



NOTE FROM THE FRENCH AUTHORITIES

Subject: Report of the French authorities pursuant to Article 6(3) and Article 10(2) of Directive 2004/8/EC on the promotion of cogeneration based on a useful heat demand in the internal energy market and amending Directive 92/42/EC – in reply to Commission letter ENER/PL/jma/pc/S-309427 of 11 April 2011

Background

The following reports pursuant to Directive 2004/8/EC on the promotion of cogeneration based on a useful heat demand in the internal energy market and amending Directive 92/42/EC were sent to the European Commission:

- report on the transposition progress dated 19 April 2007 in reply to letter DGTREN D1/GdW/abd/D(2007)304534 of 22 February 2007;
- report sent in 2008 with the information referred to in Article 5(3) (guarantees of origin) and Article 9(1) and (2) (legislative and regulatory framework), including a detailed summary of the support scheme and of the state of French cogeneration installations;
- report sent in October 2010 under Article 6 of the Directive on the analysis of the national potentials for high-efficiency cogeneration.

Most of the information in these reports is still valid. Nonetheless, the following replies of the French authorities to the Commission's questions explain in more detail the changes to the support mechanism for biomass cogeneration and the adaptation of the legislative basis for the French system of guarantees of origin.

In addition, the French authorities point out that the development prospects for cogeneration have been discussed in France in light of the objectives to develop renewable energy, reduce CO₂ emissions, improve the competitiveness of production methods and control the costs of the policy of supporting cogeneration.

According to the report on the pluriannual investment programme (PIP) for electricity generation in 2009-2020, cogeneration enables a reduction in CO₂ emissions because it replaces fossil fuels in electricity and heat production. The electricity PIP does not set any development objectives for cogeneration installations using natural gas and favours the development of biomass cogeneration, in particular by replacing existing natural-gas-based installations.

Replies

Q1 What is the level of transposition of the Directive in your country? What is the timeline for the remaining parts of the transposition of the Directive, if any?

France has transposed the Directive fully into national law, as notified in the NIM database (National Implementing Measures).

Q2 What is the timeline for implementing measures based on the Commission Decision of 19 November 2008 establishing detailed guidelines? Please indicate how this has taken place (revision of a general energy law, a specific law, decree, regulation,...).

The detailed guidelines in the Commission Decision of 19 November 2008 have been used to draft the report on the analysis of the national potential for high-efficiency cogeneration. The report was sent to the Commission in October 2010.

The detailed guidelines confirmed the definition of high-efficiency cogeneration presented in French regulations that transpose the Directive and constitute a strict application of the Directive, and therefore it was not necessary to revise the transposition instruments after the publication of the decision of 19 November 2008 establishing guidelines for applying the Directive.

Q 3 Do you consider that your country has already significantly implemented the Directive? To what extent?

In addition to measures directly implementing the Directive, France has adopted measures promoting cogeneration, in particular:

- the inclusion of micro-cogeneration in new thermal regulations for new buildings through the use of micro-cogeneration based on liquid or gaseous fuels as an alternative to the obligation to use renewable energy in one-family houses (Article 16 of the decree of 26 October 2010 on the thermal characteristics and energy performance requirements of new buildings and new parts of buildings, published in the Official Journal of the French Republic of 27 October 2010).
- the inclusion of micro-cogeneration and small-scale cogeneration in the catalogue of standardised operations related to the French system of energy saving certificates: document BAR-TH-44 (micro-cogeneration using a Stirling engine), document BAR-TH-28 (small-scale cogeneration in the tertiary sector), document BAR-TH-28-GT (small-scale cogeneration in a large building) ;
- A tax credit (Article 200c of the General Tax Code) in favour of gas-based micro-cogeneration should enter into force on 1 January 2012.

Q4 Is your country using the alternative calculation method according to Article 12(2)?

No

Q Is there any need for your country to review in accordance with Article 13 the threshold values used for the calculation of electricity from cogeneration and/or the threshold values used for the calculation of the efficiency of cogeneration production and primary energy savings?

No

Q 6 Can your country already show progress in high-efficiency cogeneration since the last report on national potential which can be ascribed to either EU or national legislation and support schemes?

In accordance with Article 7 of the Directive, under which support for cogeneration must be based on primary energy savings and the useful heat demand, France supports the development of combined heat and power production by a system of obligatory electricity purchase, primarily for biomass installations.

In this connection France draws attention to the emergence of biomass cogeneration in accordance with the objectives of Directive 2009/28/EC of the Parliament and of the Council of 23 April 2009 on the promotion of the use of energy from renewable sources and amending and subsequently repealing Directives 2001/77/EC and 2003/30/EC and with the general direction of its energy policy (pluriannual investment programmes (PIP) for electricity and heat generation in 2009-2020).

The objective of the electricity PIP is to increase the capacity of cogeneration installations to produce electricity from biomass by 520 MWe in 2012 and by 2300 MWe in 2020 compared to 2006. This corresponds to "solid" biomass cogeneration installations of approximately 1 020 MWe in 2012 and 2 380 MWe by 2020.

In addition, the French authorities point out that the report on the national potential for high-efficiency cogeneration was submitted to the Commission in October 2010.

Q 7 What is your evaluation of the progress towards increasing the share of high-efficiency cogeneration in your country? Your assessment should be based on the specific figures to be included in the attached spreadsheet (Excel file) designed to facilitate the submission of your data.

The spreadsheets submitted include the most comprehensive information available, see Annex. They show that in the beginning of the 2000s cogeneration using fossil energy grew, then stabilised and started decreasing in 2008, in accordance with our energy policy objectives, which aim to develop cogeneration based on biomass so that it would gradually replace existing natural-gas-based installations.

Q 8 Please give your views on the current barriers to high-efficiency cogeneration in your country:

- barriers in relation to administrative procedures (authorisation, coordination among competent authorities, streamlined simplified procedures, etc);
- barriers in relation to the electricity grid system and tariff issues (including specific measures for small-scale and micro-cogeneration units);
- other barriers (internalisation of external costs, energy prices, financial and technical barriers, etc.) in accordance with Articles 9 and 6 of the cogeneration Directive 2004/8/EC.

Indicate the measures aimed at overcoming them.

The French authorities have sent the reports required by the Directive. The 2008 report pursuant to Article 9 and the report on national potential sent in October 2010 set out the administrative procedures applicable to cogeneration installations. These procedures have not changed since the reports were drafted.

Q 9 Article 5 of the Directive requires Member States to ensure that accurate and reliable guarantees of origin are issued according to objective, transparent and non-discriminatory criteria. Please indicate what is the situation concerning the implementation of this measure in your country (information on primary energy savings, type of registration system)?

In their 2008 report, the French authorities described the French system of guarantees of origin, which enables the delivery of reliable guarantees of origin on the basis of rigorous criteria that treat all producers equally.

However, as the French system of guarantees of origin was the same for electricity produced by cogeneration and electricity produced from renewable sources, it was necessary to amend the legislative basis of the system in order to transpose the guarantee of origin provisions in Directive 2009/28/EC of 23 April 2009 on the promotion of the use of energy from renewable sources.

This amendment was introduced by order no 2011-1105 of 14 September 2011 published in the Official Journal of the French Republic of 16 September 2011, which consolidated in Articles L.314-44 et seq of the Energy Code the new legislative provisions applied to guarantees of origin.

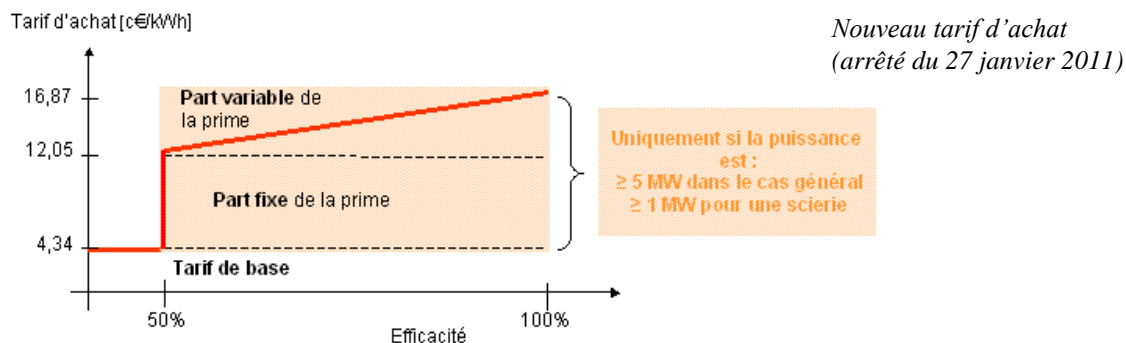
The principal amendments concern respecting the principle of uniform management and the quantity of guaranteed energy.

Q 10 Does your country have support schemes for cogeneration/CHP based on Directive 2004/8/EC (operational and/or investment aid)? What kind of support is provided (feed-in tariffs, certificates and quotas, priority access to the grid, etc.)? Are they designed to provide stable long-term investment conditions? Which sectors will be targeted (agricultural and/or industrial and/or heating cogeneration)?

In their 2008 report, pursuant to Article 9 of the Directive, the French authorities described the French support scheme for CHP, which contains an obligation to purchase electricity produced by cogeneration (in particular as regards biomass installations). This support scheme, which still exists, is composed of three elements and has evolved since 2008 as regards biomass installations:

1. For biomass cogeneration installations exceeding 12 MWe, a pluriannual invitation to tender composed of four stages to be launched annually between 2010 and 2013 for a cumulative power of 800 MWe. This will provide visibility for project promoters who will, if necessary, be able to adjust their offer for the next stage. The first stage was launched on 27 July 2010 for 200 MWe. The electricity purchase obligation is guaranteed for 20 years.

2. For medium-size biomass cogeneration installations, regulated purchase tariffs (duration of contracts: 20 years). The purchase tariff was adjusted upwards at the beginning of 2011 for installations between 5 and 12 MWe; if the threshold of 5 MWe is exceeded, this leads to the application of the ICPE authorisation system (installations classified for the protection of the environment), which, among others, lays down stricter and better-controlled emission limit values for atmospheric pollutants. However, it was decided at the beginning of 2011 that sawmills with cogeneration of at least 1 MWe for drying their products may be exempted from the 5 MWe threshold. In order to maintain a constant load, it was necessary to decrease slightly the purchase tariff for all installations (-3.6% compared to the adjusted purchase tariff).



New purchase tariff (decree of 27 January 2011):

Purchase tariff :

Variable part of the premium

Fixed part of the premium:

Basic tariff:

Efficiency:

Only if the power is : ≥ 5 MW in standard cases, ≥ 1 MW for sawmills

3. The purchase tariff for natural-gas cogeneration installations applied since 2001 has not been revised since the above-mentioned report from 2008 (duration of contracts 12 years, powers below 12 MWe).

Q 11 How much money on a yearly basis has been provided in this way in the past years to the promotion of high-efficiency cogeneration in particular? And how much money is expected to be made available on a yearly basis to the promotion of high-efficiency cogeneration in the coming years?

The French support scheme for CHP complies with Article 7 of the Directive, which states that support for cogeneration must be based on primary energy savings and the useful heat demand.

The compensation scheme for the purchase obligation was presented in the above-mentioned reports. In this scheme, the compensation for the feed-in of electricity produced by cogeneration installations is estimated in 2011 at EUR 705.3 million as regards natural-gas-based units and at EUR 53.2 million for biomass-based units. The end of the 12-year purchase contracts for natural-gas-based cogeneration will gradually lower the

amounts granted to this sector, which will be partly compensated by the development of biomass cogeneration.