Energy Efficiency Finance in Finland: State of Play

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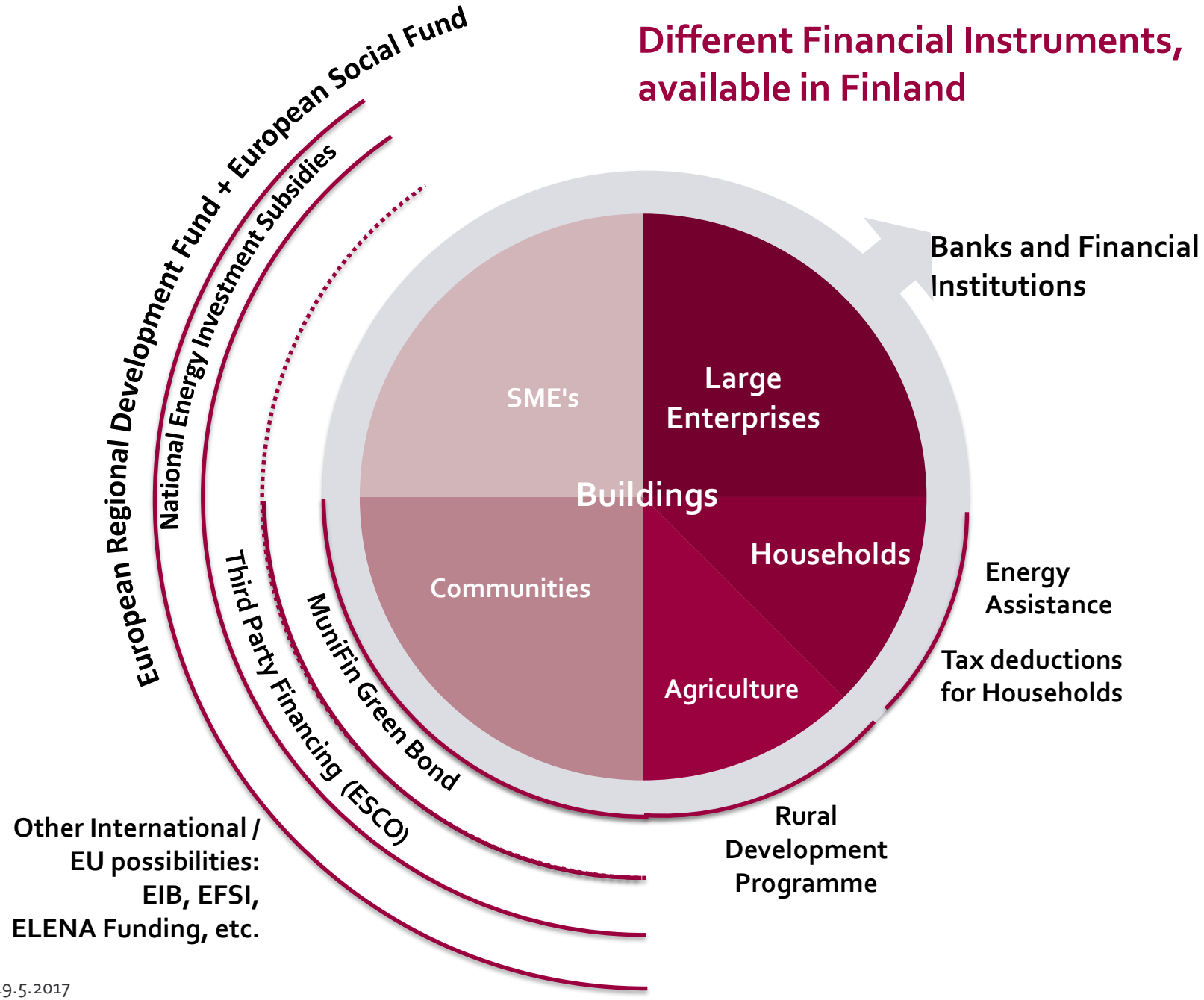
Regional Conference on Financing Energy Efficiency in Nordic Countries
Copenhagen, May 19th, 2017

Introduction – situation in Finland

- **Financing the energy efficiency investments not the problem**
  - Available for economically feasible projects, if the applicant is creditworthy
  - increasing interest in the topic among **banks and financial institutions**
- **Successful long term, persistent work for energy efficiency, aids granted by the Finnish Government**
  - Especially through investment subsidies (and grants for energy audits) granted to businesses, industry and local authorities within the energy efficiency agreements
  - Few energy subsidies for improving the housing conditions (only for special groups)
  - Tax deductions for consumers, e.g. for repair work for energy efficiency repairs etc.
- **The role of the communities is a crucial in EE investments**
  - Third party financing, joint green procurements, MuniFin Green Bond
- **Encouragement to utilize the EU possibilities, e.g.**
  - European Regional Development Fund (ERDF), the European Social Fund (ESF) and Rural Development Programme (RDP) - promoting low-carbon economy

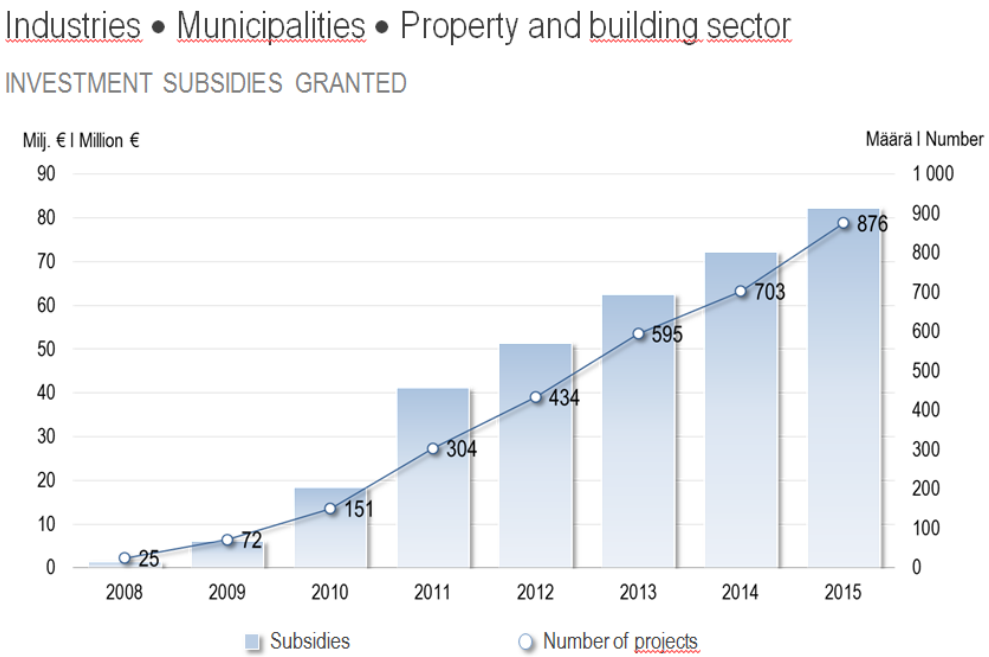
Different Financial Instruments, available in Finland



Subsidies

- **Energy Efficiency Agreements (EEA) are in a key role of EE implementation**
  - In 2008-2016: 17 000 energy efficiency measures, 1 200 M€ energy efficiency investments and 500 M€ annual savings in energy costs

- **The participants in the EEA scheme can get subsidies from the Government**
  - for conventional and new energy efficiency technology investments*
  - for the Motiva-model energy audits and analyses **
  - also for ESCOs



*** Energy subsidies are not granted for housing Properties and outside the agreement scheme only for new energy efficiency investments.**
****The mandatory energy audits of large enterprises are not subsidised.**

Communities and Financing

Green Bond by MuniFin

- The framework drafted according to the Green Bond Principles
- Second opinion by CICERO and SEI
- Independent Green Loan Committee evaluates, grades, and approves/ declines each project
- Margin discount is offered for eligible projects
- First Finnish Green Bond issued in October, 2016

Joint green procurements

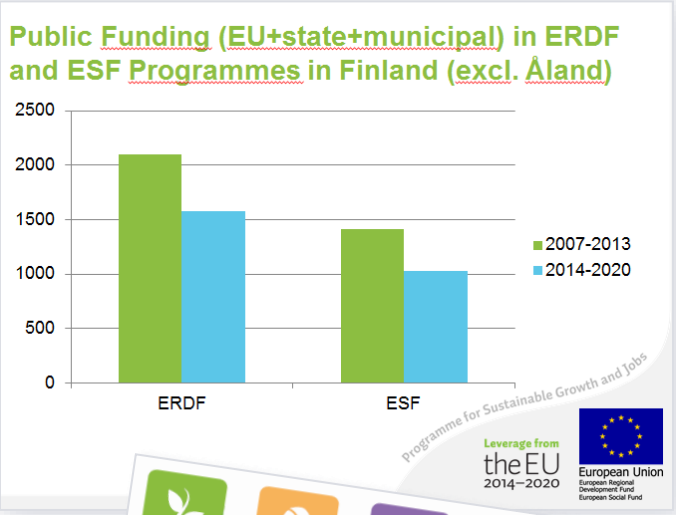
- In 2016 joint green procurement of solar panels by Finnish Environmental Institute SYKE and KL Kuntahankinnat (municipal procurement unit)
- 34 municipalities, 1,2 MW and M€ (now 2 M€)
- Some kind of ESCO model (4 year grant agreement)
- Own investment or monthly charged
- Plans to increase the framework for joint green procurements

Structural Funds (ERDF, ESF)

- **Encouraging to utilize European Programmes for low carbon projects (target for low carbon economy 25% = ~190 M € in ERDF)**

- **Situation in May 2017: total 3 700 projects of which 2700 in ERDF.**
  - 19 % low carbon projects.

- **Supporting material for applying, as**
  - A guidebook *"Low carbon approach in structural funds"* with case examples
  - Networking events *"Low Carbon Dates"* with Rural Development Programme during this week 17.5.2017



Vähähiilisyyden hanketreffit 17.5.

Tervetuloa rakennerahastoista (EAKR, ESR) ja maaseutuohjelmasta rahoitettavien vähähiilisyyshankkeiden verkottumistilaisuuteen keskiviikkona 17.5.2017 Helsinkiin, paikkana Hotel Arthur, Vuorikatu 19.

Päivän tavoitteena on tukea vähähiilisyyden toteutumista ja uusien hankeideoiden syntymistä verkottumalla yli rahastorajojen. Tilaisuuden mahdollistavat Etelä-Suomen maakunnan liitot ja ELY-keskukset, maaseutuverkosto, maa- ja metsätalousministeriö sekä työ- ja elinkeinoministeriö.

Ilmoittaudu 2.5. mennessä:
> Ilmoittautuminen

Lämpimästi tervetuloa!

Ohjelma

Aamupäivän fasilitaattorina toimii Päivi Laitila Motivasta

8.30 Ilmoittautuminen ja aamukahvi

9.00 Tervetuloa – johdatus päivään
teollisuusneuvos Timo Ritanummi, työ- ja elinkeinoministeriö
neuvottelevan virkamies Birgitta Valmio-Mattila, maa- ja metsätalousministeriö

Ilmastonmuutos – maailman suurin business-mahdollisuus
toiminnanjohtaja Jouni Keronen, Climate Leadership Council

Kiertotalouden mahdollisuudet
asiantuntija Hanna Mattila, Sitra

10.30 Tauko ja vapaata verkottumista

11.00 Katsaus Smart&Clean toimintaan, MaaS
johtava asiantuntija Ville Miettinen, Smart&Clean säätiö

Älykäs energia –ohjelma
johtava asiantuntija Pia Salokoski, Tekes

12.00-13.00 Lounas (omakustanteinen)

Banks and financial institutions

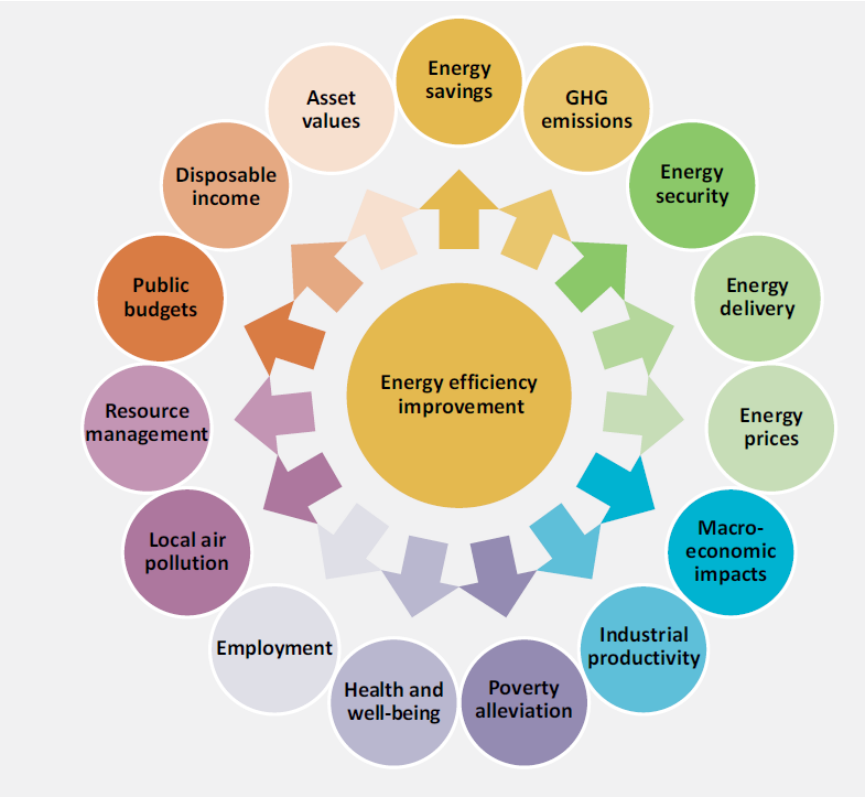
- **Increasing interest to improve energy efficiency among banks and financial institutions**
- **An increasing need to improve energy efficiency in existing building stock***
  - Traditional loans can be used to finance energy efficiency (renovations)
  - Interest rate low in traditional loans
- **Green loans, green mortgages are still at the beginning phase (some already existing)**
- **Collaboration between banks, financial institutions and for e.g. building sector is needed**
  - Tools and checklists for decision making should be developed
  - Interest already raised

*More than 60 % of housing companies are planning to improve energy efficiency through investments during the next years. Source: Statistics Finland, December 2016.

Summary and the Next Steps

Basis for the work: Communication

- **Energy efficiency is worth investing in and it has multiple benefits.**



Source: IEA 2014

- **The topic "finance and energy efficiency" needs e.g.**
  - Simple, targeted information on different mechanisms and possibilities
  - Collaboration between stakeholders
  - Examples, best practises and sharing experiences of implemented cases
  - Open mind set for new opportunities

- **Energy efficiency and the financing will be on the increasing focus in Finland**
  - A lot of activities (events, surveys, information sharing etc.) is ongoing
  - The different national/EU/ Nordic/international possibilities will be explored.

Motiva

Thank You!

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