



## **Energy Efficiency Agreement on the Distribution of Liquid Heating Fuels HÖYLÄ IV**

### **1 Parties to the agreement**

The Ministry of Economic Affairs and Employment (MEAE), the Ministry of the Environment (ME), the Energy Authority, the Finnish Petroleum and Biofuels Association (FPBA), Lämmitysenergia Yhdistys (LEY, Finnish heating energy association), and companies Neste Markkinointi Oy, St1 Oy and Oy Teboil Ab supplying liquid heating fuels (hereinafter Companies), hereby agree on promoting energy efficiency and renewable forms of energy in heating with respect to the distribution of liquid heating fuels.

### **2 Starting points, grounds and connection to legislation**

#### **2.1 Starting points and grounds**

Energy conservation and energy efficiency has been promoted with agreements between the government and the industry since 1990s. Agreement activity has been an essential and cost-effective tool in implementing our energy policy. This Höylä IV agreement continues the Energy Efficiency Agreement scheme without interruption after the agreement period ending at the end of 2016.

With the agreement, the ministries implement the government's energy policy, in which energy conservation and an improvement in energy efficiency play a key role. The parties regard the voluntary agreement procedure as an effective and efficient means to implement the energy policy. The parties to the agreement aim to implement the agreement, so that the agreement will be an energy conservation method comparable to standards with respect to its effectiveness, having a flexible method of implementation without restricting competition or hindering trade.

The Energy Efficiency Agreement plays a leading role in achieving the binding national energy efficiency target set out in Article 7 of the Energy Efficiency Directive (2012/27/EU). In addition, it also plays a key role in achieving the indicative national energy efficiency target set out in Article 3 of the Energy Efficiency Directive. In Finland, the binding cumulative energy savings target described in Article 7 of the Energy Efficiency Directive for the period 2014–2020 is 49 TWh<sub>cum</sub>, and the indicative energy efficiency target described in Article 3 in 2020 is the absolute level of final energy consumption of 310 TWh, and the corresponding level of primary energy consumption is 417 TWh.

Under the Directive on the Energy Performance of Buildings (2010/31/EU), Member States must, in order to improve the energy performance of buildings, lay down the necessary measures to establish regular inspections of heating systems burning fuels, in accordance with Article 14(1–3) of the Directive, or alternatively, in accordance with Article 14(4), introduce such measures (provision of advice) that will have an overall impact similar to the regular inspections referred to above. Under a Finnish government proposal (HE 161/2012), Finland will implement the statutory inspection of heating systems by introducing provision-of-advice arrangements given as an alternative in the Directive. The implementation of the alternative procedure will be continued for oil-heated properties with this Höylä IV agreement.

The starting point of this agreement is that liquid fuels<sup>1</sup> are a form of energy used for heating buildings. A heating system that is based on liquid fuel and a water-based distribution of heat also provides an opportuni-

---

<sup>1</sup> Sulphur-free light fuel oil, bio-fuel oil and/or mixtures thereof

ty to combine parallel heating systems, based on renewable energy with a traditional heating system (hybrid system). The aim is to make the use of heating fuels more energy efficient and economical by taking the measures specified in this agreement. In addition, the target of the agreement is to increase the use of sustainably produced bioliquids in heating, where possible, and to promote the use of other renewable forms of energy in oil-heated properties.

## **2.2 Relationship to the implementation of the Energy Efficiency Act in a company**

The Finnish Energy Efficiency Act (1429/2014) obligates the large companies<sup>2</sup> to carry out an energy audit in every four years. A company is deemed to meet the requirements for the mandatory energy audit, if the company has joined an Energy Efficiency Agreement and has introduced an Energy Efficiency System EES<sup>+</sup>. The EES<sup>+</sup> does not need to be certified. In such a case, the Energy Authority supervises the implementation of the EES<sup>+</sup> in the company separately.

## **3 Definitions**

### **Liquid heating fuel**

In this agreement, liquid heating fuel means sulphur-free light fuel oil and bioliquids, or mixtures thereof, used for heating buildings.

### **Energy conservation and energy efficiency**

In this agreement, energy conservation means the reduction of the targeted final energy consumption from the current level achieved by active measures, and the reduction of the future final consumption<sup>3</sup>, compared to the amount of energy that would be consumed without active measures. The amount of saved energy (kWh/a) is determined by measuring and/or by a calculation, in which case the consumption subject to the energy efficiency improvement measure is estimated before and after the implementation of the measure, whilst ensuring normalisation for external conditions that affect energy consumption. Correspondingly, the improvement in the efficiency of energy use means the implementation of measures to reduce the amount of energy needed for the production of a certain product or service. The energy efficiency improvement measures may be technical or related to the use of energy-using appliances, procedures, operating environment or behaviour. As a general rule, the implemented energy saving measures improve energy efficiency.

### **Renewable energy**

In this agreement, energy from renewable sources means sustainably produced bioliquids, or solar energy, wood energy and other renewable forms of energy suitable for heating, or the energy based on the heat content of the soil or the air, and renewable electricity.

---

<sup>2</sup> A large company is specified as (Commission Recommendation 2003/361/EC) a company or group that

- employs more than 250 persons or
- has an annual turnover of over EUR 50 million and an annual balance sheet total of over EUR 43 million.

When considering the limit values specified above, the ownership of an individual company must also be taken into account, even if the company would not exceed the limit values <https://www.energiavirasto.fi/suurten-yritysten-pakolliset-katselmukset>.

<sup>3</sup> For example, the procurement of equipment that is higher than ecodesign level or the construction of new buildings with stricter requirements than what are specified

#### **EES<sup>+</sup> (Energy Efficiency System EES<sup>+</sup>)<sup>4</sup>**

A national energy management system that sets out the minimum requirements with respect to the company's procedures and processes for the implementation of continuous improvement of energy efficiency. The system includes the obligations and requirements set out in standard ISO 50001 for the top management, energy auditing, monitoring, measurement and analysis.

## **4 Targets**

### **4.1 Overall targets of the agreement**

The target of this agreement is to contribute to ensuring that the targets set out the national energy and climate policies and the obligations set out in the Energy Efficiency Directive (EED), the Directive on the Energy Performance of Buildings (EPBD) and the Directive on the promotion of the use of energy from renewable sources (RES) are met.

The target is to extend the agreement to cover at least 80% of the distribution of liquid heating fuels, measured in terms of amount delivered.

### **4.2 Energy-efficiency of buildings and oil-heating systems**

The target of this agreement is to ensure that buildings and the oil-heating systems that are part of their energy management are kept in such a condition that they meet all energy efficiency requirements, taking into account the construction of the buildings.

The target of this agreement is to implement the provision-of-advice arrangement, in accordance with Article 14 of the Directive on the Energy Performance of Buildings, as an alternative to mandatory regular inspections of oil-heating systems. The objective of the provision-of-advice arrangement is to achieve at least an equivalent overall impact to that which statutory inspections would have resulted in. In addition, the aim is to contribute to supporting the implementation of the obligations to provide information to the owners or tenants of buildings, as set out in Article 20 of the Directive.

The agreement also aims to contribute to supporting the achievement of the indicative national target for the end use of energy in 2020, set out in the Energy Efficiency Directive, the achievement of the binding energy savings target, set out in Article 7 of the Directive, and the obligations to provide information to consumers and market actors, set out in Articles 12 and 17 of the Directive.

In addition, the target of this agreement is to promote the research, development and introduction of various hybrid systems and liquid heating fuels.

### **4.3 Using renewable energy in oil-heated properties**

The target of this agreement is to combine the use of renewable forms of energy in both existing and new oil-heating systems in a manner that is economical and has positive environmental impacts. The target is to increase the share of energy from renewable sources, so that in 2025, renewable energy is used at least in 50% of the oil-heated properties.

Another target of this agreement is to increase the use of renewable forms of energy for heating buildings, taking into account the targets set out in the Directive on the promotion of the use of energy from renewable sources 2009/28/EC (RES).

In addition, the target of this agreement is to contribute to ensuring that the information and training requirements set out in Article 14 of the RES Directive are implemented effectively for oil heating.

---

<sup>4</sup> [EES+ \(Energy Efficiency System EES+\)](#)



## **5 Actions to implement the agreement**

### **5.1 Areas of action for improving the energy efficiency of oil heating and using renewable energy**

Actions aimed at improving the efficiency of oil heating are performed in the following areas:

- 1) **Inspection and advisory service for boilers and monitoring system.** In this area of action, the provision of advisory service is introduced, and the service is implemented in connection with regular maintenance operations performed by installation companies. Specific performance targets will be set for the activity (for example, the number of customer visits, repair suggestions and improvement measures performed in connection with maintenance).
- 2) **Upgrading of old oil-heating systems (renovation projects).** In this area of action, projects are launched in order to provide sufficiently comprehensive services that enable boiler replacements and the more extensive planning and renovation of the entire heating system by, whenever possible, a single service provider. Such services would also include combining energy from renewable energy sources with an oil-heating system (hybrid system). The promotion of renovation would also cover individual assignments carried out by installation companies.
- 3) **Promotion of advanced oil-heating systems.** The aim is to support the introduction of new, energy efficient technologies in Finland. Within the scope of this area of action, Finnish operators will also be encouraged to use condensing boilers, heating units and accumulator units utilising more than one energy source. At the same time, methods for ensuring the functioning of oil heating in all circumstances are developed, especially considering the performance of the currently available heating equipment and systems in the Finnish conditions and in the current building stock or in the building stock to be renovated.
- 4) **Promotion of the use of energy from renewable sources in oil-heated properties.** By promoting the use of renewable energy in oil-heated properties, carbon dioxide emissions generated by oil heating can be reduced, and this way enable the future use of efficient heating systems based on liquid fuels as the basic heating method for buildings, and especially for flattening the peak electricity demand in the cold season.

Combining renewable energy with oil heating and the promotion thereof can be implemented in different ways, such as by providing sustainably produced bioliquids for consumption, or by promoting the introduction of heating systems in which other renewable energy can be used as efficiently as possible, alongside or alternatively with oil heating (energy accumulator units), or by using such a system for replacing the existing system, either fully or partly.

The activities for increasing the use of renewable energy and the related impacts are monitored during the validity period of this agreement by statistical methods.

- 5) **Overall energy efficiency of buildings.** There are a number of factors influencing the energy consumption of a building. These include heating, the need for domestic hot water, ventilation, the density and insulation of the building shell and the residents' habits. In this area of action, efforts will be made to expand co-operation between the parties to the Höylä IV agreement and their most important partners in the building-products industry. Providing property owners with more skills and information is necessary and should involve the creation of clearly defined service concepts and provision of information.

New areas of action and projects supporting the implementation can be added during the agreement period by a decision of the management group.

### **5.2 Provision of information and advice to the customers**

This agreement contributes to the implementation of the obligation to provide information to consumers and market actors, set out in Articles 12 and 17 of the Energy Efficiency Directive, by creating and maintaining the



conditions for enabling the end users of liquid heating fuels to always obtain the latest information about the best measures to improve energy efficiency and to monitor their own consumption of liquid heating fuel. Providing information and advice to the customers also contributes to the implementation of obligations set out in Article 7 of the Energy Efficiency Directive, and the energy savings obtained serve the achievement of the binding energy savings target under the Directive.

The agreement also contributes to the implementation of the obligations concerning the provision of information under Article 20 of the Directive on the Energy Performance of Buildings, according to which the Member States must take the necessary measures to inform the owners or tenants of buildings or building units of the different methods and practices that serve to enhance energy performance. In addition, Article 14 of the Directive on the Energy Performance of Buildings is implemented by providing the users advice concerning the replacement of boilers, other modifications to the heating system and alternative solutions to assess the efficiency and appropriate size of the boiler.

The agreement also implements the obligations to provide information and training in order to promote the use of energy from renewable sources, as set out in Article 14 of the RES Directive.

### **5.3 Centralised communication**

**Lämmöllä periodical:** The Oil Industry Service Centre (OISC) is responsible for publishing and editing, as a printed or online publication, the Lämmöllä periodical, which is targeted at all oil-heated detached houses. This activity is carried out within the appropriations provided for the purpose by the Companies that have joined this agreement. The periodical provides end users with information about improvements in the energy efficiency of buildings and oil-heating systems, regular inspection of heating boilers, and solutions connected with the replacement of heating boilers. The Companies will provide their customers' contact information for the purpose of delivering the printed or online publication to the end users.

**Information on the consumption and prices of liquid heating fuels:** The OISC provides, in a centralised manner, the end users with information material on the basis of which the owners of oil-heated properties can monitor their energy costs and consumption of heating energy and make the necessary comparisons.

**Websites:** The OISC maintains and develops the [www.oljylammitys.fi](http://www.oljylammitys.fi) website dedicated for the Energy Efficiency Agreement scheme. The purpose of the website is to increase the possibilities of the end users to obtain information about measures that improve energy efficiency, to obtain comparative information about costs and emissions, and to monitor the energy consumption of their own heating system.

### **5.4 Development and maintenance of skills**

The parties to the agreement commit themselves to evaluating the need for producing materials and training that serve the implementation of the targets of the agreement and are targeted to various actors, and also to develop and maintain the said materials and training. Training and materials sufficient for meeting the demand are primarily obtained within the appropriations available for the projects from the organisations implementing the agreement, or are implemented as training services, subject to a fee and produced by the said organisations.

### **5.5 Energy efficiency in the Companies' own operations**

In terms of their own energy use, the Companies aim for the continuous improvement of energy efficiency, to introduce other energy saving measures and energy-efficient technology, and to increase the use of renewable forms of energy, whenever it is economically and technically possible, taking safety and environmental aspects into consideration. It is recommended that the Companies join the Energy Efficiency Agreement for Industries.

The Companies also aim to improve the energy efficiency of transport by improving logistics and energy use in co-operation with companies providing these services.

## **6 Responsible actors of the agreement and organisation of operations**

### **6.1 Ministry of Economic Affairs and Employment**

In order to achieve the targets of the agreement, the MEAE shall participate in the implementation and development of the Höylä IV agreement, together with any other bodies participating in the implementation of the agreement scheme, in so far as the tasks are not assigned by the ministry to the Energy Authority.

### **6.2 Energy Authority**

In order to achieve the targets of the agreement, the Energy Authority shall, under the guidance of the MEAE and within the appropriations available, participate in the implementation and development of the Höylä IV agreement, together with other parties of the agreement and any other bodies participating in the implementation of the agreement scheme, and contribute to the financing of projects to be separately agreed on.

The Energy Authority shall allocate resources for Motiva Ltd (Motiva), so that Motiva can participate in the development of the Höylä IV agreement and projects to be separately agreed on, participate in the operation of the steering groups that support the implementation of the agreement sector, and produce impact assessment data for the reporting purposes required by the Energy Efficiency Directive (EED), based on the information collected from the agreement sector (section 6.6.1).

### **6.3 Ministry of the Environment**

In order to achieve the targets of the agreement, the ME shall participate in the implementation and development of the Höylä IV agreement, together with any other bodies participating in the implementation of the agreement scheme.

The ME shall, within the appropriations available, contribute to the financing of the projects that will be implemented in co-operation with the OISC and agreed separately on, on the basis of the implementation of the Höylä IV agreement.

### **6.4 Finnish Petroleum and Biofuels Association**

The Finnish Petroleum and Biofuels Association (FPBA), for its part and together with its member companies and other signed companies, is responsible for ensuring that the agreement is implemented effectively and that the OISC, in which the organisation exercises the owner's power of decision, has sufficient resources for implementing the necessary practical promotion activities required by the agreement, during the validity period of the agreement.

### **6.5 Companies**

The Companies that are parties to the agreement commit themselves, each company for its own part and in the way of its choice, to promoting energy efficiency and the use of energy from renewable sources in oil-heated properties by offering their customers products and services suitable for the said purpose, in order to achieve the overall target set above in section 4.1.

The Companies supplying liquid heating fuels that have committed themselves to this agreement are responsible for the costs arising from the provision of the services that are referred to in this agreement, supplied by the OISC and implemented on behalf of the Companies, in the manner agreed in a separate funding agreement.

The cost of the action programme covering the distribution of liquid heating fuels are based on an action and financial plan drawn up by the OISC each year and approved by the management group referred to in section 7 by the end of November each calendar year.





The Companies report to the OISC each year the actions they have taken in order to contribute to the implementation of the targets of this agreement among their customers. Such actions include, for example, the amount of bioliquids added to liquid heating fuel each year, and other actions, such as campaigns and incentives by which the Companies have promoted energy efficiency and the utilisation of renewable energy in combination with oil-heating systems (hybrid systems) or as a substitute system among their customers.

## **6.6 Organisation of the implementation**

### **6.6.1 Oil Industry Service Centre Ltd**

The OISC is responsible for implementing this agreement and drawing up the annual report, within the scope of the resources allocated for it. Acting on behalf of the signed Companies, the OISC is also responsible for the practical implementation of the sector-level areas of action and projects that are related to more efficient use of liquid heating fuels and promoting the use of renewable forms of energy.

The OISC implements such actions targeted to the customers using liquid heating fuels, required under the Energy Efficiency Directive (EED) and the Directive on the Energy Performance of Buildings (EPBD), the implementation of which by individual Companies would not be practical because of the nature of the retail market for liquid fuels<sup>5</sup>.

The OISC is actively involved in the development of the agreement in co-operation with the parties to the agreement and with any other bodies participating in the implementation of the agreement scheme. The OISC is responsible for the implementation of the development and pilot projects related to the implementation of the agreement and based on a separate action plan, in co-operation with other parties to the agreement. In order to implement the projects, agreements can be made and subcontractors can be used.

The OISC is responsible for the actions concerning centralised communication presented in section 5.3.

The OISC is responsible for the implementation of monitoring and reporting concerning the consumption of liquid heating fuels, and it will also collect and process the information necessary for monitoring the Höylä IV agreement.

The information concerning the energy saving measures on heating systems, maintenance and advisory service are entered in the monitoring system of the Energy Efficiency Agreement scheme administered by Motiva, as commissioned by the Energy Authority. The OISC and LEY together are responsible for gathering the information and submitting it to the system referred to above by the end of February each year. A summary of the information gathered annually is submitted to the ministries and Energy Authority.

### **6.6.2 Lämmitysenergia Yhdistys**

In order to achieve the targets of the agreement, Lämmitysenergia Yhdistys (LEY, Finnish heating energy association) shall participate in the implementation of the Höylä IV agreement and in the implementation of any development and pilot projects together with other parties to the agreement.

LEY will help the contractors in the sector to improve their expertise and services by providing the professionals doing contracting work in the sector with training, information and advice, and related instruction material. This activity contributes to the implementation of Finland's obligations to provide information and training, set out in the EED, EPBD and RES Directives.

LEY provides the OISC with the necessary information for the summary referred to in section 6.6.1 above.

---

<sup>5</sup> The market of liquid fuels takes place in a competitive market, the entire country being the market area. Because the products are not supplied to the end users via a supply grid, stable or long-term customer relationships are not necessarily established in the same way as with energy, the supply of which is grid-based. Therefore, the most appropriate level for implementing actions to improve the customers' energy efficiency is the sector-level.

### 6.6.3 Equipment and system suppliers

Partners that are important from the point of view of the promotion and implementation of the Energy Efficiency Agreement, such as the equipment and system suppliers, become involved in the implementation of the agreement by, for example, participating in projects that support the implementation of the project.

## 7 Management group

The activities in accordance with this agreement are steered and monitored by the management group, for which each party to the agreement shall appoint its own representative. The MEE appoints the chairman of the management group. A new party joining the agreement has a right to appoint a representative to the management group. The management group elects a secretary and decides on the experts to be consulted.

The management group will meet at least twice a year.

The tasks of the management group include:

- Providing general instructions and interpretations related to the execution of the agreement, when necessary.
- Approving the annual action and financial plan for the action programme covering the distribution of liquid heating fuels, and approving the action plans concerning the areas of action included in the agreement and the projects supporting the implementation thereof.
- Monitoring the progress of the implementation of the agreement in relation to the set targets and the implementation of other obligations related to the agreement and, when necessary, making proposals on new actions.
- Approving the accession of new parties to the agreement.
- Deciding on the dismissal of the company in accordance with section 9.3.
- Deciding on the completion of unfinished projects, if the agreement is terminated.
- Adjusting the actions (section 5) to correspond to the new situation, if such action is required during the validity of this agreement due to any significant changes in the operating environment, such as reviews of directives.
- Establishing a working group for project planning, if necessary.

## 8 Duration of the agreement

This Energy Efficiency Agreement on the Distribution of Liquid Heating Fuels HÖYLÄ IV will enter into force once it has been signed. The execution of the agreement will start in 1 January 2017, and the agreement will be valid until 31 December 2025.

However, if the parties to the agreement deem that there is no justification for continuing the agreement after 2020, the agreement will be terminated on 31 December 2020. The decision on the possible termination of the agreement must be discussed in the management group no later than 30 June 2020.

## 9 Joining the agreement, annulling the agreement and procedures for the termination of the agreement

### 9.1 Joining the agreement

After the agreement is signed, companies carrying out the distribution of liquid fuels in Finland may join the agreement by approving the terms and conditions of this agreement and a separate funding agreement, and by giving a written undertaking to observe them.



## **9.2 Annulment and termination of the agreement**

### **Ministries, Energy Authority and the FPBA**

The ministries, Energy Authority and FPBA may annul this agreement, either jointly or separately, if the operating environment has fundamentally changed, compared with the situation at the time of signing the agreement, or if the agreement does not seem to result in the set targets. If necessary, the management group will agree on how the unfinished projects related to the execution of the agreement will be completed.

### **LEY**

LEY may withdraw from the agreement, if the operating environment or conditions have changed from the time of signing the agreement to such an extent that it will not be able to continue to implement the agreement. The Energy Authority and FPBA must be notified of the withdrawal.

### **Company**

A company may withdraw from the Höylä IV Energy Efficiency Agreement by notifying the Energy ty<sup>6</sup> and the FPBA thereof by e-mail.

## **9.3 Dismissal from the agreement**

A company may be dismissed from this agreement, if it does not fulfil the obligations it has undertaken under this agreement (section 6.5) and if the company has not, despite a written notification it has received on the issue, corrected its operations within the prescribed time limit.

## **10 Other terms**

The judicial nature of the Höylä IV agreement is comparable to a target plan, and in addition to the fact that the party of the agreement will be dismissed from the agreement, the failure to meet the obligations of the agreement will not result in any other consequences.

The parties to the agreement are aware that remaining outside the agreement or withdrawing from the agreement may lead to the implementation of corresponding obligations, allocated on grounds established by law.

The parties to the Höylä IV agreement shall aim to act in such a manner that the measures, in accordance with the agreement, will be fulfilled.

By a decision of the management group, the agreement can be extended to also cover the distribution of liquid transport fuels, if such a change is justified due to possible amendments to the Energy Efficiency Directive and resulting obligations.

One copy of this agreement has been drawn up and it is kept at the Ministry of Employment and the Economy. Other parties of the agreement and the implementing body will be supplied with copies of the signed agreement.

---

<sup>6</sup>[kirjaamo@energjavirasto.fi](mailto:kirjaamo@energjavirasto.fi)



**ENERGY EFFICIENCY  
AGREEMENTS**

Helsinki, on the 14 day of October 2016

**Ministry of Economic Affairs and Employment**

**Ministry of the Environment**

**Energy Authority**

**Finnish Petroleum and Biofuels Association**

**Neste Markkinointi Oy**

**St1 Oy**

**Oy Teboil Ab**

As a party implementing the agreement, we approve its terms and conditions and undertake to observe the agreement.

**Oil Industry Service Centre Ltd**

**Lämmitysenergia Yhdistys**