

Title of the measure:	FIN25 Subsidies for energy audits and energy efficiency investments (the services sector)
------------------------------	---

General description

Energy subsidies (energy aid) are a form state aid granted on a discretionary basis. Energy aid steers the choices of energy production and use to a direction that emits less carbon dioxide.

The energy aid of Ministry of Economic Affairs and Employment is granted to companies and communities for investments in energy saving measures, investments in renewables and for energy audits. Annually part of the budget is earmarked to energy audits and energy saving investments. The aid is applied from the Energy Department of the Ministry and the Finnish Funding Agency for Innovation (Tekes). The subsidy decision is made by the Ministry when the investment is above 5 million euros or concerns new technology.

The subsidy for conventional energy efficiency investments is limited to the participants to the energy efficiency agreements and the subsidy level is typically 20%. Investments to new technology are eligible for subsidy levels of 20–35%.

In 1998-2008 the annual level of subsidies for energy saving investments was 2–4 million euros. The impact of the energy efficiency agreement commenced in 2008 to the number of energy efficiency projects has been significant. In 2009-2015 the annual level of subsidy averaged at almost 12 million euros ranging from 5 to 23 million per year.

Energy aid has been given to energy audits since 1992. In 2008-2015 the level of subsidy has varied between 40% and 60% depending on the type of energy audit and type of applicant. Annual subsidy level has averaged at 1.6 million euros ranging from 0.9 to 2.7 million euros over the same period, i.e., annual variations have been significant.

The subsidy scheme for energy audits changed significantly when the requirement for energy audits as stipulated by the EED directive was implemented. The subsidies for large companies were abolished on 5 June 2014. The information about stopping these subsidies prompted a lot of applications at the last moment and a record volume of 3.4 million euros were given in the first half of 2014. In 2015 the subsidies given dropped to only 0.5 million euros and are expected to stay permanently at this lower level.

The Government Decree on the General Conditions of Granting Energy Aid defines the eligible projects, aid intensities, eligible costs and other general conditions. The currently valid Decree (1063/2012) is in force until 31 December 2017 but there have been two changes to some articles in 2014 and 2017.

Impact evaluation (methods and results)

There is no separate quantitative evaluation of energy aid because the savings impact is overlapping with that of energy audits and energy efficiency agreements. However, earlier estimates suggest “low” impact level in the services sector.

Measure Impact Level		
<input checked="" type="checkbox"/> low	<input type="checkbox"/> medium	<input type="checkbox"/> high



Interaction of measures

Since 1998, the energy audits, voluntary agreements and subsidies for audits and investments have formed a package of three co-ordinated measures. Although the impacts can be independently calculated the total impact is dependent on the interaction of all three elements of the package.

See also the following MURE-descriptions:

- FIN3 (Industry): Energy Auditing Programme in the Industry and Energy Sectors (EAP)
- FIN3 (Tertiary): Energy Auditing Programme in the Service Sector (EAP)

Historical data

Energy audits as well as the utilisation of renewable energy have been subsidised since 1992. Investments on energy conservation were subsidised in 1992-1995 and after a break investment subsidies became available again in 1998 as a part of the Energy Conservation Agreement Scheme.

Historic evaluation results

Methods

An impact evaluation on subsidies was carried out in 2003. The evaluation was based on the information presented in the subsidy applications from 1997-2002. The evaluated projects were those 598 projects handled by the former Ministry of Trade and Industry (today the Ministry of Economic Affairs and Employment). The investments were divided into eight groups: a) heating plants, b) CHP, c) energy conservation, d) wind, e) solar, f) hydro, g) fuel switch in energy production and h) production of bio-fuels. The group "heating plants" included also the 373 projects subsidised by the regional Employment and Economic Development Centres.

Results

The results from 1997-2002 were:

- Heating plants: impact 1.1 MtCO₂/a, total subsidy €36.8 million, average subsidy 2.3 €/tCO₂
- CHP: impact 2.1 MtCO₂/a, total subsidy €35.8 million, average subsidy 0.7 €/tCO₂
- Energy conservation: impact 0.3 MtCO₂, total subsidy €8.3 million, average subsidy 1.5 €/tCO₂
- Wind power: impact 0.1 MtCO₂, total subsidy €16.3 million, average subsidy 6.6 €/tCO₂
- Solar energy: marginal impact and total subsidy
- Hydro: marginal impact and total subsidy
- Fuel switch: impact 1.1 MtCO₂, total subsidy €4.6 million, average subsidy 0.2 €/tCO₂
- Production of bio-fuels: impact not estimated, total subsidy €7 million

Total subsidy during period 1997-2002 was €109.7 million resulting in a greenhouse gas reduction of 4.7 MtCO₂/a. The lifetime of the effect of the project varies between 15 to 30 years depending on the category and the type of the investment inside the category. The total impact has not been fully realised by the end of 2002 due to the time delay between the dates of the subsidy granted and investment completed.

References

Ministry for Economic Affairs and Employment: <http://tem.fi/energiatuki> (in Finnish)

Legislation: <https://www.edilex.fi/smur/20121063#muutokset> (in Finnish)

