

Project executor: CPCU

Type of company: CPCU, officially established on 10 July 1928, is a public limited liability company (société anonyme) quoted on the stock exchange. At 31 December 1982 its share capital of FF 82 million was held as follows:

City of Paris: 39.48% Electricité de France: 28.04%

Société Lyonnaise des Eaux et de l'Electricité: 10.37% Shareholders with less that 5% of the shares: 22.11%

Activities

CPCU holds a concession from the City of Paris to distribute heat in the capital through piping laid under public roads.

The concession was granted for 40 years from 1 January 1928 by an agreement dated 10 December 1927. In 1954 the term of the agreement was extended by 20 years. On 17 April 1983 Paris City Council approved a further extension to 2017.

Production

The company currently operates nine heating stations located in Paris or its immediate suburbs, with 28 boilers with a total capacity of 3.000 tonnes of steam per hour.

The St. Quen and La Villette heating stations comprise two 150 t/h boilers and one 175 t/h boiler respectively all coal-fired. The remaining boilers, whose capacities range from 20 to 150 t/h, burn fuel oil.

In addition to the steam provided by its own stations, the company purchases steam from:

- traitement Industriel des Résidus Urbains, which operates three domestic refuse incineration plants;
- EDF, which supplies steam produced at Vitry power station.

CPCU has a 250 km pipe network which allows it to supply over 4000 customers with a total of 4000 MW. One third of the customers are public bodies and two thirds private clients (offices, dwellings).

At 31 December 1982 the company had a workforce of 460.

Description of the project

For an estimated total output of 2 240 MJ/s which it is required to deliver into the network CPCU has a guaranteed installed capacity of 2 500 MJ/s. In order to keep pace with business growth, which should raise power requirements by 300 MJ/s, and ensure that oil-produced steam is gradually replaced by steam produced with coal, CPCU has decided to construct a coal-fired heating station in the north-west of Paris, close to the Seine, where foreseeable demand is highest.

It therefore plans to build a new heating station at Clichy (Hauts-de-Seine) capable of supplying 600 t/h of steam, i.e. 450 MJ/s, to the network.

Essentially the heating station will comprise:

- two 340 t/h fluidized-bed boilers;
- a 120 m stack;
- covered coal storage facilities with a capacity of some 12 000 t, equivalent to one week's heavy consumption.

The station will operate entirely automatically. Annual consumption at normal output should be of the order of 300 000 t of coal, in place of some 220 000 of industrial fuel oil. The coal will be supplied under a general contract with Charbonnages de France, the greater part of the coal coming from Lorraine, and the remainder being imported from a source yet to be decided.

The link of the existing network will take the form of an 8 km underground steam transfer pipe.

Work schedule: 1983 to the end of 1985

Cost of the investments:

The cost of the operation is estimated at FF 620 million, including:

- 360 million for the heating station;
- 260 million for the link

ECSC finance would amount to 50% of the cost of the investments, i.e. FF 310 million.

A grant has been applied for from the Agence Française pour la Maitrise de l'Energie, but the latter has not yet made its decision known. The balance would be funded from profits or borrowed from banks.

ASSESSMENT

The Member States of the European Community have set themselves the objective of reducing their dependence on oil imports. This switch in energy policy presupposes greater and more diversified use of coal.

The ECSC Consultative Committee and the European Parliament have also underlined the importance of the role of coal in promoting a restructuring of energy demand. Among the sectors mentioned for priority reconversion to coal were district heating networks.

The loan to CPCU will thus help to achieve the general objectives of Community energy policy and at the same time open up a new outlet for Community coal.

CONCLUSION

These factors have led us to give a positive assessment of the loan application, since the investment programme contributes directly and primarily to the achievement of the objectives laid down in Article 54, second paragraph, of the ECSC Treaty.

The Commission has decided in principle to grant the loan requested. Pursuant to Article 54, second paragraph, of the ECSC Treaty, the Commission therefore seeks the assent of the Council to the granting of a loan of FF 310 million (approximately 45.12 million ECU) to the Compagnie Parisienne de Chauffage Urbain.