

Open letter to Mr Martin Lidegaard,
Danish Energy and Climate Change Minister



Brussels, 30 May 2012

Dear Mr Lidegaard,

With a very few weeks now left to conclude the EED discussions, the members of COGEN Europe see a high risk that the transformation sector will not deliver its contribution to Europe's 2020 Energy savings target through the EED revision.

The justification for the EU's support of CHP is its demonstrable primary energy saving at the national economic level. However, the only actor that can realise this benefit is the Member State itself. Despite having identified a CHP potential to save over 25 MToes through their own national analysis, the Council's current proposals on Article 10 are weak. In the view of COGEN Europe, they fall short of the firm legislative measures needed to achieve that potential, with about five years to implement the Directive before the 2020 mark, very little progress is expected. Given the present challenges faced by the EU and the urgency to redesign the energy system, keeping the text as it is would be a sadly missed opportunity.

COGEN Europe highlights two points on which the sector asks the Presidency to firmly guide the discussions in a constructive direction to improve the text and hence the effectiveness of the legislation:

- 1) **Primary energy savings should be the main driver for action in Chapter III**, and in particular, the energy consumption that you can avoid thanks to the implementation of the CHP "principle". Operators/developers of individual businesses need to act if this value is to be captured at the national level. Failing to properly take into account this key role of market players by not rewarding this local stream of electricity would mean continuing wasting tremendous amounts of primary energy in heat and electricity only units. Only by using an accurate metric in Annex VIII bis, on the basis of primary energy saving compared to separate production of heat and power, will the benefits of taking an holistic approach emerge at national level. To support this it is of fundamental importance that the equal treatment principle for cogenerated electricity consumed on-site or exported to the grid (paragraph 11 of Article 10) is included in the final text.

- 2) **Without clear requirements on Member States and stakeholders to act in Article 10, the article remains a bureaucratic exercise which should not be accepted.** Having Member States carry out a comprehensive assessment will not add value to the existing CHP Directive which is exactly this kind of assessment-leading-to-no-action approach. It is of paramount importance that a positive outcome of the cost-benefit analysis is followed by actions. As stated under point 1), this obligation to act must be flanked by national measures to implement CHP.

Europe has an active engineering and industrial base in CHP technology of all sizes and the ability to lead the wider development of CHP applications globally. Support for the CHP principle through an effective EED is support for sustainable growth and Europe's economic recovery.

COGEN Europe urges the Danish Presidency to show leadership and to help Member States understand the change of mindset needed on addressing energy savings in the transformation sector.

COGEN Europe understands that we are now late in the EED process but we are available to discuss these points with you or one of your colleagues at any time, and remain at your disposal for questions.

Yours sincerely,



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