

COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 2.2.2001
COM(2001) 58 final

Proposal for a

COUNCIL DECISION

laying down the new guidelines for the multiannual programme to promote international cooperation in the energy sector (1998-2002), SYNERGY, under the multiannual framework programme for actions in the energy sector and connected measures

(presented by the Commission)

EXPLANATORY MEMORANDUM

As part of the general restructuring of the Commission, which more especially concerns the implementing tasks relating to programme and project management to bring activities and resources into line with priorities, it is proposed to adjust the new guidelines for the Energy Framework Programme (Council Decision 1999/21/EC, Euratom), in particular the Synergy subprogramme (Council Decision 1999/23/EC).

The Synergy programme is one of several programmes with limited financial resources for a very broad range of activities. There is a need to focus it more on top priorities, to reduce the number of contracts handled under the programme and to increase the average amount of each contract.

A call for proposals was published at the end of 1999. Since the call for co-funded proposals for 2000, published in the Official Journal on 12 October 1999, no longer corresponds to the Commission's guidelines, the Commission, as the adjudicating body, decided to withdraw the call for proposals and to submit a new draft to the Committee.

At the Committee meeting on 29 September 2000, the Member States objected to the draft new guidelines put forward by the Commission and refused to adopt a position on the new draft call for proposals. As far as the setting of thresholds is concerned, a similar situation has arisen for the Save and Altener programmes.

In accordance with Article 4 of Council Decision 1999/21/EC, Euratom, the Commission is responsible for the implementation of the framework programme and for drafting guidelines applicable to the actions and measures to be taken under each of its specific programmes. As it has not been given the Committee's approval, the Commission is referring its proposal to the Council under the above Article 4 of Decision 1999/21/EC.

Proposal for a

COUNCIL DECISION

laying down the new guidelines for the multiannual programme to promote international cooperation in the energy sector (1998-2002), SYNERGY, under the multiannual framework programme for actions in the energy sector and connected measures

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

Having regard to Council Decision 1999/21/EC of 14 December 1998 adopting a multiannual framework programme for actions in the energy sector (1998-2002) and connected measures,

Having regard to Council Decision 1999/23/EC of 14 December 1998 adopting a multiannual programme to promote international cooperation in the energy sector (1998-2002), "Synergy",

Having regard to the proposal from the Commission,

Whereas:

(1) The Commission has decided to focus more on core functions and has carried out a general restructuring to bring its activities and resources into line with its priorities. This concerns more especially the implementing tasks relating to programme and project management and, in particular, budget headings for small amounts.

(2) The Synergy programme is one of the programmes which have limited financial resources for a very broad field of activities. There is a need to focus it more on top priorities, to reduce the number of contracts dealt with under the programme and to increase their average amount to enable the targets for Commission reform to be met as regards programme management.

(3) The Synergy programme resulted in an excessively large number of small contracts spread over a large geographical area, as stated in the last evaluation report. The situation with the ALTENER and SAVE programmes is similar.

(4) As the adjudicating body, the Commission has the right not to complete an adjudication procedure if that is in the public interest. Under this power, the Commission decided to withdraw the call for proposals for Synergy which was published in 1999 (1999/C 290/05).

(5) The Commission has proposed new guidelines for actions and measures to be undertaken in the framework of the Synergy programme, as set out in the Annex to this Decision.

(6) The Framework Programme Committee has not approved this proposal,

HAS DECIDED AS FOLLOWS:

Sole Article

The Council hereby approves the guidelines for the SYNERGY programme annexed to this Decision.

Done at Brussels,

For the Council
The President

ANNEX: NEW GUIDELINES FOR THE SYNERGY PROGRAMME

As part of the general restructuring of the Commission, which more especially concerns the implementing tasks relating to programme and project management to bring activities and resources into line with priorities, it is proposed to adjust the implementation of the SYNERGY programme.

This programme has very limited funding for a very broad range of activities. The possibility of focusing more on top priorities has been raised several times in the past, in particular at meetings of the Energy Framework Programme Committee. It is also desirable to make the specific features of the SYNERGY programme clearer as compared with the international energy cooperation activities in other external relations programmes managed by the Commission and to make SYNERGY the external part of the energy framework programme.

The Council is therefore proposing measures to:

- focus the SYNERGY programme more on actions which are strictly and directly related to EU energy policy objectives;

- modify its management.

On the first point, while staying within the framework of the Council Decision of 14 December 1998 laying down a multiannual programme to promote international cooperation in the energy sector (1999/23/EC), the approach described above will focus on the following two areas:

- making security of supply the top priority of SYNERGY activities;

- contributing to the implementation of the flexibility mechanisms provided for in the Kyoto Protocol.

On the second point, the task will be to focus the activities to allow for sound management based on the human and financial resources available.

I. Focusing activities more on top priorities

Guaranteeing the EU's security of supply is one of the priorities of energy policy. Sustainable development and the EU's commitments in the framework of the Kyoto Protocol, in particular, are essential for security of supply. The aspects relating to international cooperation, as set out in the Communication from the Commission to the Council and the European Parliament on EU policies and measures to reduce greenhouse gas emissions: towards a European Climate Change Programme (ECCP) (COM(2000) 88) must be included in the strategy followed by the SYNERGY programme.

SYNERGY will therefore focus, firstly, on strengthening the EU's security of supply and, secondly, on the application of the Kyoto flexibility mechanisms. These will be the core activities of the SYNERGY programme and will enable it to be clearly distinguished from other Community programmes which may involve international cooperation in energy.

A. *The aim of security of supply.*

This aim is one of the priorities of energy policy. The Council intends to implement a strategy based chiefly on guaranteeing security of energy supply. The SYNERGY programme is not going in a new direction, but is being focused more on one of the objectives set out in the Decision establishing the programme.

More specifically, the programme will in this framework provide funding for activities which contribute to one or more of the following objectives:

- the analysis of EU supply and the prospects for change, in particular by studying the prospects for production and exports to Europe from producer countries;

- the promotion of dialogue between the EU, the producer countries in general, the main exporters to Europe and the international organisations: the setting up of working parties and the funding of meetings or training activities;

- support for the development of energy policies in production and transit countries to optimise their production or to integrate them into the international distribution networks and the adoption of a policy of free access to the production and transport of energy, in particular by the adoption of legal frameworks which promote liberalisation;

- the analysis of investment in production and transit in regions which are important for EU supply: technical feasibility, economic, environmental and financial studies, seminars and conferences on such types of investment, etc.

In view of the ongoing process of enlargement, the SYNERGY programme will also be used for projects to strengthen the security of supply in the candidate countries, complementing the SAVE and ALTENER activities in those countries. Examples include:

- analysis of the contribution of the various energy sources to a candidate country's energy balance, including energy imports;

- activities to promote regional exchanges between third countries and candidate countries.

B. *Contribution to the implementation of the Kyoto Protocol*

This is a new field of activities which fits in with the Communication from the Commission to the Council and the European Parliament on EU policies and measures to reduce greenhouse gas emissions: towards a European Climate Change Programme (ECCP) (COM(2000) 88) and with the Sixth Conference of the Parties which took place in The Hague in November 2000.

For the implementation of the flexibility mechanisms, third countries may take action in the following areas:

- energy efficiency, e.g. the promotion of combined heat and power production and the auditing of existing facilities;

- the development of mechanisms for funding investments in clean technologies;

- the promotion of renewable sources of energy, in particular biomass;

- optimisation of the use of energy by households in rural and urban areas (technology transfer, capacity creation);

- the promotion of clean coal technologies.

The SYNERGY programme is able to provide a framework for these energy-based activities to pave the way for and support activities in the Community's major international cooperation and development aid programmes.

II. Improving the programme management

A. *Focusing the activities*

From the viewpoint of more efficient use of resources, the spreading of a programme over a number of small projects raises problems as regards both the management of resources and the effectiveness of the projects funded.

In view of this, the SYNERGY programme will focus on a limited number of projects with higher unit amounts. The projects may therefore cover several countries or regions at the same time or lay down a multiannual framework and the substantial reduction in the number of projects funded will mean that their progress can be better monitored.

The aim will be to double the unit amount per project. Except in duly substantiated cases, the amount of funding provided by the SYNERGY programme should not be less than EUR 400 000. Given that co-funding under the SYNERGY programme may not exceed 50% for co-funded contracts, the total budget of each project funded should therefore be at least EUR 800 000, unless exemptions are allowed for special reasons. To achieve these amounts, it will be possible to combine projects being carried out by different consultants under the aegis of a coordinator.

B. *Defining the evaluation criteria*

The evaluation will be carried out by the Commission on the basis of the criteria set out in the call for proposals.

The main criterion is that projects correspond to the top priorities as regards security of supply and flexibility mechanisms. The other criteria are: the cost/benefit ratio, the standard of the work programme put forward, the ability of the participants to carry it out, and the standard of co-funding provided.

In order to ensure mutual benefit for the projects presented, proposals should involve a minimum of two participants in at least two EU countries and one participant in a third country. The international organisations (IEA, Energy Charter Secretariat, etc.) are considered to be Community organisations if the Member States or the Commission participate in them.

III. Commission proposal

The call for proposals to be co-funded in 2000 published in the Official Journal on 12 October 1999 no longer corresponds to the Commission's guidelines. A new call in line with the above guidelines will be launched.

Proposals which were submitted in response to the earlier call for proposals and which correspond to the new priorities may be submitted under the new call. This may be done by means of a simple letter stating this fact if the proposer believes that the project already corresponded to the priorities or can be brought into line with them. In particular, the combining of projects to raise them to the minimum amount indicated above is encouraged.

FINANCIAL STATEMENT

DATE: [16/1/2001]

1. BUDGET HEADING:
[B4-1041 : Synergy – Promotion of international cooperation in the energy sector]

APPROPRIATIONS:
[3.500 million]

2. TITLE:
[Proposal for a Commission Decision on the adoption of an amendment to the work programme for the implementation of the "Synergy - Promotion of international cooperation in the energy sector" programme (1998-2002)]

3. LEGAL BASIS:

[- Article 130i of the EC Treaty; Council Decision of 14 December 1998 adopting a multiannual framework programme for actions in the energy sector (1998-2002) and connected measures.

Council Decision of 14 December 1998 adopting a multiannual programme to promote international cooperation in the energy sector (1998-2002).]

4. AIMS OF PROJECT:

[The need for a programme of international cooperation at European level to supplement national policies in this sector is made all the more urgent by the likely changes in the global energy situation over the next few years:

- an increase in Europe's energy dependence;
- a sharp increase in the energy dependence of the developing countries;
- the increasing impact of international environmental issues, in particular greenhouse gas emissions, on energy options following the Kyoto Agreement.

Promoting cooperation schemes for the development and implementation of third countries' energy policies should help in achieving the European Union's energy objectives and, chiefly, guaranteeing the EU's security of energy supply.

This action should help to achieve these objectives by launching projects aimed in particular at:

- strengthening ties between energy sector experts and decision-makers in the Community and between the Community and third countries;
- improving energy demand management and promoting the use of environmentally-friendly technologies in third countries and hence Community business investment in the energy sectors of third countries which are producers;
- supporting regional energy integration in third countries which are producers and provide transit and opening up the energy sector;
- extending discussion on energy policy and increasing contacts between the Community, producer countries and the international energy organisations;
- helping to shape an energy policy and legislative measures in third countries, which will have an immediate impact on energy supply in the European Union.

In this context, the action also underpins the European Union's external relations policy and helps to create a framework for shaping and defining the energy policies funded by other Community instruments and preparing the ground for the accession of the Central and East European countries."]

5.	FINANCIAL IMPLICATIONS	PERIOD OF 12 MONTHS (million EUR)	CURRENT FINANCIAL YEAR [2001] (million EUR)	FOLLOWING FINANCIAL YEAR [2002] (million EUR)
5.0	EXPENDITURE - CHARGED TO THE EC BUDGET (REFUNDS/INTERVENTION) - NATIONAL ADMINISTRATION - OTHER	[3.410]	[3.410]	[3.100 proposed budget estimate]
5.1	REVENUE - OWN RESOURCES OF THE EC (LEVIES/CUSTOMS DUTIES) - NATIONAL	[0]	[0]	[0]
		[2001]	[2002]	
5.0.1	ESTIMATED EXPENDITURE	[4.310]	[4.150 *estimate]	
5.1.1	ESTIMATED REVENUE	[0]	[0]	
5.2	METHOD OF CALCULATION: [NA]			
6.0	CAN THE PROJECT BE FINANCED FROM APPROPRIATIONS ENTERED IN THE RELEVANT CHAPTER OF THE CURRENT BUDGET?			YES
6.1	CAN THE PROJECT BE FINANCED BY TRANSFER BETWEEN CHAPTERS OF THE CURRENT BUDGET?			NO
6.2	IS A SUPPLEMENTARY BUDGET NECESSARY?			NO
6.3	WILL FUTURE BUDGET APPROPRIATIONS BE NECESSARY?			NO
OBSERVATIONS: [NA]				