



Finland

Energy efficiency agreements



Responsible authority: Ministry of Economic Affairs and Employment (MEAE)

Managing authority: Finnish Energy Authority

General information

Energy Efficiency Agreements are a long-standing policy in Finland and play a key role in achieving the targets set out in Article 7 of the EED. The current energy efficiency agreement period is 2017 – 2025. The main policy objectives are to encourage the efficient use of energy in the industrial, municipal, property and oil sectors.

The agreements between the government and businesses are framework contracts supplemented by sub-sectoral Action Plans. Participating companies and municipalities enter into the [Energy Efficiency Agreement](#) by signing an ‘Accession Document’ which details their obligations in the agreement and their energy savings target for the period 2017-2025.

The agreement is a way to start or continue energy management systematically with a view to continuous improvement. When the EED Art. 7 target for 2014-2020 were set in 2013 it was expected that by 2020 the cumulative savings from energy efficiency measures implemented by the EEA participants would achieve more than half of the binding national cumulative energy savings target set for Finland (49 TWhcum). As reported in the EED annual report 2019, in 2020 the expected cumulative savings from Energy Efficiency Agreements cover almost 70% of Finland’s Art. 7 cumulative target in 2020.

Sectoral coverage

The sectors covered by the agreement, include Industries (Industry, Energy sector and Private Service sector), Property Sector, Municipal Sector, and Oil Sector (distribution of liquid heating fuels). The participating companies aim to introduce new energy-efficient technologies and also aim at improving the fuel efficiency of transport by improving logistics.

Organization and MRV

The Ministry of Economic Affairs and Employment (MEAE) are and the Energy Authority are the responsible administrative authorities. Motiva is an entrusted party who support participating companies in the implementation of the policy, as well as monitoring and evaluation of the energy efficiency agreements.

Participants implement energy efficiency actions and report their progress on an annual basis. Reports are submitted through the online monitoring system, operated by Motiva. The target for each participating company is expressed in percentage of energy savings (GWh). The baseline used is the energy use upon entering into the voluntary agreement. There is an overall target for the participating company, for the period 2017-2025 and an intermediate target in 2020.

The aim of the agreements is to show continuous improvement in energy efficiency, as part of the existing or planned management systems or operating plans. Actions to improve energy efficiency will contribute to the target if they take place in the agreement period, 2017-2025. To qualify, actions must also be reported in the scheme’s monitoring system and the action must relate to the energy use included in the specification of the company’s target.

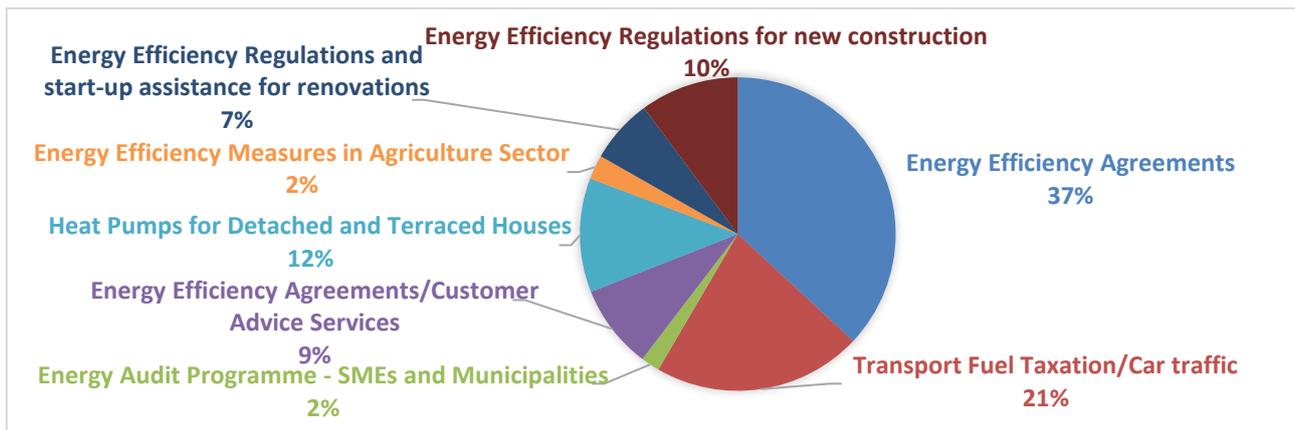
Costs and benefits

Public finances are used for the administration of the Agreement. The operational and administrative cost of the policy was approximately 1 million Euros in 2017.

Many participants use the agreements as a way to demonstrate environmental responsibility which is increasingly important. By joining the agreement, the participants can also be eligible for specific technical support and/or financial incentives.



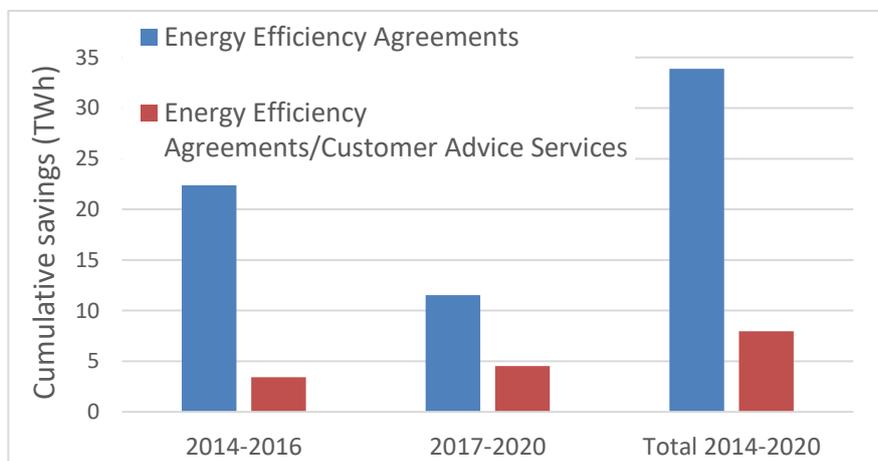
Expected share of the total cumulative savings (TWhcum) of the 8 notified measures in Finland in 2020 for the EED Art.7 obligation period 2014-2020



For the obligation period 2014-2020 of the EED Art.7:

- The **target** for Finland is **49 TWh** of cumulative savings over 2014-2020.
- The **expected cumulative savings** from the policy mix in place amount to **91.7 TWh** (source: [EED annual report 2019](#)).

Energy Efficiency Agreements activities - Expected cumulative savings for the sub periods 2014-2016 and 2017-2020 and for the whole period 2014-2020. Source: [EED annual report 2019](#)



Overview of the policy mix reported by Finland for article 7

Finland is implementing eight alternative measures under Art.7(9) of the EED (see [Finland's notification](#)).

Transversal / cross-cutting

- Energy efficiency agreement activities are used in the following sectors: Trade and Industry, Municipal sector, Real estate sector (commercial and residential buildings)
- Energy efficiency agreements/customer advice services
- Energy audit programme for SMEs and municipalities
- Energy efficiency regulations and start-up assistance for renovations
- Energy efficiency regulations for new construction

Residential

Heat Pumps for Detached and Terraced Houses

Agriculture

Energy Efficiency Measures in Agriculture Sector

Transports

Transport fuel taxation / car traffic

Energy Efficiency Agreements have since 1997 been a key part in promoting energy efficiency in Finland and are viewed as a flexible and cost-efficient policy measure for implementing EED Article 7. Energy Efficiency Agreements play a central role in Finland for achieving the targets set out in Article 7 of the EED.

Thus the Energy Efficiency Agreements for Trade and Industry could cover approximately half of Finland's overall target for cumulative energy savings.

Interview with Ulla Suomi

Director, Monitoring and Evaluation
Motiva Oy



What have been the main changes in the policy in the recent years?

The policy launched in the late 90's, thus it has of course evolved a lot over the different periods (1997-2007, 2008-2016, 2017-2025). For the current 2017-2025 period the agreements were fine-tuned again, for example the level of non-binding targets is now set when participants join the agreement; some reporting requirements changed for all participants; the online database and interface were updated accordingly; and the M&V guidelines for participants were updated. We have also launched a virtual network and forum for discussion which is only open to the participants that have joined the agreements. In addition we have totally rebuilt our own [webpage](#) for the energy efficiency agreements (only limited content in English).

What about MRV?

A well-functioning monitoring system for the voluntary Energy Efficiency Agreement scheme (EEA) has had a central role in demonstrating the results and creating trust and credibility between all parties – not only for the Government. MRV has also played a key role in achieving a long-term, top-level commitment from the Government. This is demonstrated by the fact that:

- EEAs have been part of all national energy and climate policy and strategy papers since they were launched in 1997
- Investment subsidies for energy efficiency (EE) measures have been available continuously since 1998
- Reasonable recourses have gone towards the programme administration and the continuous maintenance and development of the monitoring system

The main features of MRV remained when we moved to the current agreement period (2017-2025).

A [new publication platform](#) was established for the current agreement period (only in Finnish). In addition, guidelines for M&V were updated to correspond with EED 2012/2018 requirements

and training webinars related to this issue have been organised.

What success factors have you identified?

We have found that many factors have contributed to its success. And it's important to say that it is a combination of many of these factors, at the same time, which has proved necessary to the success of this kind of policy. These success factors include:

Voluntariness: Instead of legislative or other obligatory means, it is a more flexible and functional way for participants to implement energy efficiency measures and investments. Each company and municipality can go at their own pace.

Trust and cooperation: Functional, personable and confidential relationships between the government administration, sector and branch associations, participating companies and municipalities and the ability and willingness of Agreement parties to cooperate.

Commitment: Active involvement of the responsible persons in the Agreement parties. Participants make genuine commitment to energy efficiency.

Financial and operational support: Government energy subsidies for energy audits (for SMEs) and energy efficiency investments; unbiased advice financed by the government and branch associations; networks and peer support.

Structural factors: Long established history and good experiences of the Agreement Scheme, central and active role of sector and branch associations in Finland.

Transparency: Participants commit to fulfil their annual reporting obligation. The annual reporting combined with reliable M&V enables Finland to use the EEAs to implement the EED Article 7 binding energy savings obligation.

Feasibility and cost-efficiency: Administratively lighter to implement than an Energy Efficiency Obligation Scheme. Implementing energy efficiency is rational and economically beneficial.

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Are there any expected modification under discussion?

No, as we have only recently started the current period (2017-205). We will next discuss possible

bigger modifications in the agreement scheme when we start negotiations about the following period that ends in 2025.