



Energy Efficiency for SMEs: Creating a Policy Framework Responding to needs: case Finland

National roundtable on financing energy Energy Efficiency in Ireland

Dublin 11th October 2018

Kati Ruohomäki

Confederation of Finnish Industries EK

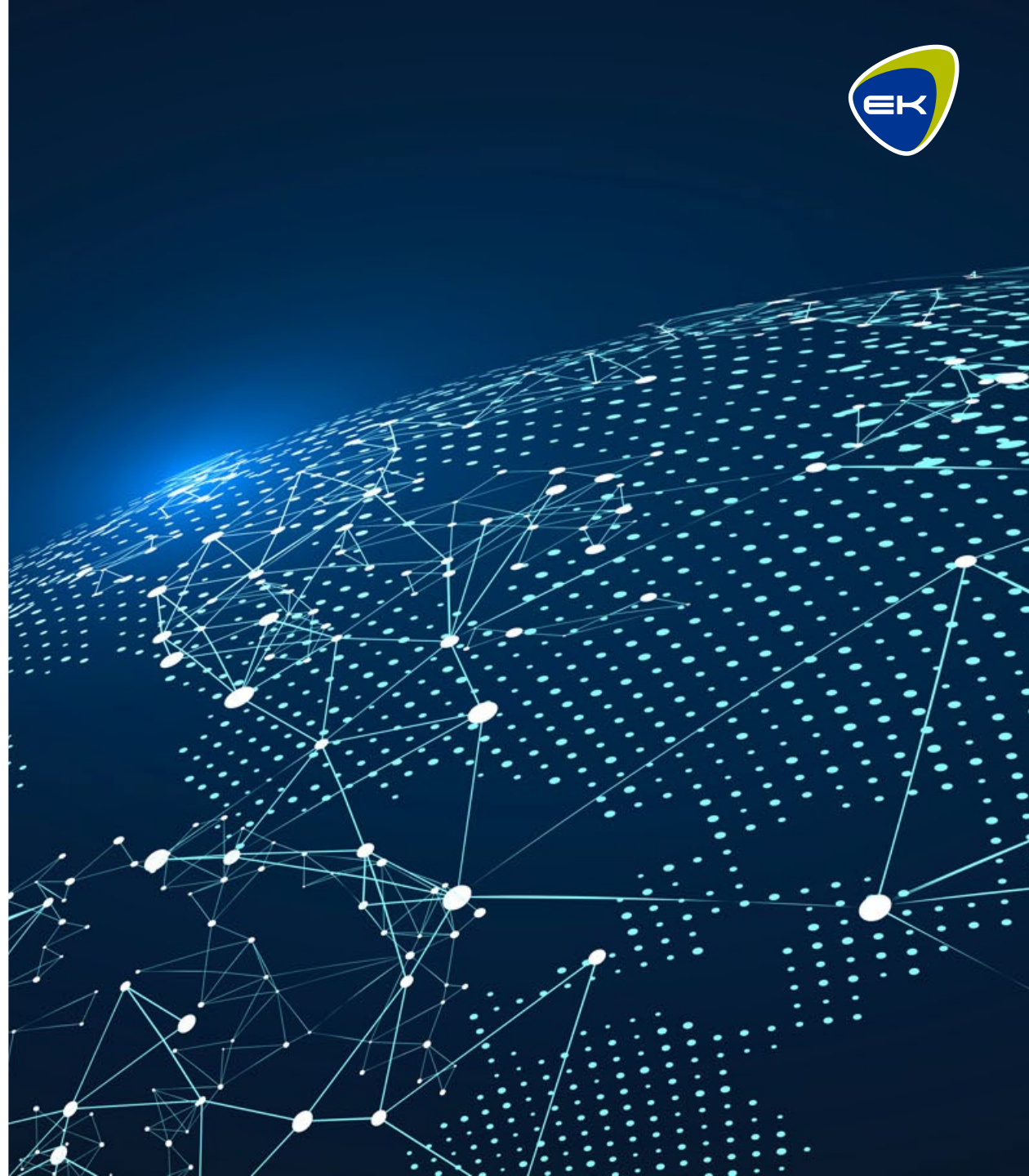
What is EK?

EK represents the interests of its members in business and employment matters, and in decision-making in society.

EK represents the entire private sector and companies of all sizes.

- 24 member federations
- 16,000 member companies, 96% of which are SMEs
- Around 930,000 employees

When a company joins an employers' association representing its own branch, it also becomes a member of EK.



Energy Efficiency Agreements 2017-2025:

<http://www.energiatehokkuussopimukset2017-2025.fi/en/>



INDUSTRIES

ENERGY EFFICIENCY AGREEMENT

INDUSTRY

Energy Intensive Industry | Food and Drink Industry | Chemical Industry
Technology Industry | Wood Product Industry | Industry - General

ENERGY SECTOR

Energy Production | Energy Services

SERVICE SECTOR

Commerce Sector | Hotel and Restaurant Sector | Motor Trades & Repairs | Services – General

PROPERTY SECTOR

ENERGY EFFICIENCY AGREEMENT

COMMERCIAL PROPERTIES
HOUSING PROPERTIES

MUNICIPAL SECTOR

ENERGY EFFICIENCY AGREEMENT

CITIES & MUNICIPALITIES &
JOINT MUNICIPALITIES

HÖYLÄ IV – OIL SECTOR

ENERGY EFFICIENCY AGREEMENT

DISTRIBUTION OF LIQUID HEATING
FUELS
Oil-heated real estates

Why Voluntary Energy Efficiency Agreement?

"The Energy Efficiency Agreement has provided tools, know-how and the possibility to receive support for investments that improve energy efficiency.

This enabled us to act quickly.

Energy costs are the third biggest expense for us after staff and marketing expenditures.

We spend approximately half a million euros each year on snowmaking; without saving measures, the bill would be tens of thousands of euros higher."

– CHAIRMAN OF THE BOARD KARI JUSSI AHO, RUKAKESKUS OY AND PYHÄTUNTURI OY

Why Voluntary Energy Efficiency Agreement?

- Alternative measure for regulations to implement the energy efficiency directive EED and the national climate and energy strategies
- A present phase 2017-2025 is based on earlier phases in place since 1992: **Good results so far!**

Financial benefits for a company:

- **Subsidies for energy audits for SME's**
 - 50% of energy audits in micro, small and medium-sized enterprises
 - 40% of other energy audits, analyses and investigation projects
- **Subsidies for conventional energy efficiency investments (case-dependently)**
 - 20% for **participants**; 25% when an energy service company (ESCO) is used
 - Pay-back time needs to be over 3 years. If 3-5 years, additional explications are required from the large companies.
- **Subsidies for new technology energy efficiency investment (case-dependently)**
 - 40% maximum

No energy tax connection – separate schemes function better!

Results from the previous period of 2008-2016: reported by about 460 joined companies with over 4200 sites

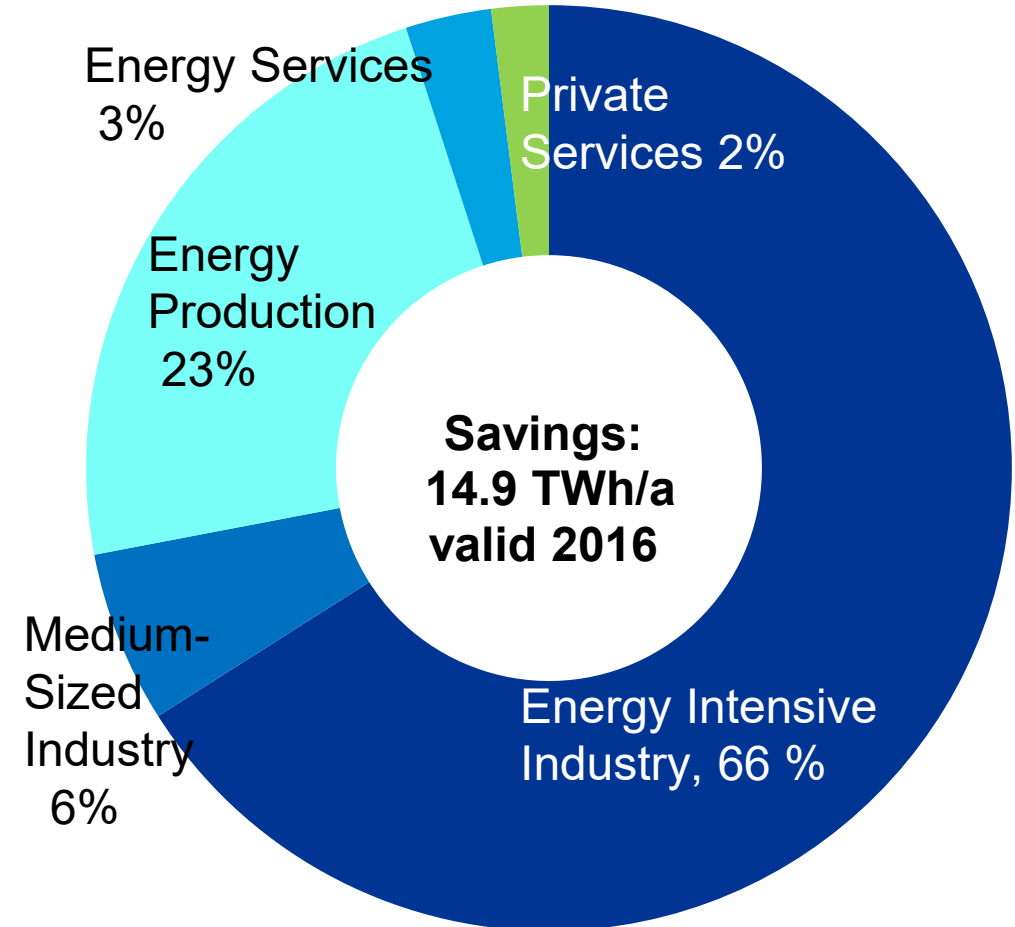
Industry and Private Services, 11 TWh/a:

- Savings of heating energy and fuels 9 TWh/a
- Electricity savings 2 TWh/a
- CO₂ savings about 3.2 mill. Ton/a
- About EUR 580 million investment costs
- Savings in energy costs EUR 1.6 billion cumulatively, EUR 380 million annual 2016

Energy subsidies granted to **all sectors**:

- For energy audits EUR 8.9 million
- For energy-saving investments EUR 61 million

Targets were achieved by 92-220 % depending on sector



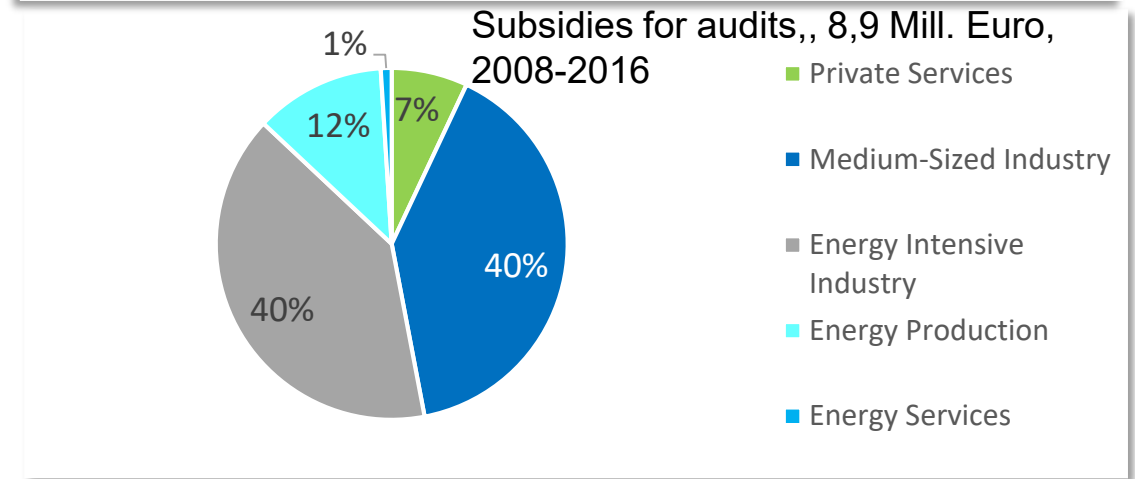
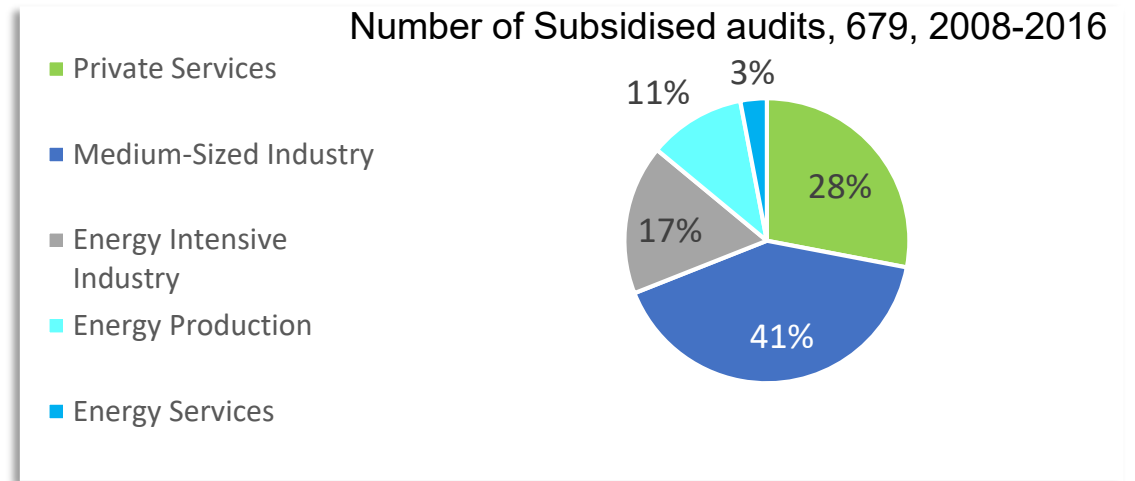
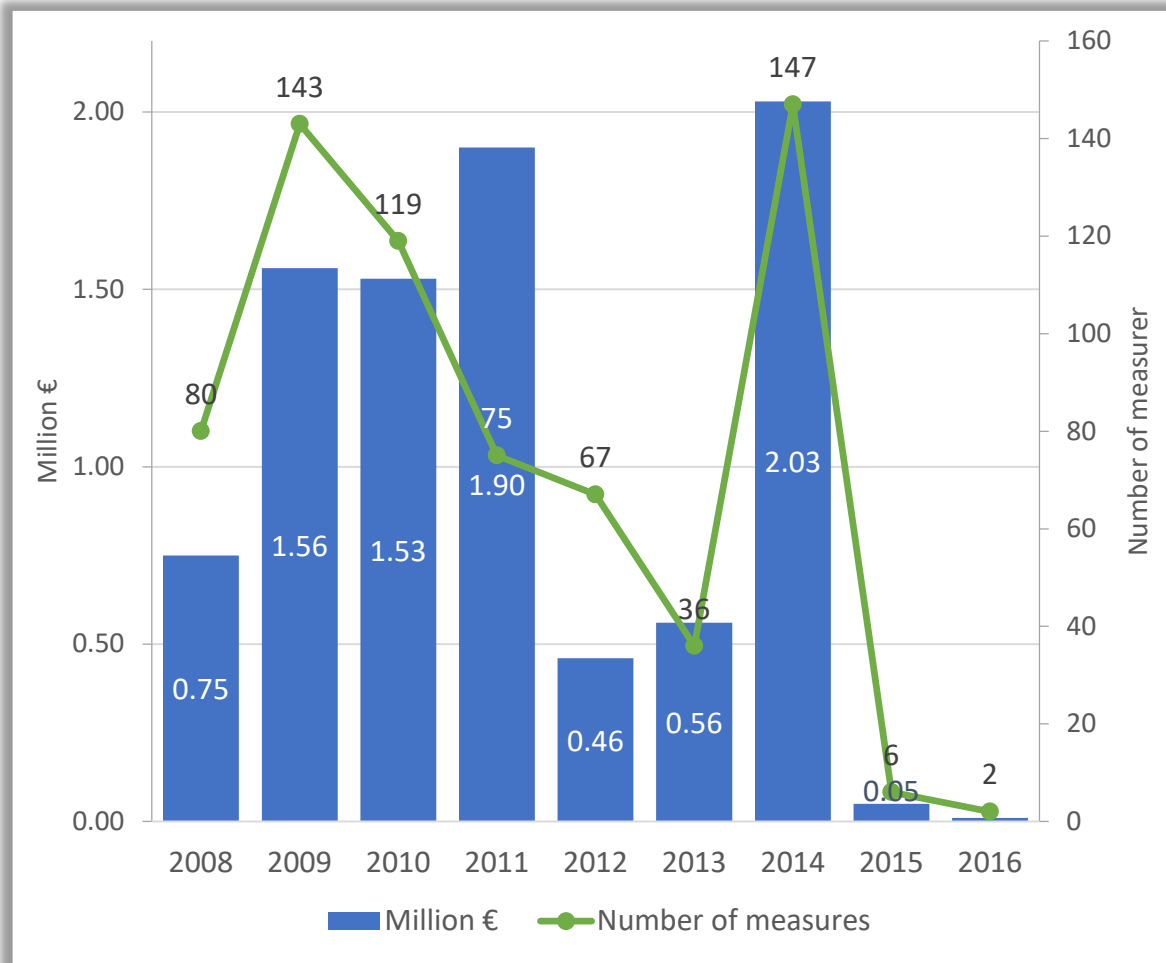
Pay-back times in SME Industry 2008-2016:

Over half of savings has two years pay-back time or less

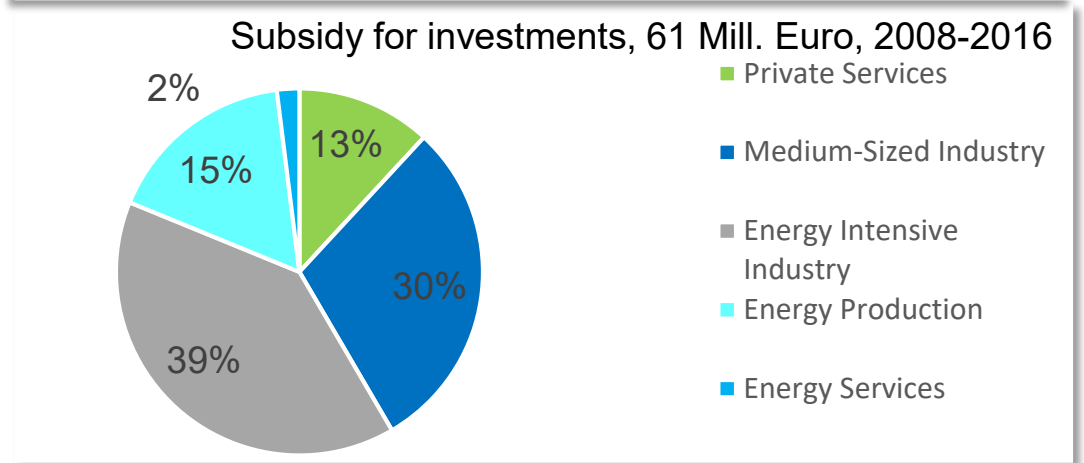
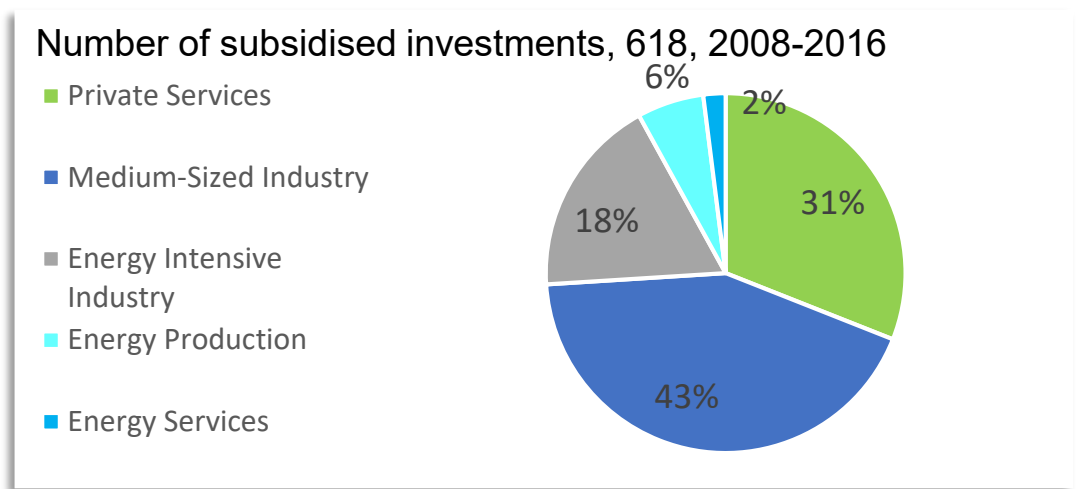
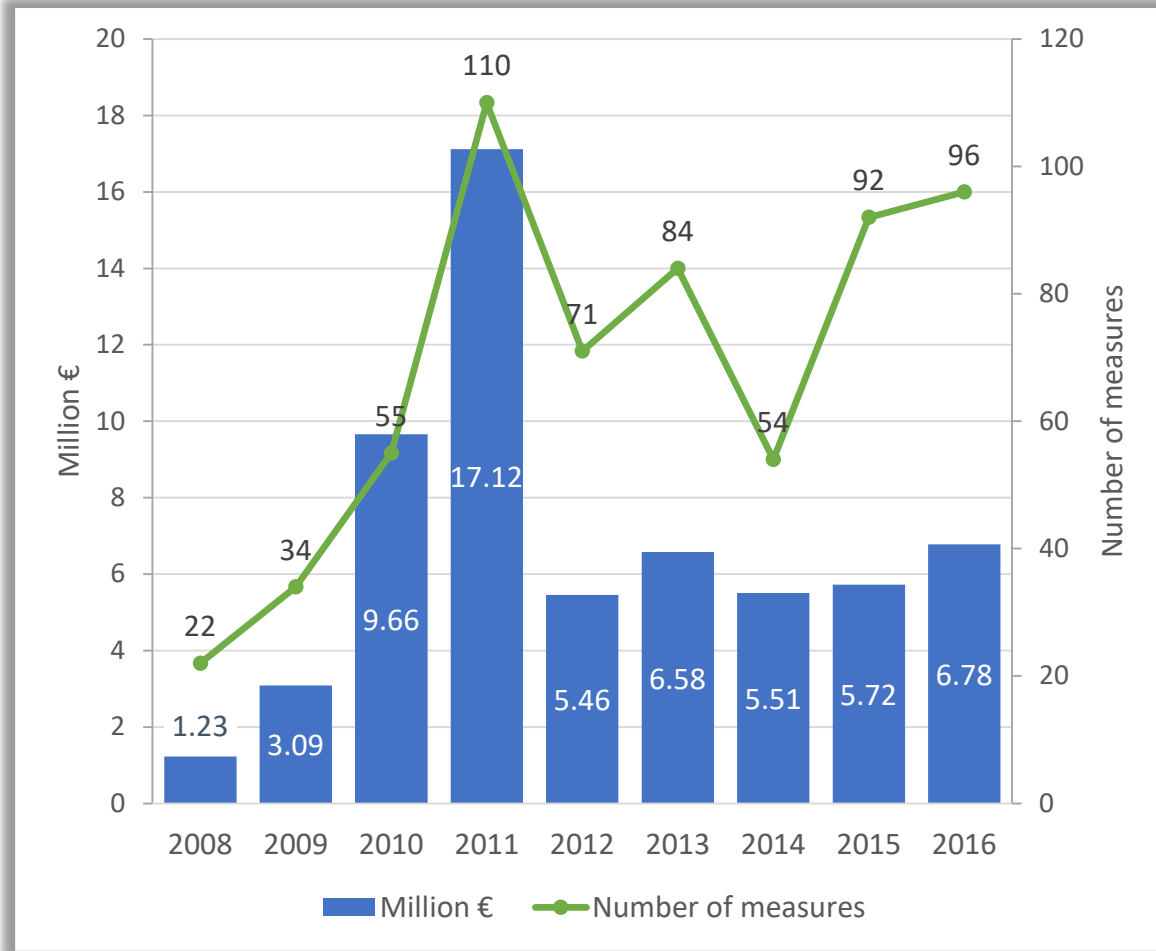


Pay back time, year	Number of measures	Electricity savings	Share of saved electricity	Heat and fuels savings	Share of saved heat and fuels
		GWh/a	%	GWh/a	%
PBT=0	778	30	15%	102	15%
0>PBT>1	507	39	20%	112	16%
1< PBT>2	614	55	27%	162	23%
2<PBT>5	350	30	15%	157	23%
Over 5	631	45	23%	116	23%

Number of **subsidised** Energy audits collapsed after the mandatory auditing for large companies on 2015



Subsidies for EE-investments stable level after two exceptional years 2010 and 2011



Source: Motiva Oy

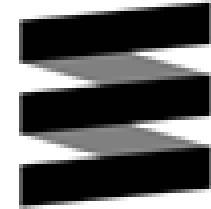
Figures after the first year of new phase 2017-2025

- 368 joined companies with over 1642 reporting sites
- Energy consumption covered by agreement
 - Energy intensive industries: 112 TWh/a
 - SME industry: 7,7 TWh/a
 - SME private services: 3,1 TWh
- Fulfilling degree of the 2025 target after one year: 6 – 44 % depending on sector (the smallest figures in "general" action plans).

Conclusions

- A hard competition inside companies: which investments will be approved?
 - Less and less pure energy efficiency investment will be realized
 - **but** energy efficiency is an important part of every investment (improves the viability)
- Subsidies especially important for SME's, but ETS restricts subsidies for large companies.
 - Still lack of information to be seen: for example criteria for subsidies are not widely known
- Companies are satisfied also on other kind of support:
 - Development projects within the agreement: a group of companies, technology suppliers and Motiva's energy experts focus on specific topic, for instance industrial ovens (projects are partly self-financed)
 - Councelling of SME's by Motiva: visits, calls, case publications, etc
 - "Peer support" from colleagues in the steering groups of every action plans (meetings 2-4 times annually)

We continue with earlier good practices and collect new ideas continuously from companies!



**ENERGY EFFICIENCY
AGREEMENTS**

Kati Ruohomäki

Chief Policy Adviser, Energy and Climate

- Energy and Climate policy in the EU and national level
- Energy Efficiency, Energy taxation and EU Emissions Trading Scheme

kati.ruohomaki@ek.fi

+358 40 767 5684

@KatiRuohomaki

