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AVIS DU COMITE DES EVALUATIONS D'IMPACT

**COMMUNICATION FROM THE COMMISSION TO THE COUNCIL, THE
EUROPEAN PARLIAMENT, THE EUROPEAN ECONOMIC AND SOCIAL
COMMITTEE AND THE COMMITTEE OF THE REGIONS**

A European Strategic Energy Technology Plan (SET-Plan)

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{SEC(2007) 1510}
{SEC(2007) 1511}



Brussels, 26 October 2007
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Opinion

<u>Title</u>	Impact Assessment accompanying the Strategic Energy Technology Plan (draft version of 4 October 2007)
<u>Lead DG</u>	DG TREN & DG RTD

1) Impact Assessment Board Opinion

(A) Context

The political context is the EU energy policy and the fight against climate change, security of (energy) supply and enhancing the EU's competitiveness. In March 2007, as part of the Energy Action Plan, the European Council invited the Commission to propose a European Strategic Energy Technology Plan in 2007, to be considered by the Council no later than March 2008.

(B) Positive aspects

The IA explains well the importance of the issue it tackles. The options cover a wide spectrum, thus allowing for feasible alternatives to be considered by the IA.

(C) Main recommendations for improvements

The recommendations below are listed in order of descending importance. Some more technical comments have been transmitted directly to the author DG.

General recommendation:

The value added of the SET Action Plan should be further explained. The notion that the market will not deliver the necessary technologies, even when taking into account existing policies such as the ETS, necessitates a thorough identification of unaddressed market and regulatory failures. The comparison of the EU's R&D and

innovation successes with the US and Japan should be more balanced and include the individual member states' performance, together with a more thorough explanation of the need for EU-level intervention. The criteria for choosing the preferred option should not be biased against any one option. The rationale for the choice of criteria should be clarified and they should be aligned with the objectives. Some initial identification or at least the set of criteria for identifying benefiting technologies should be mentioned. The lead DGs have already addressed some of these issues in their written correspondence with the Board. Given the importance of the changes that would be necessary, the Board invites DG TREN to liaise with the IAB Secretariat which is ready to provide technical comments on a new version of the IA.

(1) The IA report should provide a much more thorough explanation of the market and regulatory failures that might necessitate taking further R&D coordination at Community level, especially as oil price signals seem to be having an effect. Such an explanation also has to take due account of other mechanisms already in place or in the pipeline, e.g. the ETS, CCS, CO2 from cars etc. In the absence of the market producing sufficient supply and demand, high upfront costs coupled with information failures, additionality, positive externalities and why one may not want to forego the marginal social benefits are possible rationales that should be properly addressed and spelled out.

(2) The set of criteria used for identifying the preferred option should be better aligned with the objectives and the scoring making the critical difference between the options should be explained in more detail. The objectives would benefit from a more structured hierarchy with measurable indicators as far as possible and the timeframe of the proposed actions should be clarified. Crucially, if a market approach is maintained as an option, bearing in mind the need for identifying market and regulatory failures, the criteria should not be biased against such an option. If a market approach is a feasible solution, then by implication a 'leadership' criterion might be misplaced.

(3) The comparison of the EU's R&D investment and its efficiency vis-à-vis the US and Japan should be clarified. A more balanced assessment seems to be advisable. This would include taking account of the noticeable differences in nuclear R&D, explaining what the category 'other' stands for and how individual member states compare to our international competitors. One also ought to address cooperation between EU and non-EU R&D and companies. This information should be used to provide a more detailed explanation as to why the current system is perceived as inefficient. Moreover, the efficiency of R&D spending needs to be analysed. This might include looking at the number of filed patents, which the two DGs have already highlighted in their written reply to the Board's questions.

(4) The social and employment impacts in terms of net jobs and their quality should be outlined. Whilst it might be difficult to give detailed indications in this area at this moment in time, the envisaged impact should be stated. An explanation of when and how employment effects will be analysed would be useful.

(D) Procedure and presentation

It appears that all necessary procedural elements have been complied with.

2) IAB scrutiny process

Reference number	2007/TREN/06 (priority item)	
Author DG	DGs TREN and RTD	
External expertise used	No	
Date of Board Meeting	Written procedure	
Date of adoption of Opinion	25 October 2007	

