

## Position Paper on the Energy Efficiency Directive Recast Proposal

EUGINE, the European Engine Power Plant Association, welcomes the increased ambition in the European Commission proposal to recast the Energy Efficiency Directive (Directive 2012/27/EU) and adapt it to the goal of reducing Europe's greenhouse gas emissions by 55% by 2030.

The inclusion of a new article on the energy efficiency principle in the Energy Efficiency Directive is also to be greeted, although we would like to underline that this principle needs to be always applied with the whole energy system in mind, as currently stated in the proposed Article 3.

On the negative side, we regret the **scarce references to the combined generation of heat and power (cogeneration or CHP)**, which is the most efficient solution to reduce the energy demand whenever electricity and heat are needed, in buildings as well as in industry. When running with green gases such as biomethane or green hydrogen, CHP can provide dispatchable, renewable heat and power.

It is also **very regrettable that the Commission proposes to exclude the efficient co-generation of heat and power from accounting towards the energy savings obligation**. This hampers cost-efficient and simple solutions such as the coal-to-gas switch and disincentivises the installation of combined-heat-and-power units. In other legal acts, such as the state aid guidelines, the Commission had made a **difference between natural gas and other more polluting fossil fuels**, and that should be taken up in this text.

Finally, we also regret the **repeated references to the EU Taxonomy**. The Taxonomy is neither an instrument to categorise all economic activities nor a baseline meant to be used as reference for purposes other than directing financial flows towards environmentally sustainable activities.

In order to increase the ambition of the EED and do not block the development of efficient, decarbonised CHP, we propose the following improvements:

- Including a definition of “**sustainable cogeneration**” to account for the capability of the technology to run on renewable and low-carbon gases, including hydrogen and hydrogen blends.
- Promoting **sustainable cogeneration in district heating**.
- Allowing that cogeneration with natural gas (to be shifted to operation with clean gases as soon as possible) continues accounting towards the **energy savings obligation**.
- Continue promoting the use of **cogeneration in industry and service facilities**.
- Continue **facilitating the grid connection of electricity produced from high-efficiency cogeneration** from small-scale and micro-cogeneration unit.

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EUGINE is the voice of Europe’s engine power plant industry. Our members are the leading European manufacturers of engine power plants and their key components.

Engine power plants are a flexible, efficient, reliable and sustainable technology, helping to ensure security of electricity supply and providing (renewable) electricity and heat.

For more information please see [www.eugine.eu](http://www.eugine.eu)