



EUROHEAT & POWER



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## Press Release

### **Cogeneration Directive: long awaited, but disappointing in many respects**

After months of internal discussions the European Commission has finally published its proposal for a "Directive for the promotion of cogeneration based on a useful heat demand" today.

While welcoming its publication, the two organisations representing the sector, Euroheat & Power and COGEN Europe, are very disappointed with the text itself. Not only does the proposal lack ambition but it also shows several profound misunderstandings regarding the technology, its ecological benefits and the economic situation of the sector.

As CHP operators and developers have come under strong pressure due to the liberalisation of the energy markets, both organisations underline the necessity of a long-term politically stable European Framework fulfilling two targets:

- to create a common understanding of the technology along with the recognition of its major benefits (substantial energy and emissions savings due to high conversion efficiency);
- to motivate Member States to remove barriers and create favourable conditions for consolidating existing and building up new CHP capacities.

However, in order to truly meet these goals, the Directive will now need thorough revision by the European Parliament and the Council of Ministers, especially in respect of the following points:

#### Unacceptable 50 MW threshold

The Proposal contains a recommendation for Member States to focus public support capacities below 50 MWe, thereby excluding a significant share (from 25 up to 80% in some Member States) of existing capacities and a considerable share of future potential projects from the scope of the Directive. Not only is there no economic or environmental justification whatsoever for such a threshold, it is also in obvious contradiction with the main objective of the Directive and it will lead to sub-optimal plant design in the future.

### Lack of targets

One of the main goals of a Directive Proposal on Cogeneration must be to grow the amount of cogeneration in the European Market. Without targets setting the direction for Member States there is a danger that little overall progress will be made. The CHP Strategy of 1997 set a doubling target for the EU as a whole and this could be used as a good starting point.

### Confusing and distorting two-step approach on the definition

The two-step approach proposed by the Commission in Annexes 2 and 3 (basic definition and high-efficiency CHP) is both confusing and misleading and must be revised. Euroheat & Power and COGEN Europe consider that a single and accurate definition of CHP would provide better clarity. The basis for this definition could be derived from earlier EU supported work, especially the so-called Protermo methodology.

Euroheat & Power and COGEN Europe welcome the Directive Proposal but call on the European Parliament and the Council of Ministers to take action on our concerns.

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