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European Union

Brussels, 9 December 2014

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IND	377
ENV	976
RECH	475

NOTE

from: General Secretariat of the Council
to: Delegations

Subject: Partial summary of the meeting of the **Committee on Industry, Research and Energy (ITRE)** of the European Parliament, held in Brussels on 3-4 December 2014 (items 5-7 and 9-13)

- **ITRE had an exchange of views with Commissioner Miguel Arias Cañete, Commissioner for Climate Action and Energy and with Carlos Moedas, Commissioner for Research, Science and Innovation.**
- **ITRE had a first exchange of views on the Commission proposal on the programme on interoperability solutions for European public administrations, businesses and citizens (ISA2).**
- **The Committee also considered amendments on the draft opinion on the establishment and operation of a market stability reserve for the Union greenhouse gas emission trading scheme.**
- **ITRE adopted an oral question to the Commission on the implementation of PRIMA (Partnership for Research and Innovation in the Mediterranean Area).**
- **Discussion on two ITRE own initiative reports on the European Energy Security Strategy and on Green growth opportunities for SMEs. ITRE also heard a presentation by the Secretary General of the Energy Charter, Dr RUSNÁK.**

5. Interoperability solutions for European public administrations, businesses and citizens (ISA2) Interoperability as a means for modernising the public sector

Rapporteur: Carlos Zorrinho (S&D)

Responsible: ITRE –

Opinions: BUDG, ENVI, IMCO, REGI, JURI, LIBE

- Exchange of views

The rapporteur, Mr ZORRINHO (S&D, PT) welcomed the Commission proposal. However, he felt the need to further stress its social and economic benefits and to provide better privacy safeguards.

Mr BONI (EPP, PL) was also supportive and hoped that this new programme would be in force in 2016 when the current one would expire. He underlined the need to avoid overlap with other programmes. Ms KALLAS (ALDE, EE), replacing Mr THEURER (ALDE, DE), stressed the urgent need for interoperability and asked about the link with eu-LISA¹. She suggested using existing solutions and increasing Member States' involvement on the matter. Mr HENKEL (ECR, DE), replacing Mr TOŠENOVSKÝ (ECR, CZ), felt that this was a positive - but long overdue - initiative. However, he was concerned that only 16 countries were participating. Mr MARAGALL (Greens/EFA, ES) considered that the proposed budget was insufficient and believed that development of interoperability on tax matters was essential. Mr TAMBURRANO (EFDD, IT), replacing Mr BORELLI (EFDD, IT), agreed with the importance of the issue. Ms del CASTILLO VERA (EPP, ES) stressed the need to deal urgently with the proposal.

The Commission representative clarified that this programme would offer an horizontal approach compared to other programmes. She agreed with the need to disseminate solutions, referring to the proposed joined platform, and indicated that Member States had been consulted on the proposal.

The rapporteur hoped for rapid progress on the file since the programme had to be operational on 1 January 2016.

Next steps:

- Consideration of draft report: 22 January 2015
- Deadline for amendments: 28 January 2015
- Vote in ITRE: 14 April 2015
- Vote in Plenary: June 2015

¹ European Agency for the Operational Management of Large-Scale IT Systems in the Area of Freedom, Security and Justice

6. European Energy Security Strategy

Rapporteur: Algirdas Saudargas (PPE)

Responsible: ITRE –

Opinions: AFET, INTA, ENVI

- Exchange of views

The rapporteur, Mr SAUDARGAS (EPP, LV), explained that this own initiative report was a reaction to the Commission Communication of 28 May. He pointed to the need to complete the Internal Energy Market, to develop EU production and technologies, to promote energy efficiency, interconnections and Projects of Common Interest (PCI). On the external dimension, he underlined the importance of diversification and considered that Russia was no longer a reliable supplier.

Mr POCHE (S&D, CZ) stressed the need to focus on technologies, energy efficiency and a functioning energy market. Mr FOX (ECR, UK) considered that a fully functioning single market would provide security, raising in particular the lack of interconnections between France and Spain. He also considered that PCI had to be prioritised and that the third energy package had to be fully implemented but was against collective purchasing. Mr PETERSEN (ALDE, DK) pleaded to develop renewables, giving the example of Denmark. Mr SYLIOKITIS (GUE/NGL, CY) underlined the need to fight energy poverty and to exploit energy resources in the East Mediterranean, particularly in Cyprus. Mr JÁVOR (Greens/EFA, HU) said that the strategy had to be consistent with EU climate policies. Mr TAMBURRANO (EFDD, IT) supported energy diversification but stressed the dangers of overcapacity. He expressed his opposition to nuclear energy. Individual interventions raised a variety of aspects related to energy security (in particular need for a fully functional internal energy market, diversification, interconnections, new technologies, financing of infrastructures, renewables, gas hub in Southern Europe, need for alternatives to South Stream).

The Commission representative stressed the European dimension of energy security. The rapporteur concluded by saying that he intended to prepare a balanced report covering different issues, without omitting social aspects.

Next steps:

- Consideration of draft report: 21 January 2015
- Deadline for amendments: 28 January 2015
- Consideration of amendments: 23 February 2015
- Vote in ITRE: 14 April 2015
- Vote in Plenary: May I 2015

7. Structured Dialogue European Parliament - European Commission, Exchange of views with Miguel Arias Cañete, Commissioner for Climate Action and Energy

The ITRE Chair, Mr BUZEK (EPP, PL), introduced the discussion by saying that this exchange of views was part of the structured dialogue provided for in the EP/Commission framework agreement.

Commissioner CAÑETE told MEPs that he had wanted to come to ITRE before the adoption of the Commission 2015 annual work programme. He stated that security of supply, competitiveness, climate and economic sustainability should be the guiding principles for building the Energy Union. He outlined the main elements of the strategy on the Energy Union - coordinated by VP Šefčovič - that the Commission should adopt in the beginning of 2015. He stressed the need to complete the internal energy market, adding that all Member States had to comply with all EU energy laws. He recalled the European Council conclusions of last October on climate and energy, referring in particular to a forthcoming Commission proposal on interconnections and to the future reform of the ETS system. He also highlighted Projects of Common Interest (PCI) and the prominent place of the energy sector in the Investment plan of President Juncker. He said that the Commission had taken note of the Russian decision to stop the South Stream project and will now assess the situation. He pointed to the need to ensure security and diversification of energy supply, notably by working on the Southern corridor.

During the discussion, the EPP (Mr KARIŇŠ, LV) stressed the different national situations and the challenge to balance security of supply with climate goals and competitiveness. The S&D (Mr NICA, RO) gave political support to the Commission plans and took the view that the energy efficiency directive had to be revised. The ECR (Mr BAREKOV, BG) asked about the Commission strategy for compensating the end of South Stream. ALDE (Mr GIRAUTA VIDAL, ES) asked whether the Commission Investment plan could be used for interconnections of "energy islands" and for SMEs. The Greens/EFA (Mr JÁVOR, HU) wanted to know about a recent incident in a nuclear power plant in Ukraine. GUE/NGL (Ms LÓPEZ BERMEJO, ES) considered that the liberalisation of the electricity market was leading to oligopolies and losses of jobs. EFDD (Mr TAMBURRANO, IT) called for the complete abolition of the ETS system and for a carbon tax instead.

In a second round of interventions, MEPs addressed a wide range of issues (in particular Lima/Paris climate change conferences, "energy islands" interconnections, need for binding targets for the ETS and non-ETS sectors, earlier entry into force of the Market Stability Reserve (MSR), need to develop carbon capture and storage, energy poverty). They raised specific national situations, expressed divergent positions on the choices of energy sources and on the effectiveness of renewables, reflecting the traditional lines of their political groups.

The Commissioner replied that the new system of governance would bring flexibility to take into account Member States' situations. He answered that the Energy efficiency directive should first be applied by all Member States before envisaging any revision. On South Stream, the Commission could agree to continue the project if EU law was being respected. In case the project would stop, he thought that EU work on interconnections and infrastructures should be accelerated to guarantee energy supply in the countries concerned. He told MEPs that the Investment Plan could be used *inter alia* for infrastructure projects for interconnections, energy efficiency, renewables and that part of the plan was earmarked for SMEs. He indicated that the incident in the nuclear plant in Ukraine was being addressed and seemed not to pose any threat. On the MSR, he said that the earlier it could start, the better.

*** Electronic vote ***

9. Implementation of PRIMA under Art 185 TFEU

Responsible: ITRE –

- The question for oral answer by the Commission on the implementation of PRIMA (Partnership for Research and Innovation in the Mediterranean Area) was adopted by 48 votes in favour, 1 vote against and no abstention.

*** End of electronic vote ***

10. Structured Dialogue European Parliament - European Commission, Exchange of views with Carlos Moedas, Commissioner for Research, Science and Innovation

Commissioner Moedas set out his first initiatives since the beginning of his mandate. He believed that the Horizon 2020 contribution of EUR 2,7 billion to the new Commission investment plan was justified since research, science and innovation needed investment. He explained how Horizon 2020 could contribute to the plan in the context of the current shortage of payments. He mentioned that bills had been paid for 2014 and that he was opposed to any cuts on Horizon 2020/2015 budget lines, calling for MEPs help during negotiations with the Council. He indicated that the 2.7 billion input would be spread over three years.

During the discussion, EPP (Mr EHLER, DE) expressed strong concerns that, in addition to Council budgetary cuts, Horizon 2020 would contribute to the investment plan. He said that he would support burden-sharing with other EU funds. He called on the Commission to ensure earmarking of EUR 2, 7 billion for research and development projects. He also wanted more synergies between Horizon 2020 and EU structural funds. S&D (Ms CABEZÓN RUIZ, ES) was also worried about the contribution of Horizon 2020 to the plan, considering that such contribution should finance science and not infrastructures. ECR (Mr GRÓBARCZYK, PL) wondered about the Commission priorities for research projects in the energy field, giving the examples of shale gas and coal. ALDE (Mr DE BACKER (BE)) shared the concerns of the scientific community about the use of the Horizon 2020 for the investment plan since business would want economic return. He was also concerned about the trend to renationalise projects in the investment plan, advocating to keep a European strategy instead. Greens/EFA (Mr TURMES, LU) had similar doubts and pleaded for more research and investment in renewables. Other MEPs' interventions reflected the misgivings expressed on the Horizon 2020 contribution to the investment plan. Some also asked questions about the selection of Member States' projects.

The Commissioner answered that the investment plan aimed at supporting education, research and innovation. He indicated that, after the next **European Council**, the Commission should adopt guidelines on the plan. He considered that these guidelines should include a commitment that Horizon 2020 money be allocated to research projects. He said that research priorities on energy focused on low carbon emissions, energy efficiency, and renewables. He felt that it was also necessary to gather scientific views on shale gas. He mentioned that Commissioner CREȚU and himself were committed to build more synergies between Horizon 2020 and structural funds. He added that the Commission had received a list of projects from Member States which had to be analysed. The Commission would ensure that those projects be in line with the objectives and guidelines of the investment plan.

11. Establishment and operation of a market stability reserve for the Union greenhouse gas emission trading scheme and amendment of Directive 2003/87/EC

Rapporteur for the opinion: Antonio Tajani (PPE)

Responsible: ENVI – Ivo Belet (PPE)

Opinions: ECON, ITRE, JURI

- Consideration of amendments

The rapporteur, Mr TAJANI (EPP, IT), explained that there were around 100 amendments mainly related to the starting date of the market stability reserve (MSR), the thresholds, back-loading of allowances, carbon leakage and the review date. He generally maintained the position of his draft opinion, recalling that it was vital to protect the industry. Mr GRÓBARCZYK (ECR, PL) supported the rapporteur.

Ms GRIFFIN (S&D, UK), Mr FEDERLEY (ALDE, SE), Ms ERNST (GUE/NGL, DE), Mr ERIKSSON (Greens/EFA, SE) said that there was a broad consensus among their groups to amend some aspects of the draft opinion. In particular, they called for an earlier starting date in 2017, to cancel the back-loading of allowances (or to put them in the reserve as an other option for ALDE), to tighten thresholds and to have carbon leakage out of the report. Mr TAMBURRANO (EFDD, IT) wanted the abolition of the ETS system, pleading for the introduction of a carbon tax instead.

Mr BELET (EPP, BE), ENVI rapporteur on the proposal, considered that there was a large platform in favour of the ETS reform. He felt that the back-loading of allowances should be put in the reserve. On thresholds, he proposed to stick to the Commission proposal but suggested a quicker review date than the one proposed by the Commission. He considered that it was not the place to regulate carbon leakage in this report but believed that the EP could still share its worries on the associated risks.

The Commission representative stressed the need for an early adoption of the proposal and was open to an earlier start if the EP and Council agree. She added that a wider proposal on the ETS revision would follow afterwards and that the Commission would present a proposal on carbon leakage as soon as possible.

The rapporteur concluded that he would shortly circulate compromise amendments with the view to achieve a balanced approach.

Next steps: vote in ITRE: 21 January 2014

12. Planning for the International Energy Charter 2015, Presentation by the Secretary General of the Energy Charter, Dr Urban Rusnák

Dr RUSNÁK's intervention aimed at raising awareness about the Charter and its ongoing modernisation. He explained that the mission of the Energy Charter was to create common rules for global energy security. He indicated that, at the beginning of the year, the Energy Charter Conference provided a mandate to update the European Energy Charter of 1991, the political declaration which is the basis for the Energy Charter Treaty of 1994. He added that the text had been modernised to reflect current energy challenges. This would provide a strong tool to support the geographical expansion of the Energy Charter Treaty. He informed MEPs that the Government of The Netherlands would host a Ministerial Conference on the International Energy Charter next May where the new Charter should be approved.

Mr RÜBIG (EPP, AT) stressed the key role of the Charter. Mr KELLY (EPP, IE) asked how the Charter could help addressing current challenges of the energy supply and costs. Mr BUZEK (EPP, PL) inquired about the compliance of EU regulations with the Energy Charter Treaty and about the possibility of support to "energy community" countries, i.e. Ukraine Moldova, Georgia and five countries from the Balkans.

Mr RUSNÁK answered that the Energy Charter was like an instrument that a government could use but that often countries had preferred to make political deals. He also mentioned that the Russian Federation had withdrawn from the provisional application of the Treaty in 2009 for a number of reasons, in particular due to the Yukos company case. He said that no final decision had been given on the compatibility of the third energy package with the Energy Charter. He indicated that all "energy community" countries - except for Serbia and Montenegro - were already members of the Energy Charter Treaty.

13. Green growth opportunities for SMEs

Rapporteur: Philippe De Backer (ALDE)

- Exchange of views

ITRE Chair, Mr BUZEK (EPP, PL), explained that this own initiative report would be based on the Commission Green Action Plan for SMEs. The rapporteur, Mr DE BACKER (ALDE, BE), introduced the topic by highlighting the important business opportunities created by the green transition. He underlined the need to create the right conditions for SMEs innovation, raising the issues of red tape and access to capital. Mr RÜBIG (EPP, AT) considered that the EU had to be at the leading front of green technologies. Mr KOFOD (S&D, DK) raised the need to address the knowledge gap of SMEs. Mr ZULLO (EFDD, IT) stressed the importance of access to funding, networks and monitoring of results. The Commission representative welcomed MEPs ideas.

Next steps:

- Consideration of draft report: 24 February
- Deadline amendments: 25 February 2015, 12.00
- Consideration of amendments: 23-24 March 2015
- Vote in ITRE: 14 April 2015
- Vote in Plenary: tbc

Next meetings

- 21 January 2015, 9.00 – 12.30 and 15.00 – 18.30 (Brussels)
- 22 January 2015, 9.00 – 12.30 and 15.00 – 18.30 (Brussels)

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