COUNCIL REGULATION (EEC) No 3301/86

of 27 October 1986

instituting a Community programme for the development of certain less-favoured regions of the Community by exploiting endogenous energy potential (Valoren programme)

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Having regard to Council Regulation (EEC) No 1787/84 of 19 June 1984 on the European Regional Development Fund [1], and in particular Article 7 (4) thereof,

Having regard to the proposal from the Commission [2],

Having regard to the opinion of the European Parliament [3],

Having regard to the opinion of the Economic and Social Committee [4],

Whereas Article 7 of Regulation (EEC) No 1787/84, hereinafter referred to as the 'Fund Regulation', provides for participation by the Fund in Community programmes designed to help in solving serious problems affecting the socio-economic situation in one or more regions and to provide a better link between the Community's objectives for the structural development or conversion of regions and the objectives of other Community policies;

Whereas Ireland, the Mezzogiorno and some regions in Greece, Spain and Portugal have to contend with particularly serious economic problems; whereas these regions are, at the same time, confronted with serious energy problems affecting their socio-economic situation, such as heavy dependence on imports, especially oil, for their energy needs, a large proportion of hydrocarbons in the generation of electricity and a decline in the energy content of gross domestic product that is less pronounced than the Community average;

Whereas similar economic and energy problems are encountered in Corsica, in the French overseas departments and in Northern Ireland;

Whereas the exploitation of local energy resources and the efficient use of energy are suitable ways of fostering the economic development of the regions concerned, while respecting the objectives of Community environment policy, in that they raise the level of production of the regions, permit job creation and promote the dissemination of new technologies;

Whereas, because of their structural economic problems, the aforementioned Member States and regions are finding it difficult to meet the energy objectives laid down for 1995 by the Community in the Council resolution of 16 September 1986 [5]; whereas for the Community as a whole those objectives include improving the efficiency of final energy demand, restricting oil consumption, in the Community, increasing the part played by solid fuels in energy consumption, reducing as far as possible the proportion of hydrocarbons in electricity production and substantially increasing the contribution of new and renewable energy sources; whereas in its resolution of 15 September 1986 [6] the Council also encouraged improved energy efficiency in industrial firms in the Member States;

Whereas a Community programme to exploit endogenous energy potential also contributes towards the attainment of the Community's energy objectives; whereas, therefore, it provides a better link between the Community's regional development objectives and its energy policy objectives;

Whereas the information received from the Member States concerned reveals that they possess exploitable endogenous energy resources and energy saving potential;

Whereas Community assistance makes it possible to exploit the technical and economic experience gained by the Community in implementing Regulation (EEC) No 3640/85 [7] on the promotion, by financial support, of demonstration projects relating to the exploitation of alternative energy sources, to energy saving and to the substitution of hydrocarbons, and of industrial pilot projects and demonstration projects relating to the liquefaction and gasification of solid fuels; whereas Community assistance can thus help, by means of wide dissemination of information, to make new techniques economically viable;

Whereas application of new energy techniques on a larger scale under satisfactory economic conditions calls for preparation at regional level involving appropriate technical studies and market surveys, a coordinated and

[1] OJ No L 169, 28. 6. 1984, p. 1.
[2] OJ No C 358, 31. 12. 1985, p. 11; OJ No C 147, 14. 6. 1986, p. 4 and OJ No C 194, 1. 8. 1986, p. 7.
[3] OJ No C 176, 14. 7. 1986, p. 182.
[4] OJ No C 207, 18. 8. 1986, p. 28.
[5] OJ No C 241, 25. 9. 1986, p. 1.
[6] OJ No C 240, 24. 9. 1986, p. 1.
[7] OJ No L 350, 27. 12. 1985, p. 29.

consistent approach based on local or regional energy plans, technical assistance for users, in particular small and medium-sized undertakings, and promotional and information campaigns;

Whereas, in the regions qualifying for assistance under Council Regulation (EEC) No 2618/80 of 7 October 1980 instituting a specific Community regional development measure contributing to improving security of energy supply in certain Community regions by way of improved use of new techniques for hydro-electric power and alternative energy sources [1], as amended by Regulation (EEC) No 218/84 [2], and under Council Regulation (EEC) No 2619/80 of 7 October 1980 instituting a specific Community regional development measure contributing to the improvement of the economic and social situation of the border areas of Ireland and Northern Ireland [3], as amended by Regulation (EEC) No 3637/85 [4], additional measures are required to augment and supplement the assistance available;

Whereas Council Directive 85/337/EEC of 17 June 1985 on the assessment of the effects of certain public and private projects on the environment [5] provides, *inter alia*, that certain types of projects are to be made subject to assessment where Member States consider that their characteristics so require;

Whereas Community assistance must be provided in the form of multiannual programmes drawn up by the competent authorities in the Member States concerned; whereas, in order to ensure sound financial management of the Fund, Member States will need to transmit such assistance programmes to the Commission within a specific period following the entry into force of the Community programme; whereas, it is for the Commission, in adopting those programmes, to ensure that the operations proposed therein are in keeping with this Regulation,

HAS ADOPTED THIS REGULATION:

Article 1

A Community programme within the meaning of Article 7 of the Fund Regulation is hereby established to contribute to the development of certain less-favoured regions of the Community by exploiting endogenous energy potential.

Article 2

The purpose of the Communiy programme shall be to contribute to strengthening the economic base in the regions concerned by improving local energy supply conditions on satisfactory economic terms while respecting the objectives of Community environment policy, to foster job creation and to help raise technological standards in those regions. To this end, the programme shall provide for the implementation in all the regions defined in Article 3 and in the light of socio-economic needs and regional potential of a series of consistent, multiannual measures aimed at the exploitation of local energy resources and the efficient use of energy together with promotional measures in both cases, including the dissemination of new technologies.

The Community programme shall thereby seek to provide a better link between the Community's objectives for the structural development of regions and its energy policy objectives.

Article 3

1. The Community programme shall concern regions satisfying all the following conditions simultaneously:

(a) a particularly difficult economic situation compared with the Community as a whole;

(b) location:

— either in Member States that have considerable leeway to make up as regards attainment of the energy objectives set for the Community as a whole,

— or on island territory having to contend with high energy costs and heavily dependent on external energy supplies;

(c) as a general rule, eligibility under a national regional aid scheme.

2. The regions satisfying the conditions set out in paragraph 1 are:

(a) in Spain:

regions eligible for the national regional aid scheme as they will be determined by the Commission pursuant to Article 92 of the Treaty;

(b) in France:

Corsica and the overseas departments;

(c) in Greece:

all regions with the exception of 'area A' of the nomos of Attica as currently defined by Law No 1262/82 of 14 June 1982 *(Official Journal of the Hellenic Republic*, 16 June 1982, A No 70, p. 559);

(d) Ireland;

(e) in Italy:

the regions and zones of the Mezzogiorno;

(f) in Portugal:

regions eligible for the national regional aid scheme as they will be determined by the Commission pursuant to Article 92 of the Treaty;

(g) in the United Kingdom:

Northern Ireland.

(1) OJ No L 271, 15. 10. 1980, p. 23.
(2) OJ No L 27, 31. 1. 1984, p. 19.
(3) OJ No L 271, 15. 10. 1980, p. 28.
(4) OJ No L 350, 27. 12. 1985, p. 6.
(5) OJ No L 175, 5. 7. 1985, p. 40.

Article 4

The Fund may participate, under the Community programme, in the following operations:

1. Exploitation of local energy resources. For the purposes of this Regulation, these shall comprise:

   (a) the following renewable sources of energy: solar and wind energy, biomass, energy-generating exploitation of urban and industrial waste, small-scale hydro-power and geothermal energy. The following operations shall be eligible under this heading:

   — feasibility studies in the fields listed below and environmental impact studies as provided for in Directive 85/337/EEC,

   — investments in energy generation and conversion, including connections to distribution grids, for example installation of mini-turbines, including preparation of existing sites and the related hydro-electric installations; installation of wind-powered generators and equipment utilizing solar energy or enabling energy to be recovered from biomass; the prospecting and development of geothermal fields and particularly installations for exploiting such fields;

   (b) small deposits of peat and lignite.

   The following operations shall be eligible under this heading:

   — feasibility studies in the fields listed below, and environmental impact studies as provided for in Directive 85/337/EEC,

   — investment in the extraction and processing of the fuel. Large combustion plants shall include equipment and devices to reduce air pollution as provided for in the Community directives.

2. Efficient use of energy in small and medium-sized undertakings in the industrial, craft industry and service sectors, including tourism, and in connection with infrastructures, within the limits laid down in the Annex to the Fund Regulation.

   For the purposes of this Regulation, this use shall cover:

   (a) energy savings.

   The following operations shall be eligible under this heading:

   — feasibility studies in the fields listed below,

   — investment projects designed to reduce specific energy consumption, such as insulation, regulation, lagging, load balancing and work connected with the energy-related rationalization of production processes;

   (b) oil substitution.

   The following operations shall be eligible under this headings:

   — feasibility studies in the fields listed below and environmental impact studies as provided for in Directive 85/337/EEC,

   — investment projects to secure efficient utilization of natural gas, combined heat and electricity generation, recovery of waste heat and the replacement of oil products by urban, agricultural and industrial waste, by lignite or peat and by agricultural and forestry by-products.

3. Promotion at local and regional levels of improved use of energy potential.

   The following operations shall be eligible under this heading:

   (a) surveys and studies which, particularly in the light of the results obtained by way of Community research, development and demonstration programmes in the energy field, are aimed at:

   — better identification of the opportunities for exploiting local energy resources and for making efficient use of energy,

   — pinpointing potential markets for the plant and equipment needed to exploit energy resources; these studies may concern the adaptation of such plant and equipment to local conditions,

   — preparing the ground for local and regional energy programmes contributing to a better balance between regional energy needs and local and national resources and to integrated utilization of those resources;

   (b) provision of advisory services and technical back-up for small and medium-sized undertakings in the industrial, craft industry and services sectors, including tourism, with a view to:

   — facilitating use of the plant, equipment and processes associated with the exploitation of local energy resources and with the efficient use of energy,

   — encouraging the design, manufacture and installation of such plant, equipment and processes;

   (c) information and publicity campaigns aimed at making potential users aware of the advantages accruing from the exploitation of local energy resources and the efficient use of energy and of the support measures planned under the Community programme. Such campaigns may include the organization of seminars, courses and briefings, the publication of standards and the dissemination of the results of demonstration projects.

Article 5

1. The Community programme shall be financed jointly by the Member State concerned and the Community. Assistance from the Fund, which may not exceed 55 % of the total public expenditure taken into account in the programme, shall be provided from the appropriations entered for this purpose in the general budget of the European Communities. The Community contribution shall be as follows :

(1) Operations relating to the exploitation of local energy resources and to the efficient use of energy, as referred to in Article 4 (1) and (2) :

(a) infrastructure investment projects financed wholly or partly by public authorities or by an equivalent body responsible for the implementation of infrastructure projects : 55 % of the total expenditure borne by a public authority or equivalent body ;

(b) investment projects in the industrial, craft industry and service sectors : 50 % of the public expenditure resulting from the grant of investment aid ;

(c) feasibility and environmental impact studies : either 70 % of their cost or 50 % of the public expenditure resulting from the grant of aid in respect of them ;

(2) promotion or improved exploitation of indigenous energy potential :

(a) operations referred to in Article 4 (3) (a) : either 70 % of the cost of surveys or studies or 50 % of the public expenditure resulting from the grant of aid in respect of them ;

(b) operations referred to in Article 4 (3) (b) :

— 50 % of the public expenditure resulting from the grant of aid to businesses ; or

— aid covering part of the expenditure incurred by advisory and technical back-up agencies in respect of the provision of services to businesses. This aid shall be degressive and shall be granted for three years. It shall cover 70 % of expenditure in the first year and shall not exceed 50 % of total expenditure over the three-year period ;

(c) operations referred to in Article 4 (3) (c) :

aid covering 50 % of the cost of information and publicity campaigns.

2. As regards the Portuguese regions, the rates of the Fund's contribution provided for in paragraph 1 shall be increased until 31 December 1990 by 20 points, with a maximum rate of 70 %.

3. At the request of the Member State, the rates of the Fund's contribution may be lower than those laid down in paragraphs 1 and 2.

Article 6

1. All or part of the aid may be in the form of a capital grant or an interest subsidy.

2. The following shall be eligible for Fund assistance in respect of operations referred to in Article 5 : public authorities, local and regional authorities, other bodies, businesses, cooperatives or individuals.

3. The investment projects referred to in Article 4 shall match established performances and shall not therefore be eligible under Regulation (EEC) No 3640/85.

4. (a) Aid granted under the Community programme shall not be combined with aid provided for elsewhere in the Fund Regulation or in Regulations (EEC) No 2618/80 and (EEC) No 2619/80.

(b) Furthermore, the aids referred to in Article 5 (1) (1) (c) and (2) may not have the effect of reducing the share of expenditure borne by recipient businesses to less than 20 % of total expenditure.

Article 7

All the operations referred to in Article 4 shall also satisfy the following provisions : the Fund's contribution to the promotional measures provided for in Article 4 (3) may not exceed 15 % of the total contribution to the programme ; in addition, the Fund's contribution to the surveys and studies provided for in Article 4 (3) (a) may not exceed 5 % of the total contribution to the programme.

Article 8

1. The duration of the programme shall be five years from the date of entry into force of this Regulation.

2. The intervention programme shall be submitted to the Commission within six months of the entry into force of this Regulation ; the Commission may extend that period by one month in exceptional circumstances.

Article 9

The amount of Fund assistance may not exceed the amount laid down by the Commission when it adopts the agreement referred to in Article 13 (1) of the Fund Regulation.

Article 10

This Regulation 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, 27 October 1986.

For the Council

The President

G. HOWE