Joint Annual Conference: Teaming up for Energy Renewal
Conrad Hotel, Brussels June 2, 2010

CHP Support Schemes in Europe
- what's working and what isn't -

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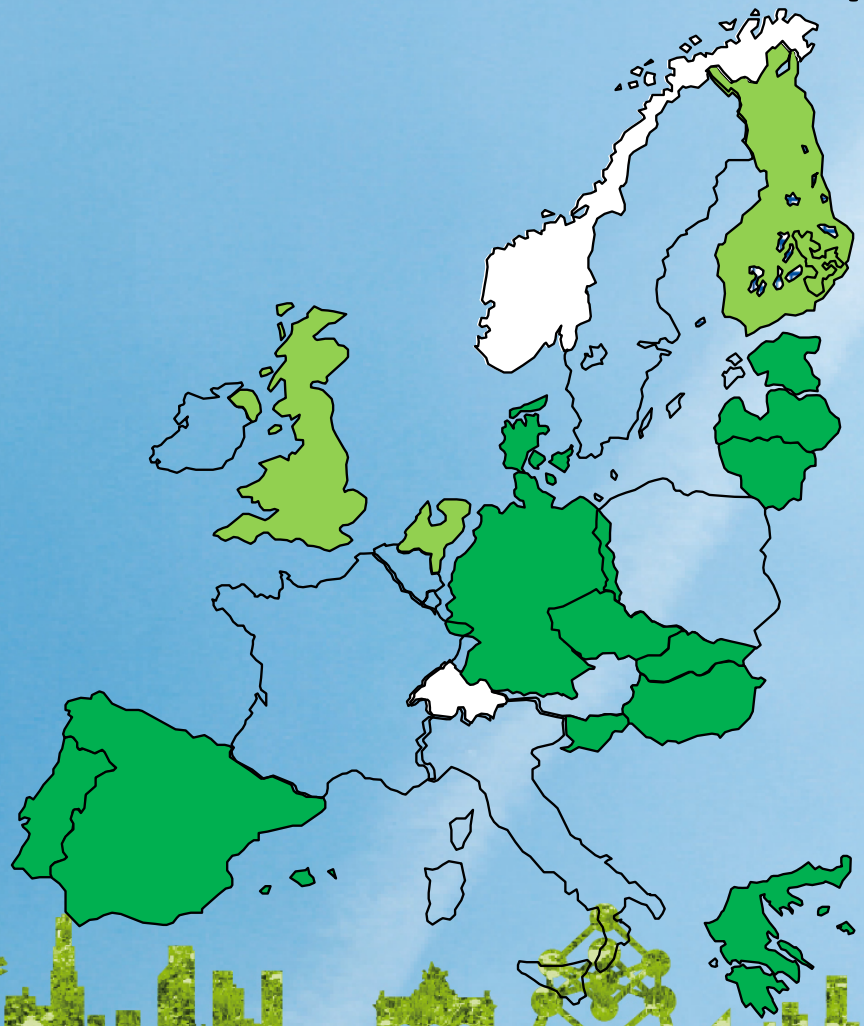
Types of support mechansims

Feed-in tariffs & Feed-in premiums



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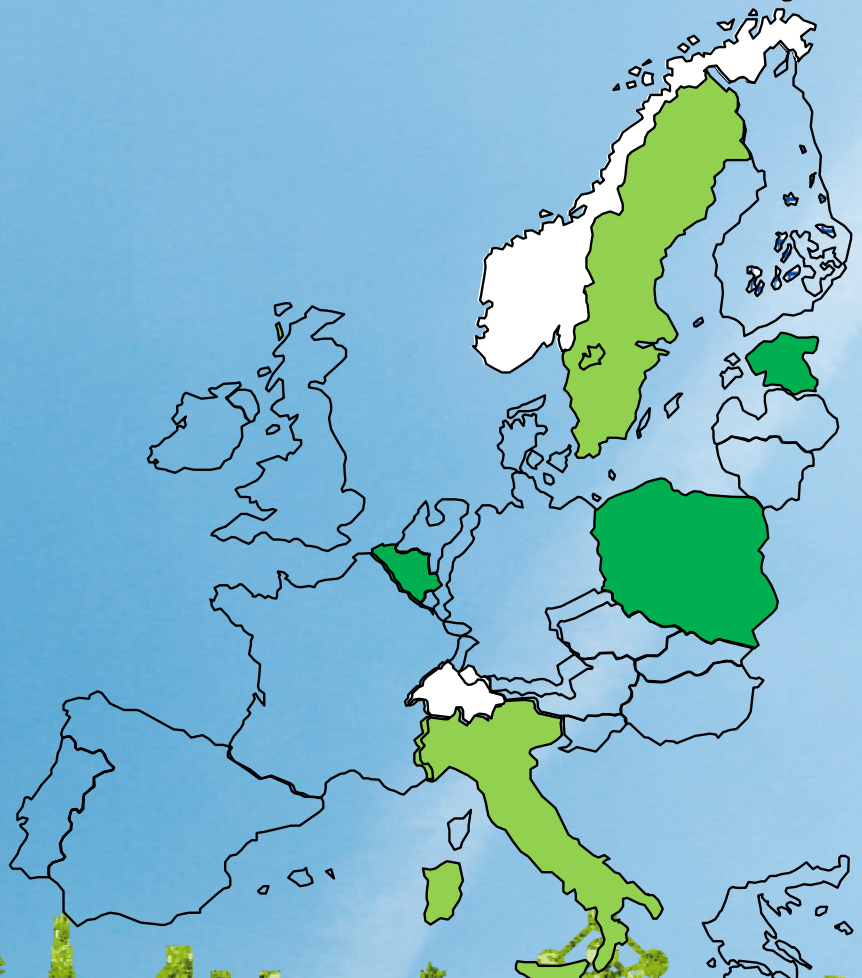
Certificate-based systems



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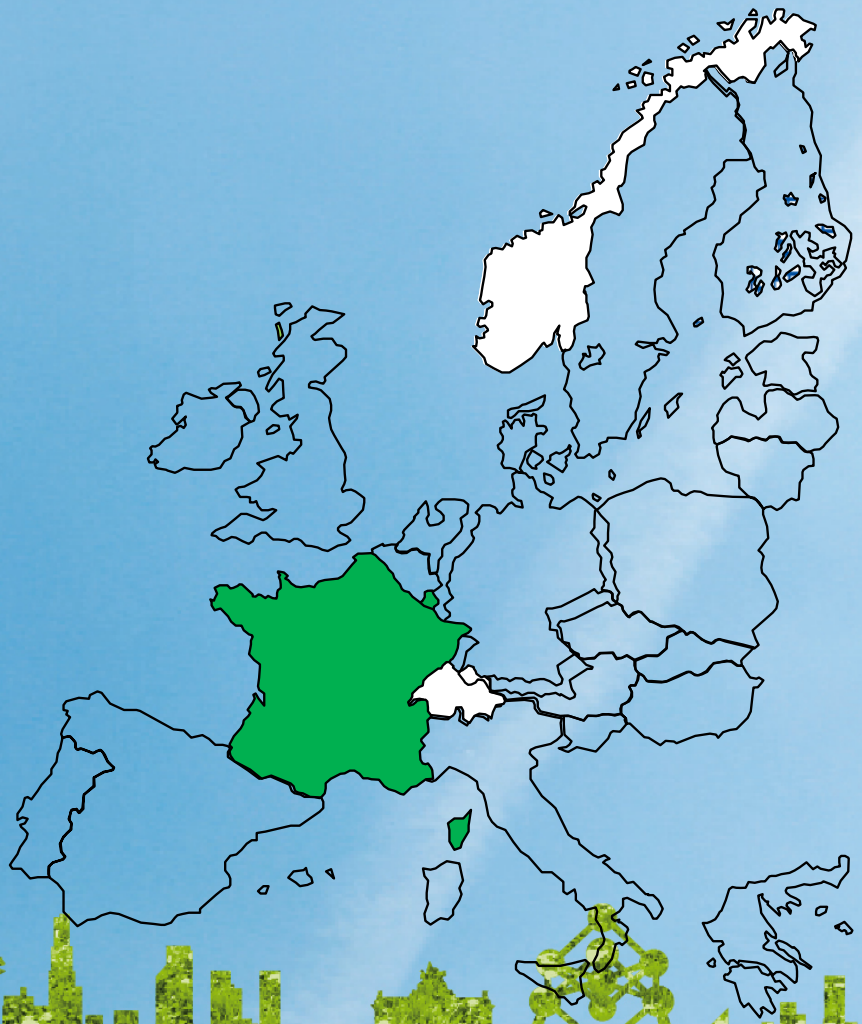
Contracts



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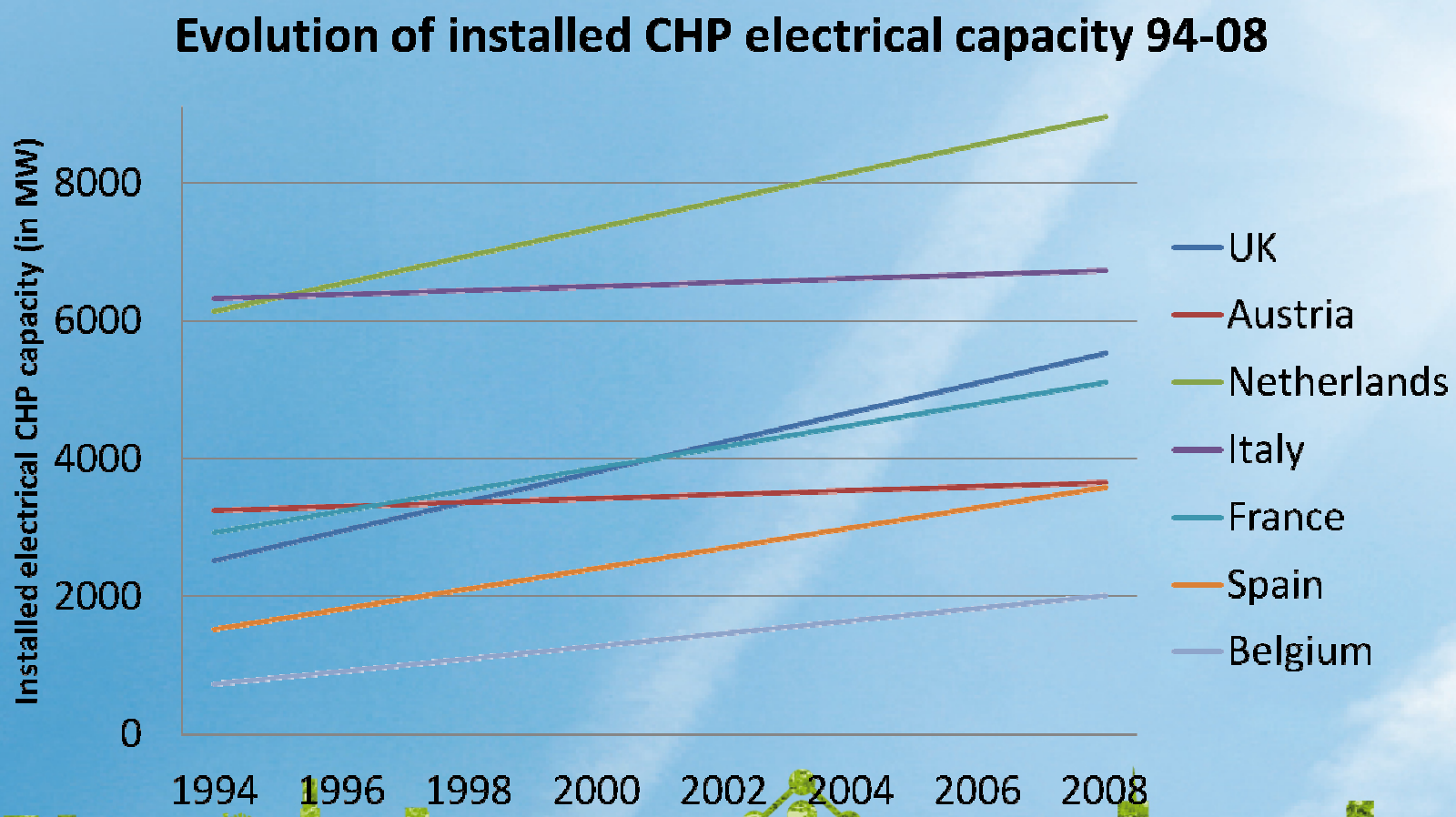
Success as a matter of timeframe

- Nearly all EU Member States have seen their share of CHP develop in last 2 decades
- In most cases the growth was rapid & over a short time span
- Electricity sector investment is cyclical
- Most significant growth spurts happened *before* the CHP Directive's adoption

Success as a matter of timeframe



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Support scheme success snapshot

The Good

- Belgium (Flanders)
- Germany
- UK (?)
- Poland (?)

The Bad

- Italy
- Spain
- Hungary
- Portugal

The Ugly

- Ireland
- Netherlands
- France
- Greece

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Successful support:
An in-depth look at Flanders

CHP support in Flanders

- Support mechanisms for CHP:
  - Premium for ecological investment
  - Tax reduction (Cumulative with ecological premium)
  - 20% investment support for micro-CHP (PES>0%; public bodies)
  - Demonstration support for micro-CHP (residential)
  - CHP Certificates (CHPC)
  - CHP-installation on bio-mass <u>also</u> get green certificates

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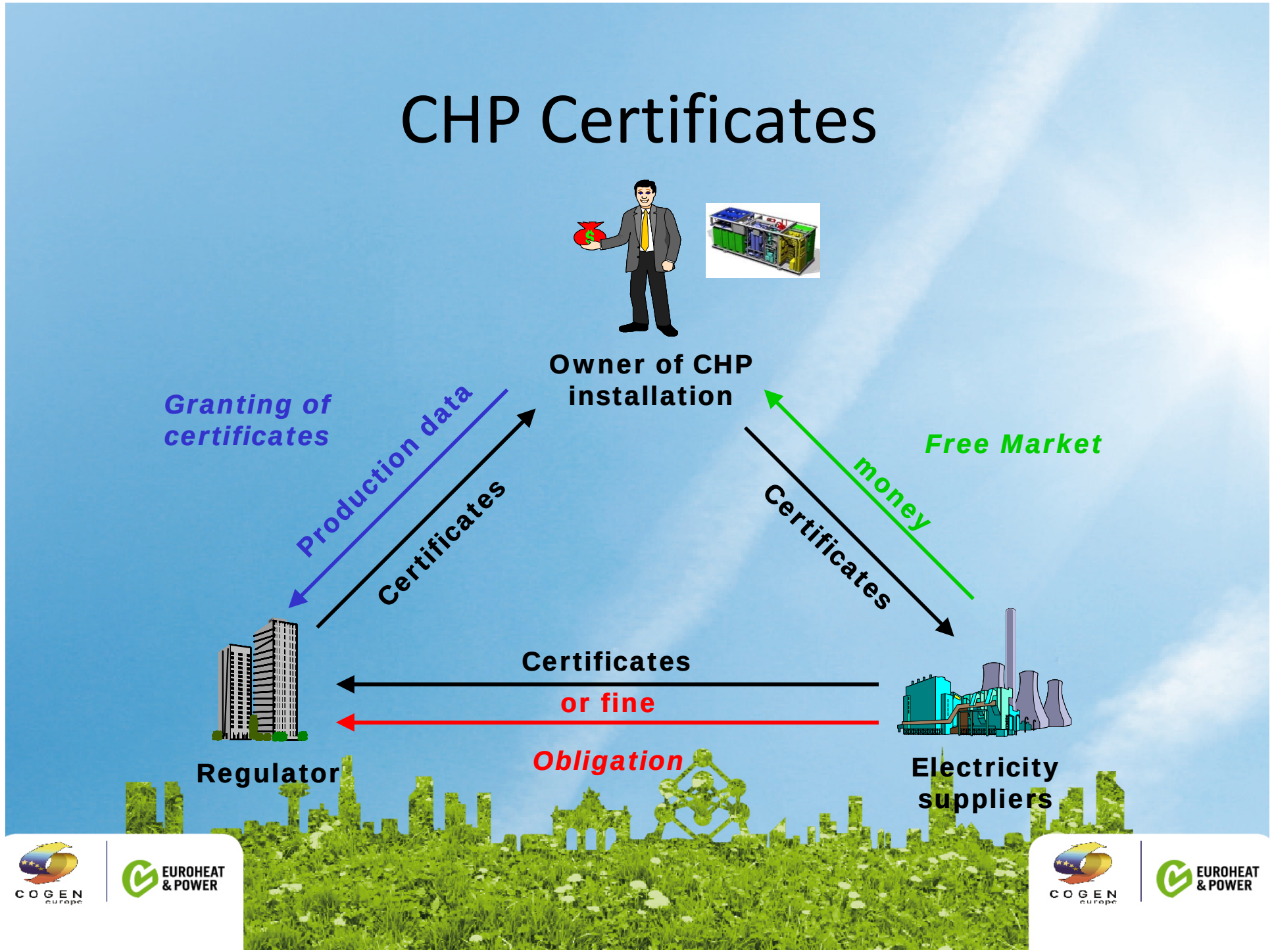
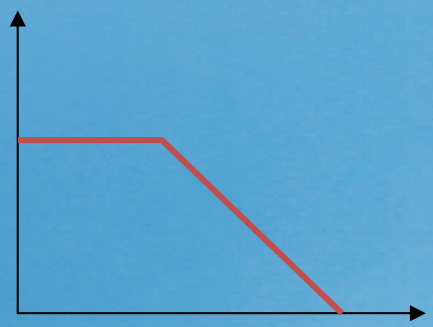
CHP Certificates



Basics of the Flemish CHP certificate scheme

Date of hand-in	Quotum
31.03.2006	1,19%
31.03.2007	2,16%
31.03.2008	2.96%
31.03.2009	3,73%
31.03.2010	4,39%
31.03.2011	4,90%
31.03.2012	5,20%
31.03.2013 and later	5,23%



Conditions for CHP installation:

- Built or renovated after 1st of January 2002
- CHP must be high efficiency

Awarding of CHP certificates:

- Based on absolute primary energy saving (1 MWh)
- After 4 years: declining amounts
- **Flemish** reference efficiencies (**≠ EU**)

Obligation for all electricity suppliers:

- Percentage of amount of delivered electricity to end-users in the preceding year
- Fine per missing CHP certificate (45 EUR)

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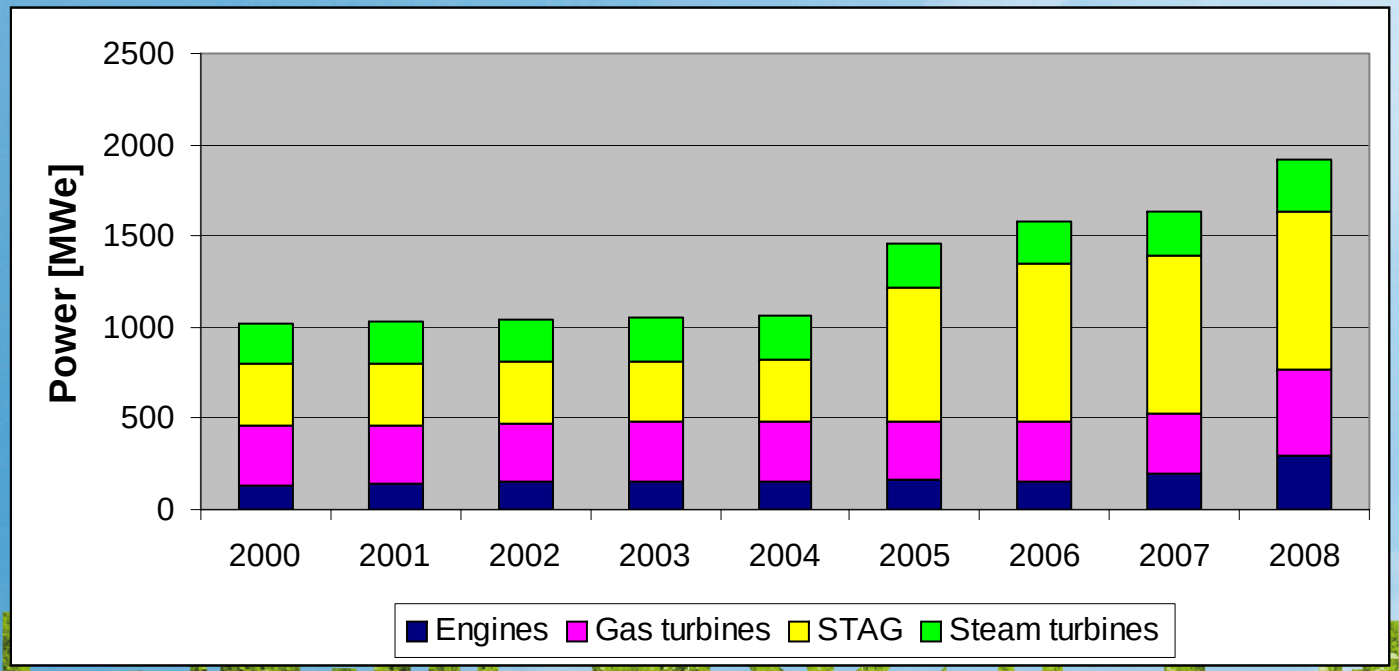
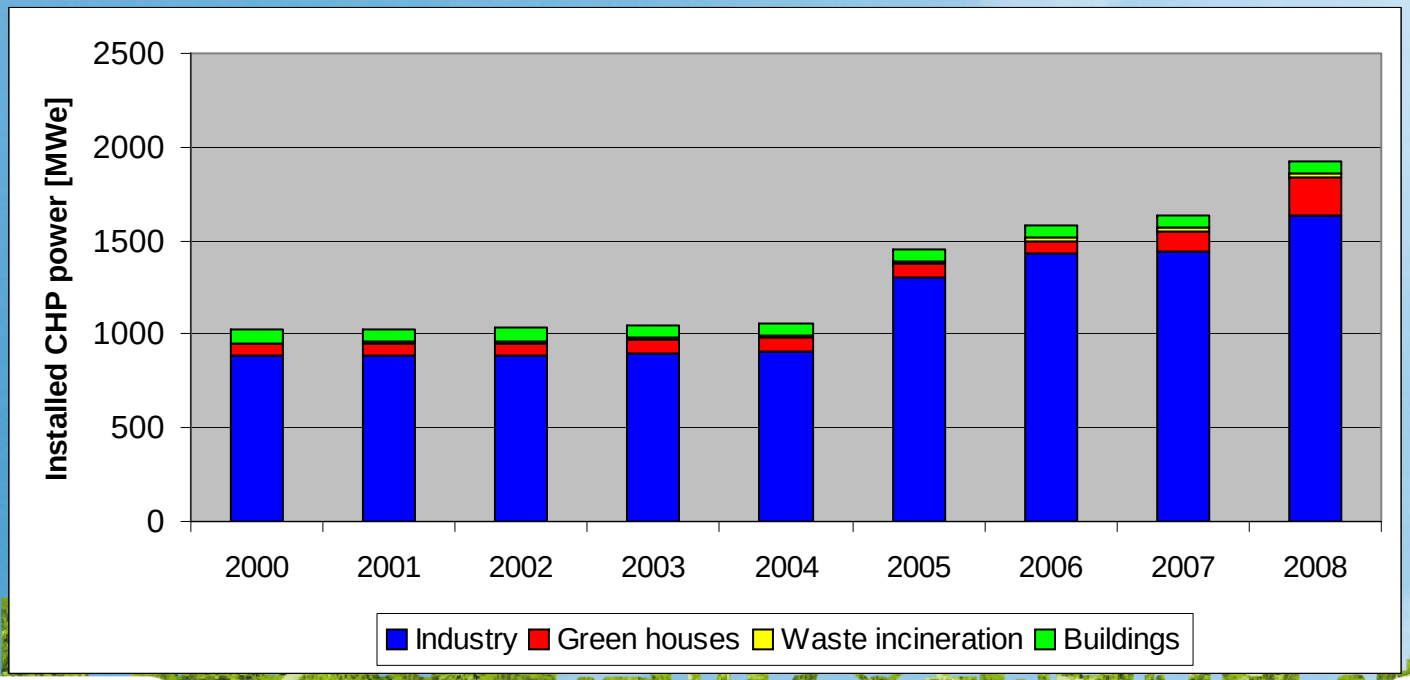
Effectiveness of CHP Support

- Installed electrical power of CHP [MWe]
  - **Great success** since 2005! (engines and GT)



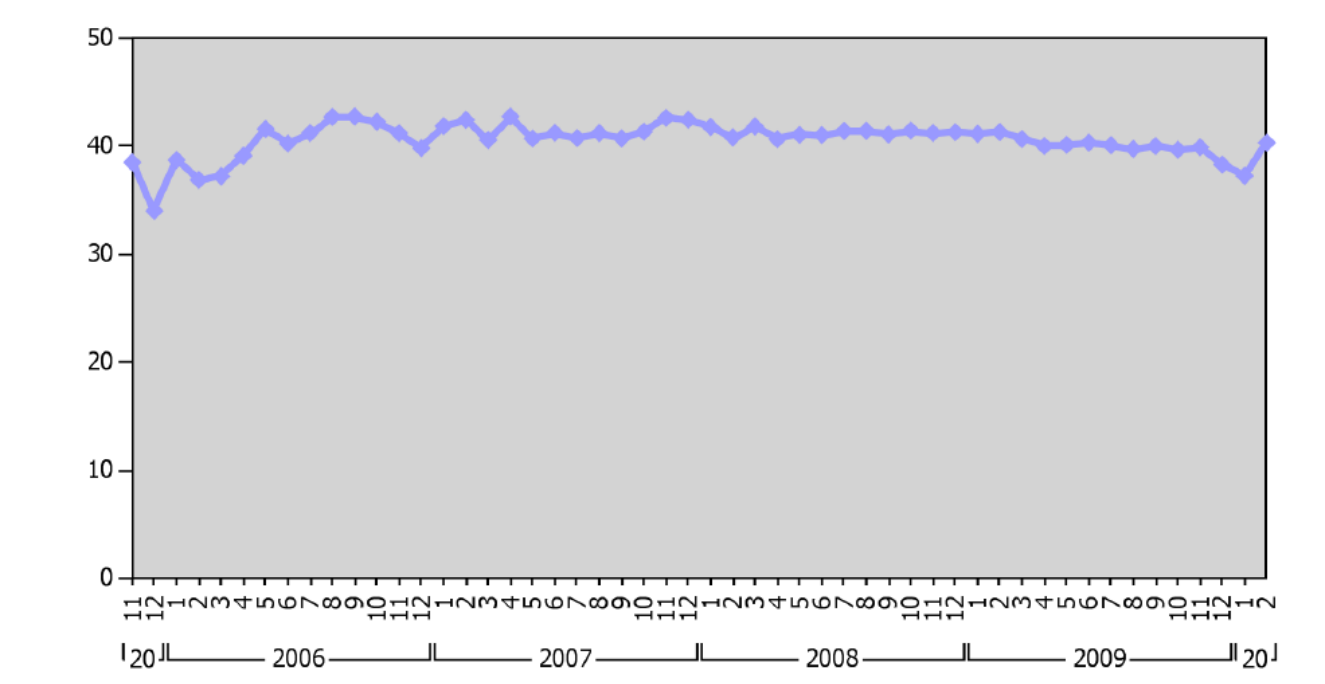
Effectiveness of CHP Support

- Installed electrical power of CHP [MWe]
  - Big increase in industry and green houses



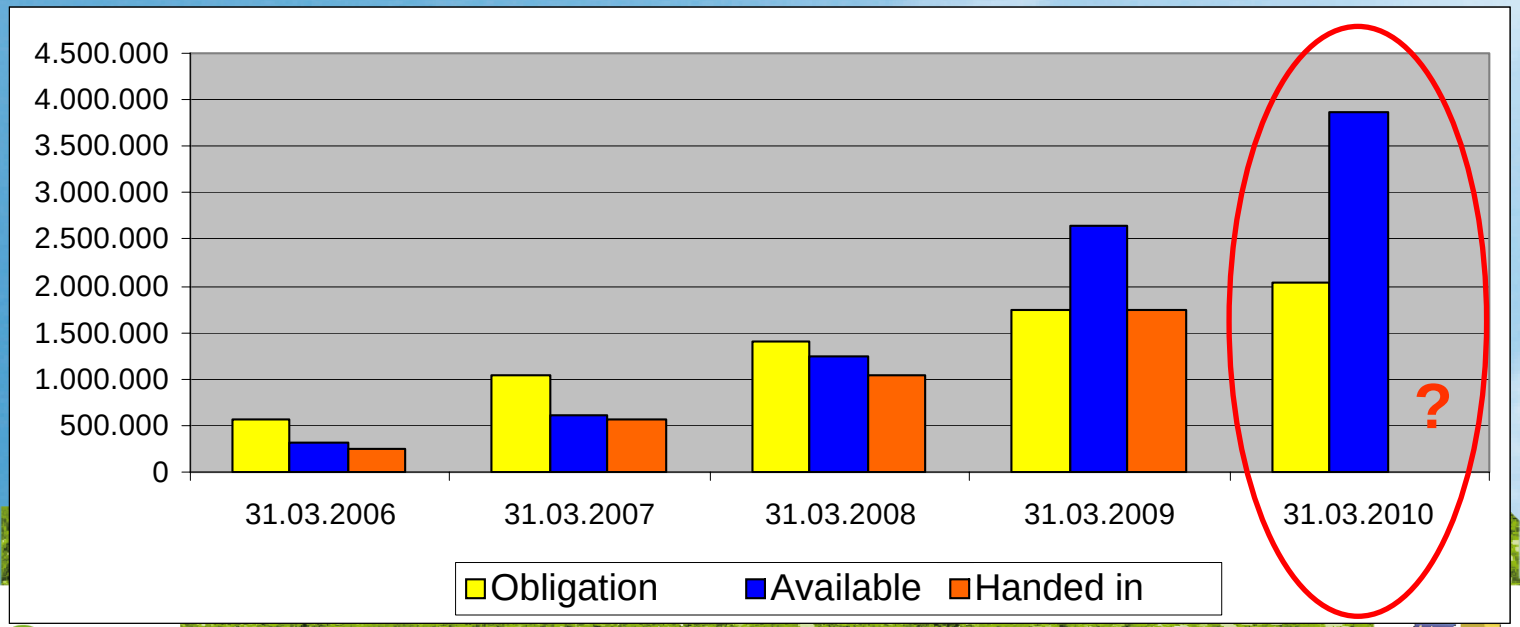
The need for stability (and visibility)

- Evolution of market price CHPC:
  - Average price CHPC (March '10): ± 40,1 €



Long term stability (?)

- Great success of CHPC has drawback
  - A lot more CHPC available than needed
  - Market system is becoming **unstable**
  - **Response of government needed NOW!!**



Major markets in different gears

Germany

Aim: DOUBLE share of CHP by 2020 !

- 4546 projects to date since 01/01/09 (i.e. under the new CHP Law of 2009)

Capacity	New projects	Total support
>2MWe	32	244 M EUR
50kWe to 2MWe	279	86 M EUR
Up to 50kWe	4235	101 M EUR

- Total Support to CHP 634 M EUR in 2009 (up from 525 M EUR in 2008)
- CHP charge to end user: 0.231cents per kWhe

LARGE PROJECTS HAVE NOT REGISTERED YET !

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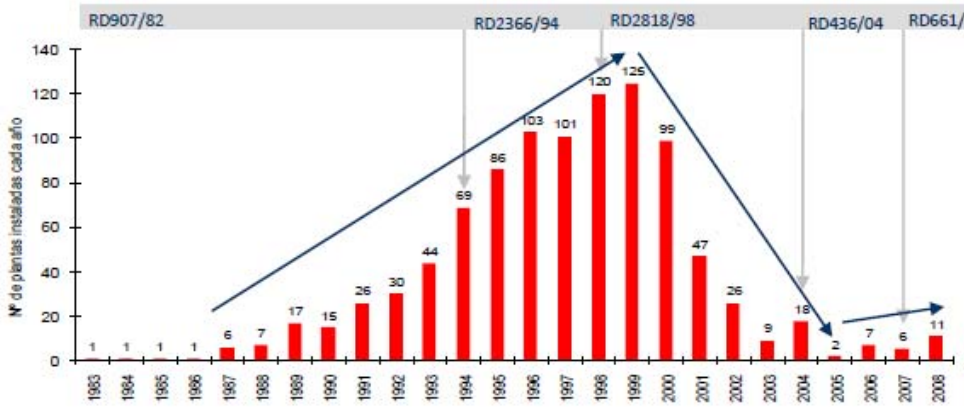
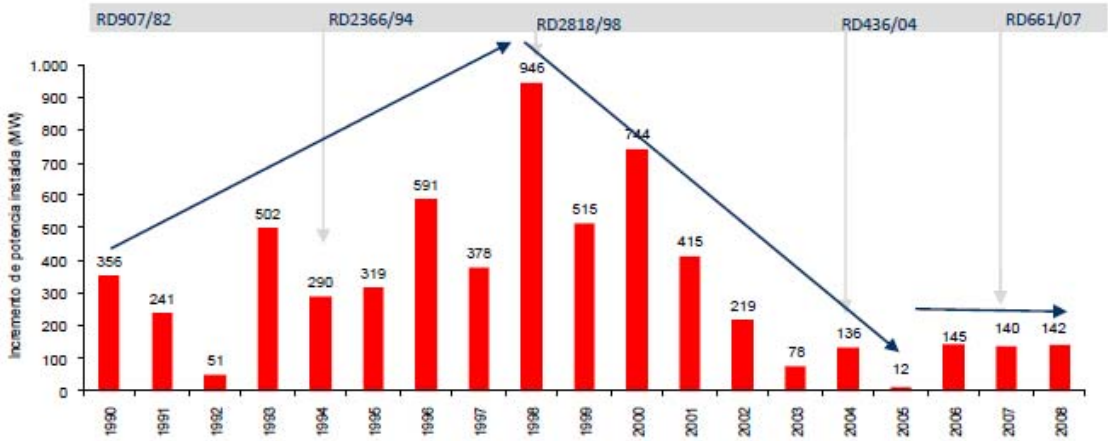
National regulations: driving the market in Spain



Plantas de cogeneración instaladas 1983-2008. Marcos legales

Fuente: IDAE – CNE. Análisis del potencial de cogeneración de alta eficiencia en España. 2010-2015-2020

Incremento anual de la potencia instalada de cogeneración



Fuente:CNE. Información estadística sobre las ventas de energía en régimen especial

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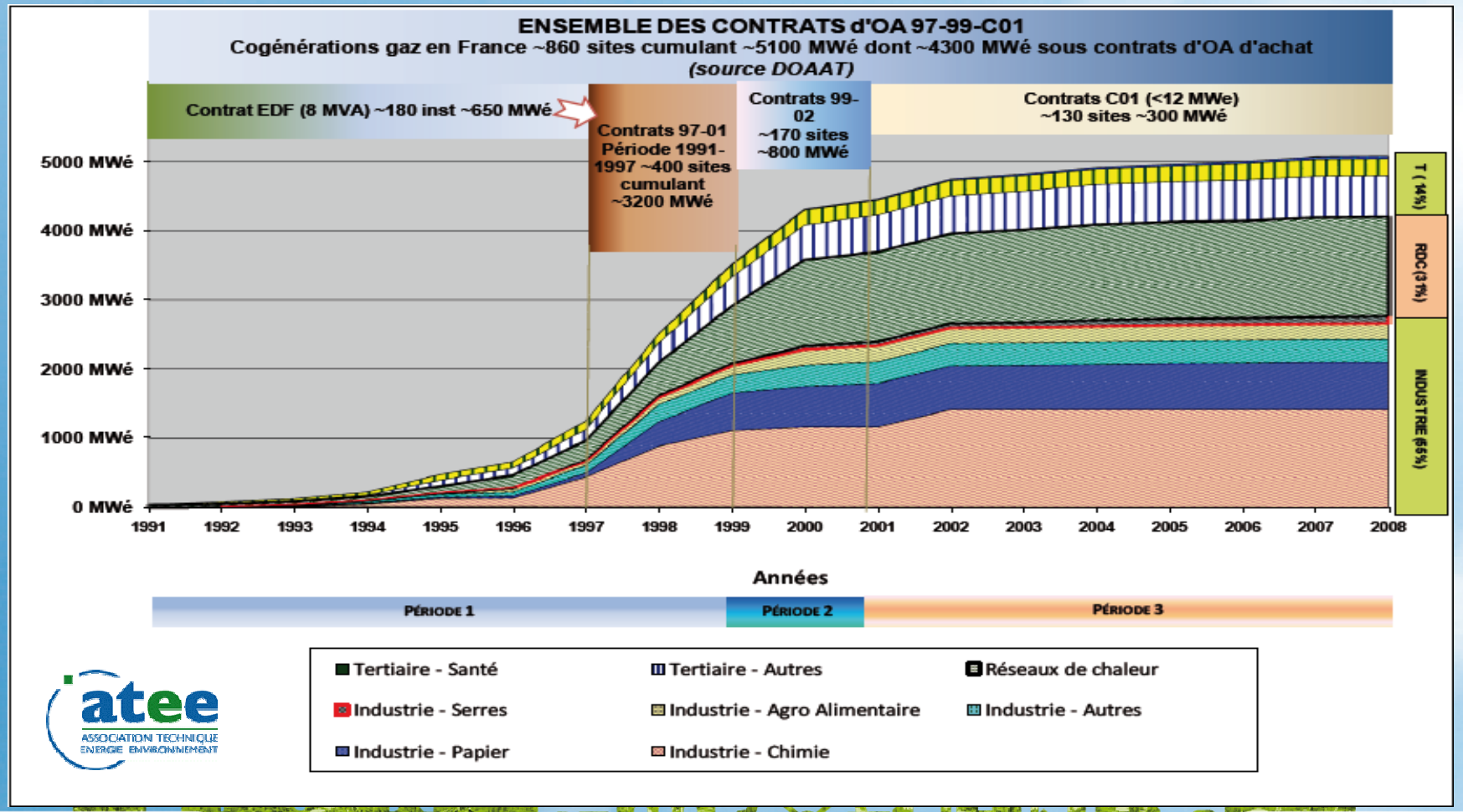
...and in France



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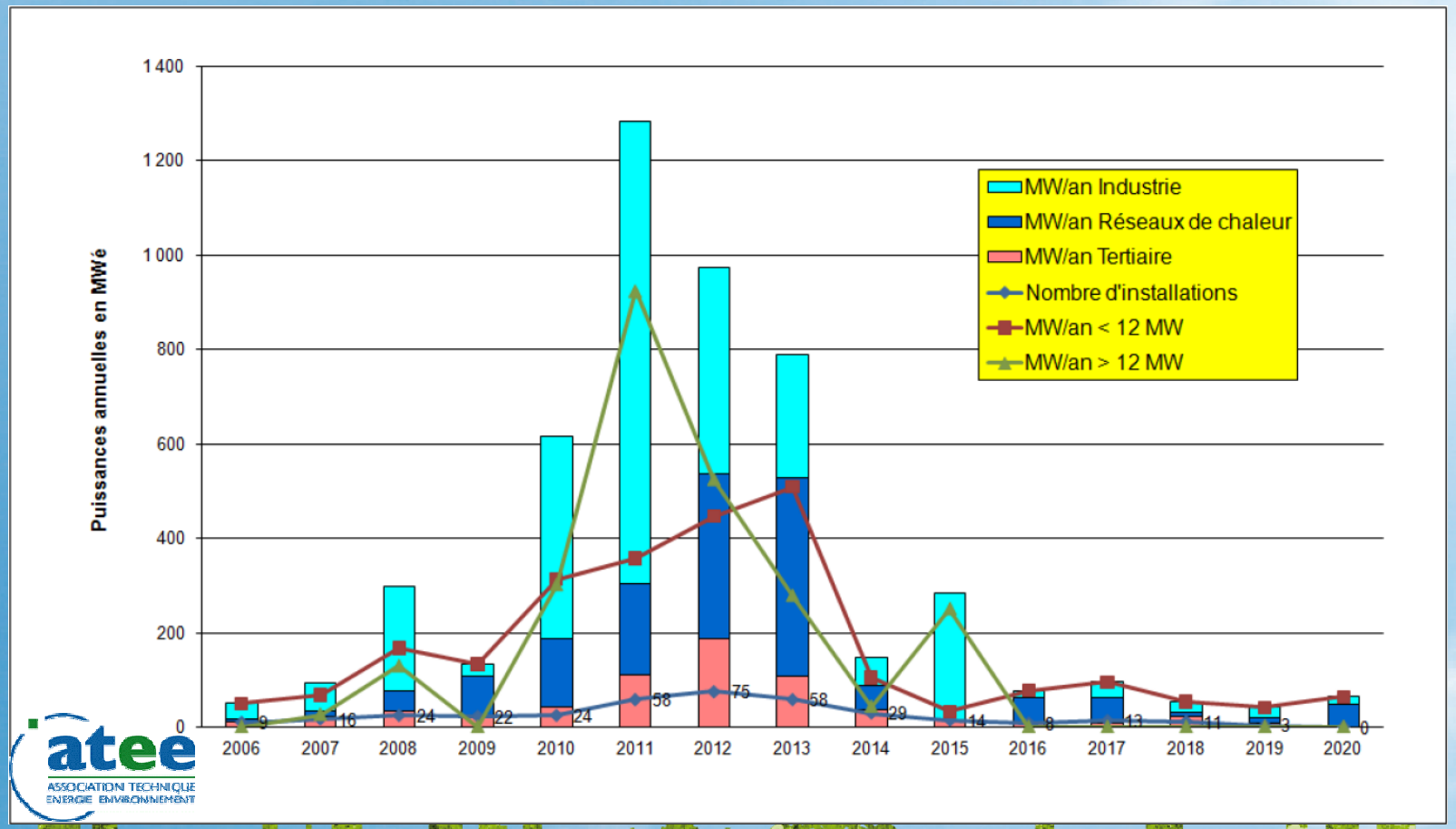
Le dernier soupir?
Finishing contracts



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Beyond support mechanisms
- the case of Germany -

CHP Feed-In Tariff
Economic Recovery
Electricity Capacity Gap
CO_2 Price
Building Regulations

Falling Electricity Price
Gas Price Volatility
Poor Industrial Energy Demand
Coal and Nuclear Expansion

Source: Delta Energy & Environment, 2010

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Concluding remarks

- The Implementation of the CHP Directive opens news possibilities for Member States:
  - Assessment of existing mechanisms (ongoing)
  - Support is based on established framework
  - CHP becomes central to energy policy

- National frameworks remain the key drivers:
  - Type of mechanism not a crucial issue
  - Support must go beyond monetary transfers
  - Long term visibility is key
  - Political ambition is essential

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Thank you for your attention

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