



Fostering growth in a diverse market

What Europe can do
(conclusions from the project)

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A diverse market

Local conditions framing the possibilities for DHC are as diverse as the possible set-up of DHC schemes



National and local framework conditions I

- Political System (centralised or decentralised) and corresponding energy policy
- Taxation philosophy and level of fossil fuel prices and electricity prices
- Historical development of DHC and market shares
- Tradition of business models and ownership attitudes



National and local framework conditions II

- Heat source availability: CHP, local industries, waste incineration, local renewables
- Massive lack of reliable and cost-efficient RES, especially biomass for DHC and CHP
- Heating and cooling demands (climate, building stock, customer structure)
- Consumer attitudes



The challenge

Define European policies that can coherently be translated into national energy policies

Imposing measures that are sufficiently binding – yet flexible enough to give leeway to local projects to optimally draw on local conditions and synergies („intelligent systems“) under cost-effectiveness considerations

As well as removing European and national burdens



Burden measures

- The proposed **CO₂ taxation** is welcome as it will give opportunities for DHC as a low-carbon, high-efficiency option for the residential market. The level of burden is critical for success (i.e. Sweden, Denmark). The current draft does not provide a sufficient tax level for most MS



ETS as a burden for CHP and DHC

- Under the 3rd trading period of the ETS the allocation of free allowances for CHP and DHC does not reflect the needed amount and will be reduced even further until it reaches zero
- But competitors on the heating market (e.g. individual boiler under 20 MW-natural gas, heating oil) are exempted from the ETS
- Therefore the ETS will be detrimental for energy efficiency as it is not counterbalanced by strong and sufficient energy taxes for the non ETS sector (cf. Sweden, Denmark)



Financial support I

- The **recast of the CHP Directive** should encourage Member States to not only provide financial support to CHP operations but also provide investment grants for DHC infrastructure
- The CHP Directive should provide binding priority access to the electricity grid (on the same level as RES)



Financial support II

- When implementing the **RES Directive** Member States should take into account efficiency criteria and favour CHP operations
- RES support measures should comprise all possible sizes of installations
- Existing constraints for cofiring of RES (principle of exclusivness) in CHP power plants should be removed



Legal basis for the energy hierarchy I

- A legal basis for the principle of „Reduce, recycle, replace“ (energy hierarchy) is paramount for better legislation
- The new „Energy Savings Directive (ESD)“ provides the perfect means to implement the energy hierarchy under the overarching goal of saving fossil fuels

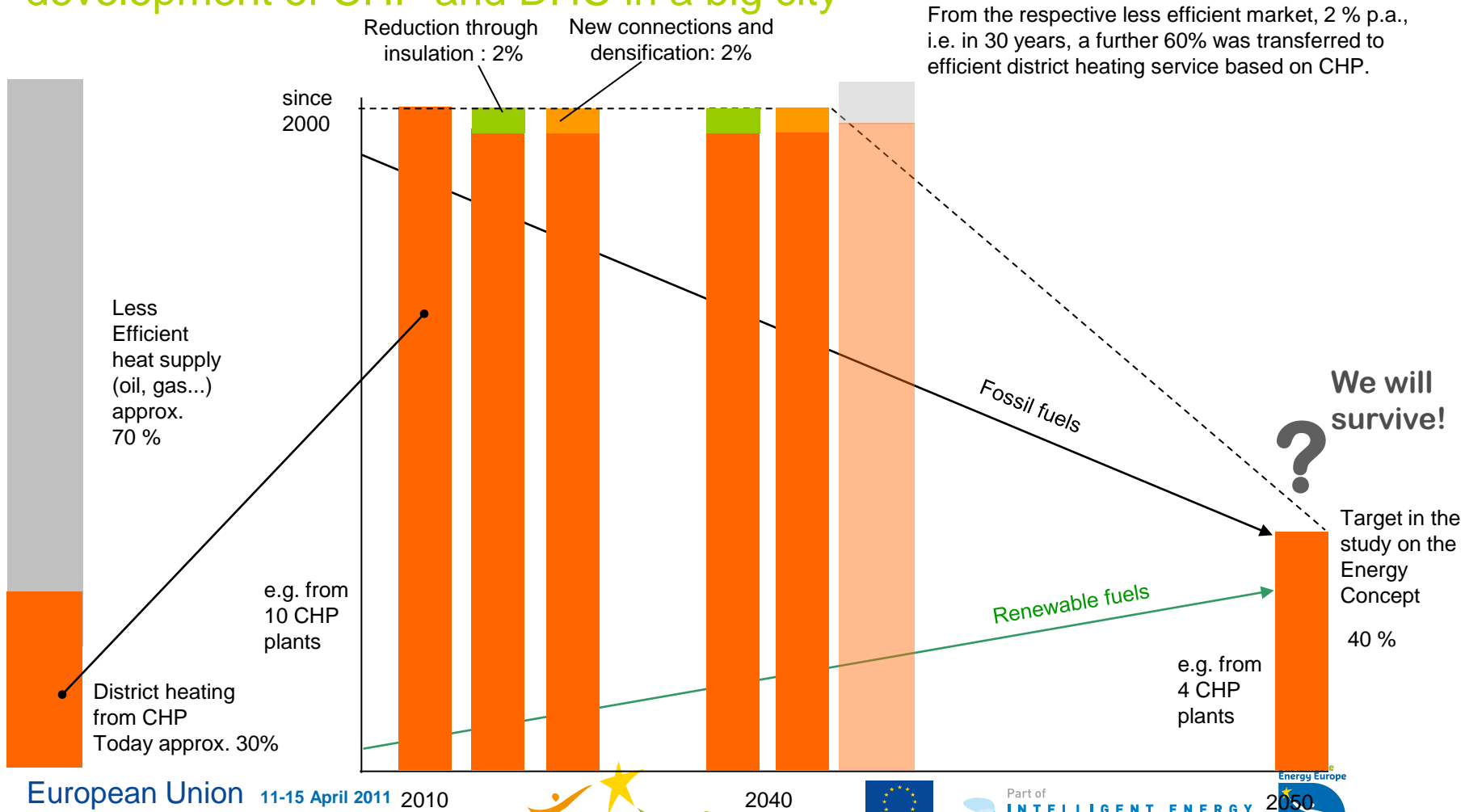


Legal basis for the energy hierarchy II

- Reduce: Reducing the energy demand. The PEF system should be used to prove energy savings
- Recycle: Recycling heat from CHP, waste heat and surplus heat from industry should be allowed to be factored in
- Replace: Replacing fossil fuels with RES is paramount, e.g. biomass only in CHP. DHC systems as storage for surplus wind energy and PV, CHP electricity as back up for wind energy and PV



Example for the energy hierarchy:
development of CHP and DHC in a big city



Planning I

- The new “**Energy Savings Directive**” should provide guidance on spatial/urban energy infrastructure planning. This can include zoning, efficiency criteria for thermal power production (at the level of MS), competences for local authorities regarding authorization criteria etc.
- New power plants only in conjunction with heat use



Planning II

- The concept of eco-buildings under the **Buildings Directive** needs to be enlarged to eco-districts with a focus on primary energy consumption
- RES and buildings regulations need to allow for considering RES and surplus heat options under cost-effectiveness aspects at the level of communities (local level)



Planning III

- Strict application of the **waste framework Directive** should trigger new opportunities that will also benefit achieving the goals of the RES Directive



Market control

- Market control mechanisms do not per se help market developments. EU legislation in this area risks to disturb well-operating national/local markets by re-regulation and thereby preventing new investments

