

Cogen in Europe: VOLATILE!

Is It “Green”? Is It “Brown?”

Fereidoon P. Sioshansi, Ph.D.
Global Product Manager
Henwood Energy Services, Inc (HESI)

Low electricity prices, high gas prices, and unfavorable trading conditions, notably in England and Wales, have made life difficult for the cogeneration industry in Europe. The experience in England and Wales with green energy and cogen under the New Electricity Trading Arrangements (NETA) has been highly unfavorable to both, and literally devastated the cogeneration industry. The UK's Department of Trade and Industry is supposed to fix this problem.

The output of cogeneration was down some 61% in the UK and 25% in Spain, for example. The situation was particularly dire in the UK, forcing the industry into a crisis state, according to Mr. David Green, the Director of the UK's CHP Association.

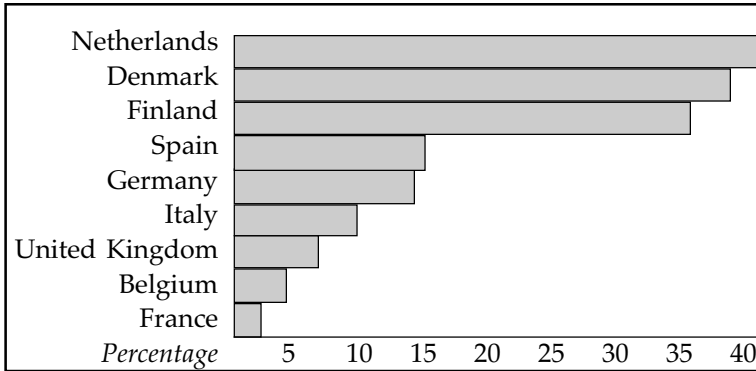
But the beleaguered industry is about to get a shot in the arm, courtesy of a new directive to be issued by the European Commission (EC). According to *Power in Europe* Dec. 2001, the latest directive will formally establish a goal of doubling cogeneration capacity in Europe to 16% from its current level of 8%, within ten years. The penetration of cogeneration, like everything else, varies significantly from one country to another, with the Netherlands, Denmark, and Finland in the lead.

How does the EC intent to accomplish such a formidable goal? By establishing indicative national targets for member countries and prodding them to meet the targets.

Along the way, the new directive will define three grades of electricity: green from renewables, gray from cogeneration, and brown

Who Has More Cogen?

EU member countries with significant installed cogeneration capacity, as a percentage of total installed capacity.



Source: Adapted from *Power in Europe*, December 3, 2001.

from fossil fuels. Part of the problem for cogeneration has been that it is not truly green, nor particularly brown. EC's new differentiation may help.

ABOUT THE AUTHOR

Fereidoon P. Sioshansi, Ph.D., is Global Product Manager, Henwood Energy Services, Inc (HESI).

2710 Gateway Oaks Drive, Suite 300 North, Sacramento, CA 95833; (t) 916-569-0985; (f) 916-569-0999; (e) fsioshansi@hesinet.com.

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