

VIEWS ON CHP COMMUNICATION (COM(97)514)

A WELCOME INITIATIVE

1. Eurogas welcomes the Commission's initiative presented in the Communication to promote combined heat and power (CHP), and to dismantle barriers to its development. CHP is a key technology in the policy to combat climate change. The higher efficiencies of CHP will also bring economic advantages in terms of reduced energy costs to users, contributing to the goal of European industrial competitiveness.

NATURAL GAS - FUEL OF CHOICE FOR CHP

2. Electricity generation accounts for about 35% of the total CO₂ emissions in the EU. As the Communication states, CHP production is a very efficient way to use fuel and bring about a large reduction in emissions of CO₂ and pollutants to the atmosphere. Gas-fired CHP offers significant advantages in this respect. Of the fossil fuels, natural gas gives the lowest emission of CO₂ for the same unit of energy produced (41% less CO₂ than hard coal, 28% less than heavy fuel oil). In addition, with gas-fired CHP higher efficiency gains are achieved. Furthermore, when natural gas is burned it produces virtually no sulphur dioxide (SO₂) or dust and it offers considerable potential for facilitating low production of nitrogen oxides (NO_x). These properties of natural gas are also enhanced by the CHP technology, contributing to the EU's strategy against acidification.
3. Eurogas considers that natural gas should be a fuel of choice for CHP. Natural gas sources are diversified and readily available far into the next millennium, and the gas industry works to ensure safe and secure supplies, at competitive prices.
4. EU and national strategies therefore should promote gas use in CHP.

EU TARGETS CAN BE ENDORSED

5. The Communication envisages the possibility of at least doubling the current share of CHP in gross electricity generation by 2010, to 18%. Eurogas can endorse this target from the perspective of the gas sector. On the basis of the status quo, Eurogas already forecasts a doubling in gas fired CHP production by 2015-2020, but would agree that, if all barriers to create a competitive environment for CHP and district heating were

removed, this process would be accelerated and gas-fired CHP production could well double by 2010.

MAIN STRATEGY DRIVERS

6. Eurogas endorses the overall approach of the Communication, with its emphasis on subsidiarity, as realistic and pragmatic. Different considerations influence the CHP developments in the various Member States ; national targets are dependent on the national circumstances and requirements. The Commission's proposal for a strategy promoting cogeneration includes an Action programme for national energy policies. This programme should also acknowledge the dynamics of subsidiarity, and the specific policy approaches of Member States and not lead to imposition of a central, organized approach.
7. The EU's energy markets will bring improved opportunities for new cogeneration projects by facilitating construction of new plant and access to the electricity network on a competitive basis. Alongside gas with its environmental advantages, renewable sources of energy should also have an important contribution to make to CHP development over-time, on an economic basis, on the basis of fair competition.
8. CHP projects should be encouraged through promotional initiatives advertising its benefits. CHP promotion should also be an important item of EU accession programmes for future Member States, and in a wider international context to reduce global emissions and contribute to economic benefit.
9. In general, initiatives to favour CHP schemes, including funding for research and development, should be cost-effective and carried out in areas likely to yield the best returns. In this context, Eurogas is concerned that the introduction of new district heating systems in areas already served by other supply networks would be inefficient and not cost-effective. Even in new areas, not already served by other networks, a proposal to introduce CHP district heating systems should be subject to economic and environmental analysis of benefits, compared with alternative systems.

CO-OPERATION OF THE GAS INDUSTRY

10. Eurogas looks forward to the Commission's proposal for an Action programme to promote CHP. At EU level and national level, the gas industry through Eurogas and its national delegations, is ready to discuss how the gas industry can contribute to this plan.

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