COUNTRY POLICY PROFILE

Finland

October 2014

LOG FILE OF CHANGES IN SUPPORT POLICIES AS COMPARED TO LATEST MEMBER STATE PROGRESS REPORT

EurObserv'ER

The EurObserv’ER project

The EurObserv'ER Barometers monitor the renewable energy progress in each Member State of the European Union. Every two months a barometer dedicated to one particular renewable energy technology is published. Moreover, once a year a EurObserv’ER Overview Barometer[1] collects the main indicators published during the year and completes these with additional renewable sectors which have not been detailed in the individual Barometers. Finally, the Overview Barometer also reports on socio-economic aspects: employment and turnover in the field of renewables, and the renewable energy investment climate. The country policy reports monitor policy developments by providing an overview of policy changes compared to the Member State Progress Reports.

All Barometers are available for download at http://www.eurobserv-er.org. An overview of direct links to Barometers is available in Annex A.

New Barometer releases are announced on Twitter (https://twitter.com/eurobserv_er).

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[1] Free download at http://www.eurobserv-er.org/pdf/bilan13-gb.asp, latest edition is 2013.

Abstract

Electricity biogas, biomass, and wind is supported through a premium tariff. Furthermore, Finland promotes RES through two subsidy schemes. A state grant for investment in RES supports sustainable energy research projects as well as renewable energy production facilities. A second subsidy scheme provides invement support farmers investing in facilities producing heat from RES. A price-based mechanism, the so-called “Heat bonus” that is a fixed payment per MWh, promotes congeneration of heat and electricity from biogas and biomass (Source, RES LEGAL Europe, www.res-legal.eu/search-by-country/finland/).

Abbreviations

BTL	Biomass-to-Liquids
CHP	Combined heat and power plant
EEAG	Environmental and energy aid guidelines
EU-27	European Union, 27 Member States (excludes Croatia)
EU-28	European Union, 28 Member States (includes Croatia)
FiP	Feed-in premium (scheme)
FiT	Feed-in tariff (scheme)
GHG	Greenhouse gas(es)
GHG	Greenhouse gas
ktoe	Kiloton oil equivalent
MSW	Municipal solid waste
NREAP	National Renewable Energy Action Plan
PV	Photovoltaic energy
RE	Renewable energy
RED	Renewable Energy Directive
RES	Renewable energy sources
RMSW	Renewable Municipal solid waste (renewable fraction in MSW)
RQS	Renewable quota scheme
TSO	Transmission system operator

Renewable energy mix and 2020 target

The 2012 share of renewable energy in Finland amounted to 34.4%; the target for 2020 has been defined as 38% (source: EurObserv'ER report 'The State of Renewable Energies in Europe'[2]). The table below shows EurObserv'ER data on renewable energy production in Finland and the European Union (EU-27). The by far most important source for renewable energy in Finland is solid biomass with 7,254 ktoe, accounting for 80% of the total renewable energy production in 2012. With this high renewable energy production from solid biomass, Finland contributes with 9.7% to the solid biomass energy production of the EU-27. With 1,225 ktoe, hydropower has the second largest production output and contributes 4.2% percent to the EU-wide energy production from hydropower. With respect to total renewable energy production, Finland has the 6th highest production in the EU-27, as depicted in the figure below, which amounted to 9,041 ktoe in 2012 (Source: EurObserv'ER, 2014, www.eurobserv-er.org)

Table *Renewable energy production in the 27 Member States of the European Union (EU-27) and the corresponding figures for Finland. Data have been expressed in ktoe and refer to the year 2012*

[ktoe, 2012]	European Union (27 countries)	Finland	Contribution of Finland to EU-27
Hydro*	29408	1225	4.2%
Wind*	17089	41	0.2%
Solar PV	5732	0	0.0%
Solar thermal**	2116	1	0.1%
Solid Biomass***	74804	7254	9.7%
Biogas	6212	49	0.8%
MSW****	4426	156	3.5%
Geothermal	7825	315	4.0%
Biofuels	11711	0	0.0%
Ocean energy	44	0	0.0%

* Normalised electricity generation

** Including electricity generation from Concentrated Solar Power

*** Including liquid biomass

**** Municipal Solid Waste only regards the renewable fraction in the waste

Source: EurObserv'ER, 2014 (www.eurobserv-er.org)

[2] Free download at http://www.eurobserv-er.org/pdf/bilan13-gb.asp, latest edition is 2013.

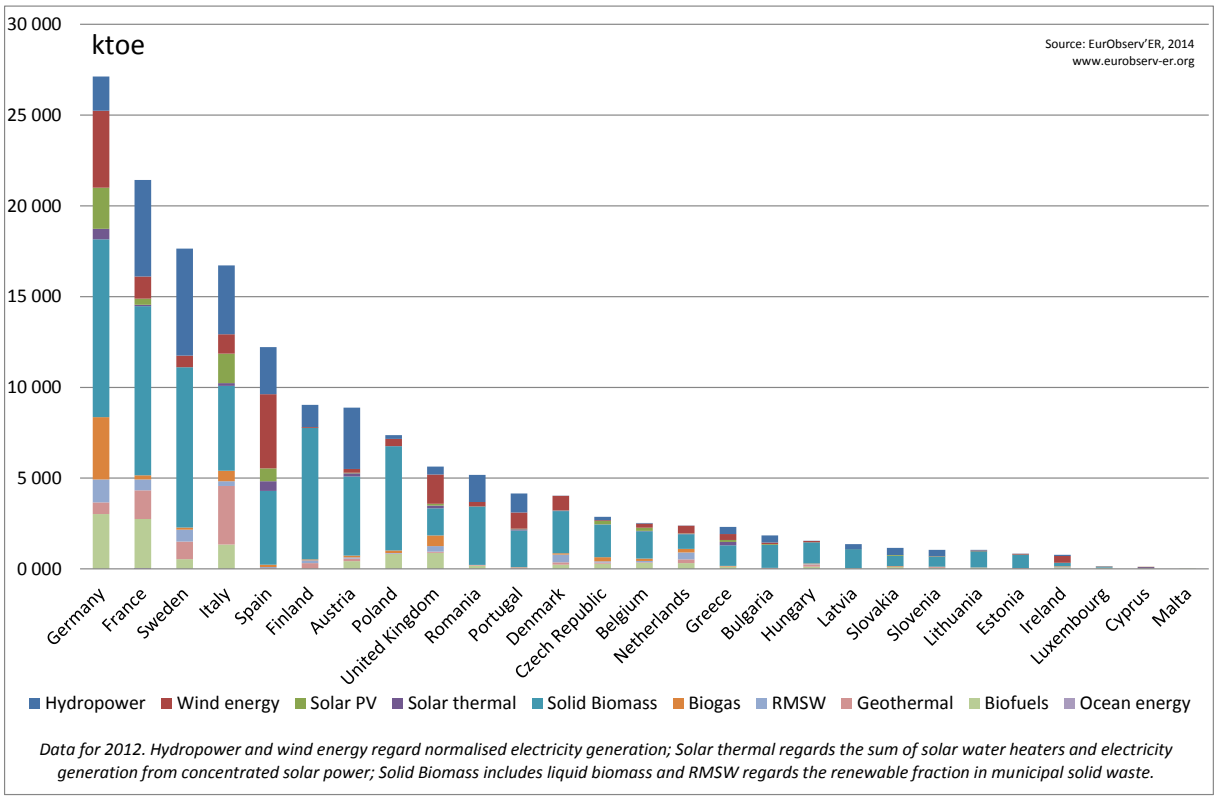

Figure *Renewable energy production in the European Union Member States. Data have been expressed in ktoe and refer to the year 2012. Source: EurObserv'ER, 2014 (www.eurobserv-er.org)*

Recent RES Policy Developments

The current EurObserv'ER policy profile is listing recent policy changes in the EU Member States. Starting point for this monitoring is the situation as it has been described in the country's Progress Report (which were due end of 2013). All Renewable Energy Progress Reports are available in English language from www.eurobserv-er.org (translated versions).

Date	Technology	Policy change
January 2014	All RES	The Finnish Renewable Energy Progress Report 2013 was released by the European Commission in February 2014. An overview of policies and measures for Renewable Energy up to the end of 2013 can be found in Section 2 to Section 4 (pp. 4 – 14) in the Progress Report.
March 2014	Off-shore wind	On 20 March 2014, the Government submitted to the Parliament a proposal for amendments to the Renewable Energy Production Law. Amendments would allow companies who receive investment subsidies for developing off-shore wind energy pilot projects to receive also support through premium priced feed-in tariff system. Six companies have applied for off-shore wind energy pilot projects. Only one of these companies will be selected. The subsidy amounts to € 20 million. The wind energy pilot projects subsidy is meant to eliminate additional costs for connections to the transmission grid. Amendments are expected to promote faster development of off-shore wind energy and, therefore, will help to achieve renewable energy targets for 2020 and 2025.
May 2014		<no change to be reported>
July 2014		<no change to be reported>
September 2014		<no change to be reported>
November 2014		<yet to come>

Note to the reader: the above overview had been compiled with care. However, in case you miss recent developments please be invited to inform EurObserv'ER on policy changes in a Member State. For communication use e-mail (policy@eurobserv-er.org) or Twitter (https://twitter.com/eurobserv_er).

Glossary

Auctions for granting renewable energy support	An auction is a process, organised by a governmental renewable energy implementation agency, of granting production or investment support to a specified volume of eligible renewable energy (or renewable energy generation capacity) based on the lowest bids per unit of renewable energy (or renewable energy generation capacity) by eligible renewable project developers.
Degression rate	See under 'Sliding feed-in tarif'
Feed-in tariff (FiT)	A technology-specific support scheme which provides for a technology-specific remuneration per unit of renewable energy payable to eligible renewable energy producers, typically for a period of 10-20 years. The FiT level is set *ex ante* by the National Regulatory Agency (NRA). It is to cover all future production costs including a *normal* rate of return to capital invested. In many schemes priority network access is offered to eligible renewable electricity generators, whilst a designated third party - e.g. the transmission or distribution network operator concerned - is being mandated to pay the FiT remuneration due. A proper, periodic review of FiT rates is often undertaken with the aim to prevent both too high FiTs so as to minimise regulatory rents, i.e. supra-normal returns and too low FiTs to preclude below-target market uptake because of FiT levels that are perceived by market participants to be less attractive.
Feed-in premium (FiP)	A technology-specific support scheme which provides for a technology-specific subsidy level per unit of renewable energy to eligible renewable energy producers, typically for a period of 10-20 years, at a pre-set fixed or floating (see under 'Floating FiP') rate, projected by the National Regulatory Agency (NRA) to enable renewable energy generation investments deemed commercially attractive by project developers without yielding supra-normal profits.
Floating FiP	A feed-in premium, which is periodically adjusted to exactly offset the change in the average energy wholesale market price, based on a pre-specified benchmark market price. A floating FiP may move freely or may only be allowed to move within a pre-set interval.
Grants	Grants are non-repayable funds disbursed by one party (grant makers), often a government department, corporation, foundation or trust, to a recipient, often (but not always) a non-profit entity, educational institution, business or an individual. (Source: Wikipedia.org)
Green public procurement	In Green public procurement contracting authorities take environmental issues into account when tendering for goods or services. The goal is to reduce the impact of the procurement on human health and the environment. (Source: Wikipedia.org)

NRA	National Regulatory Agency
Renewable quota scheme (RQS)	A renewable quota scheme mandates certain market actors (typically retail suppliers or large energy end-users) to respect a pre-set minimum share or amount of their total energy procurements from renewable sources of energy. Typically a tradable green certificate (TGC) scheme is operated to enable the obligated parties to prove their compliance with the prevailing renewable quota target by means of TGCs. Typically the renewable quota target is increased gradually over time. Renewable quota systems are also known under terms such as quota (obligation) schemes or renewable portfolio standards.
Request for tenders (RFT)	A request for tenders (RFT) is a formal, structured invitation to suppliers, to bid, to supply products or services. In the public sector an official fee is needed to fortify and secure the tender bid engagement/win documents, such a process may be required and determined in detail by law to ensure that such competition for the use of public is open, fair and free from bribery and nepotism. For example, a government may put a certain level of MW of offshore wind energy at a pre-defined location 'out to tender'; that is, publish an invitation for other parties to make a proposal for the construction of offshore wind farms, on the understanding that any competition for the relevant government contract must be conducted in response to the tender, no parties having the unfair advantage of separate, prior, closed-door negotiations for the contract. An evaluation team will go through the tenders and decide who will get the contract. (source: adapted from Wikipedia.org)
RD&D funding	The funding of research, development and demonstration activities and programmes. For technologies far remote from commercial maturity, government grants or subsidies might be considered. For technologies close to commercial maturity which are not taken up for commercial research any way, instruments such as fiscal instruments (tax credits, accelerated depreciation, etc.) and public-private partnerships may be considered, based on shared public and private RD&D funding.
Sliding feed-in-tariff	A FiT scheme which pre-sets technology-specific declining feed-in tariffs for certain prospective vintages in line with the technology-specific learning curve, as projected by the National Regulatory Agency (NRA). Often a degression rate is used indicating the %/annum decrease in the rate level.
Soft loans	Loans at concessional (below market-based) terms, for example at sub-market-conform interest rates, made available in several Member States to stimulate certain renewable energy technologies.
Tax credits	These are amounts a tax paying entity is allowed to deduct when declaring payable taxes, for example company tax or income tax, to the tax authorities , for example the producer tax credits (PTCs) used in the United States to stimulate among others wind energy deployment.
Tenders	See ‘Request for tenders’

References

EurObserv'ER, 2014, www.eurobserv-er.org

Finnish Ministry of Employment and the Economomy, 2014, http://www.tem.fi/en/energy/press_releases_energy/access_to_feed-in_tariff_sought_for_experimental_offshore_wind_power_projects.114557.news

RES LEGAL Europe, http://www.res-legal.eu/search-by-country/finland

EurObserv'ER, 'The State of Renewable Energies in Europe', Edition 2013, http://www.eurobserv-er.org/pdf/bilan13-gb.asp

Annex

EurObserv'ER Barometers published are all available for download. Direct links to all EurObserv'ER publications:

Biofuels Barometer
(July 2014, PDF, English language, 14 pages)
http://www.eurobserv-er.org/pdf/baro222_en.asp

Solar Thermal Barometer (CSP and solar water heaters)
(May 2014, PDF, 18 pages, English language, 3.6 MB)
http://www.eurobserv-er.org/pdf/baro221_en.asp

Solar Photovoltaic Barometer
(April 2014, PDF, 16 pages, English language, 2.9 MB)
http://www.eurobserv-er.org/pdf/baro-jdp11_en.asp

Wind Power Barometer
(February 2014, PDF, English, 14 pages, 2.8 MB)
http://www.eurobserv-er.org/pdf/baro-jde14_en.asp

'The State of Renewable Energies in Europe', 2013 edition
(January 2014, PDF, English language, 200 pages, 12 MB)
http://www.eurobserv-er.org/pdf/bilan13-gb.asp

Solid Biomass Barometer
(December 2013, PDF, English language, 14 pages, 2.9 MB)
http://www.eurobserv-er.org/pdf/baro219_en.asp

Heat Pump Barometer
(October 2013, PDF, English language, 18 pages, 2.5 MB)
http://www.eurobserv-er.org/pdf/baro218.asp

Biogas Barometer
(December 2012, PDF, English/French language, 14 pages, 2.0 MB)
http://www.eurobserv-er.org/pdf/baro212biogasEu.asp

Renewable Municipal Waste Barometer
(December 2012, PDF, English/French language, 12 pages, 1.9 MB)
http://www.eurobserv-er.org/pdf/baro212mswEu.asp