

MINISTRY OF EMPLOYMENT AND THE ECONOMY

European Commission
DG ENERGY
Directorate C
Unit C3

Notification TEM/2616/03.02.02/2013

16.12.2013

**NOTIFICATION UNDER ARTICLE 14(6) OF THE ENERGY DIRECTIVE
(2012/27/EU) CONCERNING EXEMPTIONS OF CERTAIN INSTITUTIONS FROM
THE COST-BENEFIT ANALYSIS IN FINLAND**

Article 14

Promotion of efficiency in heating and cooling

Member States are required by 31 December 2015 to produce a comprehensive assessment of the potential for the application of high-efficiency cogeneration and efficient district heating and cooling. The report may comprise regional plans and must be updated and notified to the Commission every five years. In connection with the report, Member States must produce a cost-benefit analysis covering their whole territory in order to identify the most resource- and cost-efficient ways of meeting heating and cooling needs. Where potential is identified, Member States must take appropriate measures to promote efficient cogeneration and the use of waste heat and renewable energy sources for heating and cooling.

When planning new electricity generation installations, industrial boilers or industrial installations with a thermal input exceeding 20 MW, a cost-benefit analysis must be carried out to consider the option of operating the energy generation installation as a cogeneration installation and using the surplus heat from the industrial installation as district heating. The analysis must be taken into account in the conditions for authorisations or other permits for the installation. This requirement also applies to situations where an installation is substantially refurbished. Peak load and back-up electricity generating installations, nuclear power installations and installations that have to be located near to underground carbon dioxide storage sites may be exempted from the analysis referred to in Article 14(6). Member States may also set thresholds limiting the requirement for individual installations to produce a cost-benefit analysis. These thresholds may apply to the amount of useful waste heat available, the demand for heat or the distance between the industrial installation and the district heating network. These exemptions and thresholds must be notified to the Commission by 31 December 2013. Any subsequent changes to them must also be notified to the Commission.

Exemptions from the cost-benefit analysis for certain installations

The requirement for installations to produce a cost-benefit analysis and the way the authorities handle this must either be included in full in the Energy Efficiency Act or added to the existing procedure for granting permits or authorisations. According to the Commission's interpretation, Member States must give advance notice, by 31 December 2013, of all the Article 14(6) exemptions they intend to make to the requirement for installations to carry out a cost-benefit analysis and also notify any subsequent changes to them. This interpretation means that if the authorities fail to notify some exemption (for example distance from the district heating network), this would no longer be taken into account in the implementation of the Directive.

The Ministerial Working Group on Climate and Energy Policy has approved exemptions from the cost-benefit analysis requirement for the installations listed below. The definitive exemptions will be approved by Parliament when it adopts the provisions relating to the Energy Efficiency Directive. The deadline for transposing the Directive is 5 June 2014:

- peak load and back-up electricity generating installations which are planned to operate for fewer than 1 500 operating hours per year as a rolling average over a period of five years;
 - The operating hours of these installations will be monitored in accordance with the Environmental Protection Act;
- nuclear power stations;
- installations that need to be located close to a geological storage site approved under Directive 2009/31/EC;
- installations that meet certain thresholds:
 - the input (MW) which an energy generation installation to be built will contribute to an existing district heating network, or the annual energy production (MWh) is below the threshold shown in Table 1, and the distance (km) between the district heating network and an existing industrial installation producing useful waste heat (temperature of over 80°C) exceeds the corresponding threshold in Table 1;
 - the input (MW) and amount (MWh) of useful waste heat (temperature of over 80°C) produced by a new industrial installation or one that is being significantly refurbished exceed the thresholds in Table 2 and the distance (km) between the installation and an existing district heating network is less than the threshold in Table 2.

These limits will be re-examined and a final decision on their adoption and their numerical values will be taken when the Energy Efficiency Act is drafted.

Table 1

Distance (km) - radius within which existing potential for waste heat must be identified	Input (MW) of energy generation installation to be built	Annual energy production (MWh) of energy generation installation to be built
< 5	> 20	> 30 000
< 10	> 40	> 60 000
< 15	> 60	> 90 000
< 20	> 80	> 120 000

Table 2

Distance (km) - radius within which new potential for waste heat must be identified	Waste heat input (MW) from industrial installation	Annual amount of waste heat (MWh) from industrial installation to be built
< 1	> 4	> 6 000
< 10	> 20	> 60 000
< 15	> 60	> 90 000
< 20	> 80	> 120 000