

EED recital 16: Leave methodological choices to Member States

Vattenfall is one of the largest producers of electricity, active in all parts of the value chain: generation, distribution, trading and sales, and also one of Europe’s experienced producers and distributors of heat, supplying electricity and heat to growing metropolitan areas in Northwest Europe, including Berlin, Hamburg, Amsterdam and Uppsala. Among others, we operate approximately 15 large combined heat and power (CHP) plants and offer an array of decentralized heating and energy solutions, including mini-CHPs, heat pumps, and solar panel installations.

We are committed to becoming fossil free within one generation and therefore driving the transition towards fossil-free heating solutions together with cities and regions. We therefore welcomed and have actively supported the European Commission’s heating and cooling strategy and the steps to its implementation.

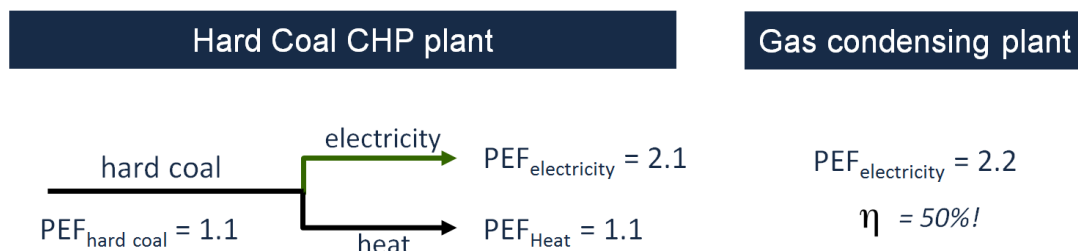
EED, Recital 16: Methodology set out in Annex II leads to paradoxical results for EED purposes

The proposal of recital 16 of the Directive amending the Energy Efficiency Directive (EED) provides that the methodology set out in Annex II of the EED should be used to calculate the share of primary energy for electricity from CHP plants. This specification should seriously been reconsidered regarding the overall EED intention.

The method described in Annex II of EED is suitable for determining the high efficiency of cogeneration, i.e. for the simple calculation of the entire efficiency gains achieved by highly efficient cogeneration compared to the efficiencies of the uncoupled generation of electricity and heat to be substituted. It is therefore used e.g. under the German CHP Act as a pre-condition for CHP plants being eligible for receiving support.

However, the application of the method in Annex II leads to misjudgments of the real primary energy savings, since both the electricity and heat side are incorrectly calculated. Rather, the distribution of primary energy savings to the products electricity and heat leads to paradoxical results:

- Using this method, a hard coal CHP plant will achieve primary energy electricity factors that are the most efficient in terms of gas-condensing power plants of the latest design.



- When used for a gas CHP plant, primary energy factors would be reached that are physically impossible.

This contradicts the general intention of both the EU Commission and the majority of Member States to end the use of coal for power and heat generation as soon as possible.

In line with an EED goal of providing accurate information on actual savings to meet the overall efficiency targets, the methodology to be adopted should follow fair rules that are also applicable to other local structures such as electricity or heat from renewable sources, CHP and district heating. In general, the methodology used should not have legislative character.

Correspondingly, the European Parliament has called for the deletion of methodological requirement (Amendment 37 to recital 16 of the EED):

AM 37

“(16) ***Strictly limited to the objectives of this Directive and*** reflecting technological progress and the growing share of renewable energy sources in the electricity generation sector, the default coefficient for savings in kWh electricity should be ***carefully analysed and possibly*** reviewed in order to reflect changes in the primary energy factor (PEF) for electricity, ***reflecting the energy mix*** of the ***respective Member State by way of a comparable and transparent methodology.***”

Vattenfall would like to encourage to give a positive support to Amendment 37 in the ongoing EED Trilogue negotiations, but at least to delete the following from recital 16: "***For the calculation of the primary energy share for electricity from cogeneration (CHP), see Annex II to Directive 2012/27***".

This will give Member States the opportunity to opt for a physically appropriate approach at national level to achieve their intended energy policy objectives.