PRESS RELEASE
BRUSSELS 12 JANUARY 2007

Strategic energy review: Cogeneration should be at the centre of the Europe's Initiative to reduce climate change and build a secure and sustainable energy system.

The European Commission's Strategic Energy Review fails to give sufficient weight to cogeneration, the subject of one of its major directives and the most immediate single source of both energy saving and CO_2 reduction available in Europe today. Instead of putting the rapid deployment of additional cogeneration at the heart of its strategic efforts, cogeneration gets only 9 lines in documents running to several hundred pages.

"We welcome the sense of urgency clear in the review "said Fiona Riddoch, Managing Director of COGEN Europe, "but the Commission has missed an opportunity. Cogeneration is a successful available technology providing 10% of Europe's electricity today. There are no technical doubts, planning unknowns or supply chain issues, if urgency is key Europe can act now." While the Energy review highlights renewables, unbundling in the electricity supply sector and CO_2 sequestration, references to cogeneration which meets all the Commission's aims of speed, energy saving, CO_2 reduction and energy security are minimal. "We seem to be stuck in the last century's electricity planning model. Cogeneration, which challenges the centralised approach by offering decentralised supply, is sidelined in the document even though the cogeneration Directive 2004/8/EC is about to be implemented across the EU" commented Riddoch.

Europe could make gains in energy efficiency, and CO_2 reduction starting now by actively encouraging and strongly promoting combined generation of heat and power within industries, and within the electricity sector itself. The European electricity supply system operates at an average of only 33% efficiency, overall. This performance could be improved significantly if new generating capacity was challenged to identify suitable heat loads, and if smaller generating units, co-located with industrial or domestic heat loads, were encouraged.

In the energy markets today there are still significant barriers to deploying cogeneration. Issues of contractual access to the local grid to supply and draw electricity often deter companies from using this approach while ongoing uncertainty in the price of energy and instability in the market make businesses cautious to invest. Cogeneration with its efficient use of fuel, low transmission losses and local use of heat, underpins every credible model of climate change abatement but it crosses many traditional lines of the existing energy supply system and is viewed as "difficult" to implement.

Dr Riddoch said "The Strategic Energy review sends no signal that the Commission has understood where this significant potential for savings lies in its overall strategy, and what is needed to move it forward, or that it is willing to pursue the potential seriously."

CHP, Combined Heat and Power, or cogeneration is the simultaneous production of heat and electricity. This proven technology produces around 10% of Europe's electricity and heat requirements and has a significant growth potential, which will lead to an improved environment and greater economic competitiveness. It is a highly efficient energy solution that delivers substantial reductions in greenhouse gases and other pollutants and is the single largest solution to meeting the Kyoto Protocol on climate change for Europe.

COGEN Europe is Europe's umbrella organisation representing the interests of the cogeneration industry, users of the technology and promoting its benefits in the EU and the wider Europe. The association is backed by the key players in the industry including gas and electricity companies, ESCOs, equipment suppliers, consultancies, national promotion organisations, financial and other service companies.

For further information, please contact Fiona Riddoch
Gulledelle 98, 1200 Brussels, Belgium, Tel: +32 2 772 8290, Fax: +32 2 772 5044, info@cogen.org www.cogen.org