

Boosting supply security with cogeneration: EU's CHP potential revealed in major new report



PRESS RELEASE: 27 January 2015

Cogeneration has the potential to deliver substantial primary energy savings in Europe by 2030, confirms a major new report representing the culmination of the EU-funded project CODE 2.

The [CODE 2¹ project](#) estimates that in 2030 CHP could generate 20% of the EU's electricity using a range of increasingly renewable fuels. The CHP Roadmap projections estimate that new and upgraded CHP capacity beyond 2012 would further reduce total inland energy consumption by 870 TWh and additionally reduce CO₂ emissions by 350 Mt in 2030². 15% of the EU's heat today comes from CHP³ (850 TWh). The CODE 2 project estimates that this heat volume will increase by around half to 1,264 TWh in 2030.

The report, published today, projects impressive growth for cogeneration – also known as combined heat and power (CHP) – as the use of all forms of distributed generation grows in Europe. Increased use of cogeneration delivers primary energy savings by reducing power system losses (resulting from generation through transmission and distribution to electricity users), allowing the EU to reduce its reliance on imported energy and thereby boost its security of supply.

The roadmap confirms that the main challenge for cogeneration remains overcoming current energy market failures, which expose CHP operators to variability of both electricity and fuel markets without rewarding energy savings at system level. Achieving a reasonable business proposition for CHP developers and operators straddling these two energy markets remains the single biggest challenge for the CHP sector and policymakers alike. This is a particularly significant challenge at a time when Europe needs to improve its security of supply, reducing energy imports by optimising its use of energy resources.

The European report warns that the CHP sector is being placed under further stress due to regulatory uncertainty in the energy market and ongoing unaddressed issues of access to (and tariffs on) networks, as well as insufficient focus on making primary energy savings (and hence reducing energy imports) at national and EU policy level.

Commenting on the report's launch, COGEN Europe Managing Director Fiona Riddoch said "there is a need to shift focus in the security of supply debate away from supplies and suppliers towards efficiency in the whole supply chain. Global energy markets are beyond Europe's control, but the efficiency of its use of energy – whether imported or homegrown – is not. Europe is a centre of excellence for cogeneration: we should be maximising that advantage."

[Please click here to read the European Cogeneration Roadmap.](#)

¹ CODE: Cogeneration Observatory and Dissemination Europe

² The entire CHP fleet could deliver in 2030 total primary energy savings and CO₂ reductions exceeding 1,700 TWh and 686 Mt of CO₂ (please see Page 36 of the European Cogeneration Roadmap for further information). For a detailed account of the "substitution methodology" used to estimate these figures, please see Annex I of the Roadmap.

³ Source: [EEA based on Eurostat](#)

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Note for Editors:

The CODE 2 project – jointly funded by the EU and industry under Intelligent Energy Europe (IEE) programme – developed 27 National Cogeneration Roadmaps and one European Cogeneration Roadmap.

Ahead of today's launch of the European report, individual roadmaps for 27 EU member states were simultaneously launched in national capitals on 4 December 2014. To read these reports, [please visit the CODE 2 website](#).

The roadmaps highlight the barriers still remaining for CHP in Europe. They look at the policy framework, market conditions and awareness regarding cogeneration in Europe and propose a way forward for the CHP sector that contributes to achieving the EU's 2020 and 2030 energy and climate policy goals. The project seeks to trigger policy improvement generating more rapid uptake of cogeneration in EU member states.

Additionally the CODE 2 project published the first-ever reports about the EU potential of micro-CHP and bio-energy CHP. CODE 2 also considers the potential for increased use of CHP by SMEs. It has produced a series of 'How To' guides targeting potential operators interested in assessing the business opportunities and risks of moving into cogeneration.

Paying special attention to the implementation of the EU's Energy Efficiency Directive, the project sets out a path towards realising the EU's cogeneration potential. It seeks to accelerate cogeneration's penetration into industry by highlighting key markets and policy interactions around cogeneration.

The Final Dissemination Workshop of the CODE 2 project, which was co-funded by the European Commission's Intelligent Energy Europe programme, took place on 11 December 2014 in Brussels.

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Co-funded by the Intelligent Energy Europe
Programme of the European Union

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