

Finland's experience with the development of NECPs

Energy Community, 3rd Energy and Climate Committee meeting

Energy Community Secretariat, Vienna, 21 March 2018

Deputy Director General Petteri Kuuva



Ministry of Economic Affairs
and Employment of Finland

Agenda



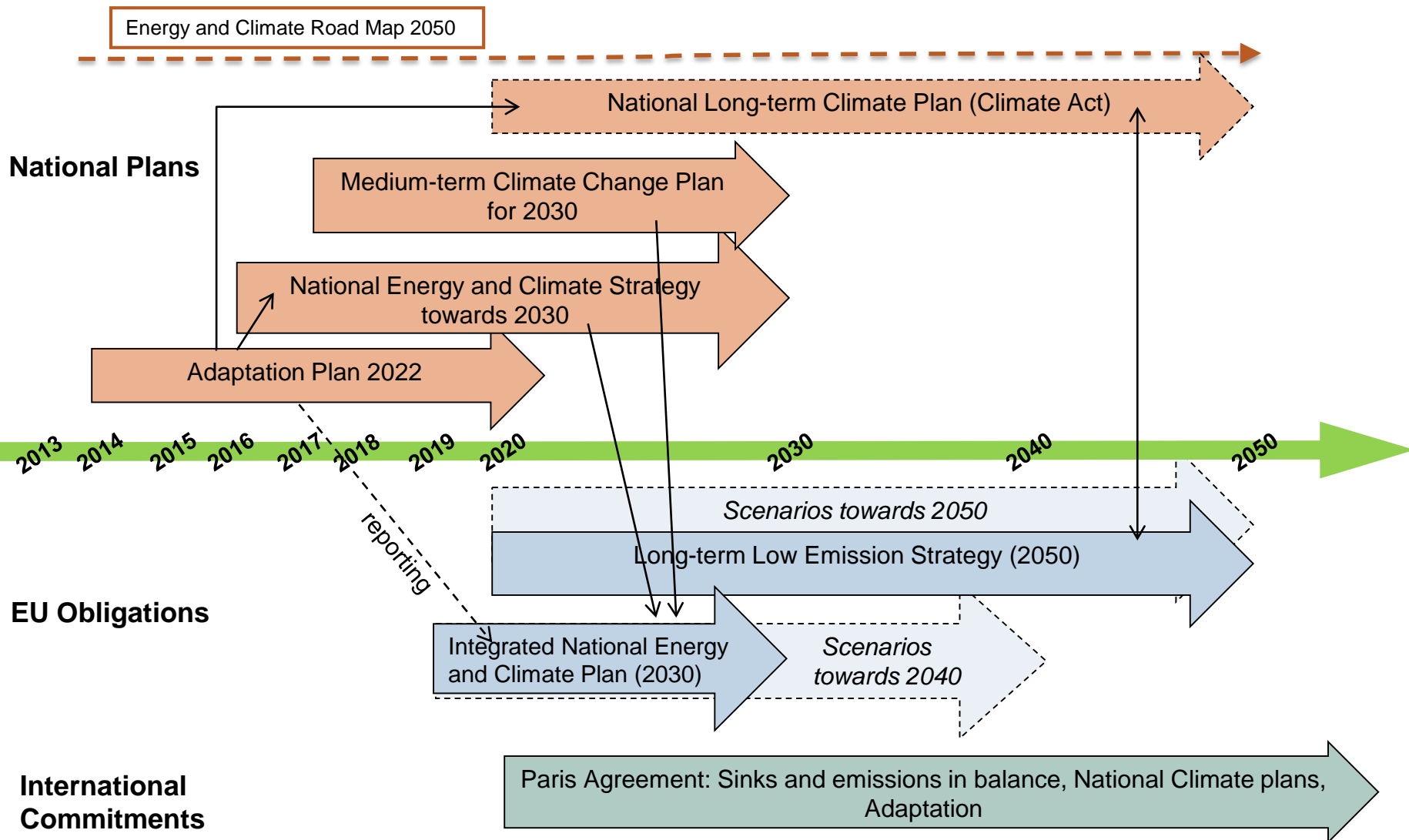
- **National plans and plans for EU and UNFCCC**
- **Framework for planning of energy and climate policy**

Agenda



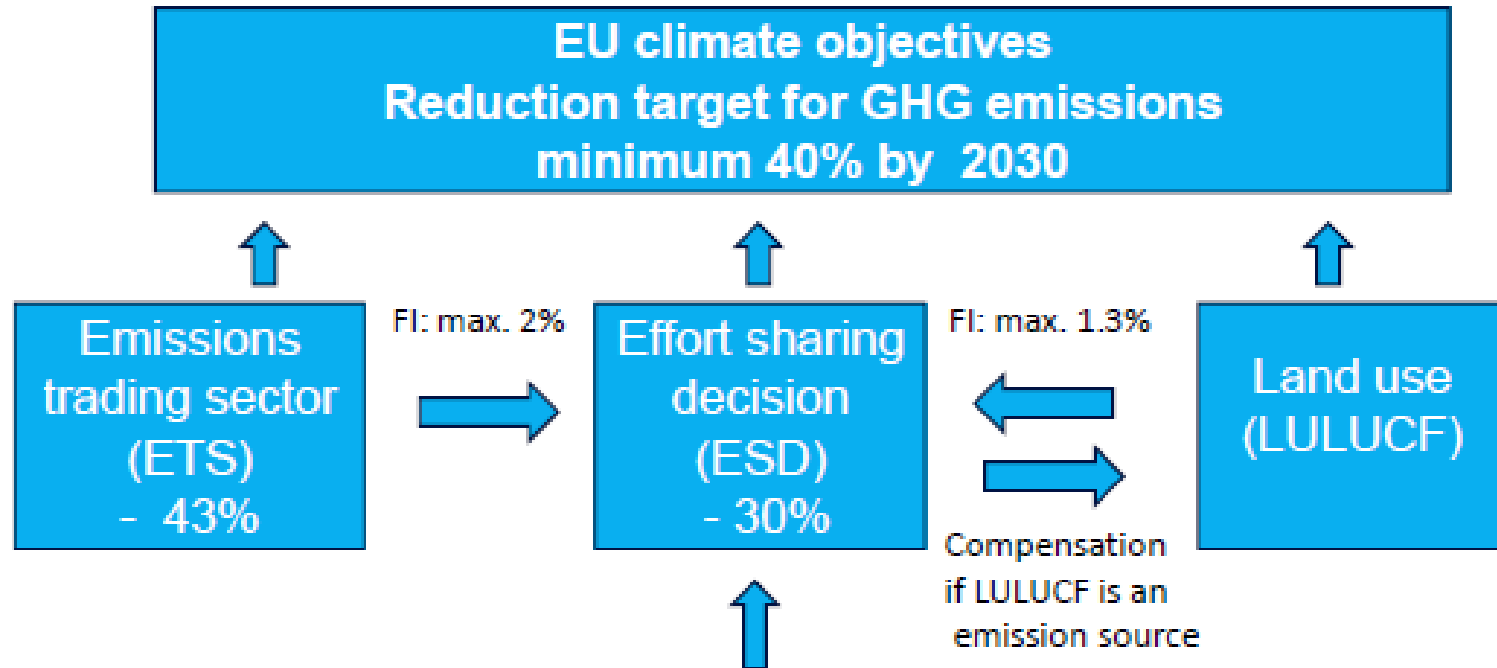
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National Plans vs. Plans for EU





EU emission reduction targets



The target for Finland in the Commission Proposal for the Effort Sharing Regulation is -39% from the 2005 emissions

NECP will be based on national plans



- **National Energy and Climate Strategy for 2030**
 - Kick-off in November 2015 based on Prime Minister Sipilä's Government Programme and EU's energy and climate targets.
 - The Government gave the Strategy as a report to the Parliament in October 2016
 - MEAE's Working Document: complementary analysis and data for the Strategy
- **Medium-term Climate Change Plan for 2030**
 - The Government gave the Plan as a report to the Parliament in December 2017
 - The plan applies to the non-emissions trading sectors, i.e. the so-called effort sharing sector (transport, agriculture, building specific heating, waste management and F-gas emissions)
 - The plan further specifies and supplements the emissions reduction actions set out in the Energy and Climate Strategy.

NECP will be based on national plans



- **Based on these national reports we have now started to plan the preparation of the Integrated National Energy and Climate Plan.**
- **Almost all material is ready and we will collect the information according to Art. 4 and 5 and the Annex I of the Governance Regulation for Plan.**
- **The Governance Regulation will be finalized in trilogies between the European Parliament, the Council and the Commission. Open issues for NECPs**
 - EU target for renewable energy (Council GA 27% vs. EP 35 %)
 - EU energy efficiency target (binding or non-binding)
 - Planning and reporting requirements (EP has proposed more detailed planning and reporting)

Agenda



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A National Strategy once in four years



- **Government prepares (i.e. once in four years) a National Energy and Climate Strategy**
 - Preparation of national policies
 - Basis for international reporting (EU/Energy union, UN/FCCC, EU/PAMS, IEA, ...)
 - Wide preparation between ministries and also involvement of research institutions
 - Hearing of the stakeholders (seminars, workshops, etc.)
 - Public hearings (web questionnaire)
- **The last Strategies were completed in 2001, 2005, 2008, 2013, 2016**

Coordination of Energy and Climate Policy



Political coordination and decision making
Final approval of the National Energy and Climate Strategy by the Government

Ministerial WG on Bioeconomy and Clean Solutions
(Chair Minister Kimmo Tiilikainen)

Minister for Housing, Energy and the Environment, Co-Chair
Minister of Agriculture and Forestry Co-Chair
Minister of Social Affairs and Health
Minister of Employment
Minister of the Interior
Minister for Foreign Trade and Development

Coordination for the Ministerial WG

Network of Senior Officials
(Chair MEAE/Energy
DG Riku Huttunen)

Sectoral ministries
+ PM's Office, Ministry of Foreign Affairs and
Ministry of Education and Culture

Preparation of Energy and Climate Strategies (incl. Scenarios):
Each sectoral ministry is responsible for the preparation with regards to its respective remit

Sectoral ministries
(Expert level coordination
MEAE/Energy/Energy Markets)

Ministry of Economic Affairs and Employment
Ministry of Environment
Ministry of Agriculture and Forestry
Ministry of Transport and Communications
Ministry of Finance

Sectoral studies and modelling
Impact assessments
Funded by sectoral ministries and VN TEAS
(joint analysis, assessment and research activities, coordinated by the Government)

Government research institutions,
Universities and consultants

Preparation of energy and climate policy scenarios



- **A scenario unit comprising public servants prepares the different scenarios used in the energy and climate strategy.**
 - Basis of the work is a general scenario framework, which describes the most important factors influencing future developments, such as population growth, economic development and changes in energy prices.
- **Each ministry estimates the development of its own sector and/or commissions expert organizations to perform the necessary sector-specific studies.**
 - Ministry of Economic Affairs and Employment: Industry, electricity consumption, total energy consumption, supply of electricity and district heating
 - Ministry of the Environment: F-gas emission scenarios, waste sector, buildings and machinery energy consumption
 - Ministry of Agriculture and Forestry: Non-energy-related emissions in agriculture, biomass volumes, energy consumption in agriculture
 - Ministry of Transport and Communications: Energy consumption and emissions in road, waterborne, air and rail transport, percentages of bio-components in fuels
 - Ministry of Finance: Economic growth

Approval of the Strategies



- **The strategies are approved by the Government (after the ministerial working group and the appropriations committee of the Government)**
- **The strategies are submitted as a Government Report to Parliament**
- **The Parliament discusses the Strategies**
 - Transport and Communications Committee
 - Agriculture and Forestry Committee
 - Committee for the Future
 - Environment Committee
 - Commerce Committee (report to the plenary session of the Parliament)
- **Plenary session of the Parliament (answer to the Government and possible resolutions)**

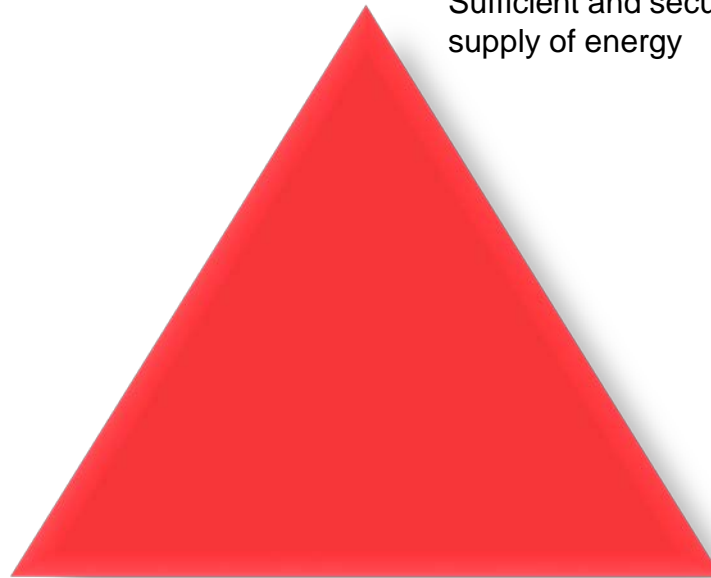
Energy Policy Trilemma



How to retain all three all three goals of the energy policy in the transition towards the future carbon neutral energy system?

Security of Supply

Sufficient and secure supply of energy



Sustainability

Sustainability from climate and environmental perspective, Biodiversity

Competitiveness

Reasonable prices, Innovations, Economic growth and Technology exports

National Energy and Climate Strategy towards 2030 – Key targets



Targets of PM Juha Sipilä's Government Programme will be fulfilled:

- Share of renewable energy at least 50% of final consumption
- Self-sufficiency in energy more than 55%
- The use of imported oil (gasoline, diesel, light and heavy fuel oil, fuels for aviation) for the domestic needs will be cut by half by 2030
- Blending obligation of biofuels in the transport sector 30% of the energy content
- Using coal for energy production will be banned by 2030
- Cost-efficiency and need to foster the change of the energy system are key drivers of energy policy
- Electricity markets are developed from the from the perspective of Nordic-Baltic regional markets and European markets
- New interconnector between Northern Finland and Sweden is essential for the market development
 - European PCI list, agreement between TSOs Fingrid and Svenska Kraftnät in August 2017