

Impact – Draft Government Proposal for an Act on the Energy Efficiency of Buildings

1.1.1 Impact on building owners

Requirements concerning the energy efficiency of buildings would have impacts on building owners. The recast Energy Performance of Buildings Directive obliges Member States to set minimum energy efficiency requirements for existing non-residential buildings, and these requirements must be met within specified deadlines. The obligation to improve the energy efficiency of buildings in connection with renovation and alteration work requiring a building permit is already provided for in sections 37 and 42 of the Construction Act.

Meeting energy efficiency requirements in the least energy-efficient buildings would require building owners to invest in improving energy efficiency. The scale of these investments would depend on a case-by-case assessment of what is required to bring a given building up to the required standard. However, the discretionary power granted by law to the municipal building control authority to exempt a building, in individual cases, from full compliance with energy efficiency requirements would make it possible that, where the prerequisites for bringing the building fully into compliance objectively have not been met, the owner would only need to carry out those energy efficiency improvements that are genuinely cost-effective.

Obligations related to the deployment of solar energy systems would also increase the investment needs of building owners. On the other hand, the discretion given to building owners to assess whether the conditions for deployment are met, from the perspective of economic viability and technical and functional feasibility, would make it possible to avoid mandating the installation of solar energy systems where the technical, economic or functional prerequisites are not met.

Improving the energy efficiency of buildings, as well as the deployment of suitable solar energy systems, would also have many positive effects for building owners. Energy efficiency measures and solar energy systems would provide long-term economic benefits to building owners, as buildings would consume less energy, with some of it generated on-site. As a result, the benefits of the investments made would materialise for building owners in the form of lower energy costs, greater predictability in energy consumption management, and protection against fluctuations in energy prices. In Finland, small-scale solar energy generation is already on the rise, and continuous efforts are also being made to improve the energy efficiency of buildings.

1.1.2 Environmental impacts

Both improving the energy efficiency of existing non-residential buildings and the deployment of solar energy in buildings are expected to have positive environmental impacts. At Union level, buildings account for 40% of total energy consumption and cause 36% of energy-related greenhouse gas emissions. The obligations proposed to be laid down in this Act are intended to reduce emissions from the building stock by improving the energy efficiency of buildings, decreasing their energy demand, and increasing the share of renewable energy produced on-site in buildings.

The proposed regulation would reduce the need for primary energy production, which in turn would decrease the demand for, for example, fossil fuels as well as biomass harvesting and peat production related to energy generation. As a result of these measures, the amount of greenhouse gas emissions from the building stock would also decrease, which would have positive effects from the perspective of climate change mitigation. Lower energy demand in buildings, together with an increased use of on-site renewable energy, could in the future also reduce the need for land use related to energy production and transmission. This can be expected to have at least indirect positive effects on the preservation of natural habitats.

1.1.3 Impact on public authorities

The proposal would have impacts on municipal building control authorities. The Act would lay down minimum energy efficiency requirements for existing non-residential buildings, which would have to be met within specified deadlines. Municipal building control authorities would be granted the power to grant exemptions, in individual cases, from full compliance with energy efficiency requirements, where the building owner demonstrates, through objectively verifiable evidence, that the requirements cannot be fully achieved in the building. Municipal building control authorities would also have the power to request appropriate documentation from the owner of a building who has decided, on technical, economic or functional grounds, to deviate from the obligation to deploy solar energy systems in the building.

Under existing legislation, municipal building control authorities are already responsible for supervising compliance with technical requirements for buildings, such as those relating to energy efficiency. The tasks proposed to be laid down in this Act would likewise be closely linked to the technical characteristics of buildings and to situations requiring permits; in other words, the matters proposed to be regulated would mainly be handled in connection with the building permit process. No new procedure separate from the building permit process would arise for municipal building control authorities as a result of the new regulation. In matters concerning exemptions, the obligation to prepare and submit the necessary documentation would lie with the building owner. The building control authority is already responsible for assessing, where necessary during the building permit process, whether deviations from certain requirements can be allowed.

Municipal building control authorities would have the ability to intervene in breaches or neglect of the provisions of the Act by means of a conditional fine and a threat of enforced compliance, as provided in section 147 of the Construction Act. The enforcement of such coercive measures and sanctions is expected to increase the workload of the authority in cases where it is necessary to take action.

1.1.4 Impact on public finances

A large proportion of the buildings subject to the obligations proposed in this Act are owned by public bodies, and in this respect, the proposed regulation can therefore be expected to have an impact on public finances. Investments in improving the energy efficiency of buildings and in the deployment of solar energy systems entail costs, at least in the short term.

On the other hand, since improvements in energy efficiency would begin with the worst-performing segment of the building stock, the resulting reductions in energy consumption would lower buildings' energy costs, which can be expected to generate economic benefits over a longer review period. Energy costs associated with buildings would also be reduced by increasing the use of renewable energy produced on-site. In addition, the measures can be considered to enhance predictability and provide security against fluctuations in energy use and the associated costs. Despite the investment needs arising from the obligations, the overall effects are expected to be positive in the long term.

1.1.5 Impact on business

The proposed regulation would also have impacts on business, as the obligations would create investment needs for companies that own buildings. At the same time, the proposed regulation is expected to have positive effects on business, as it would require energy efficiency improvements and the deployment of suitable solar energy systems in certain buildings, thereby increasing demand in particular for actors in the construction and energy sectors.

1.1.6 Impact on Åland

Sections 18 and 27 of the Act on the Autonomy of Åland (1144/1991) provide for the division of authority between the State and Åland. The proposed Act on the minimum energy efficiency requirements for non-residential buildings and requirements related to solar energy in buildings concerns matters that, under Section 18 of the Act on the Autonomy of Åland, fall within the legislative competence of the Åland Islands, as the proposal relates to construction and planning activities as well as housing production, as referred to in subsection 7 of that section. Accordingly, the Åland Islands are responsible for implementing the Directive within their territory.