To the kind attention of:

- Ebba Busch, Swedish Minister for Energy, Business and Industry and Deputy Prime Minister,

- Niels Fuglsang, Member of the European Parliament,

- Kadri Simson, European Commissioner for Energy.

27 February 2023,

Joint Industry Letter

EED recast: Recognise high-efficiency cogeneration as a key efficiency solution for modern efficient district heating

The recast of the Energy Efficiency Directive (EED), currently being negotiated in trilogues, will be critical for the delivery of high ambition for both Fit for 55 and REPowerEU. In this context, comprehensive measures to unlock energy efficiency in heating and cooling will contribute significantly to the achievement of Europe's decarbonisation, energy affordability and security of supply. **To ensure this, the EED recast must foster high efficiency cogeneration as a key efficiency, flexibility and future-proof solution in district heating, as well as for buildings and industry.**

Having in mind the importance of high efficiency cogeneration for the future of efficient district heating, the signatories of this letter are concerned that the EED recast does not sufficiently recognise its contribution as a part of the revised definition of "efficient district heating and cooling system". **Over 20 signatories, representing efficiency solutions providers and district heating operators across Europe, ask that "efficient district heating" definition in Article 24(1) of the EED recast consistently acknowledges the role of high efficiency cogeneration up to 2050, as part of a diversified, efficient and increasingly renewable/carbon neutral energy heat mix**. This is in line with the Council General Approach and many amendments proposed within the European Parliament, as well as evidence and future visions validated by leading utilities, municipalities and academics.

High efficiency cogeneration is a key energy efficiency solution and critical for security of supply both today[1] and in the longer term. As the energy system evolves towards higher penetration of renewable energy sources and increased electrification, the role of cogeneration will change but remain important[2]. In the medium and long-term, high efficiency cogeneration will be critical as part of a diversified and increasingly renewable or carbon neutral heat mix, complementing waste heat, heat pumps, electric boilers and heat storage, as well as maximising the efficiency of thermal renewable sources. Flexible cogeneration will play a growing role in supporting power system adequacy, by delivering the highest efficiency dispatchable electricity at times of high peak demand and insufficient

[1] CHP saves more than 33 bcm[1] of primary energy across the EU, of which at least 15 bcm are directly linked to natural gas savings (equivalent to 10-20% of REPowerEU objective)[1]. Moreover, **cogeneration is critical for the security of energy supply**, accounting for 12% of the power and up to 16% of the heat produced in the EU. Its role is even more significant in district heating, as cogeneration accounts today for 70% of the DHC heat mix.

[2] Most 2050 net-zero emissions scenarios conclude that between 30-40% of the DHC heat mix will still rely on cogeneration. Moreover, many of the Member States'2020 Heating and Cooling Assessments acknowledge cogeneration for its flexibility and system adequacy role (including Sweden, Poland, Czech Republic, Slovenia, Finland and Germany). References include: EU Project Heat Roadmap Europe, 2019; Artelys, 2020; Coupling of heating/cooling and electricity sectors in a renewable energy-driven Europe - Publications Office of the EU (europa.eu) ; 2020 Heating & Cooling Assessments

intermittent renewable power generation, since the production of electricity from cogeneration virtuously matches highest power demand periods[3].

To adequately promote the decarbonisation of heating and cooling, through higher efficiency and greater uptake of clean heat, the definition of « efficient district heating » must be inclusive of all mature and scalable solutions. The EED recast should therefore recognise high efficiency cogeneration as a relevant contributor to an efficient DHC heat mix until 2050, as well as prioritise it as a key source of power system adequacy and flexibility.

Yours sincerely,

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[3] References include: Imperial College London, 2018, Unlocking the potential of Energy Systems Integration ; Fraunhofer, 2018. Kurzstudie „Die Rolle der Kraft-Wärme-Kopplung in der Energiewende“

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