First, let me begin by thanking the Finnish government, and in particular Minister Vapaavuori, and the Energy department of the Ministry of Employment and the Economy, for organising this event today, and for their co-operation throughout the entire review process.

I am here to present our review of Finnish energy policies.

Finland has implemented some important changes since the last IEA review of its energy policies in 2007, which we will see in the course of this presentation. And let me say up front that Finland stands out as a particularly impressive case.

That is a testament to your good work, Minister, and to the political will in this country to tackle difficult and long-term challenges.

And so I am happy to say that my main message today is: “good work” and “keep it up”. Beyond this key message, the report gives a number of technical recommendations for these ambitious long-term goals.
With over one-third of the country located above the Arctic Circle, Finland is a largely rural and sparsely populated country, apart from the well-populated southern tip. As you well know, its climate is cold and the winters are long!

Yet Finland’s economy is highly industrialised, with sizeable high-tech manufacturing, electronics and chemical sectors operating alongside a significant forestry and paper industry.

In fact, Finland leads all IEA countries in terms of research and development funding overall, and notably for its energy sector.

Yet with its energy-intensive industries and its cold climate, Finland’s energy consumption per capita is the IEA’s highest.

And unfortunately, Finland is poorly endowed with indigenous hydrocarbon energy resources.

As a result, energy policy has long been at the heart of the government’s policy concerns.

Finland is highly dependent on imported fossil fuels, making security of supply a priority.
Finland has sought to address this energy security concern by diversifying its energy mix and supply sources. And I must say, so far Finland has been very successful in achieving its targets.

A few simple statistics highlight the level of diversification in Finland’s energy mix:

- A low share of fossil fuels in TPES—oil 26%, coal 11%, gas 10%. Hydrocarbons may still account for slightly more than half of all energy consumed—but that’s better than the 72% that is the IEA average.

- Finland notably leads all IEA countries in terms of biofuels share in its energy mix—23%

- Nuclear accounts for 17%, and is growing—I will come to this;

- And Finland is quite unusual in its sustained consumption of Peat, which accounts for 6%. Although carbon-intensive, it has the notable advantage of being domestically harvested!

Beyond the diversity of input fuels, in terms of electricity, Finland’s network is also well integrated within the wider NordPool network. The very nature of a larger, fully integrated regional market already provides a significant source of resilience.
Decarbonising the Finnish economy is a long-term objective, as is the case in other neighbouring Nordic countries.

Finland has a very ambitious renewables programme, with a view to meeting its binding EU target to increase the share of renewable energy to 38% of final energy consumption by 2020.

Amongst its EU-driven targets, Finland has taken the commendable step of doubling the EU’s mandatory 10% renewables target for the transport sector.

Finland is the most forested country in Europe, and the government has clearly indicated that forestry will play a central role in meeting its renewables target.

Ironically, despite the huge water resources available (it’s a country of lakes!), hydropower power is limited because of the flat topography.

But in recent years we have also seen a growing interest in developing wind energy. The resources might not be huge – but every little bit helps!
Finland is one of the few IEA Europe countries with plans to expand its nuclear capacity.

This success can be attributed to the government’s effective and inclusive planning and consenting regime, and to the high level of trust that the population has in its government due to its top-of-the-league ranking in terms of transparency and absence of corruption.

If all planned nuclear projects are completed, there will be seven nuclear plants in operation, bolstering the output share of electricity produced by nuclear from 28% in 2010 to over 30% in 2020 and potentially up to 60% in 2025.

Yet the IEA notes important delays with Olkiluoto-3. Lessons must be learned from this project, if new projects are to help meet the country's longer-term nuclear targets.

Also regulatory issues regarding radioactive waste disposal facilities must also be addressed, if Finland’s ambitious nuclear programme is to be successfully implemented.
Another aspect of Finland’s decarbonisation strategy is demand-driven, and relies on the development and optimisation of energy efficiency and research and development into “demand-side management” technologies.

Finland has a proactive energy efficiency policy, and its Energy and Climate Change Strategy sets as an overarching goal to reverse growth in final energy consumption, and in addition an ambitious target to save approximately 11% of total final consumption by 2020 compared to the business-as-usual scenario.

Finland has submitted a detailed and updated National Energy Efficiency Action Plan (NEEAP) to the European Commission.

Given its climate, building codes have been revised and subsidies to enhance the efficiency of existing building stock have been introduced.

It is interesting to note – and praise – the important of voluntary agreements in Finland’s energy efficiency schemes. The use of Voluntary Agreements covers close to 80% of total energy consumed in Finland.
Though somewhat isolated from the larger European continent, Finland’s energy policies are well integrated with those of the EU.

Finland’s electricity market has been largely liberalised, and its energy resilience has been consolidated through deepened integration in the wider Nordic market. In 2012, the entire Nordic area had one common price during 31% of the time, up from 25% in 2011 and 18% in 2010.

In the gas market, however, Finland is isolated, with only one supply route from Russia. Owing to the country’s particular circumstances, Finland had received a derogation from the EU’s internal energy market rules regarding the opening of its market. Yet Finland stands to benefit from cooperation with regional neighbours in the context of the Baltic Energy Market Interconnection Plan (BEMIP), which can provide energy security benefits for Finland. It should reform its market to benefit from BEMIP projects.

Late last year, Finland was notified of several infringement procedures by the EU regarding its compliance with the 3rd package for an internal EU gas and electricity market. Finland must continue to ensure its compliance with EU directives, so as to push forward with regional opportunities.
Now for the recommendations…

The government should:

Continue to address energy security concerns in a comprehensive and sustainable manner, while pursuing its focus on its key policy pillars of bioenergy and nuclear energy.

Basically, stay on track! This can be hard, with political winds changing and regulatory hurdles impeding progress. But don’t give up, you’re on the right path!

The second recommendation is that the government should:

Maintain its drive to improve energy efficiency, notably through a stronger focus on efficiencies in the transport sector.

Finland has already done a lot. But like in many other IEA countries, we think more can be done in the transport sector.
The third recommendations is to: Find a mutually acceptable solution at an EU level regarding the discussion on sustainability criteria for biomass. Indeed, although the government is in favour of the requirement that biomass use should be sustainable, there are serious concerns about potential EU schemes in this regard, which could bring about a great deal of administrative burden for their certification.

Finally, the last recommendation is to: Seek to develop the regional integration of its gas market, building on the example of its successful regional integration in electricity markets.

This brings me to the end of my presentation. And so, Minister, ladies and gentlemen, let me repeat my compliments. Rarely am I able to deliver such soft recommendations. But it is important to keep up the good work – so that Finland can be a model for Europe as it progresses forward towards an advanced energy economy.

Thank you once again, Minister. After your remarks, I would be happy to take questions.