



Cogeneration Clean, Clever, Competitive



European Market for Cogeneration



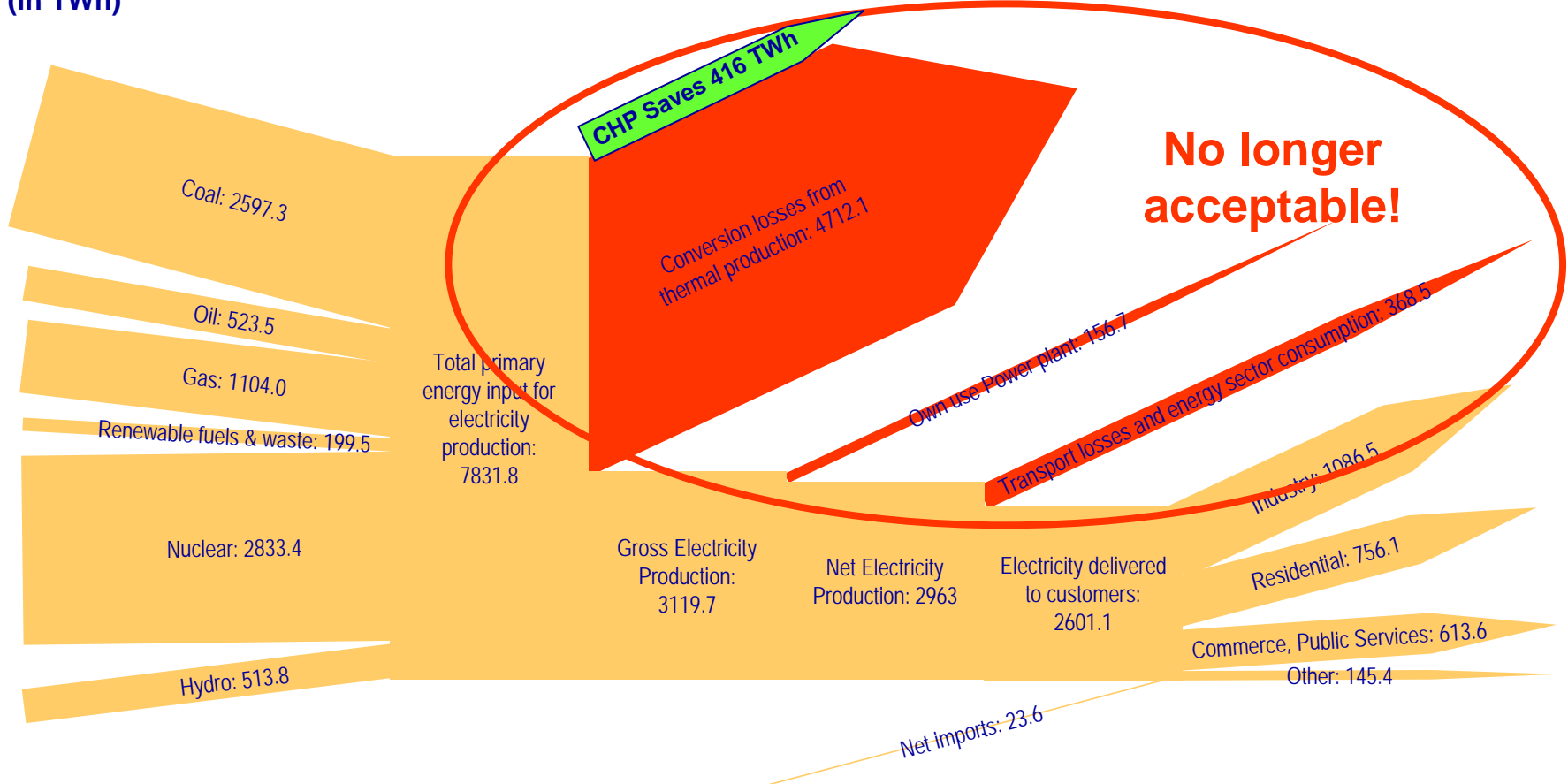
***WADE / USCHPA Conference,
New York City, USA, 25 October 2005***

Dr Simon Minett, Managing Director, COGEN Europe

Electricity Supply in Europe: Is this sustainable?



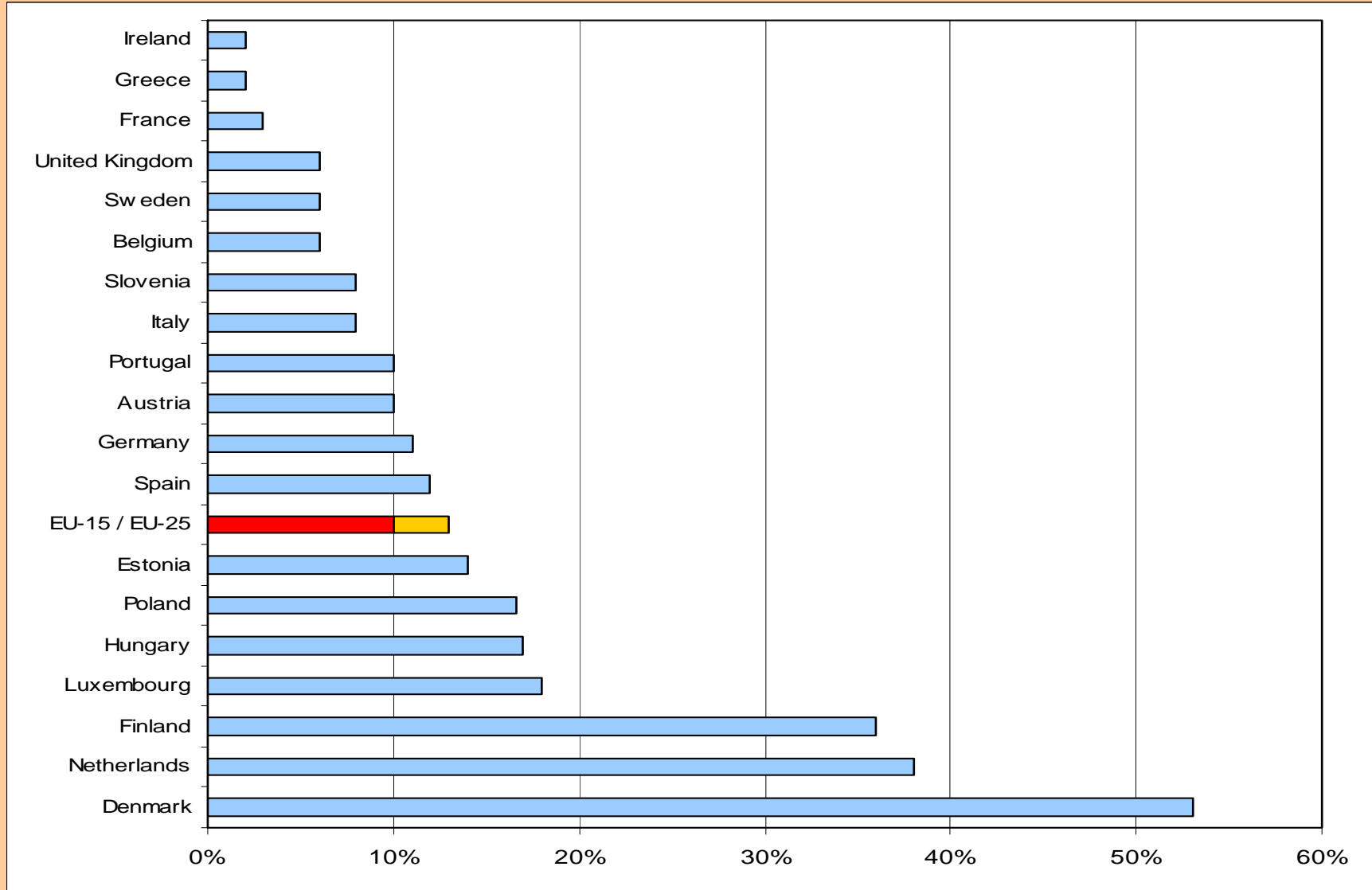
Electricity Generation in European OECD countries (in TWh)



33% total efficiency of the electricity supply system

The current reality

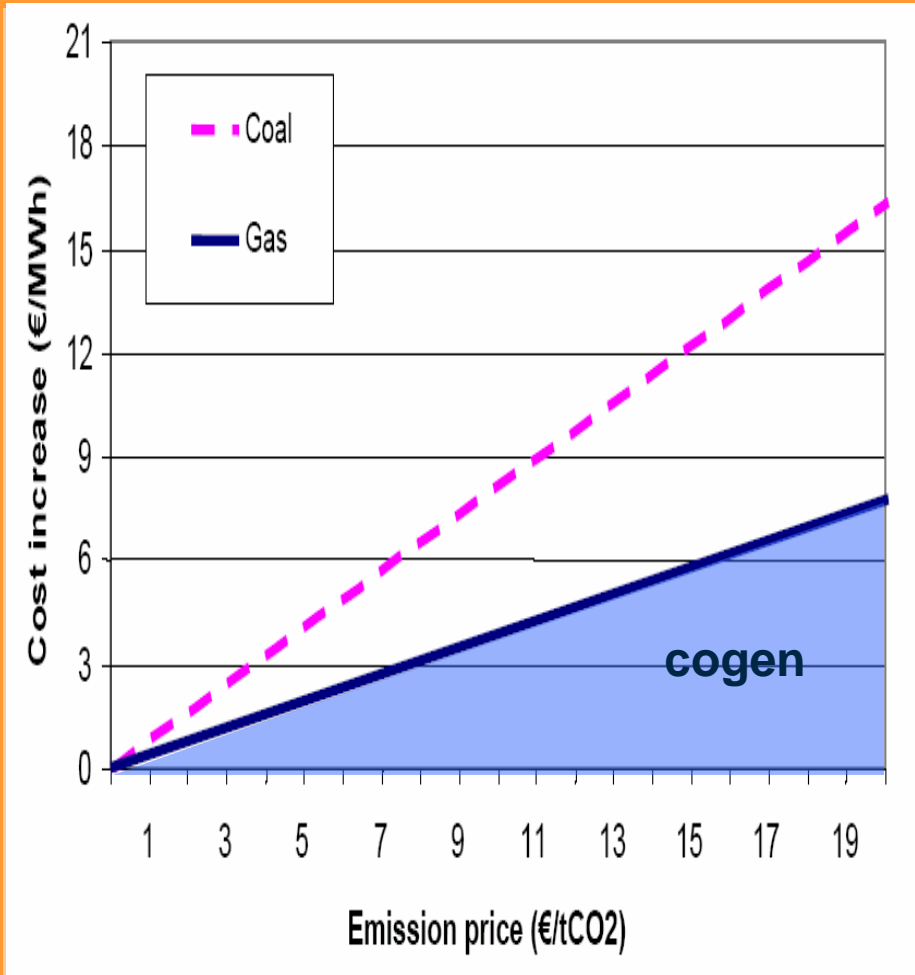
The share of cogenerated electricity in EU Member States





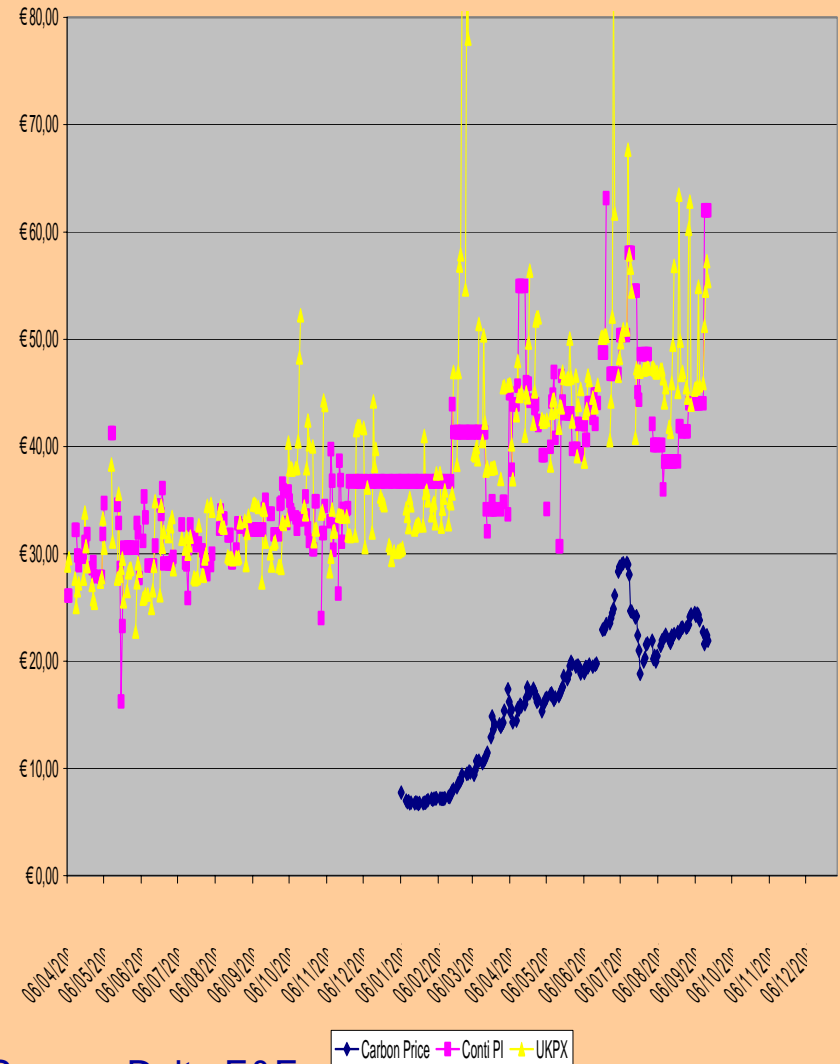
- Emissions Trading
- Liberalisation
- Security of Energy Supply
- Energy Efficiency
- Energy Services
- Cleaner Production – CHP and Renewables

The “Electricity Price Effect”



Effect of CO₂ cost on marginal electricity production cost

Source: ICF Consulting

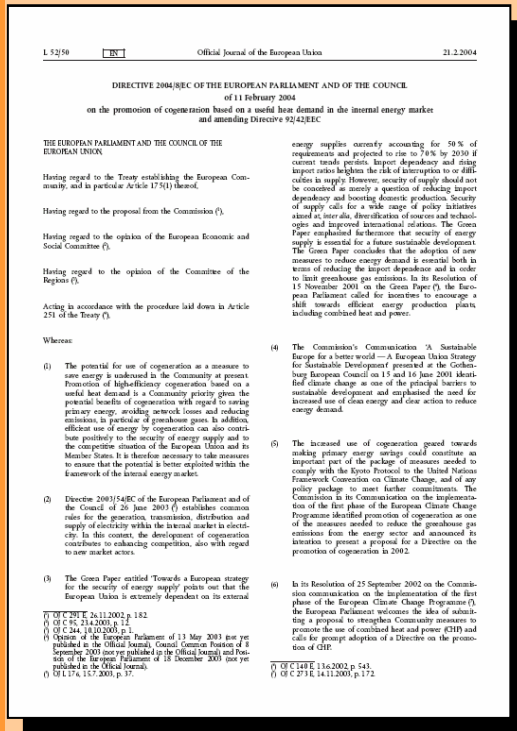


Source: Delta E&E

◆ Carbon Price ■ Conti PI ▲ UKPX

The European Cogeneration Directive

A framework to promote the development of cogeneration



- Legal basis for cogeneration in Europe
- Definition of “high-efficiency cogeneration”
- Analysis of cogeneration potentials and removal of administrative barriers
- Focus support on best schemes
- Guarantee of origin for electricity from high-efficiency cogeneration
- Hard measures – Grid access and Authorisations
- If no progress then further measures are possible
- Adopted in *February 2004*
- Implementation deadline *February 2006*
- Article 1: “Creating a framework for promotion and development of high efficiency cogeneration”

Status of the Market

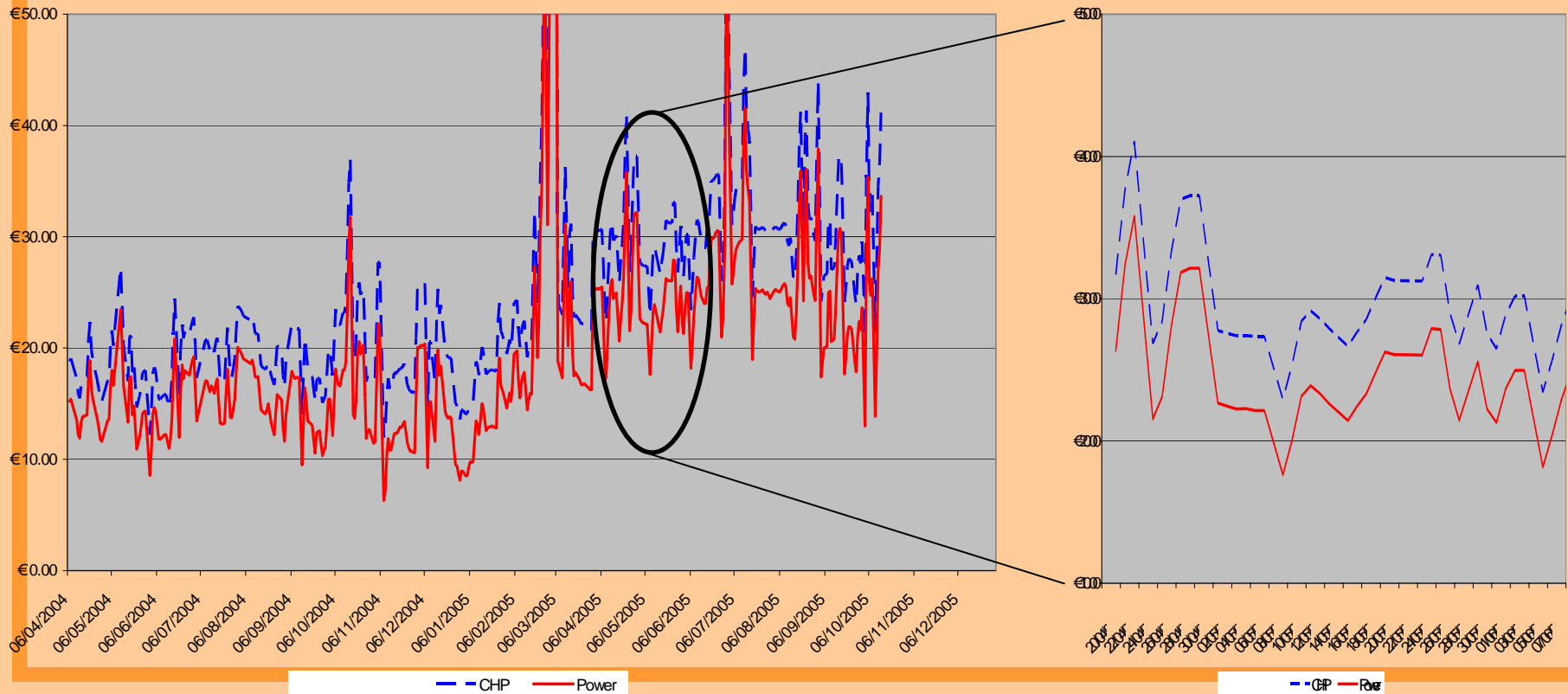


- CHP is Economic – Italy
- Tax Breaks – UK, Germany
- Portfolio Standards – Belgium (Netherlands)
- Bonus prices – France, Germany, Portugal, Spain
- Development aid – New EU, Greece
- Climate policies – UK, Denmark
- Benefits in Emissions Trading – most countries
- BUT... the policies are not sufficient and not coherent

Reasons for Optimism



- Good Policy Framework
- Need to build new capacity
- Carbon Constraint for Generators forces efficiency & CHP
- CHP is the most cost effective new build option!



Power Plant labelling based on marginal electrical efficiencies



>80%

70-80%

60-70%

50-60%

40-50%

30-40%

<30%

A

B

C

D

E

F

G





Thank you for your attention!



COGEN EUROPE
The European Association for the
Promotion of Cogeneration



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