



Renewables and Solar in Finland

The Legal Framework

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- Energy Practice
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Investment Climate

The Investment Climate for Renewables and Solar

Advantages

- New market with great potential and opportunities
- Economically and politically stable country
- Government active in taking measures in promoting renewable energy and removing obstacles
- Market Entry comparatively easy

Challenges

- Permitting practice is still being established
- Business cases and financing models are still being developed
- Regulatory framework for electricity market still somewhat rigid
- Future subsidy scheme for Renewables currently open

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The legal framework

The Finnish Electricity Market

- The Finnish electricity market is integrated into the Nord Pool market
- Solar operators are treated like every other market participant, no purchase obligations
- In Practice: Power Purchase Agreement with one of the main providers
- The current regulatory framework is rather rigid, resulting in a market that is dominated by a few players and little competition
- However: Chances are underway to make the system more flexible, market-oriented and allow for new and more flexible business models

Permitting

Renewable Projects in General: Depending on size and impact of the Project, permit requirements may include:

- Spatial Planning and Environmental Impact Assessment
- Building Permit, Environmental Permit
- Specific permits depending on project type and location characteristics
- Cable Permit

Solar:

- As a rule: so called „action-permit“ required for Solar Panels at buildings
- No permit required in some municipalities

Grid Connection and Electricity Transfer

Renewable Projects in General:

As a rule, power production facilities require both

- Grid Connection Agreement for connecting to the local grid
- Electricity Transfer Agreement for transferring electricity into and from the grid

Solar:

No agreement with grid operator required if

- Electricity not transferred across property lines
- „Property clusters“

Energy Tax

Renewable Projects in General:

- Producers of electricity are subject to Energy Tax.
- Monthly tax declarations

Solar:

Projects may be exempt due to small scale:

- Nominal Power below 100 kVA: No energy tax.
- Nominal Power over 100 kVA, yearly production below 800,000 kWh: No energy tax. Annual declaration on power production.

Property Tax

Renewable Projects in General:

- Stand-alone Power production facilities are as a rule subject to property tax.
- Tax Percentage: Municipality

Solar:

Solar Panels installed at buildings: As a rule no impact on property tax.

Financing Models

- Typical Models currently in use for Solar Projects:
 - Leasing Models
 - Long Term Power Purchase Agreements
 - Crowdfunding
- Project Financing:
 - Finnish Banks are still rather new to project financing
 - Projects are usually financed through foreign banks or with foreign banks in the lead
 - Added challenges for DD process and financing negotiations

Available Subsidies

- Investment Subsidy
- More comprehensive subsidy scheme for Renewables in the future?

Thank You.

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