



Municipalities' Energy Efficiency Agreement

1 Parties to the agreement

The parties to this agreement are the Ministry of Economic Affairs and Employment (hereinafter the Ministry), the Energy Authority, and the Association of Finnish Local and Regional Authorities.

A city, municipality or joint municipal authority (hereinafter the Participant) joins the Municipalities' Energy Efficiency Agreement as described in section 5.3.

2 Starting points and grounds

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

With the Energy Efficiency Agreement scheme, the Ministry implements the government's energy policy, in which energy conservation and an improvement in energy efficiency play a key role. The parties to the agreement regard the voluntary agreement procedure as an effective and efficient means to implement the energy policy and aim to promote the implementation of the actions pertaining to 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.

The Energy Efficiency Agreement scheme 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_{cum}, 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.

The Municipalities' Energy Efficiency Agreement scheme also supports the implementation of several other obligations set out in the Energy Efficiency Directive. These obligations concern, for example, the energy efficiency of buildings (Articles 4 and 5), the energy efficiency of public procurement (Articles 6 and 19), energy audits (Article 8), communication (Articles 12 and 17), and energy production and distribution (Articles 14 and 15).

The agreement primarily aims to improve energy efficiency, but it also includes measures related to the promotion of renewable energy. Improved energy efficiency and increased use of renewable energy promote the same targets of the energy and climate policy, and, in part, the same measures can be used in the promotion activities. Therefore, it is justified to examine both sections together, where applicable.

The agreement also contributes materially to other climate work in municipalities.

3 Definitions

Participant

In this Municipalities' Energy Efficiency Agreement, the Participant means a municipality, city or a joint municipal authority.



Party

In this agreement, party means the Ministry, the Energy Authority and the Association of Finnish Local and Regional Authorities.

Energy conservation and energy efficiency

In this agreement, energy conservation means the reduction of the final energy consumption, subject to an energy efficiency improvement measure, from the current level achieved by active measures, and the reduction of the future final consumption¹, compared to the amount of energy that would be consumed without active measures. The amount of saved energy (kWh/a) is determined by measuring 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 Municipalities' Energy Efficiency Agreement, energy from renewable sources means the energy obtained from renewable biomass, biogas, hydropower, sun, wind, the biodegradable part of refuse-derived fuel, sustainably produced bioliquids, and the heat content of the soil, water, air or waste water.

4 Target group and limitations of the agreement

4.1 Target group of the agreement and energy use included in the agreement

This agreement applies to all energy use within the control of the Participant, in so far as the related energy efficiency improvement measures are unambiguously within the control of the Participant: owned, rented and leased-out buildings, street and other outdoor lighting, water and waste management, public transport, and the Participant's own transport and work machines. By way of derogation from the above, the energy use of energy production, transmission and distribution and the energy use of residential buildings shall primarily be included in the appropriate Energy Efficiency Agreement for Industries or the Property and Building Sector Energy Efficiency Agreement.

The Participant ensures that the energy use is included in one Energy Efficient Agreement only. The limitations and possible exemptions concerning the target groups and the energy use included in the agreement are presented in more detail in section 4.2 below.

4.2 Limitations and exemptions to the energy use included in the agreement and operations

Energy use and operations included in other Energy Efficiency Agreements

4.2.1 Energy production, transmission and distribution

The energy production, transmission and distribution owned partially or fully by the Participant fall outside the scope of this Municipalities' Energy Efficiency Agreement. The Participant commits itself to contributing

¹For example, the procurement of equipment that is higher than ecodesign level or the construction of new buildings with stricter requirements than what are specified



that these operations are included in the appropriate Action Plan for Energy Production and/or Energy Services of the Energy Efficiency Agreement for Industries.

If the energy use and operations of the energy production, transmission and distribution owned partially or fully by the Participant are such a small scale that including them in the Energy Efficiency Agreement for Industries separately would not be appropriate, the Participant can include the said energy use and operations in this agreement.

4.2.2 Rental dwellings, rental housing companies and right-of-occupancy housing companies

The rental housing companies and right-of-occupancy housing companies shall primarily be included in the Rental Housing Property Action Plan of the Property and Building Sector Energy Efficiency Agreement.

The Participant commits itself to contributing that the rental housing companies and right-of-occupancy housing companies owned partially or fully by the Participant are included in the appropriate Rental Housing Property Action Plan of the Property and Building Sector Energy Efficiency Agreement (VAETS).

However, if this service is of a small-scale type (the number of dwellings is below 500), the Participant can include its energy use and operations in this agreement.

4.2.3 Companies or enterprises providing municipal services

The Participant commits itself to contributing that the companies or enterprises providing municipal services, owned partially or fully by the Participant, are included in the Municipalities' Energy Efficiency Agreement, if they are not included or will not be included in the Energy Efficiency Agreement for Industries or the Property and Building Sector Energy Efficiency Agreement.

Companies or enterprises owned by more than one agreement municipality

On joining the agreement, the Participant assesses, separately for each case, the appropriate solution on including the operations owned by more than one agreement municipality (for example, waste and water management companies, ports, food services, occupational health services, and similar operations) in the agreement. A company or enterprise can be joined to one agreement only.

Outsourced services and procurements

This agreement applies to outsourced services only through the application of procurement procedures (sections 6.3 and 6.4).

4.3 Energy savings on other than the municipality's own energy use due to measures implemented by the municipality

Energy saving among third parties, as a result of measures implemented by the municipality, but not applying to the municipality's own energy use, can be reported as the municipality's energy saving, unless the saving falls within the scope of another Energy Efficient Agreement sector. In such a case, the said energy saving among third parties can be included in the calculations when monitoring the achievement of the municipality's energy savings target, in accordance with this agreement.

Energy saving among third parties means, for example, the measures by the municipality's building control services related to the construction of detached houses with stricter energy efficiency requirements than what are specified. A maximum of 50% of the energy savings included in monitoring the achievement of the Participant's target may be energy saving among third parties.



5 Agreement period, targets of the agreement, joining the agreement, targets of the Participant and monitoring the achievement of the target

5.1 Agreement period and agreement terms

The agreement period 2017–2025 of the Municipalities' Energy Efficiency Agreement is divided into two terms:

term 2017–2020 (4 years) and term 2021–2025 (5 years), the total agreement period being 9 years.

5.2 Targets of the agreement

The target of the Municipalities' Energy Efficiency Agreement is to contribute to ensuring that the energy savings targets set nationally and in the Energy Efficiency Directive are met during the implementation period 2014–2020 of the Energy Efficiency Directive. In addition, a target of the Energy Efficiency Agreement is to have a significant national effect on achieving the EU energy efficiency target set out for 2030. The Municipalities' Energy Efficiency Agreement scheme also supports the implementation of several other obligations set out in the Energy Efficiency Directive.

The target is to include the highest possible share of the energy use of, and within the control of, the municipalities, cities and joint municipal authorities within the scope of the Energy Efficiency Agreement scheme. Measured by population, the coverage target for 1 January 2017 is at least 50%, and by 31 December 2018, at least 75%.

In addition, a target of the agreement is that the public sector serves as an example of promoting energy efficiency and the use of renewable energy sources by actively informing the residents and other actors in the region about the possibilities and results related to energy efficiency and the use of renewable energy. This also contributes in the reduction of Finland's greenhouse gas emissions.

5.3 Joining the Municipalities' Energy Efficiency Agreement

The Participant signs the participant-specific Energy Efficiency Agreement, an integral part of which are this Municipalities' Energy Efficiency Agreement and the accession details.

The Participant joins the Municipalities' Energy Efficiency Agreement once the Energy Authority has checked the participant-specific accession details and the Participant's Energy Efficiency Agreement has been signed. The Participant's agreement is valid until 31 December 2025.

In the signing ceremony taking place in autumn 2016, the Energy Efficiency Agreement of the participants to be joined in the Municipalities' Energy Efficiency Agreement will be signed by the Participant and the Ministry of Economic Affairs and Employment. If joining takes place after the signing ceremony, the participant-specific Energy Efficiency Agreement will be signed by the Participant and the Energy Authority.

5.4 Targets of the Participant

As a general rule, the Participant of the Municipalities' Energy Efficiency Agreement sets an indicative energy savings target of at least 7.5% for 2017–2025 and an intermediate target of 4% for 2020, on joining the agreement.

A participant that has participated in the previous agreement period (2008–2016) and wants to use the savings that are reported into the monitoring system of the Energy Efficiency Agreement scheme and implemented during the period of 2014–2016, must set an indicative energy savings target of at least 10.5% for 2014–2025 and an intermediate target of 7% for 2020.

In the accession details of the Participant's Energy Efficiency Agreement, the Participant's indicative energy savings target is presented as the amount of end-use energy (MWh) in 2020 and 2025. The target is calculated



from the amount of energy determined in accordance with section 4. The data used in the calculation is the data from the latest calendar year available.

Based on a written proposal of the Participant, the indicative energy savings targets (MWh) for 2020 and 2025 can be adjusted during the agreement period by a decision of the Energy Authority referred to in section 8, if the Participant's energy use within the scope of the agreement fundamentally changes from the time of accession, due to structural or ownership changes that have taken place during the validity of the agreement.

The municipality's targets, actions and obligations related to the execution of the agreement are described in section 6.

5.5 Monitoring the achievement of the energy savings target set by the Participant

The achievement of the indicative energy savings target is reviewed at the end of the first and second agreement term (section 5.1) (2020 and 2025) on the basis of the conservation impacts of the energy saving measures reported into the monitoring system of the Energy Efficiency Agreement scheme.

The reported savings must be implemented during the period² for which the Participant has set the targets, in accordance with the previous section. The energy conservation impact to be accepted in the monitoring of the achievement of the target must be valid during the year in question (2020 and 2025). As a general rule, the energy saving measures must be focused on the energy use included in the Participant's target calculation, in accordance with the agreement. An exception to the above is energy saving among third parties, described in section 4.3.

The Participant's energy consumption in the target years 2020 and 2025 is not required to be lower than the baseline included in the agreement.

Calculation is most often used for evaluating the conservation impact of the efficiency improvement measures that are reported into the monitoring system of the Energy Efficiency Agreement scheme and used in monitoring the achievement of the Participant's target. General instructions on calculating the savings of measures and on the related documentation can be found in the document Energiansäästötoimenpiteet energiansäästösopimuksissa – Säästölaskennan yleisiä pelisääntöjä (energy saving measures in the Energy Efficiency Agreements – general principles for energy savings calculation, available only in Finnish) on the agreement scheme's website.

6 Participant's actions and obligations

The target of the Municipalities' Energy Efficiency Agreement is to include the continuous improvement of energy efficiency and the promotion of the use of renewable energy sources as part of the strategies, management systems and action plans used or to be introduced by the Participant.

The Participant commits itself to the continuous improvement of energy efficiency and to other actions presented in this section, whenever it is technically economical and possible, taking health, safety and environmental aspects into consideration (sections 6.1–6.10). Continuous improvement of energy efficiency requires the management's commitment, good organisation of the operations under the agreement, and planning and implementation of actions.

The Participant reports by the end of April each year on the previous year's energy use, energy saving measures and their conservation impacts, and on other actions presented in this section 6 into the monitoring system of the Energy Efficiency Agreement scheme (section 6.11).

² 2017–2025 or 2014–2025



6.1 Organisation of operations under the agreement

The target is to include energy efficiency, energy conservation and the desire to increase the share of renewable energy as part of the Participant's operations and the management systems used or to be introduced by the Participant in an appropriate manner. The Participant appoints an organisation in charge of the implementation of the agreement scheme with, where appropriate, the responsible persons for each administrative branch or operating unit.

Person in charge of the agreement

On making the decision on joining the agreement scheme, the Participant assigns the responsibilities of the implementation of the agreement and, on joining the agreement, appoints the person in charge of the agreement. The person in charge of the agreement ensures that the implementation of the agreement and the related tasks are organised and resourced, so that implementing the actions in accordance with the execution of the agreement and achieving the set targets is possible.

Contact person of the agreement

On joining the agreement, the Participant appoints a contact person of the agreement, who acts as a contact person in the Participant's own organisation and towards the parties of the agreement and Motiva.

If the Participant so wishes, it can also appoint a separate person/persons in charge of reporting to take care of the Participant's annual reporting by reporting unit, as the Participant specifies on joining the agreement³. In such a case, communication concerning reporting primarily takes place with the person/persons in charge of reporting. If the persons in charge of reporting are not appointed, the contact person of the agreement also acts as the person in charge of reporting.⁴

6.2 Action plan

The Participant draws up an action plan in accordance with the execution of the agreement, or updates the existing plan. The action plan shall be approved of by the responsible organ of the Participant and submitted to Motiva within one year of joining the agreement.

The action plan presents how the Participant organises the execution of the agreement. It is intended that the execution of the Energy Efficiency Agreement is included in the Participant's continuous operations and programmes, and it should not be separate from the Participant's other operations. The action plan can, for example, be a short description on how the key agreement obligations to improve energy efficiency and increase the use of renewable energy are taken into account and included in the Participant's strategy and the energy and climate programmes, or in the management or quality systems used by the Participant. When drawing up the action plan, the Participant aims to take the needs and views of the local residents into account, where possible.

The Participant keeps the action plan up to date and updates the plan, when necessary.

6.3 Energy efficiency in public procurement

The target is to gain energy efficiency as one of the criteria in all public procurements in which the selection of a more energy efficient appliance, system or procurement entity will result in more advantageous end result in its overall economy.

³The Participant can, for example, report all companies owned by the municipality separately from other operations of the municipality. In general, the matters related to the reporting units are agreed upon with Motiva on accession.

⁴In addition to the person in charge of reporting, a separate person in charge of the energy consumption monitoring data of buildings can also be appointed as per the Participant's needs, to whom any questions regarding the information in question will be addressed to.



During the competitive tendering stage of procurements that are significant in terms of energy efficiency, the Participant requires, whenever appropriate, that the service providers must provide sufficient energy efficiency data (energy consumption MWh/a) on a procurement entity, appliance or system, either as a minimum requirement or a comparison criterion. This way, the conservation impact of an energy efficient procurement can be evaluated by calculation and reported as an energy saving measure into the monitoring system of the Energy Efficiency Agreement scheme.

The Participant's actions to achieve the targets:

- The Participant includes the Ministry's instructions "Energiatehokkuus julkisissa hankinnoissa" (energy-efficient public procurement, available only in Finnish) as part of the Participant's own procurement guidelines in an appropriate extent.
- The Participant instructs and trains the procurement personnel to take the energy efficiency into account in procurement procedures.

6.4 Taking energy efficiency into account in planning control

The target is that the energy efficiency and life-cycle costs of the implementation alternatives are taken into account as one selection criterion in decision-making related to the construction of new buildings and renovation.

The Participant's actions to achieve the targets:

- The Participant develops the planning control of buildings and provides guidelines for the planning and building control of its new building and renovation projects, so that the technical choices and the selection of systems are based on the highest possible life cycle economy and energy efficiency.
- The Participant requires that the designers of its new building and renovation projects present the impact on energy efficiency of different implementation alternatives, and allocates the designers sufficient resources and time for this task, whenever possible.
- The Participant places, besides the costs, special emphasis on energy efficiency expertise and experience, when it selects designers for its new building and renovation projects on the basis of tendering.

In addition to the above, the Participant aims to promote the energy efficiency of the community structure through land use and traffic planning.

6.5 Implementing energy audits and the energy saving measures detected in them

The target is to systematically implement comprehensive energy audits that apply to all energy use, in order to find out economically viable energy-saving possibilities in buildings and other operations.

The Participant's actions to achieve the targets:

- The Participant plans the systematic implementation of energy audit operations, in which the need for energy audits or follow-up audits of existing sites and the energy audits (commissioning audits) of new sites is taken into account, and includes the plan as part of the action plan under this agreement.
- The Participant ensures that the selected solutions in the new and renovated buildings are energy efficient and used in an energy efficient manner during their warranty period by, for example, performing energy audits and providing operating instructions and advice.
- The Participant also explores the possibilities of saving energy elsewhere than in buildings (for example, outdoor lighting, water management and transport), with a focus on operational sectors in which the energy use is significant or where the energy-saving potential is considered to be significant.



- The Participant implements the energy efficiency improvement measures, identified in energy audits or otherwise, that are appropriate and cost effective, and ensures that the measures and related information is reported into the monitoring system of the Energy Efficiency Agreement scheme to the extent required by the system.

Follow-up audits are recommended for sites that suffer from outdated information and the results of a previous energy audit or outdated energy technology solutions, or in which special need for an audit is detected on the basis of energy consumption or energy efficiency monitoring, in order to ensure a good level of energy efficiency or to improve it.

The energy audit performed in the commissioning stage (commissioning audit) is recommended for all new buildings of at least 1,000 m², and for buildings that are subject to extensive renovation, or the use of which is changed to a significant effect.

6.6 Use of savings guarantee and/or other funding procedures in the implementation of investments

The target is to ensure that the Participant is able and can use such procedures in the implementation of investments with which the procurement of energy-efficient systems and appliances can, if necessary, be carried out fully or partly in new building and renovation projects regardless of the rest of the investment budget.

The Participant's actions to achieve the targets:

- The Participant acquires and maintains the expertise in the use of different funding and leasing solutions, such as PPP (Public-Private-Partnership), EPC (Energy Performance Contracting) and ESCO (Energy Service Company), to implement procurements and investments.
- When preparing investments, the Participant takes into account the possibility of using the above funding solutions, among others, if the lack of funding prevents the implementation of a cost-effective investment, and, if necessary, aims to contribute to the removal of any obstacles in the introduction of these services.

6.7 Consumption monitoring and its utilisation

The target is to organise the monitoring of the Participant's energy use, so that the monitoring data is utilised systematically in order to maintain a good level of energy efficiency and to avoid unnecessary energy consumption. This target applies to all energy use included in the agreement (section 4) and all forms of energy.

The Participant's actions to achieve the targets:

- The Participant actively utilises the monitoring data on energy and water consumption and ensures that the personnel can easily access the monitoring data, in order to identify the needs for action and to launch remedial measures. The increased utilisation of, for example, hourly power data on energy consumption, is promoted, where possible.
- The Participant trains the operating personnel of the properties to utilise hourly power measurements and develops the possibilities introduced by, for example, remotely read meters by utilising the procedures on the consumption and energy efficiency monitoring and reporting.
- In addition to the energy consumption monitoring, the Participant plans and organises the monitoring of operational changes (the number and quality of services, the operating and opening hours of premises, etc.). The target is to move from monitoring only consumption to site-specific energy efficiency monitoring.
- The Participant increases the monitoring coverage at least at the monthly level on its building stock and other energy use.



6.8 Training and communication operations

The target is to ensure, through training and communication, that the personnel has the necessary information and skills related to their own tasks and operations and the preparedness for the efficient use of energy and energy conservation. In addition, the Participant aims to act in an exemplary way in matters concerning energy saving and energy efficiency, and, to demonstrate this, actively communicate on its operations both within and outside the organisation.

The Participant's actions to achieve the targets:

- The Participant includes the information on the energy consumption, energy costs and the related changes, and on the agreement scheme, its targets and their implementation, annually in connection with the closure of accounts, for example, in the Participant's report on operations or auditor's report.
- The Participant publishes an up-to-date action plan, as referred to in section 6.2, on its website.
- The Participant communicates regularly, or organises, for example, corresponding training, on the matters related to energy conservation and the efficient use of energy to its own personnel and the elected officials.
- The Participant communicates on joining the agreement, the related energy savings target, and the monitoring of the achievement of the target in public, for example, on its website.
- The Participant includes the matters related to energy conservation, efficient use of energy and renewable energy in education and teaching activities.
- The Participant acts in co-operation with the media and with organisations responsible for the promotion of energy conservation and renewable energy sources to provide information to residents and other actors in the region.

6.9 Introduction of renewable energy sources

The target is, in addition to improving the energy efficiency, encourage the participants to increase the share of renewable energy sources used in the area of the municipality, and especially in the municipality's own operations.

The Participant's actions to promote renewable energy:

- The Participant explores the possibilities of increasing the share of renewable energy in the entire area of the municipality or in an appropriate extent by, for example, performing a Renewable Energy Municipal Audit.
- The Participant replaces fossil fuels used in buildings and other energy-consuming places with renewable energy, where possible.
- The Participant increases the share of electricity and heat produced with renewable energy sources in the Participant's energy procurement.
- The Participant contributes to the introduction of renewable energy sources in energy production located in the municipality.
- The Participant implements the training and communication measures and development projects related to the promotion of renewable energy sources, where possible.

6.10 Regional co-operation and co-ordination

The target is to increase the co-operation between the participants and other actors in the municipality sector, and the co-operation with the regional council and the energy service organisations in the region (for example, energy agencies), in order to efficiently implement the targets of the Municipalities' Energy Efficiency Agreement, and to ensure and promote the execution of the agreement, consumers' energy advice services, and energy efficiency communication.



6.11 Reporting of the operations under the agreement

The Participant reports by the end of April each year⁵ on the previous year's energy use, energy saving measures and their conservation impacts, and on other actions presented in section 6 into the monitoring system of the Energy Efficiency Agreement scheme to the extent required by the system⁶.

7 Actions of the Ministry

In order to achieve the targets and taking into account the annual available appropriations, the Ministry shall

- support the energy audits on energy conservation and the use of renewable energy by the participants, in accordance with the conditions for granting energy subsidy by the Ministry of Economic Affairs and Employment⁷. When determining the amount of subsidy, take into account as a positive factor the Participant's commitment to long-term energy conservation, improvement of energy efficiency, and the promotion of renewable energy sources
- support investments related to energy conservation and renewable energy sources established in the energy audits of the Participant or in similar studies, meeting the general terms and conditions of energy subsidy⁸. Projects promoting the introduction of new technologies and procedures take priority. When determining the amount of subsidy, take into account as a positive factor the Participant's commitment to long-term energy conservation and improvement of energy efficiency
- participate in the implementation and development of the Municipalities' Energy Efficiency Agreement scheme together with the Energy Authority, the Association of Finnish Local and Regional Authorities, and 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.

8 Actions of the Energy Authority

In order to achieve the targets and taking into account the annual available appropriations, the Energy Authority, under the guidance of the Ministry, shall

- participate in the implementation of the Municipalities' Energy Efficiency Agreement with adequate resources
- participate in the development of the Municipalities' Energy Efficiency Agreement scheme together with the Ministry, the Association of Finnish Local and Regional Authorities, and any other bodies participating in the implementation of the agreement scheme, in so far as the tasks are assigned by the Ministry to the Energy Authority
- monitor the implementation of the targets of the Municipalities' Energy Efficiency Agreement
- participate in joint development projects with the objective of supporting the implementation of this agreement
- review the adjustment of the indicative energy savings target set for 2020 and 2025, based on a written proposal of the Participant

⁵The first annual reporting of this Municipalities' Energy Efficiency Agreement 2017–2025 is to be made in 2018, and the last annual reporting is to be made in 2026. If the Participant withdraws from the agreement on 31 December 2020, it commits itself to reporting the data for 2020 in 2021.

⁶The monitoring system of the agreement scheme is maintained and developed by Motiva Ltd.

⁷The Ministry does not grant energy subsidy for energy audits of residential buildings. Correspondingly, the mandatory energy audits for large companies, as referred to in section 6 of the Energy Efficiency Act (1429/2014), will not be subsidised.

⁸The Ministry does not grant energy subsidy for energy conservation investments in residential buildings.



- monitor the fulfilment of the agreement obligations of the Participant and, if necessary, present the issue concerning the failure to meet the agreement obligations to the management group
- allocate resources for Motiva Ltd, so that Motiva can maintain the participant register, produce information required for monitoring the implementation of the targets and realisation of the impacts of the agreement, support the communication of the agreement scheme and maintain the website, participate in the development of the agreement scheme, maintain and develop the monitoring system of the agreement scheme, draw up a summary of the annual reporting of the municipality sector, participate in supporting the execution of the Municipalities' Energy Efficiency Agreement by, for example, producing communication and training material on good practices, and/or participate in the implementation of development and pilot projects.

9 Actions of the Association of Finnish Local and Regional Authorities

In order to achieve the targets, the Association of Finnish Local and Regional Authorities shall:

- promote the joining of municipalities in the Energy Efficiency Agreement
- encourage and promote the agreement municipalities to include the operations under the Energy Efficiency Agreement in other actions of the municipalities that are related to the continuous improvement, promotion of renewable energy and sustainable procurements, and the achievement of climate goals
- support the municipalities' measures to implement the actions required by the Energy Efficiency Agreement
- communicate on the Energy Efficiency Agreements and the achieved savings to the municipalities
- if necessary, make development proposals related to the matters that are within the field of its operations and have an impact on the execution of the agreement.

10 Management group

The activities in accordance with this agreement are monitored and steered by the management group, for which the Ministry shall appoint the chairman, the Energy Authority one member, the Association of Finnish Local and Regional Authorities one member, and the parties which have signed the letter of intent (Helsinki, Espoo, Tampere, Vantaa, Turku, Oulu and the Helsinki Region Environmental Services Authority HSY) one member amongst themselves. In addition, two members, proposed by the Association of Finnish Local and Regional Authorities, among the municipalities or joint municipal authorities which have joined the agreement, will be invited in the management group.

The tasks of the management group include:

- Providing general instructions and interpretations related to the execution of the agreement, when necessary.
- Monitoring the implementation of the targets of the Municipalities' Energy Efficiency Agreement.
- Preparing the proposals for necessary changes, if it seems unlikely that the indicative energy savings targets of the municipality sector set for 2020 and 2025 can be achieved. At the same time, it will be agreed on how to implement the changes, together with the participants which have joined the agreement.
- Reviewing and deciding on the Participant's setting of target, if the Participant presents, based on specifically justified reasons, a lower target than what is generally required in accordance with section 5 of the agreement.
- Deciding, by the end of 2019, on the targets and accession procedures to be set for the participants which will join in the second agreement term 2021–2025 only.



- Discussing any withdrawals, terminations and dismissals, and potential collections of subsidies.
- Deciding on the dismissal of the Participant in accordance with section 11.2.

11 Duration and termination of the agreement, dismissal from the agreement, potential consequences and withdrawal from the agreement

11.1 Termination of the Municipalities' Energy Efficiency Agreement

Ministry, Energy Authority and the Association of Finnish Local and Regional Authorities

The Ministry, Energy Authority and Association of Finnish Local and Regional Authorities may terminate this agreement, either jointly or separately, if the operating environment or conditions have fundamentally changed, compared with the situation at the time of the conclusion of the agreement, or if the agreement does not seem to result in the set targets. If the agreement is terminated, the management group will agree on how the potential unfinished projects related to the execution of the agreement will be completed.

Termination by the Participant's withdrawal and potential consequences

The Participant may withdraw from the Municipalities' Energy Efficiency Agreement by notifying the Energy Authority⁹ thereof in writing. In its notice of withdrawal, the Participant commits itself to reporting any energy subsidies received during the agreement period on the basis of the Energy Efficiency Agreement.

The energy subsidies received by the Participant withdrawing from the Energy Efficiency Agreement and granted on the basis of the agreement may be collected, according to the conditions on the recovery recorded in the subsidy decision in question. The authority that has granted the subsidy will decide on the collection separately for each case.

11.2 Dismissing a participant from the Municipalities' Energy Efficiency Agreement and potential consequences

A participant may be dismissed from the Municipalities' Energy Efficiency Agreement, if the Participant does not fulfil the obligations it has undertaken on joining the agreement.

The grounds for dismissal can include failures to meet, for example, the following obligations:

- Failure to draw up, update or publish the action plan.
- Failure to report the required annual reporting information (reporting the results and operations of the previous year) into the monitoring system.
- Failure to implement at least one energy efficiency improvement measure, or failure to report such a measure into the monitoring system of the Energy Efficiency Agreement scheme, annually.

Upon detecting a failure to fulfil an agreement obligation, the Energy Authority will decide on further actions. If the Participant does not correct its operations appropriately within the prescribed time limit, the Energy Authority will present the issue to the management group, which will make the decision on the possible dismissal.

The energy subsidies granted on the basis of this agreement and received by the Participant dismissed from the Municipalities' Energy Efficiency Agreement may be collected, according to the conditions on the recovery recorded in the subsidy decision in question. The authority that has granted the subsidy will decide on the collection separately for each case.

⁹kirjaamo@energiavirasto.fi



11.3 Withdrawal of the Participant from the Municipalities' Energy Efficiency Agreement on 31 December 2020

If the Participant joins the Municipalities' Energy Efficiency Agreement by 31 December 2018, it may withdraw from the agreement at the end of the first agreement term on 31 December 2020⁵ without being subjected to any consequences. The Participant must notify the Energy Authority⁹ in writing of the withdrawal by the end of 2020.

The withdrawal procedure described here does not apply to the participants whose participant-specific Energy Efficiency Agreement is submitted to the Energy Authority on 1 January 2019 or later.

12 Other terms

This Municipalities' Energy Efficiency Agreement 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.

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

The judicial nature of the agreement is comparable to a target plan, and in addition to the fact that the Participant will be dismissed from the Municipalities' Energy Efficiency Agreement, the failure to meet the obligations of the agreement will not result in any legal consequences, other than that which is referred to in section 11 above on state subsidies.

Three identical copies of this document have been drawn up, one for each party.

Helsinki, on the 14 day of October 2016

Ministry of Economic Affairs and Employment

Energy Authority

Association of Finnish Local and Regional Authorities