

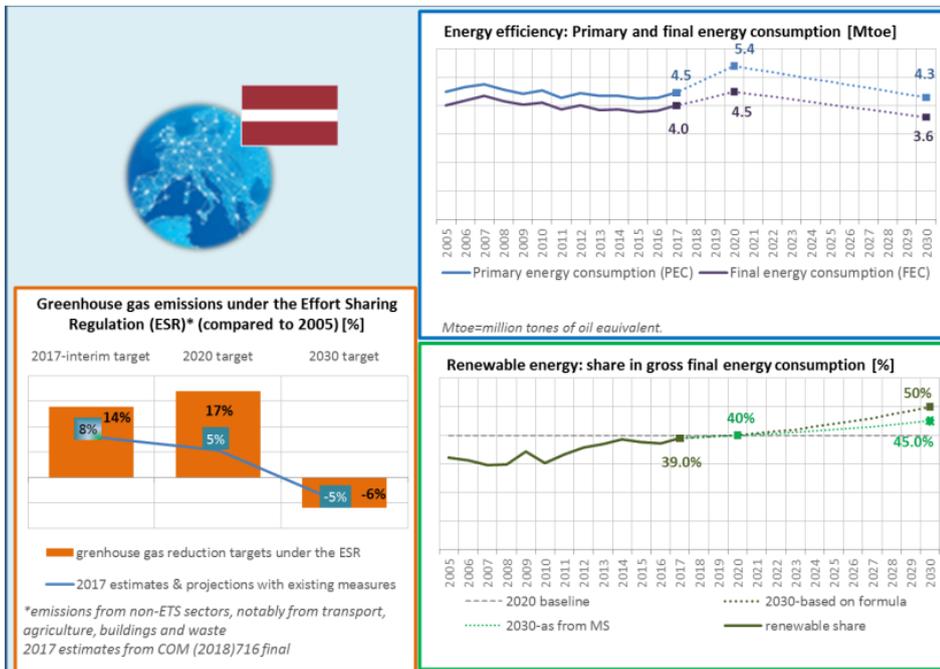


LATVIA

Summary of the Commission assessment of the draft National Energy and Climate Plan 2021-2030

The EU has committed itself to a clean energy transition, which will contribute to fulfilling the goals of the Paris Agreement on climate change and provide clean energy to all. To deliver on this commitment, the EU has set binding climate and energy targets for 2030: reducing greenhouse gas emissions by at least 40%, increasing energy efficiency by at least 32.5%, increasing the share of renewable energy to at least 32% of EU energy use and guaranteeing at least 15% electricity inter-connection levels between neighbouring Member States. To ensure that the EU targets are met, EU legislation requires that each Member State drafts a 10-year National Energy and Climate Plan (NECP), setting out how to reach its national targets, including the binding national target for reducing greenhouse gas emissions that are not covered by the EU Emissions Trading System (ETS). The European Commission has analysed each draft NECP. The summary of this assessment for Latvia is outlined below. The final NECPs for the period 2021-2030 are due to be submitted by Member States by the end of 2019.

LATVIA - National targets and contributions foreseen in the draft National Energy and Climate Plan



Sources: Latvia's draft National Energy & Climate Plan, Eurostat (PEC2020-2030, FEC2020-2030 indicators and renewable SHARES), COM(2018)716 final (2017 GHG estimates)

- The overall objective of Latvia's draft plan is to ensure transition to low carbon economy that is competitive in the region and worldwide by developing a balanced and effective energy policy based on market principles, which promotes further development of the Latvian economy and welfare of the society. The draft plan make clear links to the programming of EU funds and underlines the role of regional cooperation, which reflects the cross-border relevance of many energy and climate challenges.
- As regards the **decarbonisation dimension**, Latvia's 2030 target for **greenhouse gas emissions** not covered by the EU Emissions Trading System (non-ETS) as set out in the Effort Sharing Regulation (ESR)¹ is -6% compared to 2005. According to the main scenario of the projections, Latvia would miss this target by a small margin, but emissions over the whole period 2021-2030 would be in line with the estimated emissions budget that Latvia will have to comply with. However, a sensitivity analysis shows that it is also possible that emissions would exceed the budget.
- Realising the projected emission reductions will require implementation of some policies and measures that are not yet adopted and where financing is uncertain. The final plan would benefit from further details on the impacts and status of those policies, in particular in the transport and building sector, including which elements would depend on EU funding and why. The draft plan does not describe how the no-debit commitment (i.e. emissions do not exceed removals) as set out in the **Land use, land use change and forestry** (LULUCF) Regulation² and which is part of the overall non-ETS target, will be met.
- Latvia has set a **contribution to the EU renewable energy target** of at least 45% in gross final consumption of energy for 2030, significantly below the 50% share that results from the formula of Annex II of the Governance Regulation. This situation also requires an indicative trajectory in the final plan that reaches all reference points³ in accordance with the national contribution in the final plan. The policies and measures in the existing scenario presented in the draft plan, with mainly existing measures, are not sufficient to achieve this target. The final plan would benefit from elaborating further on the potential policies and measures to allowing the achievement of these contributions and targets and on other relevant sectorial measures.
- Latvia has set its national **energy efficiency** contribution for 2030 at 4.3 Mtoe of **primary energy consumption**, which has been converted into final energy consumption of 3.6 Mtoe. The proposed target could be considered of low ambition for primary energy consumption and of modest ambition for final energy consumption, considering the level of efforts required at the EU level to collectively reach the Union's 2030 efficiency target. The final plan would benefit from more detailed policies and measures, including their expected energy savings and timelines for implementation.
- As regards **energy security**, the draft plan puts forward an ambitious objective to reduce imports of energy and energy resources from third countries by 50% compared to 2011 by 2030. The draft NECP mentions the Baltic synchronisation project and the Balticconnector pipeline as key energy security

¹ Regulation (EU) 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 and amending Regulation (EU) No 525/2013.

² Regulation (EU) 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, and amending Regulation (EU) No 525/2013 and Decision No 529/2013/EU.

³ Pursuant to Article 4(a)(2) of Regulation 2018/1999.

measures. The final plan will benefit from further information on regional cooperation in the dimension, and on policies and measures in place to protect the energy system from emerging risks.

- In the **internal market dimension**, Latvia is well above the EU **interconnection threshold**, and does not put forward an ambition level for 2030. More information is needed regarding the calculation of the interconnection level. The final plan would benefit from specific forward-looking objectives, targets and measures relating to this dimension.
- Latvia presents a competitiveness objective of being at the 40th place or above in the Global Competitiveness Index, the final plan will benefit from a description on how this translates into energy-related competitiveness objectives, and how the presented policies and measures impacts competitiveness. Additional insights are needed in the **research, innovation and competitiveness dimension**, such as measurable objectives and funding targets to be achieved by 2030.
- Some policies and measures in the draft plan are put forward based on an assumption of Union funding. The draft NECP includes references to additional **investment needs** to achieve the energy efficiency and renewable energy contributions in the order of magnitude of annually 3% of GDP, as well as national and Union funding sources for certain policies and measures. The final plan could still take better advantage of the role NECPs can play in providing clarity to investors and attracting additional investments in the clean energy transition.
- There is potential for intensifying already existing **regional cooperation** between Latvia and the other Baltic countries, extending them to new areas and broadening the geographic reach to include the Nordic countries.
- The draft NECP mentions that it will be updated once the National Air Pollution Control Program is finalised, in order to take cross-effects into account. The final plan would benefit from complementing the analysis of the interactions with **air quality and air emissions policy** and presenting impacts of policies and measures on air pollution.
- The issue of a **just transition** to a climate neutral economy could be better integrated throughout the plan by considering social and employment impacts, e.g. shifts in sectors/industries, distributional effects and revenue recycling. The draft plan would benefit from providing more details on the question of skills and training
- A list of all **energy subsidies** and actions undertaken and planned to phase them out, in particular for fossil fuels, need to be included in the final plan.
- A **good practice** is that the draft plan includes estimates of the binding trajectory for Latvia under the Effort Sharing Regulation and that projected emissions are compared to this trajectory. This gives a picture of the emissions development and target achievement over the whole period 2021-2030.

Related links:

- [National Energy & Climate Plans](#) – for links to the Commission recommendations and Staff Working Document for Latvia and all other Member States, to the Commission Communication assessing all draft NECPs, and to the draft NECPs themselves.
- More information about the [Clean energy for all Europeans package](#)
- More information about the [2030 climate & energy framework](#)