



**LATVIA'S NATIONAL ENERGY
AND CLIMATE PLAN
2021-2030.GADAM**

PR

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PROJEKTS

ABBREVIATIONS

AE	Renewable energies
RES	Renewable (renewable) energy
AIM	Defence Ministry
FOR THE KINGDOM	Ministry of Foreign Affairs
RRF	Recovery and Resilience Facility
UN	United Nations Organisation
CAA	District cooling
CEF	Connecting Europe Facility funds
CSA	District heating
CSAS	District heating system
CSP	Central Statistical Bureau
Co₂ eq.	Carbon dioxide equivalents
DRN	Environmental tax
EA	Energy Efficiency Association
ERDF	European Regional Development Fund
EC	European Commission
ECII	Emission Allowances Auction Instrument
EM	Ministry of Economic Affairs
EV	Electric vehicle
THE EU	European Union
ETS	European Union Emissions Trading Scheme
FICIL	Foreign Investor Council in Latvia
FM	Finance Ministry
IEA	International Energy Agency
IM	Interior Ministry
IFS	Innovation Fund (under EU ETS)
ICTS	Information and communication technology
IRM	Education and Science
JTF	Just Transition Mechanism
CSMAP	Climate-friendly forest management programme
KEM	Ministry of Climate and Energy
CF	Cohesion Fund
JIP	Projects to be implemented jointly
CPMS	Intergovernmental Panel on Climate Change
CAP	Financing under the Common Agricultural Policy
LAEF	Latvian Renewable Energy Federation
LASUA	Latvian Waste Business Association
LBBA	Latvian Biofuels and Bioenergy Association
LBTU	Latvian University of Biosciences and Technology
LDDK	Latvian Employers' Confederation
LDTA	Latvian Fuel Traders Association
LEEA	Latvian Association of Electrical Energy and Energy Builders
LFNA	Latvian Financial Sector Association
LIAS2030	Latvia's Sustainable Development Strategy "Latvia 2030"
LIFE	The European Commission's financial instrument for sustainable and innovative environmental quality and climate change
LKF	Latvian Wood Industry Federation

GLPA	Association of Large Cities of Latvia
LMIB	Latvian Forest Owners' Association
LNG	Liquefied Natural Gas
LOSP	Cooperation Council of Agricultural Organisations
COPPPS	Latvia's 2030 Climate Change Adaptation Plan
LAS	Latvian Association of Local and Regional Governments
LSUA	Latvian Heat Business Association
LTRK	Latvian Chamber of Commerce and Industry
LU	University of Latvia
LVGMC	VSIA Latvian Environmental, Geological and Meteorological Centre
MF	Modernisation Fund
MFF	Multiannual budget of the European Union, including European Union funds (ERDF, CF, EAFRD, ESF, EMFF, YEI)
FC	Cabinet of Ministers
NAP2027	National Development Plan 2027
ND	No data
IIPS	Real estate tax
non-ETS	Non-ETS activities
IFIS	Financial Instrument for the European Economic Area and Norway
NIPPS	National Industrial Policy Guidelines 2027
RCN	Tax policy guidelines
OSS	Carbon certification schemes
OP	Municipal budget
UGS	Inčukalns underground gas storage facility
PF	Private funding
PKC	Cross-sectoral Coordination Centre
Plan	Latvia's National Energy and Climate Plan 2021-2030
TSO	Transmission system operator (electricity or gas)
VAT	Value added tax
R & I	Research and Innovation
R & D	Research and development
RFNBO	Renewable fuels of non-biological origin (e.g. hydrogen)
RPPI	Industrial processes and product use
RTU	Riga Technical University
SEA	Solar Energy Association
SES	Solar power plants and microgeneration installations
Silava	Latvian National Institute of Forestry Science "Silava"
SKF	Social climate fund
SM	Ministry of Transport
SPRK	Public Utilities Commission
DSOS	Distribution system operator (electricity or gas)
TNA	Administration of Court Houses
FOR COPPER	Ministry of Environmental Protection and Regional Development
VB	National budget
IEA	Wind Energy Association
VID	State Revenue Service
LMP	Environmental Advisory Council

NCPS	National Research Programme
VM	Ministry of Health
LULUCF	Land use, land use change and forestry.
MOA	Ministry of Agriculture
ZMNY	Real estate of the Ministry of Agriculture

PROJECT

PLAN UPDATE STATUS

The submission of the draft plan to the EC was approved at a meeting of the Cabinet of Ministers on 18 December 2018 and the Republic of Latvia submitted the above-mentioned draft to the EC on 21 December 2018 in the name of the Ministry of Economic Affairs. On 18 June 2019, the EC submitted recommendations to Latvia for clarification and revision of the draft Plan. In line with the EC recommendations, the updated Plan was approved by Cabinet Order No 46 of 4 February 2020 on Latvia's National Energy and Climate Plan 2021-2030, submitted by Latvia to the EC on 5 February 2020 (Article 3(1) of Regulation 2018/1999).

Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, amending Regulations (EC) No 663/2009 and (EC) No 715/2009 of the European Parliament and of the Council, Directives 94/22/EC, 98/70/EC, 2009/31/EC, 2009/73/EC, 2010/31/EU, 2012/27/EU and 2013/30/EU of the European Parliament and of the Council, Council Directives 2009/119/EC and (EU) 2015/652 and repealing Regulation (EU) No 525/2013 of the European Parliament and of the Council, Article 14 of Regulation (EU) No 525/2013 of the European Parliament and of the Council (Regulation 2018/1999) obliges Member States to update the Plans, the updating of which is also subject to a specific process.

PROJEKTS

1. CONTEXT FOR UPDATING THE PLAN

National internal discussions on the content of the chapter are ongoing.

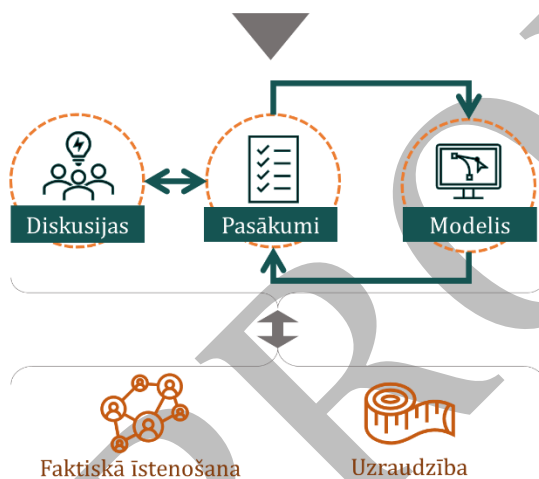
The Plan is a long-term energy and climate policy planning document that sets out Latvia's national energy and climate policy framework, objectives and courses of action for the period up to 2030.

The plan is guided by a common EU framework aimed at ensuring the fulfilment of the commitments made by the Member States of the European Union in the context of the Paris Agreement of the United Nations¹ Framework Convention on Climate Change². The Paris Agreement brings together 195 countries around the world and aims to prevent an increase in average global temperatures above 2 °C by seeking to limit it to 1.5°C. The single European national plan framework aims to ensure that the EU's green transformation is implemented in a coherent manner and avoids any significant advantage for a single Member State in the European internal market.

The Single European Framework requires Member States to include in their national plans policies and measures covering five key dimensions of the European Energy Union: (1) decarbonisation, (2) energy efficiency, (3) energy security, (4) internal energy markets, (5) research, innovation and competitiveness.

The plan is based on:

LATVIJAI NOTEIKTIE MĒRKRĀDĪTĀJI 2021- 2030. GADAM



- 1) Targets values set by Latvia in 2021. 2030 (see 2.1chapter);
- 2) A forecast of the target values in the **baseline scenario**, without regulatory intervention (i.e. implementing only existing policies or measures already imposed);
- 3) A list of policies and measures established by line ministries and social partners to achieve target values based on modelling results;
- 4) A forecast of target values in the so-called **target scenario**, within which all the objectives set out in the Plan are met.

Each EU Member State must design the Plan in such a way that the target scenario ensures that the values of the targets set are met.

Once the plan has been established and approved, the EC needs to carry out a continuous assessment and monitoring of the actual situation and periodically (before 2024 and then every five years) to update the Plans, taking into account both whether the planned activities have

¹ The development of the plan is governed by Regulation 2018/1999, where Regulation 2018/1999 sets out both the information to be included in the Plan (Articles 3-12 of Regulation 2018/1999) and the content of the Plan (Annexes I and III of Regulation 2018/1999). Therefore, the Plan has been drawn up in full respect of the provisions of Regulation 2018/1999 and, in application of paragraph 6 of Cabinet Regulation No 737 of 2.12.2014 on the drawing up of development planning documents and impact assessment, taking into account, as far as possible, the conditions laid down in this Regulation for the type of policy planning document – the plan.

² Available at: https://unfccc.int/sites/default/files/english_paris_agreement.pdf

been implemented on the scale envisaged and whether their implementation has delivered the expected results.

Initial versions of the national plans were developed in all EU Member States in 2018. In 2019, while the first updated version is under development in 2023. 2024 The national plans submitted by EU Member States can be consulted on the EC website³.

1.1. Renewal of the plan 2023 In 2024

National internal discussions on the content of the chapter are ongoing.

The current version of the Plan was approved on 04/02/2020 and is based on the factual situation at the time of its development (2018). 2019). In the light of the dynamic global events of recent years, such as the global pandemic, the fall in energy prices, the brutal war in Ukraine and the related unprecedented rise in energy prices and their impact on both the EU and the national economy and regulation, it goes without saying that in this promise to revise the Plan, industry policy makers would only assess the measures contained in the original Plan. The update of the Plan, in addition to assessing the effectiveness of the measures previously envisaged, takes into account the following:

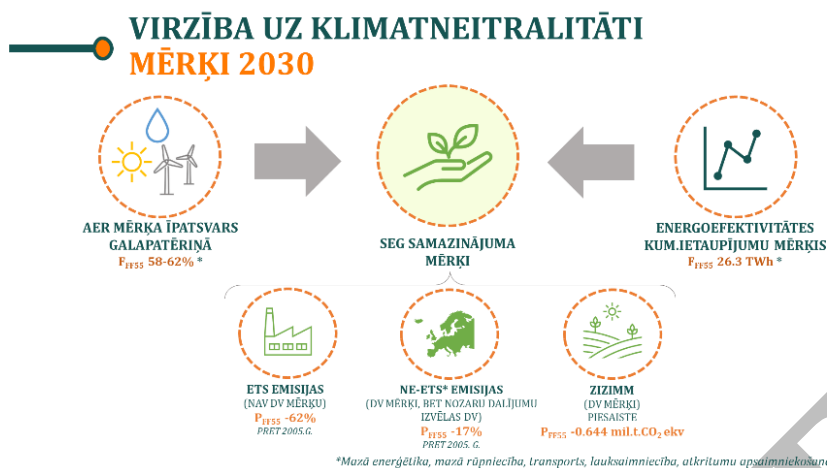
- Increasing climate change mitigation and energy ambition at EU level;
- New EU-level non-ETS GHG emissions, LULUCF and energy targets;
- Latvia's past progress towards climate change mitigation and energy objectives and an assessment of the consistency of this progress with existing and new targets;
- Additional measures received from line ministries to achieve the new objectives;
- Financing of new EU-level support financing mechanisms and the actions and activities supported by it.

The draft updated Plan is submitted to the EC for evaluation and recommendation, and the draft plan is the basis for discussion with the public, stakeholders, line ministries and other institutions. The updated draft Plan will be published for discussion with the public and stakeholders in December 2023 – January 2024, while the updated draft Plan for public consultation on the Legislative Portal will be presented after receipt of the Commission's recommendations and after an update of the draft Plan, incorporating the Commission's recommendations and the views of stakeholders, including the public, thereby ensuring that the renewal of the Plan takes place within the framework of a multi-layered dialogue. The dialogue is planned to take place on the KEM website, which will also provide the opportunity to make proposals for improvement of the Plan, or by submitting your proposal in writing to nekp@kem.gov.lv.

1.2. New targets for the EU and EU Member States

National internal discussions on the content of the chapter are ongoing.

³ <https://commission.europa.eu/energy-climate-change-environment/implementation-eu-countries/energy-and-climate-governance-and-reporting/national-energy-and-climate-plans-en>



The EU has submitted a renewed Nationally Determined Contribution to the UN, with an increased target of 55 % GHG emissions reduction in 2030 compared to 1990⁴ (previously 40 %). As a result, EU Member States' national targets were also updated to move towards the 2030 target and climate neutrality in 2050. Latvia has also supported the new objectives by approving Latvia's national position on *the Fitfor55 package*⁵ and amending Regulation 2018/842⁶. The most important pieces of legislation in the *Fitfor55 package* are⁷:

- 1) Directive 2003/87 of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Union and amending Council Directive 96/61/EC (Directive 2003/87/EC, Directive 2023/958, Directive 2023/959)⁸;
- 2) Regulation 2018/841 of the European Parliament and of the Council of 30 May 2018 on the inclusion of greenhouse gas emissions and removals from land use, land use change and forestry in the 2030 climate and energy framework (Regulation 2018/841, Regulation 2023/839)⁹;
- 3) Regulation 2018/842 of the European Parliament and of the Council of 30 May 2018 on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 contributing to climate action to meet commitments under the Paris Agreement (Regulation 2018/842, Regulation 2023/857)¹⁰;
- 4) Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, amending Regulations (EC) No 663/2009 and (EC) No 715/2009 of the European Parliament and of the Council, Directives 94/22/EC, 98/70/EC, 2009/31/EC, 2009/73/EC, 2010/31/EU, 2012/27/EU and 2013/30/EU of the European Parliament and of the Council, Council Directives 2009/119/EC and (EU) 2015/652 and repealing Regulation (EU) No 525/2013 of the European Parliament and of the Council (Regulation 2018/1999, Regulation 2023/839,

⁴ <https://eur-lex.europa.eu/legal-content/LV/TXT/HTML/?uri=CELEX:32021R1119>

⁵ Latvia's national initial position No 1 "On the European Commission's legislative proposal package "Fit for 55" and Latvia's path towards climate neutrality in 2050, approved at the meeting of the Cabinet of Ministers of 21 June 2022

⁶ National Initial Heading 1 of the Republic of Latvia on the Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) 2018/842 on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 contributing to climate action to meet commitments under the Paris Agreement, approved at the meeting of 30.11.2021

⁷ A number of important EU energy policy legislation is not yet in force, so the energy performance of buildings and energy taxation conditions have not yet been updated

⁸ <https://eur-lex.europa.eu/legal-content/LV/TXT/?uri=CELEX%3A02003L0087-20230301>

⁹ <https://eur-lex.europa.eu/legal-content/LV/TXT/?uri=celex%3A32023R0839>

¹⁰ <https://eur-lex.europa.eu/legal-content/LV/TXT/?uri=CELEX%3A02018R0842-20230516&qid=1691394347773>

Regulation 2023/857);

- 5) Regulation (EU) 2023/955 of the European Parliament and of the Council of 10 May 2023 establishing a Social Climate Fund¹¹ (Regulation 2023/955);
- 6) Regulation (EU) 2023/956 of the European Parliament and of the Council of 10 May 2023 establishing a carbon border adjustment mechanism (Regulation 2023/956)¹²;
- 7) Regulation (EU) 2023/1805 of the European Parliament and of the Council of 13 September 2023 on the use of renewable and low-carbon fuels in maritime transport (Regulation 2023/1805)¹³;
- 8) Regulation (EU) 2023/1804 of the European Parliament and of the Council of 13 September 2023 on the deployment of alternative fuels infrastructure (Regulation 2023/1804)¹⁴;
- 9) Directive (EU) 2023/1791 of the European Parliament and of the Council of 13 September 2023 on energy efficiency (Directive 2023/1791)¹⁵;
- 10) Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (Directive¹⁶2018/2001, Directive 2023/2413¹⁷);
- 11) Directive of the European Parliament and of the Council on the energy performance of buildings (Directive 2010/30/EC, latest amendments not yet in force);
- 12) Regulation (EU) 2023/2405 of the European Parliament and of the Council of 18 October 2023 on ensuring a level playing field for sustainable air transport (ReFuelEU Aviation) (Regulation 2023/2405)¹⁸;
- 13) Directive of the European Parliament and of the Council restructuring the Community framework for the taxation of energy products and electricity (hereinafter “Directive 2003/96/EC”, last amended not yet in force).
- 14) Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (‘Regulation 2019/2088’);
- 15) Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (‘Regulation 2020/852’);
- 16) Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting.

11.12.2019. The EC Communication “The European Green Deal” stresses the need to steer financial and capital flows towards green or environmentally sustainable investments. 14.01.2020. The EC Communication “The European Green Deal Investment Plan” further explored the sources of finance and proposed the creation of an EU green bond standard. Regulation 2019/2088 clarifies the term ‘sustainable investment’, which is an investment in an economic activity that consists of respect for environmental, social and governance aspects. Regulation 2020/852¹⁹ lays down the criteria according to which an investment is to be

¹¹ <https://eur-lex.europa.eu/legal-content/LV/TXT/HTML/?uri=CELEX:32023R0955&qid=1695630897917>

¹² <https://eur-lex.europa.eu/legal-content/LV/TXT/HTML/?uri=CELEX:32023R0956&qid=1695630955252>

¹³ <https://eur-lex.europa.eu/legal-content/LV/TXT/HTML/?uri=CELEX:32023R1805>

¹⁴ <https://eur-lex.europa.eu/legal-content/LV/TXT/?uri=CELEX:32023R1804>

¹⁵ <https://eur-lex.europa.eu/eli/dir/2023/1791>

¹⁶ <https://eur-lex.europa.eu/legal-content/LV/TXT/?uri=CELEX%3A02018L2001-20220607#tocId30>

¹⁷ https://eur-lex.europa.eu/legal-content/LV/TXT/?uri=OJ%3AL_202302413

¹⁸ https://eur-lex.europa.eu/legal-content/LV/TXT/?uri=OJ:L_202302405

¹⁹ Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088

considered sustainable: an economic activity contributes substantially to one of the environmental objectives set out in this Regulation, while not causing significant harm to any of the objectives and provides minimum safeguards in the social and governance fields, and the imputation condition of Regulation 2020/852 allows the investor to be confident that the project, measure, investment or other expenditure in question contributes significantly to environmentally sustainable objectives.

1.3. Context of the plan

National internal discussions on the content of the chapter are ongoing.

Latvia currently has a number of policy planning documents (including information reports) in force on energy and climate change mitigation issues, which set energy and climate mitigation targets and also set out policies to achieve these objectives:

- 1) Latvia's Sustainable Development Strategy "Latvia 2030"²⁰;
- 2) Latvia's National Development Plan 2021. For 2027²¹;
- 3) Information report "Long-term building development strategy"²²;
- 4) Latvia's climate change adaptation plan for 2030²³;
- 5) Latvia's strategy to achieve climate neutrality by 2050²⁴;
- 6) Environmental Policy Guidelines 2021 For 2027²⁵;
- 7) National Waste Management Plan 2021. — For the year 2028²⁶;
- 8) Guidelines for the development of transport 2021. For 2027²⁷;
- 9) Guidelines for Science, Technological Development and Innovation 2021. For 2027²⁸;
- 10) National Industrial Policy Guidelines 2021 For 2027²⁹;
- 11) Circular Economy Action Plan 2020-2027³⁰
- 12) Regional Policy Guidelines 2021 For 2027³¹;
- 13) Financial sector development plan 2022-2023³².

1.4. Energy Policy Road Map

National internal discussions on the content of the chapter are ongoing.

Objective

- Ensure Latvia's energy independence at competitive energy prices;
- Contribute to the decarbonisation of the economy and reduce the energy intensity of entrepreneurship in business development;
- Strengthen security and stability of energy supply.

Challenges

Given the volume of installed electricity generation capacity in Latvia and the need to ensure national consumption, Latvia is the importing country of electricity. Due to historical

²⁰ <http://polsis.mk.gov.lv/documents/3323>

²¹ <https://www.pkc.gov.lv/lv/nap2027>

²² <http://polsis.mk.gov.lv/documents/6898>

²³ <https://polsis.mk.gov.lv/documents/6507>

²⁴ <https://likumi.lv/ta/id/342214-latvijas-strategija-klimatneitralitates-sasniesanai-lidz-2050-gadam>

²⁵ <http://polsis.mk.gov.lv/documents/7479>

²⁶ <http://polsis.mk.gov.lv/documents/6951>

²⁷ <https://polsis.mk.gov.lv/documents/7239>

²⁸ <https://polsis.mk.gov.lv/documents/7053>

²⁹ <https://polsis.mk.gov.lv/documents/6983>

³⁰ <https://likumi.lv/ta/id/317168-par-ricibas-planu-parejai-uz-aprites-ekonomiku-20202027-gadam>

³¹ <https://polsis.mk.gov.lv/documents/6588>

³² <https://polsis.mk.gov.lv/documents/7398>

circumstances, Latvia's energy sector, up to Russia's brutal war in Ukraine, is closely linked to the Russian energy sector. By 2022, more than 95 % of natural gas, as well as a significant share of electricity, were imported from Russia. Since 2022, the Baltic States have taken significant and significant decisions that enable the future energy sector to be built on self-sufficiency, nature and human care. Already in 2022, electricity trade with Russia ended, while natural gas imports from Russia have been banned as of 2023. These decisions provide a strong basis on which to build Latvia's future energy policy. In August 2023, the Baltic States decided to accelerate synchronisation with the common framework of the European Union, setting a deadline for the termination of the contract with BRELL by 28.2.2025. At the same time, it must be borne in mind that transformation requires complex adaptation for both society and businesses, as well as the fact that this transformation goes hand in hand with an already rising cost of living and a shrinking population.

Advantages for Latvia

In order to transform Latvia's energy from the importing country to the energy-exporting country, a number of regulatory adjustments are needed. The transformation is based on reaping existing benefits. These are:

Advantage of natural resources

- At the beginning of 2023, the area of forest stands in Latvia was 3304,8 thousand hectares and a forest cover of 51.2 %³³, while the total wood stock in forests amounted to 680million m³³⁴.
- Latvia has developed livestock and poultry sectors, characterised by a large number of relatively small farms. The fragmented nature of the sector has so far not allowed for the efficient use of agricultural by-products (residual products) to produce biomethane. It is estimated that using Latvia's biomethane production potential can fully replace the entire consumption of natural gas in households³⁵.
- Latvia has a relatively low population density, a flat topology and a suitable wind speed for the cost-effective use of wind energy for electricity generation.

Strong energy supply infrastructure

Three energy networks exist in parallel in Latvia: electricity, natural gas and district heating. The existing infrastructure allows for a faster switchover and efficiency of the system. Indeed, even without further strengthening of the electricity system, Latvia's electricity network is able to absorb almost 3.5 times more electricity than Latvia's current consumption. This means that, without long-term grid restructuring, there is scope to start generating high-capacity renewable electricity. At the same time, it should be borne in mind that, in order to make efficient use of the existing grid, system management and connection development processes should be aligned with the periodicity of new energy sources.

Liberalised markets, cost-based tariffs

Since 2015, Latvia has fully opened retail electricity markets and since 2023 the retail market for natural gas. Significant efforts have also been made to ensure a sustainable cost-reflective electricity tariff structure that incentivises efficient grid use. In addition, almost all transactions on the wholesale market take place on the electricity exchange. This means that both companies and users in the sector are relatively well-informed and mature.

³³https://data.stat.gov.lv/pxweb/lv/OSP_PUB/START_NOZ_ME_MEP/MEM020/table/tableViewLayout1/

³⁴https://data.stat.gov.lv/pxweb/lv/OSP_PUB/START_NOZ_ME_MEP/MEM030/table/tableViewLayout1/

³⁵ https://energy.ec.europa.eu/system/files/2023-09/Biomethane_fiche_LV_web.pdf

The transformation is based on four key regulatory development objectives for four key energy sectors:

1. Closer cooperation with the EU;
2. Efficient use of shared infrastructure;
3. Strengthening active users;
4. Use of resources produced in Latvia.

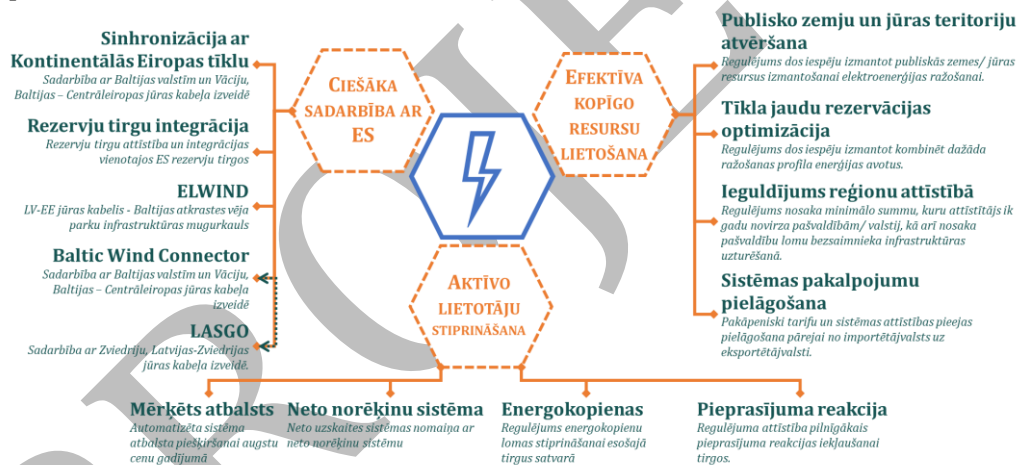
PROJECT

The transformation framework foresees the implementation of a series of legislative amendments in the electricity, gaseous and heat sectors.



Policies in the electricity sector

Electricity plays a central role in the decarbonisation of the Latvian economy. Given Latvia's natural advantages, Latvia has a significant and not yet fully exploited potential to produce competitive electricity in the region and in the European Union. Relevant policies are designed to promote cost-efficient electricity generation, the strengthening of active customers and closer cooperation with the EU.

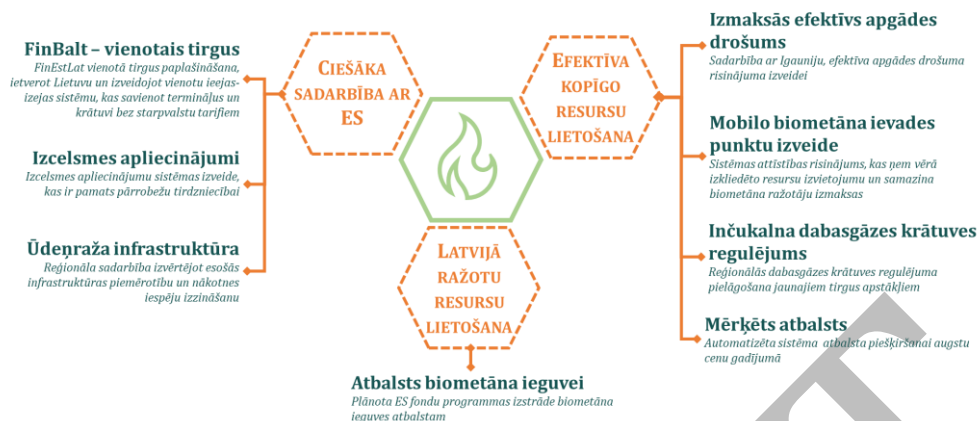


Policies in the gaseous fuel sector

Historically, three energy systems have been built in parallel in Latvia: electricity, gas and district heating in major urban areas. The existing infrastructure makes it possible to diversify the energy portfolio, thus contributing to the resilience of the system in case of changes in the sector or external events.

It is also important to bear in mind that the economic rationale for the extraction and use of green gases is increasing in the context of increased electricity production as well as the development of available technologies. In the light of the above, the policy on gaseous fuels focuses on maintaining existing infrastructure and phasing out the “greening” of gaseous fuels.

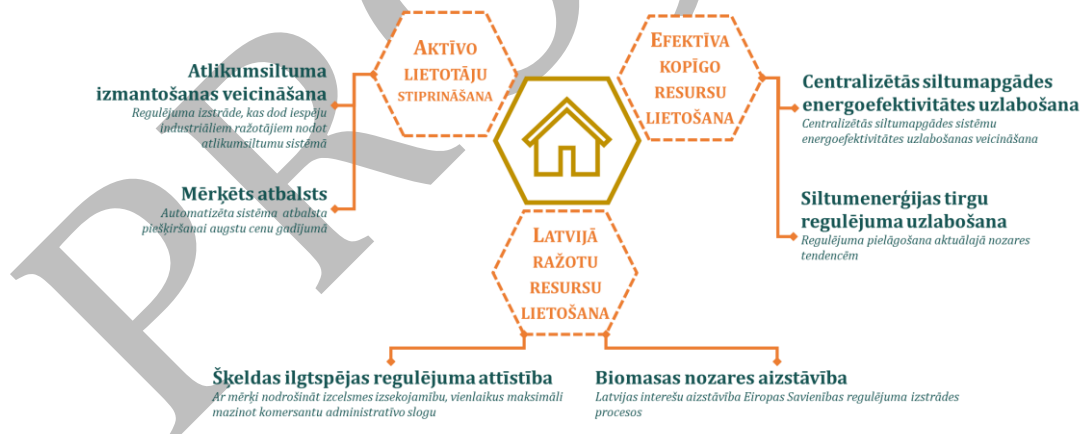
GĀZVEIDA KURINĀMAIS



Policies in the heat sector

The main challenges in heating relate to energy efficiency, both in terms of production and transmission and, in particular, consumption. A significant advantage in Latvia is the diversity of energy resources: in Latvia, thermal energy is produced using both bio-fuels, natural gas and solar energy. The transition to full zero-emission production in Latvia is currently not technologically and economically rational, but there is scope for more efficient use of available heat sources and in particular waste heat. Policies in the heat sector relate to the adaptation of the system to lower temperature heat sources, the approximation of the heat and electricity market, energy efficiency in both production, transmission and consumption contexts, including the transition to zero-emission technologies, as well as scaling up the use of local renewables.

SILTUMAPGĀDE



1.5. Climate Policy Road Map

National internal discussions on the content of the chapter are ongoing.

Objective

- contribute to climate change mitigation and resilience to achieve climate neutrality by 2050 at the latest, ensuring the achievement of national climate objectives in line with European Union and international commitments and regulations, taking into account environmental, social, economic and governance sustainability.

Tasks

- Ensure Latvia's path towards climate neutrality by building a competitive economy that generates positive GDP growth while reducing GHG emissions and without negative effects on air quality;
- Promoting climate resilience through climate change mitigation measures, climate change adaptation, protecting water resources and biodiversity, ensuring the transition to a circular economy and pollution reduction and control;
- Implement climate policy in a socially just way to tackle energy and mobility poverty in the short and long term, with the use of financial instruments for measures to be implemented.

Challenges

Latvia's total GHG emissions (excluding the LULUCF sector) are dominated by non-ETS activities (81 %), making use of a combination of regulatory measures, incentives and subsidies to promote emission reductions and climate objectives. This may include setting emission reduction targets and providing financial incentives for low-carbon technologies and practices.

The largest non-ETS GHG emissions occur mainly in the following sectors: transport (37 % of non-ETS GHG emissions), and energy (27 % of non-ETS GHG emissions), agriculture (26 % of non-ETS GHG emissions), waste management (6.5 % of non-ETS GHG emissions) and a small share only in industrial processes and product use (3.3 %). The LULUCF sector is not only an important driver of GHG emissions, but also as a driver of CO₂ removals. The LULUCF sector plays a key role in achieving 2050 climate neutrality, as it is possible to promote CO₂ removals in this sector to offset non-reducible GHG emissions.

In the **transport sector**, the share of old vehicles, low population density and a high rural population share (Latvia 32 % in 2021³⁶ and EU average 25.2 %³⁷) are challenging, which contribute to transport dependency and reduce the effectiveness of public transport development measures. In addition, solutions for the development of public electric and hybrid transport in rural areas also pose challenges. The main challenges in **Energy** are to increase the share of RES while significantly stepping up the implementation of energy efficiency improvement measures. A significantly outdated housing stock, fragmented in terms of standards, is a challenge for energy efficiency measures, the development of which is also negatively affected by the low purchasing power of the Latvian population and the significant increase in construction and credit costs. In the energy sector, the high consumption of natural gas to provide 'base capacity' could be a major challenge. EU legislation on forestry³⁸ and biodiversity³⁹, as well as strengthened sustainability and GHG emission saving criteria, will also have an impact on the availability of energy bio-resources, increasing the price of such resources and increasing the administrative burden associated with such resources. **Agriculture** has a relatively high share of organic soils compared to the EU average, increasing

³⁶ <https://stat.gov.lv/lv/statistikas-temas/iedzivotaji/iedzivotaju-skaitis/preses-relizes/12338-iedzivotaju-skaita-izmainas?themeCode=IR>

³⁷ [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=File:How_are_national_populations_distributed_by_degree_of_urbanisation_\(%25_share_of_total_population,_2021\)_URE2023.png](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=File:How_are_national_populations_distributed_by_degree_of_urbanisation_(%25_share_of_total_population,_2021)_URE2023.png)

³⁸ For example, Regulation (EU) 2023/1115 of the European Parliament and of the Council of 31 May 2023 on the making available on the Union market and export from the Union of certain commodities and products associated with deforestation and forest degradation and repealing Regulation (EU) No 995/2010

³⁹ E.g. proposal for a regulation of the European Parliament and of the Council on nature restoration

consumption of nitrogen fertilisers⁴⁰, leading to a high share of GHG emissions from the management of agricultural soils. The livestock sector (especially intestinal fermentation) also generates a relatively high share of GHG emissions. In the LULUCF sector, removals do not cover emissions, so the sector's contribution to climate objectives needs to be assessed in the long term.

Climate change mitigation objectives are not sufficiently prioritised in society⁴¹. A significant lack of investment and technology transfer hampers the implementation of GHG-reducing measures and adaptation measures. Political decision-making is time-consuming and the implementation of measures has no immediate effect.

Climate resilience requires climate change adaptation measures based on an assessment of climate risks and vulnerabilities. The implementation of climate change adaptation measures at all levels of government, both at national, regional and local level, requires planning of investments, bearing in mind that the costs of their implementation and the mitigation of the effects of climate change will only increase in the future.

Advantages for Latvia

In order to transform the Latvian economy, achieve the objectives of climate neutrality and ensure economic growth, the regulatory framework needs to be improved. The transformation is based on reaping existing benefits. These are:

Physical geography conditions

- Latvia's climate is determined by the country's presence in the temperate climate zone. Latvia is characterised by frequent changes in air masses, with an average of 170 atmospheric fronts per year, which can serve to develop wind energy use. The use of solar radiation in energy production is seasonal in nature. During the winter months, Latvia receives less than 20-30 % of direct radiation, but between March and September 50 % to 60 % of direct radiation, as there are many observable and rainy days in summer too. As a result, each square centimetre of the Latvian State surface receives only about 80 kcal per year, a third of the inflow of solar radiation. Only 20 % of this heat is consumed for air heating, 80 % for precipitation evaporation, which is sufficient to evaporate only 50 % of the precipitation.
- Availability of land resources for the development of projects contributing to climate neutrality objectives.
- More than half of Latvia's territory consists of forest land. Targeted and sustainable building of forest stands and their resilience can increase CO₂ removals in the LULUCF sector, promote the use of wood in construction as well as the use of biomass for energy.

High electrification potential

According to an assessment by energy experts, Latvia has great potential for electrification of industry and transport, both by replacing the fuels and technologies used in production processes with electricity as an energy source, and replacing vehicles used in transport with EV. Electrification of production processes and transport would significantly increase Latvia's electricity consumption, but reducing primary energy consumption – fuel and fuel consumption and improving energy efficiency – will reduce overall national energy consumption, where, for example, EV is about three times more efficient than internal combustion engine vehicles, and

⁴⁰ CSP

⁴¹ <https://www.zalais-barometrs.lv/lv/zinas/111>

production technologies using electricity as an energy source also have higher energy efficiency performance as fuel technologies.

Public and private financing

The financing needs are closely linked to the achievement of Latvia's climate objectives, including in sectors such as energy, transport and agriculture, which are the most GHG-emitting sectors. In particular, the availability of substantial funding for measures aimed at reducing GHG emissions in non-ETS activities, in particular in the household sector. In parallel, access to finance must also be ensured to ensure climate resilience. But most importantly, to avoid financing measures that run counter to the reduction of GHG emissions, carbon sequestration and climate resilience.

06.12.2021. The Treasury issued for the first time eight-year national sustainable eurobonds on behalf of the Republic of Latvia, raising EUR 600 million in funding. Bonds issued in support of Latvia's sustainable development and attracting finance to measures and priorities aimed at mitigating the negative impacts of climate change, moving towards climate neutrality and raising prosperity. Currently, Riga State City Council bond issuance rules are under preparation, which include a municipal green bond framework, which will provide additional resources for the development of sustainable infrastructure.

There is a need to develop the implementation of green public procurement as a horizontal measure in all sectors and to increase its share in total public procurement.

The amount of public funding, although significant, will not be sufficient to achieve all the objectives. It is therefore necessary to attract private investment alongside public funding. Financial instruments are an effective means of leveraging and activating as much private capital as possible through public funding. Project financing, in particular support to economic operators, should prioritise *debt-based instruments*, guarantees, venture capital investments or *blended finance*, thereby ensuring the mobilisation of additional financing from the private sector for sustainable development, including climate change mitigation and adaptation.

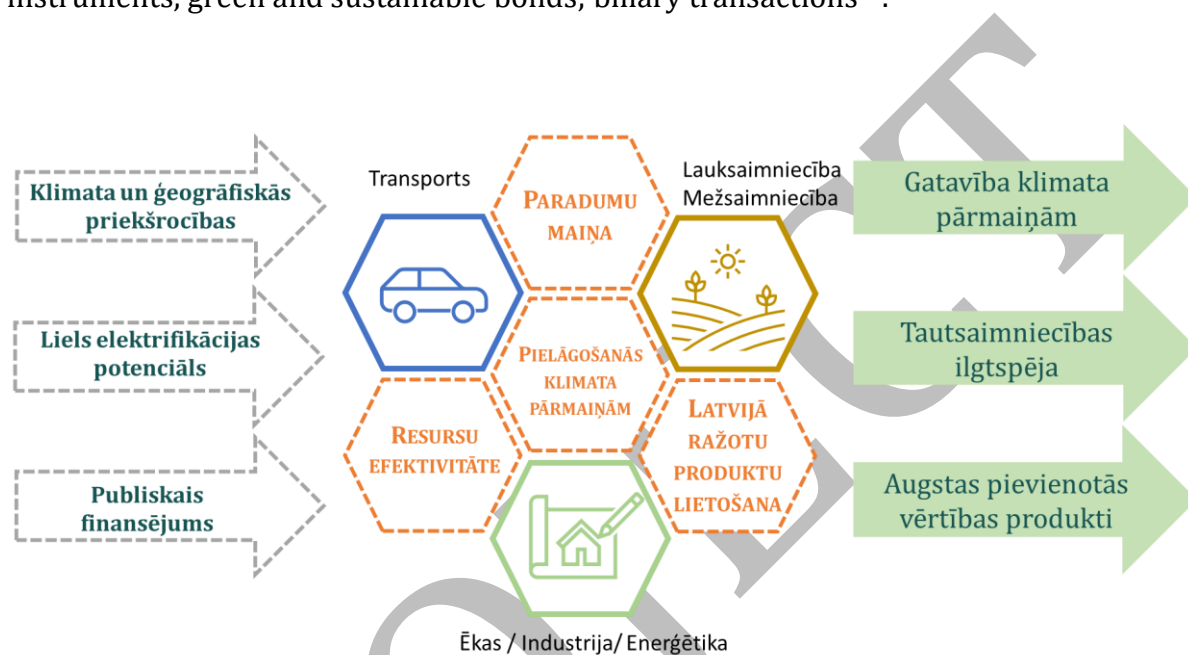
Global interest in sustainable financial instruments is growing rapidly and green, social and sustainable bond issuances are growing. In Latvia, only a few companies (AS Latvenergo, AS Development Finance Institution Altum and AS Augstsprieguma Network) have issued green bonds in line with international green bond standards, but the total volumes are already significant at EUR 220 million. It is essential for Latvian financial sector actors (credit institutions and other financial service providers) to define, within the framework of the NECPs, the objectives for attracting private financing and investment opportunities for financing to be able to develop financial instruments. In order to justify the eligibility of sustainable financial instruments in the sense of EU regulation, it is necessary to ensure the availability of energy efficiency data for financial market participants.

The contribution to the sustainability objectives of the corporate sector from the reporting year 2024 onwards will have to be reflected in the sustainability report that the relevant economic operators will have to prepare on the basis of Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU as regards corporate sustainability reporting, as transposed into national law⁴².

The following sources of funding are available under climate action instruments:

⁴² <https://eur-lex.europa.eu/legal-content/LV/TXT/HTML/?uri=CELEX:32022L2464>

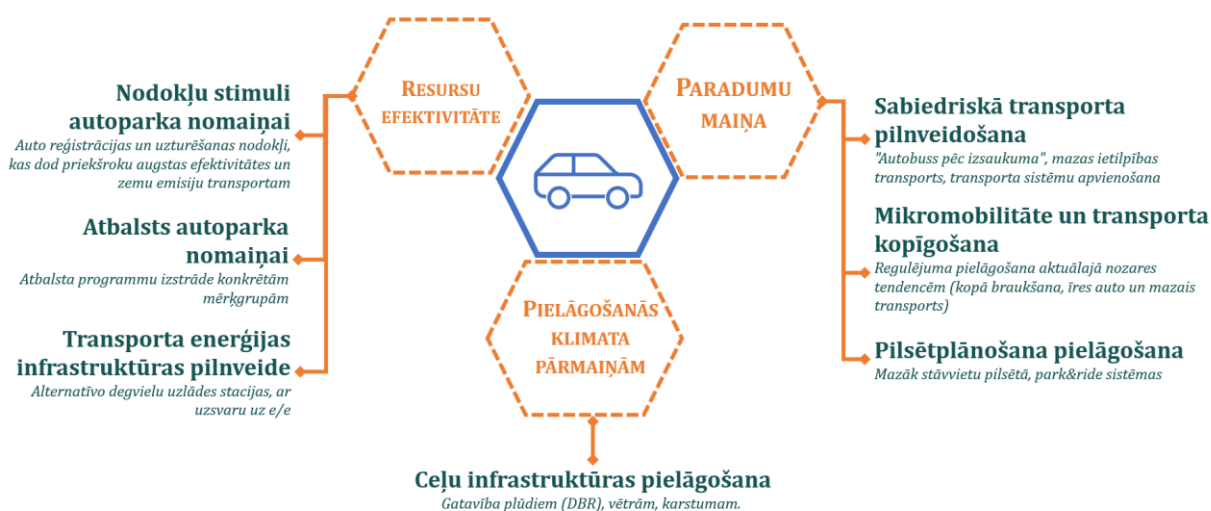
- **State budget** – e.g. ECII, MF, Treasury loans;
- **EU** – e.g. EU funds programming period 2021-2027 (including: JTF), RRF;
- **EC financial instruments (programmes)** – e.g. LIFE, IF, Horizon Europe;
- **Financing of international financial institutions**, including from the European Investment Bank, the European Bank for Reconstruction and Development and the Nordic Investment Bank;
- **Other funding** – e.g. IFI, Latvia-Switzerland cooperation programme;
- **Additional financing**, such as sustainable lending and other sustainable financial instruments, green and sustainable bonds; billary transactions⁴³.



Policies in the transport sector

It is necessary to renew the Latvian fleet with low-emission or zero-emission vehicles. This requires, first and foremost, the development of a tax policy that incentivises the replacement of the fleet by introducing changes in transport taxation so that the public favours high-efficiency and low-emission transport. Secondly, support programmes for the replacement of vehicles for specific target groups should be developed, also focusing on vulnerable transport users or economic operators (including municipal operators). Thirdly, there is a need to develop transport energy infrastructure with charging stations for alternative fuels. It is necessary to promote behavioural change in society by diversifying public transport services, developing micro-mobility and transport sharing opportunities, transforming urban planning solutions. It is essential to adapt road infrastructure to climatic extremes, which is particularly important in the context of the implementation of civil protection measures and road safety.

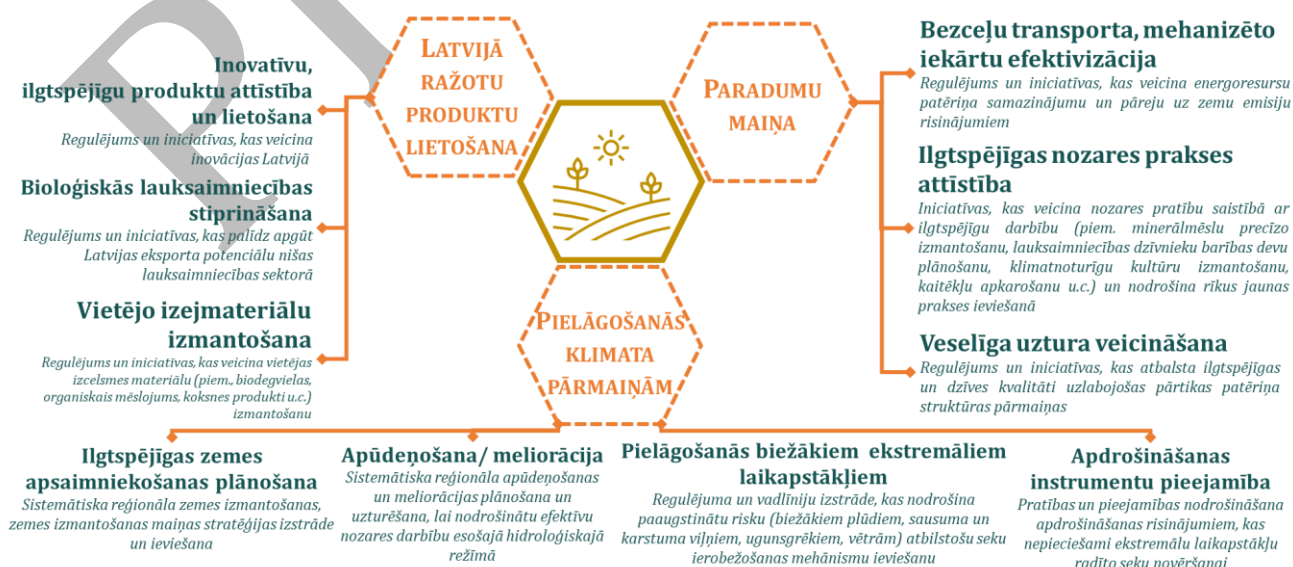
⁴³ Bilateral transactions between EU Member States, e.g. trades in annual emission allocation units or sales of excess of renewable energy obligations (renewable energy statistics)



Policies in agriculture and the LULUCF sectors

The implementation of climate policy can have a positive effect on the use and export of products produced in Latvia. The development of science and education plays an important role here. The production of climate neutral products and the introduction and development of technologies conducive to CO₂ capture require appropriate regulatory frameworks and enabling measures. Also in these sectors, there is a need for a change in behaviour that promotes the use of more efficient vehicles and equipment or environmentally friendly energy resources, the introduction of practices based on sustainability and environmental impact assessment, and the production of healthy food.

Agriculture and forestry are the sectors most affected by climate change and the extreme variability of weather conditions, such as the replacement of long-lasting rainfall or floods with long-lasting droughts and heat. Climate risk and vulnerability assessments are particularly important for adaptation action and for strengthening climate resilience in these sectors. Sustainable land management planning should therefore be the basis for business planning. The protection of organic soils and the efficient management of land are important and therefore the operation of drainage/irrigation systems should be subordinate to sustainability objectives.



PROJECT

Policies in the construction, industry and waste management sectors

Urban and non-urban infrastructure and industrial sites shall be subject to climate risk and climate resilience assessments and include criteria that take into account climate change risks and plan relevant adaptation measures in development planning documents and investment projects. The efficiency of resource use and management needs to be improved by setting up support programmes and improving the regulatory framework for increasing the energy efficiency of buildings, diversifying financing models for building renovation, including by encouraging private sector involvement, the deployment of smart technologies and reducing inefficient consumption, the efficiency of production processes and the transition to renewable energy sources. The use of products produced in Latvia should be encouraged to develop the use of wood-based materials in construction, thereby developing circular economy principles and technologies.



2. NATIONALLY SET OBJECTIVES AND TARGETS

2.1. Objectives and assessment of their fulfilment

2.1.1. DIMENSION I: DECARBONISATION AND RENEWABLE ENERGY

Policy objective	Actual value	Projected values (baseline scenario)	Objective of the plan	Objective of the updated Plan	
	2021	2030	2030	2030	status
GHG emissions reduction target (% vs 1990)	—58,8	—62.6	—65	—65	harmonised
Non-ETS activities (% vs. 2005)	+ 5,9	—6,6	—6	—17	Annex I to Regulation 2018/842
<i>Indicative potential GHG emission targets and volumes of sectoral non-ETS activities (% vs 2005)</i>					
Energy ⁴⁴	—4,9		—		
Transportation	+ 3,7		—		
RPPI	+ 106,2		—		
Agriculture	+ 25,8		—		
Waste and wastewater management	—17,7		—		
LULUCF target for 2030 (million tonnes CO ₂ eq)	+ 2,39	+ 3,29	—	—0,644	Regulation 2018/841 Annex IIa
Share of renewable energy in final energy consumption					
%	42,1		50	57	harmonised
GWh	20 682		—	26 303	harmonised
Share of advanced biofuels and renewable fuels of non-biological origin in transport (%)	2,3		3,5	5,5	Article 25 of Directive 2018/2001
Share of renewable fuels of non-biological origin in transport (%)	0		—	1	Article 25 of Directive 2018/2001
Share of renewable energy in heating and cooling in production (%)	57,4		54,9	66,4	Article 23 of Directive 2018/2001
Share of renewable energy in buildings (%)	56		—	68	harmonised

⁴⁴ low capacity installations in the transformation sector and industry, services sector, household, agriculture/forestry/fisheries

Policy objective	Actual value	Projected values (baseline scenario)	Objective of the plan	Objective of the updated Plan	
	2021	2030	2030	2030	status
Share of renewable energy in industry (including ICT) (%)	55	—	—	64,9	Article 22a of Directive 2018/2001
Share of sustainable fuels in air transport	0	—	—	5	Annex I to Regulation 2023/2405
GHG intensity reduction target for transport (%)	1,1	—	—	15	Article 25 of Directive 2018/2001
GHG intensity reduction target for specific ships (%)	ND	2	6	6	Article 4 of Regulation 2023/1805

National internal discussions on the content of the chapter.

2.1.2. DIMENSION II: ENERGY EFFICIENCY

Policy objective	Actual value	Objective of the plan	Objective of the updated Plan	
	2021	2030	2030	status
Volume of total energy consumption (GWh)	51 948	45833-47 222	45 470	harmonised
Final energy consumption (GWh)	47 188	40278-41 389	39 775	harmonised
Cumulative end-use energy savings (GWh)	538,3	20 472	29 522	Article 8 of Directive 2023/1791
Renovated building floor area of public buildings (total renovated, m ²)	ND	500 000	500 000	Article 6 of Directive 2023/1791
annual reduction of public authorities' energy consumption (%)	ND	ND	—1,9	Article 5(1) of Directive 2023/1791

National internal discussions on the content of the chapter.

2.1.3. DIMENSION III: ENERGY SECURITY AND ENERGY INDEPENDENCE

Policy objective	Actual value	Objective of the plan	Objective of the updated Plan	
	2021	2030	2030	status
Share of imports in gross inland energy consumption (%)	38,3	30-40	30-40	harmonised

National internal discussions on the content of the chapter.

2.1.4. DIMENSION IV: INTEGRATION OF EU INTERNAL ENERGY MARKETS

Policy objective	Actual value	Objective of the plan	Objective of the updated Plan	
	2021	2030	2030	status
Interconnectivity (% versus installed generating capacity)	50-80	60	60	harmonised

National internal discussions on the content of the chapter.

2.1.5. DIMENSION V: RESEARCH, INNOVATION AND COMPETITIVENESS OBJECTIVES

National internal discussions on the content of the chapter.

2.2. Target setting aspects

Having regard to Article 5(1)(e) of Regulation 2018/1999, Latvia took into account the following relevant circumstances when setting its energy policy objectives:

- Latvia needs to ensure continuous capacity to ensure energy security and balancing systems, where Latvia currently produces electricity to cover the consumption of neighbouring countries due to Latvia's geographical location.
- Given Latvia's climatic conditions and the high share of district heating (hereinafter – CSA) in total heating, Latvia will still need a sufficiently significant volume of peak and/or reserve capacity directly in heating due to the coldest months of the year and due to the heating season that can reach 200 days per year.
- Latvia needs to ensure Latvia's interconnection capacity and also take into account the electrification of the economies of the neighbouring countries with which these interconnectors have been established.
- Latvia must take into account the expected increase in local electricity demand, which will also be facilitated by the electrification measures included in the Plan, while at the same time, by improving energy security, Latvia must be able to improve its self-sufficiency with its own electricity production.
- In Latvia, the share of renewable energy ('RES') in electricity, heating, CSA, buildings and industry exceeds 50 % (the actual share of renewable electricity in electricity was above 63 % in 2020 and 2021), and a significant increase in the total share of RES in Latvia will only be possible by significantly increasing the share of renewable transport energy in the transport sector that is difficult to decarbonise.

Latvia does not set HE targets by technology or energy source, while:

- Latvia plans to increase the share of RES in electricity production by increasing installed wind and solar photovoltaic capacity.
- Latvia plans to increase the share of RES in heating and cooling by upgrading installed biomass capacity, increasing installed capacity of heat pumps, solar collectors, facilitating the transition to the use of high-capacity heat pumps or electricity in district heating systems (CSAS), promoting combinations of different technologies in heat production, as well as an obligation for the share of HE for natural gas traders, thus facilitating the blending of biomethane for natural gas used in heat generation.
- Latvia plans to develop and promote the use of waste heat in CSAS through a data centre, waste water treatment system or industrial plant waste heat, as well as by improving and adjusting the heat market regulation, in particular in Riga, so that CSAS can fully take into account the currently untapped potential by including it in the renewable heating target in case of use of waste heat.
- Latvia plans to increase the share of renewable transport energy by introducing an obligation for fuel suppliers to achieve a specific GHG intensity reduction that will significantly increase the share of renewable transport energy, in particular advanced biofuels/biomethane and electricity. Latvia plans to further accelerate the development of electromobility as a solution to the mobility, energy efficiency and RES targets.
- In interconnectivity, Latvia is already meeting the target set by the EU, while at the same time Latvia plans to complete existing projects and implement the planned projects of common interest to improve interconnectivity. For the improvement of internal infrastructure, the electricity transmission and distribution system operator shall take the necessary measures to optimise and pool the connection capacity of electricity users, as well as the necessary measures to enable as many new wind and solar producers as possible (micro and power plants) to be integrated into the internal electricity market.
- Given that both electricity and natural gas markets have been liberalised in Latvia, no other objectives are planned for the integration of the internal electricity and gas market.
- Latvia does not impose specific prohibitions on any specific RES technology or type, but there are specific restrictions on the location of technologies or on compliance with environmental, biodiversity, societal or territorial conditions. In accordance with Directive 2018/2001, Latvia will designate accelerated RES deployment areas in 2025, with a greater focus on wind energy, solar energy, biomethane production and grid injection areas, without providing for specific areas for hydropower development or installations using solid biomass fuels. Currently, the commissioning of new “base capacity” power plants in Latvia is not foreseen until 2028.

The possible priority RIS3 action lines for energy RIS3 defined as part of the plan are:

- ICT⁴⁵;
- photonics, smart materials, technologies and engineering systems⁴⁶;
- knowledge-intensive bioeconomy⁴⁷;
- smart energy and mobility⁴⁸.

⁴⁵ <https://www.liaa.gov.lv/lv/media/8871/download?attachment>

⁴⁶ <https://www.liaa.gov.lv/lv/media/8988/download?attachment>

⁴⁷ <https://www.liaa.gov.lv/lv/media/8844/download?attachment>

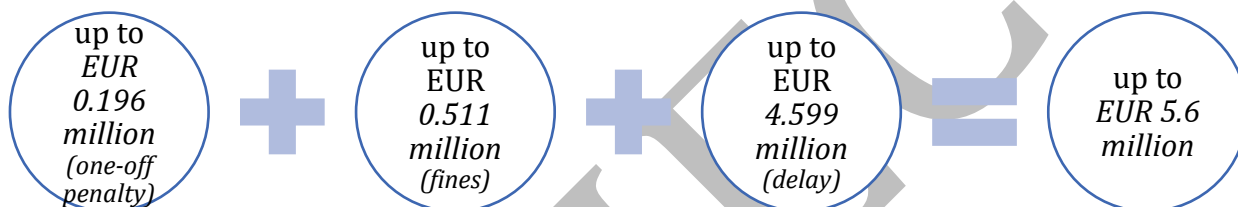
⁴⁸ <https://www.liaa.gov.lv/lv/media/8853/download?attachment>

2.3. Consequences of failure to meet the objectives set out in the plan

National internal discussions on the content of the chapter are ongoing.

2.3.1. PENALTIES FOR FAILURE TO MEET THE OBJECTIVES SET

For failure to meet the objectives, the EC has the right to refer Latvia to the Court of Justice of the EU, as failure to comply with the objectives constitutes a failure to comply with EU law. In such a case, the Court of Justice of the EU may impose financial penalties on a Member State under Article 260(3) TFEU, both a lump sum and a penalty payment, without excluding one or the other by means of the first declaratory judgment. Each EU Member State has a lump sum plus fines or periodic penalty payments for the time by which the infringement is remedied, i.e. until the specific objectives have been met. The lump sum payment for Latvia is EUR 196000. To that amount is added a lump sum (minimum amount of EUR 70 per day and a maximum of EUR 1400) determined according to the Court of Justice of the European Union on the basis of the seriousness of the infringement, or a penalty payment calculated on a daily basis for the duration of the infringement, the minimum penalty payment per day being EUR 210 and a maximum of EUR 12600. Given the annual nature of the targets and the annual reporting on them, sanctions could also be applied on an annual basis for each missed target:








2.3.2. FINANCIAL CONSEQUENCES OF THE USE OF FLEXIBILITIES

The imposition of sanctions would not relieve Latvia of the need to meet the objectives set, accordingly, it would be necessary to purchase the missing unit volume from another EU Member State, with the result that unit acquisition costs should be taken into account in addition to the costs already mentioned. In this case, Latvia should identify potential counterparties, i.e. those EU Member States with a surplus of units, and launch a negotiated procedure for the possible acquisition of units. Bilateral negotiations would discuss the essential conditions for the possible conclusion of a transaction for the trading of units, including the unit price. Taking into account that 2021 is forecasted to —In the 2030 period, the demand for unit acquisitions will be higher than 2013. — In the 2020 period, EU Member States with a surplus of units will have an interest in realising them at the highest possible price, which, according to the information currently available, could be assimilated to the price of emission allowances. In view of the above, as well as the fact that EU Member States with a surplus of units have the option of choosing as a counterparty the EU Member State whose offer is economically more advantageous to it, Latvia, as the purchasing country of the entities, should adapt to the conditions required to meet mandatory targets.

In the LULUCF sector, a gap of almost 23 Mt CO₂ equivalent is forecast in the Base Scenario in 2026 -2030. In amount (2026-2030 budget + 2030 target). As there is currently no market for removal units and the trading of annual emission allocation units in the period up to 2021 has also been sufficiently inactive, it is not possible to assess the amount of financing required for the acquisition of missing units. Where necessary, Latvia intends to make use of all the flexibilities provided for in Regulation 2018/841 and Regulation 2018/842 to meet the targets, including unit transfers, accumulation of units, annual emission unit transfers to the LULUCF sector targets or the use of removal units to meet the objectives of non-ETS activities. However, it should be borne in mind that many of the measures in the LULUCF target scenario require

significant preparatory work and mobilisation of financial resources, so that their implementation is currently limited to the extent necessary. It is essential to continue researchable development and work at political level on an optimal, cost-effective and feasible package of measures.

2.4. Responsibility for meeting the objectives

Dimension	Sectors with the highest impact	Responsible sector policy maker	Key social partners
 <p>DECARBONISATION AND RENEWABLE ENERGY</p>	<p>Energy Transportation Agriculture Forestry Industry Wastes</p>	<p>KEM SM MOA EM Copper/municipalities</p>	<p>LMP LAEF LDDK FICIL Bank of Latvia LFNA LKF LMIB</p> <p>LTRK LAS LLPA LBBA LOSP LDTA LSUA IEA LEEA SEA LASUA</p>
 <p>ENERGY EFFICIENCY BUILDINGS, TRANSPORT, PRODUCTION PROCESSES</p>	<p>Buildings Transportation Industry Public sector</p>	<p>EM SM KEM Copper/municipalities FM/VNY/ZMNE/TNA/Schampeter House</p>	<p>LDDK LTRK LDTA LSUA EA LBBA Bank of Latvia</p>
 <p>ENERGY SECURITY AND ENERGY DEPENDENCY</p>	<p>Energy Crisis management</p>	<p>KEM FOR THE KINGDOM IM/AIM VARAM/EM</p>	<p>LAS LDDK LTRK LDTA LSUA LEEA LBBA</p>
 <p>INTEGRATION OF EU INTERNAL MARKET</p>	<p>Energy Internal market</p>	<p>KEM FOR THE KINGDOM EM</p>	<p>LDDK LTRK LEEA IEA SEA</p>
 <p>RESEARCH, INNOVATION AND COMPETITIVENESS</p>	<p>Business Vocational education Science</p>	<p>IRM EM MOA FM KEM</p>	<p>AZA University Scientific institutes LDDK LTRK</p>

In order to achieve the ambitious climate and energy policy objectives, all institutions involved (politicians, line ministries, social partners, the non-governmental sector, economic operators, researchers and society at large) will have to make balanced decisions based on research, data

and socio-economic evaluation. Part of these decisions could focus on fundamental changes in the way in which they have been adopted so far, in decision-making so far, in the behaviour of different sectors and groups of society.

3. STATE OF PLAY, OBJECTIVES AND POLICIES

3.1. Decarbonisation

National internal discussions on the content of the chapter are ongoing.

3.1.1. AGRICULTURE

National internal discussions on the content of the chapter are ongoing.

3.1.2. ENERGY PRODUCTION IN TRANSFORMATION, INDUSTRY AND BUILDINGS

National internal discussions on the content of the chapter are ongoing.

3.1.3. WASTE AND WASTEWATER MANAGEMENT

National internal discussions on the content of the chapter are ongoing.

3.1.4. RPPI SECTOR

National internal discussions on the content of the chapter are ongoing.

3.1.5. LULUCF SECTOR

National internal discussions on the content of the chapter are ongoing.

3.2. Renewable energies

National internal discussions on the content of the chapter are ongoing.

3.2.1. ELECTRICITY

National internal discussions on the content of the chapter are ongoing.

3.2.2. HEATING, BUILDINGS AND INDUSTRY

National internal discussions on the content of the chapter are ongoing.

3.2.3. TRANSPORTATION

National internal discussions on the content of the chapter are ongoing.

3.3. Energy efficiency

3.3.1. ENERGY CONSUMPTION

National internal discussions on the content of the chapter are ongoing.

3.3.2. PUBLIC SECTOR

National internal discussions on the content of the chapter are ongoing.

3.3.3. BUILDING ENERGY EFFICIENCY

National internal discussions on the content of the chapter are ongoing.

3.3.4. ENERGY SAVINGS IN FINAL ENERGY CONSUMPTION

National internal discussions on the content of the chapter are ongoing.

3.3.5. COST-EFFECTIVE MINIMUM LEVEL OF REQUIREMENTS FOR BUILDINGS

National internal discussions on the content of the chapter are ongoing.

3.4. Energy security

National internal discussions on the content of the chapter are ongoing.

3.5. Internal energy market

3.5.1. ELECTRICITY INTERCONNECTIVITY

National internal discussions on the content of the chapter are ongoing.

3.5.2. ENERGY TRANSMISSION INFRASTRUCTURE

National internal discussions on the content of the chapter are ongoing.

3.5.3. ELECTRICITY AND GAS MARKETS

National internal discussions on the content of the chapter are ongoing.

3.5.4. DIVERSIFICATION OF ENERGY SOURCES AND ROUTES

National internal discussions on the content of the chapter are ongoing.

3.5.5. INCREASING THE FLEXIBILITY OF THE ENERGY SYSTEM

National internal discussions on the content of the chapter are ongoing.

3.5.6. INVOLVEMENT OF ENERGY CONSUMERS

National internal discussions on the content of the chapter are ongoing.

3.5.7. ENERGY POVERTY AND ACCESS TO ENERGY

National internal discussions on the content of the chapter are ongoing.

3.5.8. BREAKDOWN OF ENERGY PRICE AND ENERGY PRICE ELEMENTS

National internal discussions on the content of the chapter are ongoing.

3.5.9. ENERGY SUBSIDIES

National internal discussions on the content of the chapter are ongoing.

3.6. Research, innovation and competitiveness

National internal discussions on the content of the chapter are ongoing.

3.7. Adaptation to climate change

National internal discussions on the content of the chapter are ongoing.

4. IMPACT ASSESSMENT OF PLANNED POLICIES AND MEASURES

4.1. Energy consumption projections in the NECP scenario

National internal discussions on the content of the chapter are ongoing.

4.2. RES Development Forecasts

National internal discussions on the content of the chapter are ongoing.

4.3. Forecast of the achievement of the energy efficiency target

National internal discussions on the content of the chapter are ongoing.

4.4. Energy security and internal energy market

National internal discussions on the content of the chapter are ongoing.

4.5. Projections for GHG emissions_{and} CO₂ removals

National internal discussions on the content of the chapter are ongoing.

4.6. Interaction with air pollutant emissions

National internal discussions on the content of the chapter are ongoing.

4.7. Socio-economic impact of planned policies and measures

National internal discussions on the content of the chapter are ongoing.

4.8. Impact of policies and measures included in the plan on other EU Member States and regional cooperation

National internal discussions on the content of the chapter are ongoing.

5. FINANCIAL IMPACT OF THE PLAN

National internal discussions on the content of the chapter are ongoing.

6. INTEGRATED MONITORING AND REPORTING SYSTEM

National internal discussions on the content of the chapter are ongoing.

PROJECT

1. ANNEX TO THE CONSULTATION PROCESS AND REGIONAL COOPERATION

1. Key issues of cross-border relevance

National internal discussions on the content of the chapter are ongoing.

2. Consultation, involvement and results of national and EU bodies, other Member States

National internal discussions on the content of the chapter are ongoing.

3. Regional cooperation in preparing the plan

3.1. Regional cooperation in preparing the plan

National internal discussions on the content of the chapter are ongoing.

3.2. Regional cooperation in the implementation of the plan

National internal discussions on the content of the chapter are ongoing.

PROJECT

2. ANNEX TO THE FINAL PLAN OF THE EC RECOMMENDATION

National internal discussions on the content of the chapter are ongoing.

PROJECT

3. Annex Description of baseline and NECP measures scenario, methods used for energy system development and GHG analysis and forecasting

1. Context of scenario development

1.1. Changes in Latvia's energy sector

National internal discussions on the content of the chapter are ongoing.

1.2. Extension of the analytical base

National internal discussions on the content of the chapter are ongoing.

1.3. Macroeconomic context

National internal discussions on the content of the chapter are ongoing.

2. Description of the baseline scenario and measures included

2.1. Decarbonisation

National internal discussions on the content of the chapter are ongoing.

2.2. Energy

National internal discussions on the content of the chapter are ongoing.

2.3. Transportation

National internal discussions on the content of the chapter are ongoing.

2.4. RPPI

National internal discussions on the content of the chapter are ongoing.

2.5. Agriculture

National internal discussions on the content of the chapter are ongoing.

2.6. Waste management

National internal discussions on the content of the chapter are ongoing.

2.7. LULUCF sector

National internal discussions on the content of the chapter are ongoing.

3. Description of the scenario of the NECP measures and the measures included

National internal discussions on the content of the chapter are ongoing.

3.1. Energy

National internal discussions on the content of the chapter are ongoing.

3.2. RES

National internal discussions on the content of the chapter are ongoing.

Modelling of alternative target scenarios

National internal discussions on the content of the chapter are ongoing.

3.3. Transportation

National internal discussions on the content of the chapter are ongoing.

3.4. RPPI

National internal discussions on the content of the chapter are ongoing.

3.5. Agriculture

National internal discussions on the content of the chapter are ongoing.

3.6. Waste management

National internal discussions on the content of the chapter are ongoing.

3.7. LULUCF sector

National internal discussions on the content of the chapter are ongoing.

4. Methods used to develop the scenario for NECP measures

4.1. Method used to analyse energy scenarios

National internal discussions on the content of the chapter are ongoing.

4.2. Method used to analyse the RPPI sector development scenarios

National internal discussions on the content of the chapter are ongoing.

4.3. Method used to analyse agricultural development scenarios

National internal discussions on the content of the chapter are ongoing.

4.4. Method used to analyse the draft LULUCF target scenario

National internal discussions on the content of the chapter are ongoing.

4.5. Method used to analyse waste management scenarios

National internal discussions on the content of the chapter are ongoing.