

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

2002/0185(COD) - 08/09/2003 - Council position

The Council's common position incorporates in substance, partially or in principle 24 of the amendments adopted by the European Parliament, all of which are acceptable for the Commission. The main changes introduced by the Council are as follows: - Clarification of the objective of the Directive : the aim of increasing energy efficiency and improving security of supply should be reached through the promotion of "high efficiency" cogeneration. - Definitions : the common position maintains those definitions necessary for the understanding of the provisions of this proposal, and it clarifies and simplifies them in coherence with the enacting provisions. - Efficiency criteria : while the Commission proposal invited Member States to adopt efficiency reference values for separate production of heat and electricity, the common position makes clear that it is up to the Commission, based on the methodology for determining efficiency of cogeneration and primary energy savings set out in Annex III, to establish harmonised efficiency reference values for separate production of electricity and heat. - Guarantee of origin : on the basis of these harmonised efficiency reference values, Member States ensure the possibility of issuing a guarantee of origin thus enabling producers to demonstrate that the electricity is produced from "high efficiency" cogeneration. This guarantee should be mutually recognised by Member States, exclusively as proof, and does not lead in itself to commercial exchanges. Schemes for the guarantee of origin do not by themselves imply a right to benefit from national support mechanisms established in different Member States. - Grid system and tariff issues : in order to clarify the relation between this Directive and Directives 2001/77/EC and 2003/54/EC, the common position provides that for transmission and distribution of electricity from "high efficiency" cogeneration the provisions of Article 7 (paragraphs 1, 2 and 5) of the Directive on the promotion of electricity from renewable energy sources (2001/77/EC) as well as the relevant provisions of Directive 2003/54/EC shall apply, while Member States may facilitate in particular access to the grid of electricity for "high efficiency" small scale cogeneration units. - Reporting from Member States and Commission : consistency of these provisions has been improved and they have been made less burdensome. - Alternative calculations : in order to create the necessary flexibility, Member States may, under certain strict conditions, use other methods or definitions than those provided for in Annex II, or define "high efficiency" cogeneration on an alternative basis than the one set out in Annex III. However, it is made clear that a guarantee of origin can only be issued in accordance with Annexes II and III. - Review of threshold values : the values established for the definition of electricity from cogeneration in Annex II, as well as those used for the calculation of efficiency of cogeneration and primary energy savings (Annex III) are subject to review through a Comitology procedure. - Committee procedure : with a view to further adaptation of reference and threshold values to i.a. technical progress, the common position provided for a Comitology procedure. - Annex II (Definition of electricity from cogeneration): more flexibility has been given to Member States for alternative determinations of the "power to heat ratio", for the subtraction of the energy share recovered in chemicals and of the reporting periods provided for in this Annex. - Annex III (Methodology for determining the efficiency of cogeneration production): In line with the approach establishing that cogeneration units have to be compared with reference values reflecting the best available and economically justifiable technology on the market in the year of their construction (units older than ten years being compared with values of ten years old units) the criterion for "high efficiency" cogeneration production is to provide primary energy savings of at least 10%. This Annex also sets out the formula to be used by Member States which follow alternative calculation methods. The amendments accepted by the Council : - recall that European Parliament called for incentives to encourage a shift towards efficient energy production plants, including combined heat and power; - recall that for the improvement of the energy performance of new buildings with a surface of more than 1000 m², the consideration of alternative systems, such as CHP, should be taken into account before the construction starts; - specify that criteria are set up to determine and assess the energy efficiency of cogeneration; - delete the reference to a 50MW threshold value for the possible benefit of

public support measures; - clarify that the long term objective of the Directive, i.e. the establishment of a harmonised calculation of electricity from cogeneration, should be pursued taking into account methodologies such as those under development by European Standardisation Organisations; - delete the reference to three different categories of cogeneration defined in terms of temperature levels; - specify that the purpose of the Directive is to increase energy efficiency and improve security of supply by creating a framework for promotion and development of high efficiency cogeneration of heat and power based on useful heat demand and primary energy savings; - delete of the definitions of industrial, heating and agricultural cogeneration, as well as of the definitions of district heating and cooling clarifies the definition of the cogeneration process; - clarify that the definition of "useful heat" shall mean heat produced in a cogeneration process to satisfy an economically justifiable demand for heat or cooling; - specify that the Commission shall establish harmonised reference values for separate production of electricity and heat, in accordance with the Comitology procedure provided for in the Directive; - delete the Member States' obligation to set efficiency reference values and principles for defining national efficiency reference values for separate production of heat and electricity; - delete the reference to possible further harmonisation of the criteria for determining the efficiency of cogeneration; - establish a Comitology procedure for review and adaptation purposes; - specify details in the calculation methodology of the overall efficiency (Annex II c)); - specify the content of the analysis of national potentials for high efficiency cogeneration (Annex IV a)); - provide for an assessment of the cost effectiveness - in terms of primary energy savings - of increasing the share of high-efficiency cogeneration in the national energy mix (Annex IV, b)); - specify that the analysis of national cogeneration potentials shall be made in relation to different timeframes and include, where feasible, appropriate cost estimates for each of the timeframes (Annex IV c)).