

Advancing Public Participation and stakeholder engagement
for the improvement of renewable Energy policies

**ACTION PLAN OF THE REGIONAL COUNCIL OF LAPLAND FOR THE
IMPROVEMENT OF REGIONAL POLICIES
PROMOTING RENEWABLE ENERGY**



This action plans is a deliverable of

APPROVE - an Interreg Europe Low-carbon economy project

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Territorial partners



Project: APPROVE - Advancing Public Participation and stakeholder engagement for the improvement of renewable Energy policies (<https://www.interregeurope.eu/approve/>)

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EXECUTIVE SUMMARY

Reducing the regional carbon intensity and increasing the use of local renewable energy sources are the key pillars of Lapland’s strategy in developing its approach to support its energy transition.

This regional Action Plan contains two actions that will attempt to contribute to two key themes of the APPROVE project: Increasing the capacity of local actors to make informed choices in the field of energy through capacity building and stakeholder participation, as well as, developing new ways of organising work between public and private structures.

The two actions proposed by Regional Council of Lapland and its stakeholders within this action plan are:

- 1) Creating a monitoring system for the region’s district heating plants, mapping their energy sources and climate impact. This monitoring will feed into the development of the region’s Just Transition Plan, which will be used to fund new projects in the ERDF 2021-2027 program.
- 2) Good practices from other participating regions of the project were used by the Regional Council of Lapland in the pre-consultation process for the ERDF 2021-2027 Finnish Operational Programme. Some of the proposals were included in the final draft sent for consultation by the Ministry of Economic Affairs and Employment.

PART I - GENERAL INFORMATION

The Regional Council of Lapland sees the development of **Renewable Energy Sources (RES)** as a key part of its strategic priority to create jobs and growth from the smart and sustainable use of its natural resources. The sustainable use of local resources is defined as one of the major axis in the Regional Strategy of Lapland (Lappi-sopimus 2018-2021), Lapland's Smart Specialisation Strategy and Lapland's Arctic Bioeconomy Strategy 2018-2025, which includes a Decentralised Renewable Energy Sources Programme.

This action plan is developed within the Interreg Europe APPROVE project, which aims at improving the renewable energy policies of four different European regions (Lapland in Finland, Epirus in Greece, Normandy in France, Castilla y León in Spain). The project considers **awareness raising, capacity building and stakeholder participation** as ways to enable and promote RES, tackling barriers such as: low level of knowledge in the general public, lack of expertise of RES proponents and civil servants dealing with RES projects and permitting procedures, issues of public opposition within approval procedures.

Through **interregional cooperation and involvement of regional stakeholder groups**, the four partner regional authorities (Regional Council of Lapland, Region of Epirus, Normandy Regional Council, EREN - Regional public energy entity of Castilla y León) have shared and transferred experience and knowledge to improve their policies. The advisory partner Poliedra, an Italian research centre from Politecnico di Milano, has supported the regional authorities through the activities of the interregional learning.

The process, started in 2018, has included the analysis of regional gaps, needs and opportunities and the identification of regional good practices. All the produced deliverables and material can be found on the project website.

As a final goal, the lessons learnt from the interregional cooperation are used by each regional authority to define an action plan focused on the improvement of its **Structural Funds Operational Programme**, considering investment priorities related to TO4 "Supporting the shift towards a low-carbon economy in all sectors".

The focus on the actions in this plan will revolve around the question of increasing the take-up of local RES investments in the field of **heating**. Heating is the largest single source of CO₂ emissions in the region, it is the sector that has the largest potential to increase the already high share of RES in the energy mix and is a key competence for municipalities (through heating of public buildings and controlling majority shares in local district heating companies).

The regional stakeholder group meetings of the project have evolved around the needs of the various stakeholders currently working on ERDF-funded projects on RES around the region. Many ongoing projects around the region have been focusing on biogas and the work has been beneficial in reducing overlapping work and improving the knowledge of stakeholders. The regional stakeholder group has been supporting the Regional Council of Lapland in the design of the actions, which take inspiration especially from two cases gathered from the APPROVE partners (Regional Council of Normandy and EREN) during the project.

Key stakeholders in the work have been representatives from:

- Lapland's energy educational establishments (Lapland Education Centre REDU, Lappia vocational college, Lapland University of Applied Sciences)
- the regional state administrative agency: Centre for Economic Development, Transport and the Environment and
- ProAgria Lapland, which organises the work of the Arctic Smart Rural Communities Cluster that gathers together regional actors working on rural development.

PART II - POLICY CONTEXT

The Action Plan aims to impact:

- Investment for Growth and Jobs programme
- European Territorial Cooperation programme
- Other regional development policy instrument

Name of the policy instruments addressed:

ERDF Finnish Operational Programme 2021-2027 including Lapland's regional Just Transition Plan

The main policy instrument targeted for improvement in Lapland's work in the APPROVE project is the ERDF Finnish Operational Programme 2021-2027. The policy instrument had to be changed from the original proposal the Regional Council of Lapland had defined in the project's application form as the funding ran low in the 2014-2020 Operational Programme.

The Finnish government set a target for a total of 25 per cent of ERDF funding to be directed towards low-carbon activities during the programming period 2014-2020. This is 5 percentage points above the EU requirement. The two specific objectives considered as supporting low-carbon activities in the Thematic Objective 4 (Shift to low-carbon economy) of the Finnish Operational Programme are Specific Objective 3.1 (Promoting energy efficiency in SMEs) and Specific Objective 3.2 (Developing solutions based on renewable energy and energy efficiency).

The Regional Council of Lapland is responsible for the regional development of the area and the regional land use planning. It manages regional EU structural funds, and operates as the administrative authority. The Regional Council of Lapland has been active in calling for applicants to seek funding in the two above mentioned SO's. During the final years of the programming period, the region has been able to surpass the 25% requirement for the funding share of low-carbon projects (27.3% by the end of 2019). The region's ERDF experts were often present during APPROVE stakeholder meetings advertising upcoming calls.

A key issue facing the Regional Council of Lapland is that the Managing Authority of the Finnish Operational Programme, the Ministry of Economic Affairs and Employment, is not applying the General block exemption Regulation (GBER) for ERDF funds. This means that ERDF investment support in RES projects (such as biogas plants producing energy for sale) are not allowed above the de Minimis level of 200,000 € per three year period. As such ERDF funds in RES projects are focused on projects that offer general guidance for project development and gather information that can support future investments in production facilities. Support for energy production facilities in Finland is concentrated to EARDF funds in the case of farms and Business Finland's Energy aid for other production plants.

This action plan will be influencing the ERDF as well as the regional Just Transition Plan (JTP) and the Just Transition Fund (JTF), which is part of the ERDF 2021-2027 instrument in the region. The JTF is a policy instrument that supports the change to a climate-neutral economy in regions where the socio-economic impacts hit the hardest. Commission has defined the NUTS 2 region of East and North

Finland as a High Carbon Intensity region, especially due to its reliance on peat energy in its heating sector.

PART III - DETAILS OF THE ACTIONS ENVISAGED

ACTION 1. District Heating Renewal for Lapland's Just Transition Plan

The Regional Council of Lapland is preparing the regional Just Transition Plan as part of Finland's national JTP. APPROVE project staff have been participating in the creation of the new instrument, especially through the lens of strategies for renewing district heating plants in the region. Following negotiations between the Commission and Finland's Ministry of Economic Affairs and Employment, the guidance to the regions was to provide granularity in the analysis of the socio-economic impacts of the transition, in order to focus the support to areas where the negative impacts are the highest.

The plan is being developed partly with the assistance of consultants paid for by the Commission. The consortium of consultants is led by KPMG. They provide support through stakeholder engagement and the co-development of the plans with the regions. The process for preparing the plans lasts from November 2020 to May 2021, with the estimated start of funding in autumn 2021.

Heating is the single largest source of CO₂ emissions for households in the region. This can be reduced through investments that reduce the need for plants to burn peat while increasing the use of less carbon intensive local renewable energy sources (such as wood energy and biogas). The share of RES in district heating (the main source of heating in the region) has increased from about 20% in 2007 to about 80% today. Targeting the remaining 20% requires planning and investing that ERDF funding can support. In addition, ERDF can be used as a tool to develop new projects that would be eligible for future funding under the Just Transition Fund.

In the process of definition of the new Just Transition Plan, we created a tool inspired by ORECAN, the Normandy regional observatory for climate, energy and air. This tool is based on the existing statistics published annually by Finnish Energy which contain the needed data on energy production. The database includes data concerning the use of all the inputs for heat production in Lapland's district heating plants and their carbon emissions from the past decade. These statistics were then set into a map of the region with all the municipalities.

In addition, we made proposals to include similar measures to the next Finnish ERDF operational programme, with a proposed point for "enhancing the measurement of regional greenhouse gas emissions." The OP had a more comprehensive point to: "Develop tools to monitor and follow carbon neutrality targets as part of the development of competitive products, services and solutions, as well as business-driven research."

The action would have three objectives:

- to improve the understanding of the state of play in the region regarding its most important source of carbon emissions

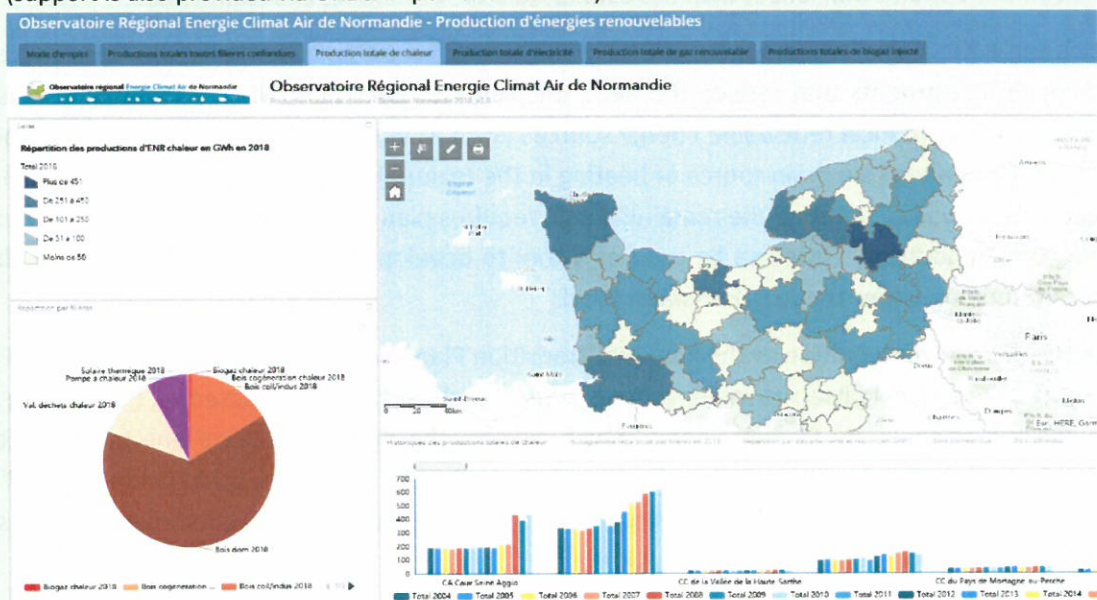
- to attract new ERDF planning projects for the renewal of local district heating plants that are municipally-owned
- be used as a regional tool for advertising the opportunities of the Just Transition Fund for municipalities.

ORECAN was proposed as a good practice in the theme of Knowledge and Capacity Building in the APPROVE report on good practices¹ and was included in the Interreg Europe Policy Learning Platform database “Good practices from Interreg projects and beyond”, being evaluated by the PLP thematic expert as an excellent example of pooling resources to create a common support service for multiple municipalities².

As Normandy region stated, the data collected and elaborated by ORECAN brings knowledge about the regional situation and can be used as a tool to monitor the implementation of policies such as the distribution of ERDF funds.

The ORECAN project in Normandy has four tasks:

- Producing data on energy consumption, energy production, production of greenhouse gases, emissions of atmospheric pollutants. Gathering and processing information and data needed to develop and implement local and regional energy policies and to reduce greenhouse gas emissions.
- Sharing produced data with local authorities and the general public through the institution website.
- Supporting local authorities as they embark on their energy transition and monitoring public policies (support is also provided via ORECAN points of contact).



- Coordinating the Communities of communes involved in the energy transition (training, methodological support, etc). Those territories are especially involved through the “100% renewable energy territory plan”. 10 communities of communes are involved in such plan after the call for manifestation launched by the Normandy Region and ADEME (the French Environment & Energy Management Agency) partnership.

In Lapland we focus on all the municipalities that have district heating plants. Information including the carbon emissions and the use of various renewable energy for heating at the municipal level are

¹ https://www.interregeurope.eu/fileadmin/user_upload/tx_tevprojects/library/file_1576529920.pdf

² <https://www.interregeurope.eu/policylearning/good-practices/>

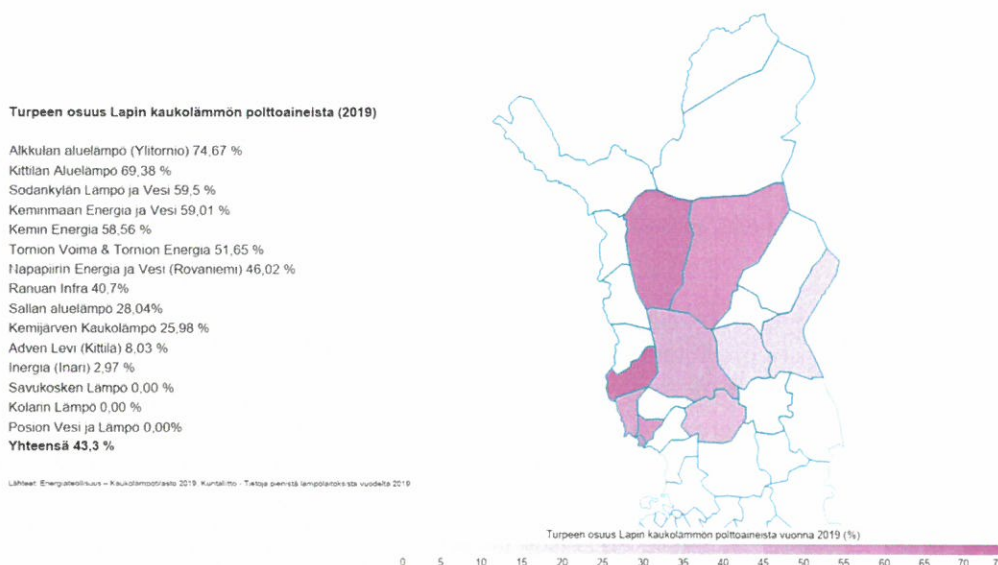
visualised, shared and discussed online as well as in workshops to be organised around this process together with municipalities and other key stakeholders. The workshops, facilitated by consultants, were funded by the European Commission and also involved work from the Regional Council of Lapland's staff.

Timeline of the work:

June – August 2020: APPROVE project staff collected statistics from publicly available sources.³

October 2020: APPROVE project staff prepared a map of the carbon intensity of Lapland's district heating plants.

November 2020: The Regional Council of Lapland and the Centre for Economic Development, Transport and the Environment prepared a first analysis of the socio-economic impact regarding peat in regional district heating to the Ministry. The report included maps and statistics prepared during the previous months.



Graph: Share of peat in district heating production in Lapland's district heating plants in 2019

January 2021: The statistics were presented in a stakeholder workshop on the Just Transition Plan with key stakeholders including regional administration, educational and research establishments. The workshops included representatives of municipalities and municipality-owned energy companies.

February 2021: The statistics and maps were presented to the Government of the Regional Council of Lapland together with the strategic priorities of Lapland for the Just Transition Plan. The statistics were used in the official template of the Just Transition Plan question 2.1 "Assessment of the economic, social and territorial impact of the transition to a climate-neutral economy".

³<https://energia.fi/uutishuone/materiaalipankki/kaukolampotilasto.html#r:aterial-view>
<https://www.kuntaliitto.fi/julkaisut/2020/2063-tietoja-pienista-lampolaitoksista-vuodelta-2019>

March 2021: A presentation of the work will be published on the Regional Council's forecasting portal lapinluotsi.fi. The presentation on the website will include maps and statistics as well as a short presentation about the key challenges facing the region in its just transition towards carbon neutrality.

ACTION 2. Promotion of public-private co-development in the next Finnish OP

APPROVE project staff participated in commenting the position of East and North Finland (ENF) on the Specific Objective 2.1 for the next programming period of the Finnish Operational Program 2021-2027 of the ERDF. This SO covers both energy efficiency and renewable energy.

A key challenge for Lapland is the modernization of our heating plants. Our policy influencing concentrated on including support for waste heat of industry as a way to reduce the carbon intensity of heating systems, as well as promoting **public-private networked research, co-development and innovative public procurement** to develop platforms and new innovative smart products, services and solutions. This was inspired by the good practice by Castilla y León where a co-developed energy production site was planned and financed with the support of the region, local industries and municipalities.

The case from Castilla y León on a public-private partnership consortium for a biomass power plant was proposed as a good practice in the theme of building of agreements/institutional structures in the APPROVE report on good practices and was included in the PLP database "Good practices from Interreg projects and beyond".

The Castilla y León government, through its regional energy agency EREN, designed a favourable frame for attracting the investment of a promoter company. EREN asked for a loan from the Council of Europe Bank as an intermediary to lend 40% of the total investment to the promoter, for the investment in favourable conditions. The interested territory was the Cubillos del Sil municipality, where coal mines were the main economic activity. Somacyl, a regional environment company, will assure the biomass supply for the facility with negotiated prices for a long term contract. Both EREN and Somacyl took part with the promoter in the engineering design and business plan. Other 25% of the investment come from regional companies as shareholders; and the municipality of Cubillos del Sil facilitates to speed permits and licenses. The public regional entity for promoting industrial parks offered the land.

This kind of consortium has been used to attract new RES investments from the auction system established by the Spanish national government in 2016 to a rural depopulated area characterised by recently closed coal mines. The implementation of the practice requires the support of an energy agency or a similar entity with technical, economical and policy capacity, and also local support. The assured biomass supply in a long term period and the correct financing are also key elements.

The original proposal from the APPROVE project staff was (translated from the original Finnish version): "Promote public-private co-development and innovative public procurement, for the development of new renewable energy production sites, as well as the promotion of hybrid plants and platforms."

A text in the draft Finnish OP that was sent for consultation in November 2020 states: "The specific objective will support public-private co-development (RDI, business, municipalities and communities of municipalities) and municipal and public investments and innovative public procurement, to support

pilots and demonstration platforms and the development of skills to take-up new technological solutions.”

The final OP is expected to be finalised before autumn 2021.

PART IV – MONITORING

As stated in the APPROVE application form, the Regional Council of Lapland is committed to target the creation of 6 new private-public partnerships in the field of RES development focused on biomass supply chain to energy in rural communities of Lapland, including SMEs, farmers and forest owners. Due to the limitations faced by the state aid regime of the Finnish ERDF program, explained in Part II of the Action Plan, this support has to be done indirectly. In addition, the relatively short time period until the end of phase 2 of the project in November 2022 makes it difficult to finalise plans for new-built power plants.

Action 1 data has already been gathered and will be updated annually via checking the new releases of the statistics department of the energy. The information gathered, as well as the numeric data has already been used in the national consultation process on the Just Transition Fund, where regions are expected to devise their own Just Transition Action Plans.

The impact of the action will be monitored via the official JTF indicator RCO 22 - Additional production capacity for renewable energy (of which: electricity, thermal) as well as RCR 03 – SMEs introducing product or process innovation. This will be done by the ERDF team in the Regional Council of Lapland and communicated to the staff responsible for APPROVE during the Phase 2 of the Project.

Action 2 will be monitored via Regional Council of Lapland following the consultation phase of the OP and the final decisions made regarding the OP in 2021. The impacts will be monitored via the official indicators of the ERDF program. Especially indicators NR11 Demonstrations to promote carbon neutrality, energy efficiency or renewable energy in a company or public organization and RCO10 that shows the amount of companies collaborating with research institutes. This task will be done in cooperation with the ERDF team in the Regional Council of Lapland and the staff responsible for APPROVE during the Phase 2 of the Project.

Date: 31.8.2021

Signature: *Päivi Uusitalo*

Stamp of the organisation:

