

Assessment of country performance and opportunities from the Energy Union

Finland shows strong performance in four dimensions of the Energy Union: With regard to the *internal energy market*, the Finnish electricity market is part of the Nordic and Baltic electricity market and Finland is well connected to neighbouring Member States. Finland has a relatively low market concentration of electricity generation. With regard to *energy efficiency*, Finland's energy consumption has been stable over the last decade and current consumption levels are below its 2020 target. The energy intensity of the economy remains high in part due to the importance of energy intensive industries in the Finnish economy. Concerning *decarbonisation of the economy*, Finland's carbon intensity of the economy is below the EU average despite high energy intensity. Finland is on track to meet its 2020 target for non-ETS emissions. Finland has one of the highest shares of renewable energy in the energy mix in the EU, and has almost reached its 2020 target. Finland is also one of the few Member States which are on track to meet the 10% target for renewable energy in transport. With regard to *research, innovation and competitiveness*, Finland demonstrates competitively priced electricity to industrial consumers and also performs much better than the EU average and in comparison with main trading partners with regard to low-carbon technologies patents per capita. Remaining challenges in these dimensions relate to the need for further regional market integration, and reduction of CO2 emissions from the transport sector.

As regards *energy security, solidarity and trust*, Finland faces **several challenges**. 100 % of Finland's natural gas consumption is imported from Russia. The associated risk is only partly alleviated by the below EU average share of natural gas in the country's energy mix. Development of LNG capacity in the region and the Balticconnector linking Finland with Estonia would improve energy security.

Against this background, the **Energy Union Strategy can provide important benefits** for Finland:

- *Energy Security*: Diversification of gas sources and counterparts through the implementation of Projects of Common Interest in the Baltic Sea Region will strengthen Finland's energy security. This will also allow a competitive gas market to develop.
- *Internal energy market*: Further market integration and electricity interconnections with the other Nordic countries and the Baltic States will bring benefits to Finland in terms of price stability and security of supply.
- *Energy efficiency*: The Energy Union will strengthen the targeted use of financial instruments to support development activities and innovations that reduce the need for mobility, distributed urban structures and energy use in the heating of homes and other.
- *Research, innovation and competitiveness*: With smart metering, dynamic pricing and the eventual central data hub, micro storage and related research, Finland has the elements to become an innovation leader when Europe develops flexible, consumer-centred retail energy markets. Furthermore, the Energy Union objective to make the EU number one in renewable energy could benefit Finnish industries through increased demand for technological innovation.