



PRESS RELEASE
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European Environment Agency report calls for stronger measures to deliver growth in cogeneration

In a new report released by the European Environment Agency "Energy and Environment in the European Union" one of the indicators for an improving environment is cogeneration.

While welcoming the growth of cogeneration between 1994 and 1998, the report states that faster growth will be needed if the European Union's indicative CHP target of an 18% share of electricity production by 2010 is to be met. The report goes on to state:

"Concern is raised by preliminary information for 2001, which suggests that the CHP share of production has declined since 1998. This reverse is spread across the EU, but most severe indications were noted in Germany, the Netherlands and the UK.

This decline has been caused by a combination of factors.

- Increasing natural gas prices (gas is the preferred fuel for new CHP) have reduced the cost-competitiveness of CHP.
- Falling electricity prices, resulting from market liberalisation and increased competition, have also hit the cost-competitiveness of CHP.
- Uncertainty over the evolution of electricity markets as liberalisation is progressively extended is making companies reluctant to invest in CHP.
- Aggressive pricing has been used by electricity utilities to protect their market."

It concludes that

"Clearly further measures are needed across the EU to achieve the target of producing 18 % of electricity from CHP, against a background of growing electricity demand and increasing liberalisation of electricity markets."

COGEN Europe agrees with this assessment and emphasises that the Proposal for a Directive on Cogeneration, which was released yesterday is urgently needed and requires further strengthening.

The report is available at the following web site address

http://reports.eea.eu.int/environmental_issue_report_2002_31/en/eni-env.pdf

CHP, Combined Heat and Power, or cogeneration is the simultaneous production of heat and electricity. This proven technology produces around 10% of Europe's electricity and heat requirements and has a significant growth potential, which will lead to an improved environment and greater economic competitiveness. It is a highly efficient energy solution that delivers substantial reductions in greenhouse gases and other pollutants and is the single largest solution to meeting the Kyoto Protocol on climate change for Europe.

COGEN Europe is Europe's umbrella organisation representing the interests of the cogeneration industry, users of the technology and promoting its benefits in the EU and the wider Europe. The association is backed by the key players in the industry including gas and electricity companies, ESCOs, equipment suppliers, consultancies, national promotion organisations, financial and other service companies.

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