COUNCIL REGULATION (EEC) No 1303/78

of 12 June 1978

on the granting of financial support for demonstration projects in the field of energy-saving

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 235 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament (1),

Having regard to the opinion of the Economic and Social Committee (2),

Whereas pursuant to Article 2 of the Treaty the Community has as its task to promote throughout the Community a harmonious development of economic activities, a continuous and balanced expansion and an increase in stability ;

Whereas in the present energy situation a reduction in the rate of increase in energy consumption will contribute effectively to the achievement of these objectives ;

Whereas in its resolution of 17 September 1974 concerning a new energy policy strategy for the Community (3) the Council approved the objective of a 'reduction of the rate of growth of internal consumption by measures for using energy rationally and economically without jeopardizing social and economic growth objectives' ;

Whereas encouraging the demonstration of new technologies which directly result in energy savings in that they improve energy efficiency provides a means of attaining this objective ;

Whereas the Community and the Member States have adopted research and development programmes in the field of energy-saving ; whereas a Community programme of aid for demonstration projects in the field of energy-saving should contribute to a thorough application of the results of such research and development ;

Whereas the first responsibility for financing such activities lies with industry ; whereas, in view of the risks and large investments involved in such activities, particularly with technologies which have not been subjected to full-scale trials or applied commercially, provision should nevertheless be made for the possibility of Community support for these activities, particularly where they may benefit the Community as a whole ;

Whereas the granting by the Community of the benefits envisaged must not affect conditions of competition in a manner incompatible with the principles embodied in the relevant provisions of the Treaty ;

Whereas, in view of the need to limit such support to that which is strictly essential, the Community must have at its disposal every means of assessing, case by case, the possible benefits to it of such projects and their conformity with the objectives of the Community energy policy ;

Whereas, for this purpose, taking into account the scope for coordination, the Community should be told of the support the proposer may be receiving or expecting from Community, national or other sources ;

Whereas to this end the beneficiaries should assume obligations towards the Community in return for the benefits received ;

Whereas the Treaty does not provide the specific powers necessary for these purposes,

HAS ADOPTED THIS REGULATION :

Article 1

Under the conditions laid down in this Regulation, the Community may grant financial support for Community demonstration projects as defined in Article 2 of this Regulation which involve a significant improvement in the efficiency with which energy is used.

Article 2

Community demonstration projects shall be related to the creation of installations making full-scale use of new equipment, processes or products enabling signifi-

(1) OJ No C 299, 12. 12. 1977, p. 50.
(2) OJ No C 287, 30. 11. 1977, p. 7.
(3) OJ No C 153, 9. 7. 1975, p. 1.

cant quantities of energy to be saved. Such projects shall apply a new technique or new process or product, or make use of a new application of techniques, processes or products already known. A list of possible fields of application is given in the Annex hereto.

Community demonstration projects must satisfy the following conditions :

— they must be capable of encouraging other installations of the same type in the Community and have real prospects of commercial use ;

— in view of the risks or large investments involved in such activities finance for the demonstration of potentially viable projects is not forthcoming in a satisfactory manner.

Article 3

Responsibility for projects shall devolve upon a natural person or a legal person constituted in accordance with the laws in force in the Member States.

If the creation of a legal entity with the capacity to carry out a project involves additional costs for the participating undertakings the project may be carried out simply by cooperation between natural or legal persons. In that case, such persons shall be jointly and severally liable for the obligations resulting from Community support.

Article 4

Support for a project may take the form of a Community financial contribution to the project, repayable under certain conditions, from the appropriations provided for this purpose in the general budget of the European Communities, and taking into account any financial aid for the project received or expected from Community, national or other sources as well as the share of the risk that should be borne directly by those responsible for the project.

Such support may in general be no less than 25 % and no more than 49 % of the total cost of the project. The level of support shall be determined for each project individually, in accordance with the procedure laid down in Article 5 and with due regard to any other aid received or expected.

Article 5

1. Every project submitted for consideration by individuals or undertakings in the Community further to an invitation to tender published in the *Official Journal of the European Communities* shall be examined by the Commission on the basis of the following information to be provided by the applicants :

— a detailed description of the project, including the organization of its administration, and the energy savings which might be obtained ;

— the time-scale for carrying out the project ;

— the financial situation and technical capabilities of the person or persons responsible for the project ;

— the nature and extent of the technical and economic risks of the project ;

— the cost of the project, its economic viability, and the financing arrangements proposed ;

— the extent to which the relevant experience obtained may encourage widespread introduction of the technique, process or product in the Community ; the prospects of widespread application of the technique, process or product and the benefits thereby obtainable for the economy as a whole ;

— whether the project has received financial assistance at an earlier stage of research and development by the Community or by Member States ;

— details of any other financial support for the project provided for by or expected from Member States or the Community ;

— any other information which can justify the Community support requested ;

— how it is proposed to publicize the results of the demonstration.

2. The Commission shall decide whether to grant or refuse support for such projects after consulting the Advisory Committee on the Management of Demonstration Projects, composed of representatives of the Member States. The Commission's decision shall be communicated to the Council and to the Member States forthwith and shall apply upon expiry of a period of 20 working days if during that period no Member State has referred the matter to the Council. At the request of a Member State, the Council shall rule on the Commission decision, acting unanimously in the case of the first set of projects and by a qualified majority in the case of subsequent projects.

Article 6

The benefits granted by the Community must not affect the conditions of competition in a manner incompatible with the principles embodied in the relevant provisions of the Treaty.

Article 7

1. The Commission shall negotiate and conclude the contracts necessary for the implementation of projects selected pursuant to Article 5. To that end the Commission shall draw up a model contract setting forth the rights and obligations of each party and in particular the procedures for any repayment of amounts of financial support.

2. The person or persons responsible for implementing a project in receipt of Community support shall send to the Commission, each year or at its request, a report on the fulfilment of contractual obligations towards the Commission and in particular the progress of work on the project and the expenditure incurred in carrying it out.

3. The Commission shall have access at all times to the accounts relating to the project. It may have checks carried out on the spot and using documentary evidence, as a means of monitoring the performance of the contract and in particular the progress and implementation of Community projects.

4. Where the extent of financial support from the Community and the size of the project so warrant, the Commission may participate as an observer in meetings of the bodies responsible for the management of the projects if the contract so provides.

Article 8

The Commission shall report periodically on the application of this Regulation to the European Parliament and to the Council, which shall both express an opinion on the report.

Article 9

This Regulation shall apply for four years.

The Council, acting on a proposal from the Commission, shall decide whether it should be extended or amended.

Article 10

This Regulation shall enter into force following the decision taken by the Commission, or by the Council in the event of an appeal, on the first series of projects in accordance with Article 5, and following the adoption by the Council of a Regulation fixing by unanimity the maximum amount of aid to be made available under this Regulation.

However, Article 5 shall enter into force on the day following its publication in the *Official Journal of the European Communities.*

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Luxembourg, 12 June 1978.

For the Council

The President

K. OLESEN

ANNEX

LIST OF POSSIBLE FIELDS OF APPLICATION

The following list gives examples of the potential fields of application of this Regulation. It is not exhaustive nor does it reflect priorities.

1. Buildings

1.1. New materials or new applications of existing materials for the thermal insulation of new or existing buildings.

1.2. Methods of resolving problems linked with efficient thermal insulation, such as ventilation, condensation, thermal inertia, vapour formation, fire and safety rules, etc.

1.3. More effective methods for the heating and air conditioning of premises and for the production of domestic hot water, such as heat pumps having new technical characteristics which can improve their competitiveness and reliability, the small-scale use of solar collectors and improvements in conventional systems making for significant energy savings.

1.4. Methods of reducing ventilation needs, e.g. in industry or hospitals.

2. Supply and use of process heat and of electricity in industry

2.1. Improved efficiency in the production and utilization of process heat and of electricity in industry, e.g. through enhanced performance and greater reliability of installations.

2.2. Recovery and recycling of residual heat, either as heat or for the combined production of heat and power, in the same installation or elsewhere, e.g. by improving heat exchangers, through the use of high-power and/or high-temperature heat pumps, through the use of new heat storage methods.

2.3. Demonstration of new industrial processes with equivalent functions but smaller energy requirements.

2.4. Method of using waste or low-heat fuels for the supply of heat and/or power to industry.

3. Energy industry

3.1. More efficient methods for the combined production of heat and power for collective use, e.g. improved performances, improved plant reliability, demonstration of large-scale storage, demonstration of long-distance heating networks.

3.2. Methods of using waste materials, residual heat or low-heat fuels for collective use, e.g. the use of residual heat of large industrial complexes or conventional power stations, use of domestic or agricultural waste as fuels, demonstration of very large heat pumps (in the region of 5 MW or more).

4. Transport

4.1. Methods of increasing the energy yield of engines and motor vehicles without reducing performance.

4.2. Methods of increasing the attraction of public transport, e.g. control systems, user information systems, etc.