

COGEN Europe Position

In response to European Commission Consultation on European climate law – achieving climate neutrality by 2050

Brussels, 06/02/2020

COGEN Europe supports the European Commission's initiative for a European Climate Law setting into law climate neutrality by 2050 as part of a comprehensive, consistent and predictable legislative framework.

To trigger industry commitment towards carbon neutrality by 2050, the Climate Law and subsequent legislation must create a **level playing field** to foster a **stable and positive investment environment** for solutions that ensure a **smooth and cost-effective transition** between now and 2050.

To achieve this, COGEN Europe recommends:

- Setting **climate neutrality by 2050 into EU law**. High level political backing of EU's long-term ambition will offer industry and communities a clear signal for investments into sustainable energy solutions.
- Putting in place a **robust and inclusive process to revise the 2030 GHG target**. Adjusting the target must be **carefully impact assessed** with a view to: 1) preserve the competitiveness of existing investments; 2) identify efforts required to deliver the additional ambition; 3) propose legislation to foster the uptake of clean future-proof solutions, including cogeneration, that can cost-effectively contribute towards the additional carbon reductions required

The Climate Law should build on and even reinforce the following principles:

- ✓ foster “**energy efficiency first**” and implicitly “**carbon efficiency first**” by prioritising **primary energy savings and carbon reductions across the entire energy value chain and applying it to all energy sources**. Energy and climate policy should in a consistent and effective manner ensure **that high efficiency cogeneration is set as the default option over the separate, inefficient and more carbon intensive production of heat and electricity**. Cogeneration does not only reduce carbon by displacing more carbon intensive generation today, but will continue delivering efficient carbon emissions as the grids decarbonise;
- ✓ take an **integrated approach to smart energy systems**, promoting a mix of decarbonisation solutions across the key energy infrastructure, **linking electricity, heat and gas at local level**. Europe's long-term decarbonisation strategy should avoid taking a costly silo approach (e.g. by only focusing on the decarbonisation of heat through end use electrification alone). In particular, it will be **important to define a roadmap and a supportive policy/regulatory framework for the development of decarbonised gas grids**, ensuring the cost-effective storage for renewable energy for its reliable and efficient use in generating heat and power for industry, homes and small businesses;
- ✓ **establish a level-playing between different decarbonising solutions**, ensuring that cogeneration is recognised for its decarbonisation benefits at system level (across electricity, heat and gas, as well as across ETS/non-ETS divide);

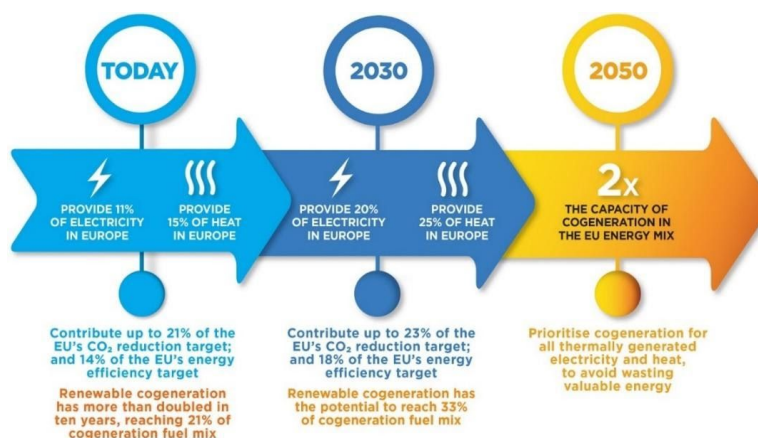
- ✓ ensure that the upcoming policy framework promotes a **continuous and cost-effective decarbonisation pathway between now and 2050**. Climate mitigation requires both reaching net-zero emissions by 2050 and minimising the total volumes of carbon released into the atmosphere between now and 2050. In this respect, **in the EU climate legislation must take a life-cycle and marginal approach to emissions accounting. Such an approach will assess the impact of emissions over the entire lifetime of a measure and consider the impact of rebound effects (e.g. inefficient and non-renewable electrification of heating and transport will run counter to our decarbonisation efforts).**
- ✓ Special attention should be given to the cost-effective **decarbonisation of heat, accounting for the diverse needs of buildings, SMEs and industry;**
- ✓ develop a framework that **fosters investment security for solution providers and energy consumers**. This entails preventing retroactive changes in the legal framework applicable to existing investments, especially those aimed at improving the efficiency and reducing the industry’s carbon intensity.

The cogeneration sector is committed to the creation of a resilient, decentralised and carbon neutral European energy system by 2050 with cogeneration as its backbone. Cogeneration empowers European citizens and industry to generate efficiently reliable and affordable clean heat and power locally, thus representing a “no regrets” solution for delivering EU’s energy and climate objectives both in the medium and long term.

Today cogeneration efficiently generates 11% of EU’s electricity and 15% of its heat, reducing CO₂ emissions in the EU by more than 200 million tons per year, equivalent to 60 million petrol cars being removed from roads. It is used in many key European industries (i.e. pulp and paper, alumina, chemicals, ceramics, glass, textiles, food & drink). Across Europe, 90 million European households enjoy local electricity and efficient heating & hot water provision thanks to cogeneration, via their district heating networks. Over 100,000 active energy consumers like homes, hospitals and SMEs already self-generate their heat and power with distributed and on-site cogeneration facilities, including via fuel cell micro-cogeneration.

Doubling the generated electricity from CHP by 2030 could secure up to a third of the additional emissions required to reach a 50-55% reduction of GHG compared to 1990¹.

Beyond 2030, cogeneration should be prioritised for all thermal generation of heat and electricity, helping to avoid any waste of valuable resources. A doubling of cogeneration capacity in the EU energy mix by 2050 will complement and facilitate the increasing share of intermittent renewable energy sources, thus ensuring system efficiency and reliability, as well as consumer empowerment and sustainability goals.



¹ COGEN Europe calculations based on Eurostat, CODE2 Project & Member States’ Article 14 EED notifications.
<http://www.code2-project.eu/>

About COGEN Europe:

COGEN Europe, the European Association for the Promotion of Cogeneration, is the cross-sectoral voice of the cogeneration industry. Its mission is to work with EU institutions and stakeholders to shape better policies and eliminate administrative, regulatory and market barriers to the wider use of cogeneration in Europe.

COGEN Europe is a membership-based association with more than 60 members spanning the entire energy value chain. We all share the vision of a resilient, decentralised, carbon neutral European energy system by 2050, with cogeneration as its backbone.

EU Transparency Register Identification Number: 38305846546-70

<https://www.cogeneurope.eu/>

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