

## COGEN Europe and EHI Joint Briefing Note Supporting the Implementation of the Emerging Technology Classification in the NC RfG

Brussels, 2 June 2016

COGEN Europe and EHI (hereafter, the Associations) have been part of the NC RfG legislative process and are committed to further support the upcoming implementation of the RfG. Given its complexity, the NC RfG implementation will require significant coordination, standardisation and harmonisation efforts for both technical and non-technical requirements at the national and EU levels. The Associations believe that **the Emerging Technology Classification in Title VI, requires immediate attention at EU level** in order to limit bureaucracy and ensure consistent implementation at synchronous area level, while reducing cost for the industry.

In this briefing note the Associations argue, that a harmonised (1) synchronous area level implementation guideline and (2) application process either for the component or package manufacturers would lead to greater administrative efficiency and reduced cost for the industry.

### 1. Legislative background and market information

According to Title VI in the NC RfG, **manufacturers have until 18. November 2016 to apply for the Emerging Technology Classification (ETC).**

Based on a recent member survey, the Associations estimate that **around 6 heating appliances manufacturers (including their national/regional sales companies), representing Stirling based micro-CHP technologies, plan to apply for the Emerging Technology Classification in at least 17 EU countries.** To date cumulative Stirling micro-CHP sales in Europe have amounted to around 16,000 units of 1 kWe. The Stirling Engine technology is a direct coupled linear engine with a precise adjusted spring/mass system to run at 50 Hz. This technology is producing in parallel electrical energy as well as heat. The technology is easily installable as a replacement of a traditional gas heating appliance. It will especially contribute to the electrical energy production in winter periods where typically no much solar energy is available, therefore significantly contributing to the grid stability. The technology deviates from the NC RfG due to its limited frequency range of operation.

However at the moment it is unclear what type of entity is entitled to apply for Emerging Technology Status. The NC RfG refers to 'manufacturer of the power generating module'. However, it has not been further defined. The Stirling engine, which requires the Emerging Technology Classification, is one of the components of this micro-CHP system (See Annex I for a detailed supply chain description). Four heating companies active in the 28 EU countries all use the same Stirling engine in processes that amount to manufacturing to develop their own micro-CHP products. Yet, to our knowledge, only the UK has taken concrete steps to provide implementation guidelines to the potential Classification applicants. **The absence of guidelines (except for the UK) on the Title VI implementation has led to uncertainty among manufacturers on how to proceed.** Considering the narrowness of the time window to apply for the Emerging

Technology Classification, potentially eligible technology providers can be precluded from applying for it. This will compromise the practical effects that the Emerging Technology Classification was intended to have.

## 2. Ensuring consistency regarding the Emerging Technology Classification implementation

**The Associations advocate for the development of EU level harmonised guidelines on the Emerging Technology Classification** in order to avoid unnecessary duplications of administrative procedures and different interpretations of NC RfG requirements work should focus in particular on:

- The implementation guidelines should **include the exact value for the “cumulative maximum capacity of power-generating modules classified as emerging technologies”** by synchronous area and at national level, as specified in the NC RfG, Article 67, 3.
- Further detail should also be provided **to clarify what qualifies as a “commercially available power-generating module technology”** within the regulation. There are different possible levels of market “availability” especially for emerging technologies (i.e. having the certifications, is listed on a product guide, sales have already been made). Given the short interval of time allowed for applications, the **“commercially available” criterion should be inclusive enough so that products that have passed certification, leased or licensed in at least one country of a synchronous area would be eligible.**

## 3. Cutting red tape for the application procedure

With regard to the application process, the Associations recommend **allowing the Stirling engine manufacturer to apply for the Emerging Technology Classification and/or the European divisions of the heating appliance manufacturers**, rather than restricting the application process to the sales companies representing boiler manufacturers in each EU country. Furthermore, those entities should be able to submit a unique application by **synchronous area in order to cut administrative cost and provide a level playing field to potentially future brands that are based on the same technology.**

**The accumulated sales at synchronous area level can only be aggregated if the national level data is comparable and based on the same application documentation.** In addition, submitting one application at synchronous area level, accompanied by information on the split in sales by country, would require fewer resources in terms of bottom-up aggregation and analysis.

Otherwise, if each country requires a slightly different procedure to apply for the ETC, the Stirling engine manufacturer or the boiler manufacturer sales companies would need to complete at least 60 different applications to benefit from ETC status in all the relevant countries!

#### 4. A task within ACER's remit

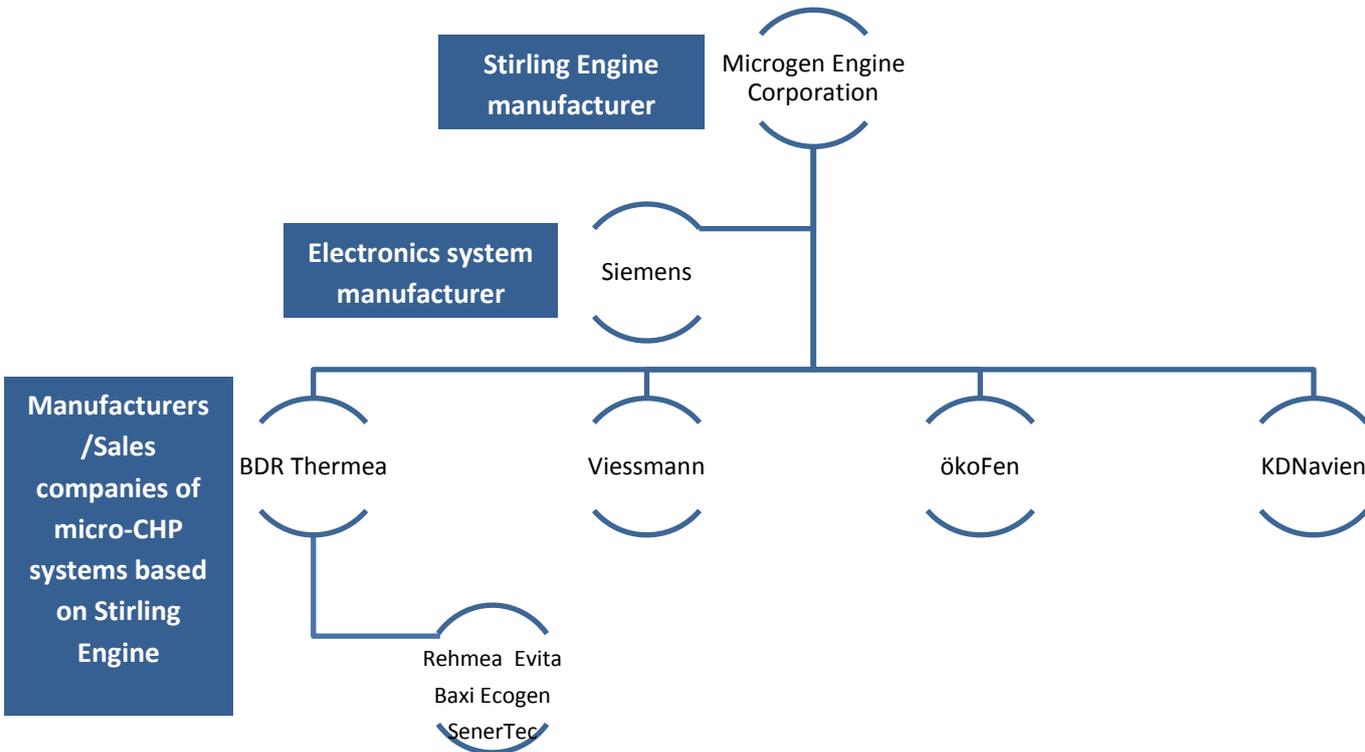
The Associations believe that ACER is in a unique position to coordinate the work of National Regulators, facilitating agreement at the EU level on guidelines and an application process for the Emerging Technology Classification.

This is notably because the eligibility criteria for the Emerging technology Classification are defined at synchronous area level, as it is linked to the “accumulated sales of the power-generating module technology **within a synchronous area** [...]” (Article 66 2. (c)). As explained above, the manufacturers that are active in different countries will be able to provide reliable evidence on their aggregate sales at synchronous area level, split by country.

**COGEN Europe and EHI believe that the harmonised approach, guidelines and application process described above,** possibly based on the already existing UK guidelines, would ensure swift implementation within a short timeframe and reduce administrative costs for both the industry and national regulatory authorities.

**COGEN Europe and EHI are committed to work closely together with ACER or with any installed ad hoc group for implementing this guideline in a short period of time, which will bring confidence to today's and tomorrow European manufacturers investments.**

## Annex I: Stirling micro-CHP supply chain in EU<sup>1</sup>



<sup>1</sup> The diagram represented here covers the main manufacturers of Stirling micro-CHP technologies in Europe. There may be other manufactures of Stirling engines that are used in other micro-CHP products not covered here. A more encompassing overview is available here: [http://www.microchap.info/stirling\\_engine.htm](http://www.microchap.info/stirling_engine.htm)