

Study: €3 billion benefits to households and the state with heat pumps in Finland

Switch to ground source heat pumps would improve trade balance of Finland by €260 million

The Finnish Heat Pump Association (SULPU) commissioned an independent expert company Gaia Consulting Ltd to study the economic and environmental impacts of heat pumps. Gaia analyzed what would happen if 320,000 Finnish households switch from oil heating and electric heating to ground source heat pumps. The study found out that the switch would reduce the heating costs of these households by €2.3 billion during the next 20 years.

“The market has known for long time that it is cost-effective to switch to ground source heat pumps. The Finnish Government could speed up the spread of ground source heat pumps by removing the low excise tax class for household heating oil. Sweden abolished similar tax benefits from oil heating already 20 years ago. Now almost all Swedish oil boilers have been replaced with ground heat pumps”, says The Finnish Heat Pump Association’s Managing Director Jussi Hirvonen.

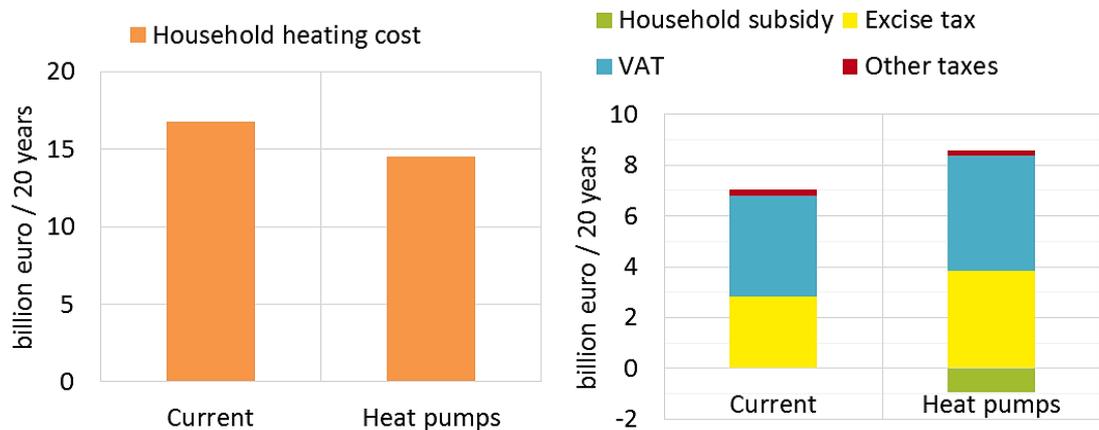


Figure. Impacts to household heating costs from ground source heat pumps switch (current and after the switch) and impacts to the central government finances during a period of 20 years.

The switch would generate additional tax revenue to the Finnish state from higher oil heating tax and from the additional value added tax of ground source heat pump installations. The net effect for the Finnish State, including household subsidies, would amount to one billion euro over the next 20 years. Other tax implications to the Finnish State and municipalities are minor.

The study has taken into account the economic and jobs impacts of reduced oil use to oil distribution sector, and the impacts of changes in the use and maintenance of heating systems. Switch to ground heating pumps would add 1,500 new jobs and improve the trade balance of Finland by €260 million. Moving away from oil heating would also reduce greenhouse gases by 1.6 MtnCO₂-eqv. This reduction equals 5 % of Finland’s non-EU ETS emission reduction target for 2020.

“Oil heating has for long been a popular heating source in Finland. However, the use of fossil fuels needs to be reduced in all sectors if climate change mitigation is taken seriously”, says Business Director Iivo Vehviläinen from the sustainability expert organization Gaia Consulting Ltd.

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