Country Sections

Finland

Handbook Update CLR II

Support service for citizens led renovation projects - ENER/2023/OP/0036

DIRECTORATE-GENERAL FOR ENERGY

Directorate B – Just Transition, Consumers, Energy Efficiency and Innovation Unit B1 - Consumers, Local Initiatives, Just Transition

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Introduction

Finland's building stock presents substantial opportunities for citizen-led renovation, particularly in detached houses built between the 1960s and 1990s and in multi-apartment buildings constructed before the introduction of modern energy performance standards. Space heating remains the dominant source of residential energy consumption, driven by long heating seasons and cold climatic conditions. Improving building envelopes, ventilation systems, and heating technologies is therefore central to Finland's climate, energy-efficiency, and cost-of-living objectives.[1]

The legal and policy framework for renovation is anchored in the Land Use and Building Act (132/1999)[2] and the Act on the Energy Performance of Buildings (50/2013)[3], which implement EU energy performance requirements and establish mandatory energy certificates, renovation thresholds, and minimum efficiency standards.[4] These rules are complemented by detailed decrees issued by the Ministry of the Environment, which define calculation methods and technical requirements for both new construction and major renovations.[5]

Public support plays a key role in enabling renovation. Finland combines grant-based instruments with advisory services and municipal-level facilitation, with Business Finland, ARA (Housing Finance and Development Centre of Finland), and the Ministry of the Environment acting as key institutional actors.[6] Renovation support is frequently linked to improvements in energy efficiency, low-carbon heating systems (such as heat pumps), and indoor air quality, an important issue in Finland's climate.[7]

At the same time, Finland has established a relatively enabling framework for energy communities, collective self-consumption, and prosumer activity, allowing citizen groups to link renovation (energy demand reduction) with local renewable generation and shared electricity use. This creates opportunities for housing companies, cooperatives, and groups of residents to pursue integrated renovation-plus-energy-community projects, provided governance, metering, and contractual arrangements are properly structured.[8]

[1] Energy Performance of Buildings Directive – Link
[2] Land Use and Building Act – Link
[3] Finlex – Link
[4] The national building code of Finland – Link
[5] Climate Legislation - Ministry of the Environment – Link
[6] Ibid
[7] Counties buildings and corporate properties – Link
[8] Climate Legislation - Ministry of the Environment – Link

Energy Communities in Finland

Finland has developed a comparatively advanced regulatory framework for citizen participation in the electricity system, with provisions for collective self-consumption, energy communities, and active customers embedded in national energy legislation. These frameworks build on the transposition of the EU Renewable Energy Directive and Internal Electricity Market Directive into Finnish law, under the supervision of the Energy Authority (Energiavirasto).[9]

A key characteristic of the Finnish approach is the emphasis on property-based or building-level energy sharing, particularly in apartment buildings and housing companies. Collective self-consumption is typically implemented behind a single grid connection point, allowing electricity generated (e.g. rooftop PV) to be allocated among apartments according to predefined rules. This model is especially relevant for renovation projects in housing companies (asunto-osakeyhtiö), where shared decision-making and cost allocation are already embedded in governance structures.[10]

In addition to electricity sharing, Finland has promoted demand response, smart metering, and digital data access, which are critical enablers for energy communities. Smart meters are fully deployed nationwide, and consumers have access to granular consumption data, facilitating accurate allocation of shared generation and supporting more advanced energy services.[11]

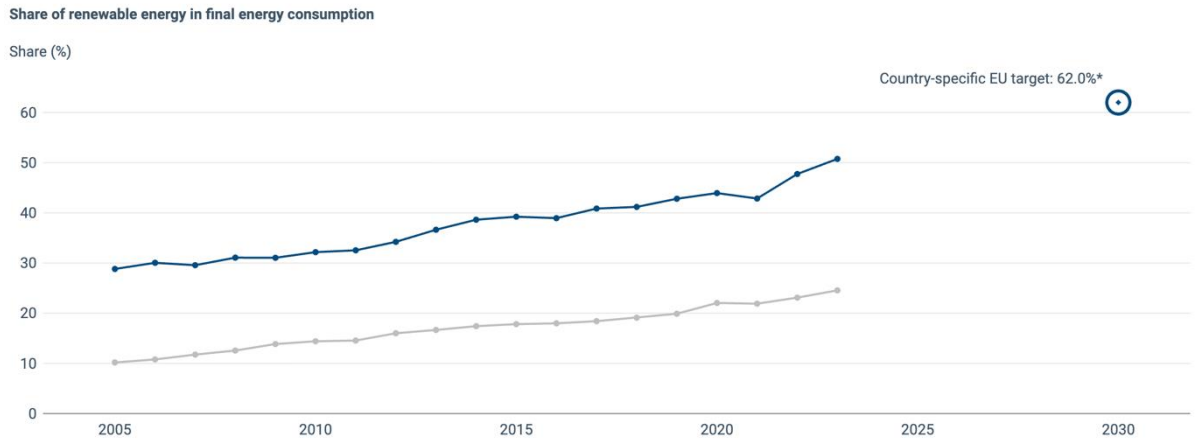

Fig. 1 Finland's share of renewable energy in final energy consumption. Target/objective will not be reached following the historical trend

For citizen-led renovation, energy communities offer a complementary pathway: renovation measures reduce heating and electricity demand, while shared renewable generation improves affordability and resilience. However, projects must carefully navigate legal definitions, contractual arrangements with suppliers and DSOs[12], and internal governance rules to ensure compliance and long-term viability.[13]

[9] Consumers | Energiavirasto – Link
[10] Consumers | Energiavirasto – Link
[11] Demand side flexibility in the Nordics – Link
[12] Consumers | Energiavirasto – Link
[13] About - Citizen-led renovation - European Commission – Link

Country specific information on energy communities

In Finland, energy community activity most commonly takes place through housing companies, cooperatives, or associations, rather than through stand-alone community energy entities. Housing companies are legally well-established and can own, operate, and allocate shared energy systems as part of their property management responsibilities. This makes them a natural vehicle for combining renovation projects with shared renewable generation and collective self-consumption.[14]

A typical citizen-led renovation project with an energy-community component may include:

- an energy audit or condition assessment of the building;
- a general meeting decision of the housing company to renovate the envelope and technical systems;
- selection of heating system upgrades (e.g. air-to-water or ground-source heat pumps) and ventilation improvements;
- installation of rooftop PV for shared use;
- definition of internal electricity allocation rules;
- procurement and construction; and
- monitoring and verification of energy savings.[15]

Key challenges include coordinating decision-making among shareholders, financing large upfront investments, and aligning renovation timelines with energy-system upgrades. While Finnish regulation is relatively permissive, smaller housing companies may lack technical expertise or facilitation capacity, making advisory support and standardised guidance particularly important.[16]

Despite these challenges, Finland's strong digital infrastructure, mature housing-company governance, and high public acceptance of renewable energy provide favourable conditions for scaling up citizen-led renovation projects that integrate energy community models.

[14] Energy Communities – Link

[15] Handbook on Buildings Renovation in Central Baltic Region – Link

[16] Scaling up renovations: tools and strategies for Finland – Link

Relevant legislation

Renovation-related legislation

Land Use and Building Act (132/1999): This is the core legislation governing construction, renovation, and permitting in Finland. It establishes when building permits are required for renovations and enables authorities to impose energy-efficiency requirements in the context of major refurbishment works.[17]

Act on the Energy Performance of Buildings (50/2013): Implements EU energy performance rules, including energy performance certificates (EPCs), minimum efficiency requirements, and calculation methodologies. EPCs are mandatory for buildings that are sold, rented, or subject to major renovation.[18]

Decrees of the Ministry of the Environment on energy efficiency: These decrees specify detailed calculation rules, primary energy factors, and technical benchmarks for building components and systems. They are directly relevant for renovation projects seeking public support.[19]

Legislation on engagement of neighbours and volunteers in the renovation

Decision-making in multi-apartment buildings is governed by the Housing Companies Act (1599/2009), which defines the roles of shareholders, the board, and the general meeting. Major renovations typically require approval by the general meeting, often by a qualified majority, depending on the nature and cost allocation of the works.[20]

Volunteer involvement in renovation projects is generally limited to non-technical activities such as communication, coordination, or resident engagement. Construction, electrical, and heating works must be carried out by licensed professionals in accordance with safety and building regulations.[21]

[17] Land Use and Building Act – Link
[18] Finlex – Link
[19] The national building code of Finland - Ministry of the Environment – Link
[20] Finlex – Link
[21] Organising and participating in neighbourly work - Rights and participation in society – Link

Funding bodies and schemes

Funding bodies in Finland

Ministry of the Environment: Responsible for national building policy, energy efficiency regulation, and oversight of renovation-related legislation and programmes.[22]

Business Finland: Supports innovation, demonstration projects, and low-carbon solutions, including pilot renovation and energy-system integration projects.[23]

ARA – Housing Finance and Development Centre of Finland: Administers grants and subsidies for housing renovation, particularly in apartment buildings and social or affordable housing segments.[24] [Insert citation F9 at the end of this paragraph.]

Funding schemes in Finland

Energy efficiency and renovation grants (ARA): Provide financial support for energy efficiency improvements, system upgrades, and renovation projects in residential buildings, particularly apartment buildings. Grant levels depend on achieved energy savings and project scope.[25]

Low-carbon heating support: National and municipal schemes support the replacement of fossil-based heating systems with heat pumps or other low-emission solutions, often in conjunction with building renovation.[26]

Innovation and pilot funding (Business Finland): Supports demonstration projects combining renovation, digitalisation, and energy community concepts, helping to de-risk new models.[27]

Special grants for vulnerable households in Finland

Finland addresses energy poverty primarily through income support, housing allowances, and targeted renovation grants, rather than through a single nationwide "energy poverty renovation programme." ARA grants and municipal housing initiatives often prioritise buildings housing low-income residents, ensuring that renovation benefits are not limited to higher-income groups.[28]

In citizen-led renovation contexts, housing companies and municipalities may need to ensure that cost allocation and financing arrangements do not disproportionately burden vulnerable residents, for example by combining grants, long repayment periods, and social housing support mechanisms.[29]

[22] Areas of expertise - Ministry of the Environment – Link
[23] Business Finland – Link
[24] Valtion tukeman asuntorakentamisen keskus | Varke – Link
[25] ARA - Housing Finance & Development Centre of Finland - Housing2030 – Link
[26] Climate roadmap - Finnish Energy – Link
[27] Energy aid – Link
[28] Energy poverty in Finland – Link
[29] The state of housing in Finland – Link

Useful tools

Energy Authority (Energiavirasto) guidance: Provides official information on electricity markets, prosumer rules, energy communities, and consumer rights.[30]

ARA renovation guidance: Offers practical information for housing companies on renovation planning, funding eligibility, and application procedures.[31]

Motiva: A state-owned expert organisation providing tools, calculators, and guidance on energy efficiency, renovation planning, and heating-system upgrades.[32]

EPC and building energy tools: National EPC systems and energy calculation tools support baseline assessment and verification of renovation outcomes.[33]

[30] Energy Authority | Energiavirasto – Link

[31] MuniFin – Link

[32] Motiva, valtion kestävän kehityksen yhtiö – Link

[33] Finlex – Link