

22.3.2021

Finnish Energy on the Review of the Energy Performance of Buildings Directive

Finnish Energy represents the Finnish electricity, gas, and heating sectors, and we have 270 members. We strongly support the Commission's proposal for the EU's climate targets for 2030 and 2050. We are also committed to Finland's carbon neutrality target for 2035.

Finnish Energy believes that the revision of the Energy Performance of Buildings Directive should be coherently implemented within the "Fit for 55 Package". A cost-efficient and technology neutral climate framework based on the EU ETS will prioritise climate action and bring transitions costs down. EU ETS is certain and efficient way to ensure emission reductions and would also minimise the costs for citizens. Therefore, the introduction of emission cap and CO2 price for whole heating sector should be the priority.

In the revision of the EPBD, we support the approach focusing on non-regulatory measures (Option 2), which was introduced in the Inception Impact Assessment. This option includes reinforced non-regulatory policy instruments and additional guidance and support measures, such as technical assistance, information campaigns, training, project financing to increase energy renovation rates.

Finnish Energy's Key messages to the review of EPBD:

- 1. Promote energy fuel switch from fossil-fuel based heating and cooling technologies to the use of carbon neutral energy or waste heat.**
 - All carbon neutral energy sources and waste heat recovery play a key role in the decarbonisation of the EU building stock. Therefore, they should be treated equally with renewables when it comes to meeting the renewable energy targets for heating and cooling, district heating and cooling and buildings.
- 2. Ensure equal treatment of on-site and nearby produced and supplied energy, heat and cold.**
 - Neighbourhood, district, and city level approach in decarbonising the heating and cooling sector will create system efficiencies on a larger scale and make more significant impact at a lower price.
- 3. Emphasise the important role of long-term policy planning tools in the energy transition of buildings.**
 - In particular, national energy and climate plans, resource efficiency and circular economy plans, and long-term renovation strategies.
- 4. Recognise the need for flexibility in the implementation of national targets for Member States.**
 - In order to define the most cost-efficient policy pathways for the renovation and decarbonisation of the building stock, the EU level measures need to take into account national specificities.
 - There is a need to adapt the implementation to the specific conditions and priorities of individual Member States with regard to climatic conditions, resource availability, building stock, heating and cooling, and ownership structure.
 - It should also be recognised that Member States have different approaches to energy poverty. In Nordics, energy poverty is not separated from other types of poverty. These issues are tackled with comprehensive social security system.

- Tackling of the energy poverty and social compensations should serve the emission reductions. This can be done, for example, by helping individuals to move from fossil fuels to more sustainable solutions and improving energy efficiency.

5. Highlight the benefits of digitalisation of the buildings and construction sector, demand response and flexibility.

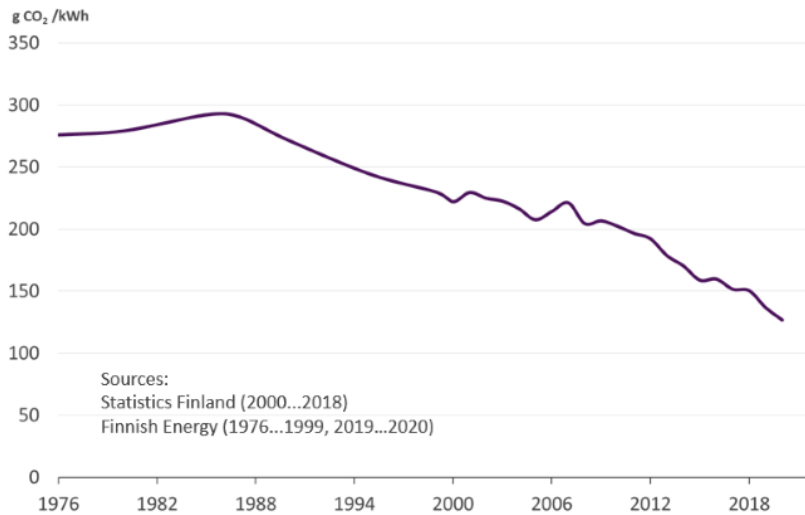
- More intelligent building automation and control, automated collection of data, demand response, and flexibility systems are crucial in achieving energy efficient buildings and connecting the buildings smartly to the energy networks (= energy system integration). One tool in promotion of more intelligence to the buildings could be the implementation of the smart readiness indicator (SRI).

6. District heating companies should focus on the customer, improve the level of customer information and transparency.

- District heating companies should publish plans for low carbon action / progress, so-called "low carbon roadmaps"; publish prices of heat supply and their components; strengthen disconnection rules for consumers – customers should always have a right to disconnect and switch to alternative heating solutions; maintain close dialogue and co-operation with customers and thus increase the customer confidence while shifting the role from a mere heat distributor to a service provider ("heat as a service").

Statistics from Finland

Specific CO₂-emissions from district heat production have decreased by 46 % during the last ten years

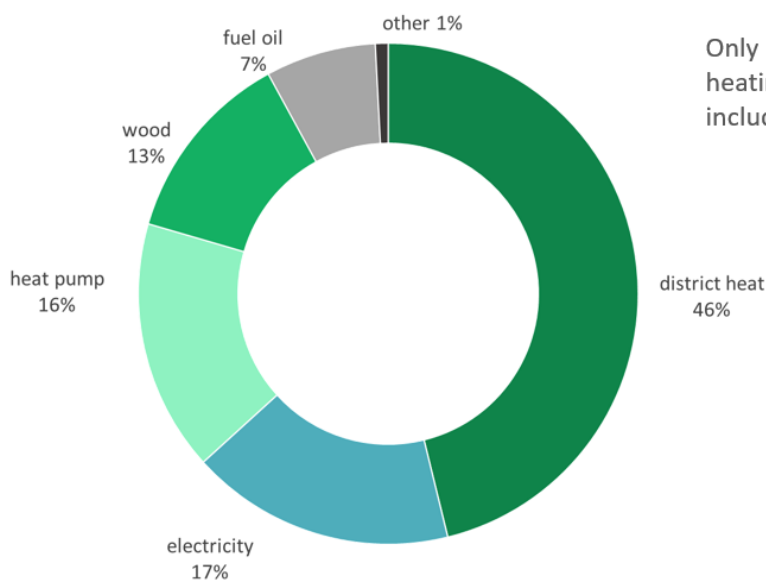


- Specific emissions from district heat production in 2020 were 127 gCO₂/kWh^{*)}, which
 - Decreased by 13 % from the previous year
 - Decreased by 46 % during the last ten years
- Biomass and waste heat replaced the use of coal and peat in DH production, partially also natural gas

^{*)} Fuels used in combined heat and power production were allocated according to the benefit allocation method

Market share of space heating in 2018

(Source: Statistics Finland)



Only ca. 8% of fossil heating sources are not included in ETS.