

Promotion of cogeneration based on a useful heat demand in the internal energy market

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The main objectives of this Communication are to report on the current status of the combined heat and power generation (CHP or cogeneration), and to present possibilities for its development. In doing so, the Commission also meets the reporting obligations of Directive 2004/8/EC on cogeneration, notably on cogeneration potential and progress in realising these potentials in the Member States.

Of the EU final energy consumption (FEC) in 2006, CHP represented 13.1%, a level that has not shown significant improvement. The variation between countries is significant, from nearly zero to more than 40% in Denmark and Finland. The CHP electricity capacity in EU27 is about 100 GW, representing 13.6% of the total EU27 electricity capacity. The production of CHP electricity in EU27 amounts to 366 TWh, i.e. 10.9% of the total electricity generation in 2006. The level of production varies greatly between Member States, from 0.3% in Cyprus to more than 40% in Latvia and in Denmark.

The cogeneration Directive was adopted in 2004. A major challenge has been the adoption of detailed guidelines for the cogeneration electricity calculation. These guidelines have now been developed following thorough discussions between Member States and the Commission. A crucial element of the guidelines was a Decision adopted in 2006 on harmonised efficiency reference values for separate production of electricity and heat. To date, 22 Member States have transposed parts of the CHP Directive and the related Commission Decision on reference values.

The CHP Directive requires the Member States to report on the cogeneration potential and the established administrative structures to promote combined heat and power. In addition, they have to report on the progress of cogeneration and provide relevant statistics every four years. Only 11 Member States have submitted their analysis of the national potential so far. The existing reports do not give much clear information or figures that can be meaningfully compared. It is therefore difficult to have a complete overview of the cogeneration potential in the whole of the EU.

The main conclusions of the Communication are as follows:

(1) Member States need to finalise the implementation of the CHP Directive: the implementation of the CHP Directive has not advanced as quickly as was planned. The Member States should take urgent measures to implement the legislation now. Moreover, it is of paramount importance that all countries report on the cogeneration potential and the administrative structures put in place, as defined in the legislation. Further reporting on progress and data should follow.

(2) The Commission shall monitor the implementation and provide support: the Commission will continue to fulfil its share of the responsibilities in the follow-up of the Directive. It will launch infringement procedures as necessary in order to ensure the correct implementation of this legislation. In addition, other support measures could be envisaged to assist Member States. The concerted action model has proved to be useful in many Directives. It provides Member States with the possibility to address implementation problems of legislation with other Member States and the Commission. This could also be applied here to support Member States.

(3) The Energy Efficiency Action Plan (EEAP) update will consider possible new measures:

- for micro CHP: the energy labelling and the implementing measures for boilers under the Eco-design Directive in 2009;
- for large scale CHP: the [proposal](#) to amend the Emissions Trading Scheme (ETS) Directive and the [proposal](#) for a Renewable Energy (RES) Directive which will regulate the preferential calculation of emission savings of CHP plants using fuels from renewable sources;
- the European Commission launched several studies in 2008. The outcome of these studies - the development of a system for a harmonised electronic CHP guarantee of origin, the preparation of minimum efficiency requirements for district heating and cooling systems and the definition of minimum efficiency requirements for micro-cogeneration - could help to identify the policy measures where further efforts are required;
- the Commission will evaluate the [Energy Efficiency Action Plan](#) in 2009 with a view to producing an update. Possible new proposals and ideas related to combined heat and power could be assessed in that context. The crucial role of towns and cities in the European and worldwide energy policy picture will be considered at that stage.
- the EEAP update may also consider the further role of the National Energy Efficiency Action Plans. These plans should be a leading policy tool encompassing all activities on energy efficiency, including cogeneration;
- lastly, the CHP country reports revealed some persistent barriers to the wider uptake of cogeneration. The Member States could address many of these without delay. For instance, smooth administrative processes and transparent support schemes, when applied, are essential to stimulate energy efficiency, also cogeneration. A common framework of grid access rules should be of help to all stakeholders.