

Position paper on the Energy Efficiency Directive

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COGEN Europe acknowledges the strong encouragement for cogeneration in the European Commission's legislative proposal on the Energy Efficiency Directive (EED) COM (2011) 370. Our sector welcomes supporting chapters about cogeneration in terms of continuity for industrial planning and removal of barriers. The cogeneration measures in the new text signal a clear intention by the Commission to create a supportive environment for existing and new cogeneration operators, underpinning their investment certainty and the economic justification on the investment. We understand that the Directive reinstates lapsed legislative links (2001/77/EC and 2003/54/EC) in the Combined Heat and Power (CHP) Directive (2004/08/EC). COGEN Europe finds that the current EED text provides a basis to remove a significant number of non-economic barriers to the wider deployment of new Cogeneration.

Main requests of the CHP sector

- **Provide investors' confidence** by ensuring continuity of the legal framework and the technical specifications on CHP and securing priority of dispatch for cogeneration
- **Reinforce the CHP sections** by requiring measurable progress, enhancing heat and cooling plans, and clarifying possibilities for exemptions
- **Maintain primary energy** as measure for energy savings to allow for comparison of measures based on their cost –effectiveness

COGEN Europe is the European association for the promotion of cogeneration. 11% of Europe's electricity is provided by cogeneration plants today. COGEN Europe represents 70 members which are National COGEN organisations, Pan European Companies and associated members and the interests of 100,000 European employees in the cogeneration sectors. The EU has a large unexploited cogeneration potential that is economical but not realized due to market and regulatory barriers.

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Provide investors' confidence by ensuring continuity of the legal framework and technical specifications on CHP and securing priority of dispatch for cogeneration

For the CHP sector, the priority of access and priority of dispatch provision contained in Article 12 of the draft EED aim at reinstalling the links broken since the repeal of legislations and notably the one in place before the Renewable Energy Directive 2009/28. A cogeneration process requires that the heat load rather than the electricity load is followed by the cogeneration to fully reap the high efficiency of primary energy conversion.

- Maintain the text around priority grid access and dispatch for cogeneration (Article 12)
- Make sure technical specifications in the EED remain fully in line with the existing CHP Directive 2004/08/EC

Reinforce the CHP sections by requiring measurable progress, enhancing heat and cooling plans, and restricting possibilities for exemption

The new proposal promotes greater efficiency by making CHP mandatory. The development of national heating and cooling plans is an important step in understanding the role of thermal energy in national and the European economy separately from the role of electricity. These plans must be established in a bottom up approach based on local thermal energy mapping (sources and loads). Heating and cooling plans need to include measures at national and local level facilitating their application by assisting both utilities and industry to develop good business models around their facilities in partnership with authorities and citizens.

- Any derogation to article 10 must be fully documented to avoid that provision becomes an easy 'get-out clause' for Member States.
- The Directive should clarify the content of the cost-benefit analysis (Article 10) and introduce a set of criteria, which includes full societal benefits.
- Link heat and cooling plans to Member States targets and energy efficiency plans.

Maintain primary energy as measure for energy savings to allow for comparison of measures based on their cost –effectiveness

It is particularly important that energy savings are considered and measured in terms of primary energy – rather by final energy – in order to secure alignment with the EU target to save 20% of its primary energy consumption. The primary energy perspective is crucial in order to ensure that measures focus on the most resource efficient and cost-effective options at both the buildings level (reduction of energy demand and reduction of primary energy use) and the production/transformation/distribution level. The upgrades of public buildings as well as the energy efficiency obligation schemes should focus on the savings of primary energy.

- Make the links between articles 4, 6 & 10 in order to allow flexibility between different types of actions in the Directive.