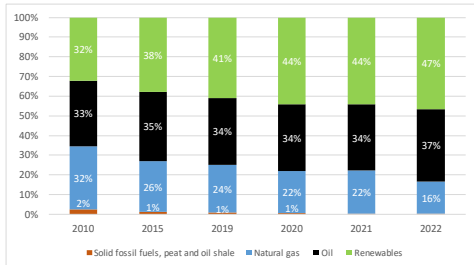


REPowerEU Two Years on_Latvia

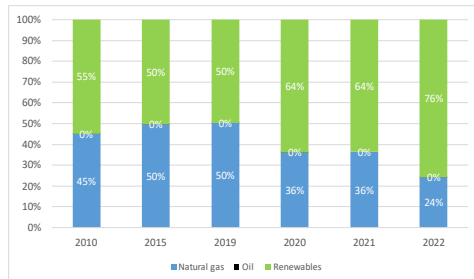
Key energy figures

Graph 1: Energy mix



Source: Eurostat

Graph 2: Electricity mix



Source: Eurostat

Save energy

1. KEY ENERGY SAVINGS MEASURES

Latvia is implementing energy efficiency measures to contribute to energy security further, such as:

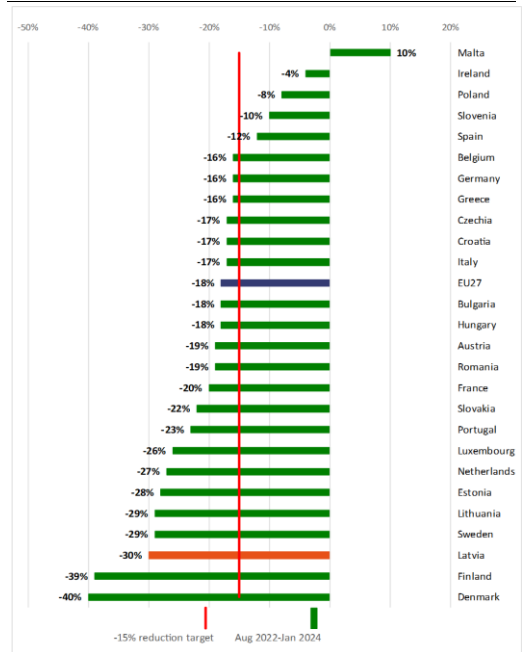
- **Measures to improve the energy efficiency of public, industrial and residential buildings**, including multi-dwelling residential buildings.
- **Behavioural measures in public sector** aimed to decrease heating and electricity consumption.

(1) Council Regulation (EU) 2023/706 of 30 March 2023, amending Regulation (EU) 2022/1369.

2. GAS DEMAND REDUCTION

Latvia has reduced its gas consumption by **30%** in the period **August 2022 – January 2024**, above the decrease achieved at EU level (18%) and the 15% voluntary gas demand reduction agreed at the EU level ⁽¹⁾.

Graph 3: Natural gas demand reduction (August 2022 – January 2024)



(1) Cyprus does not use natural gas

Source: Eurostat, DG ENER calculations

Diversify energy supplies

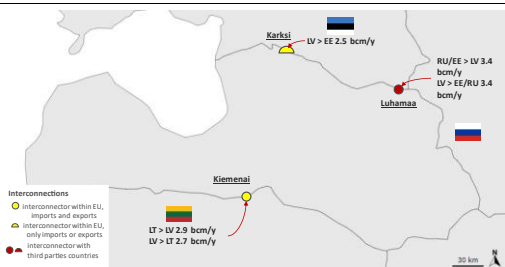
1. KEY ACTIONS

Latvia strengthened its security of supply in gas and set objectives for reducing the role of gas by increasing uptake of renewable gasses.

2. GAS INFRASTRUCTURE DEVELOPMENTS

With the completion of works on the enhancement of Latvia – Lithuania Interconnection project (ELLI), the security supply of both countries has been improved, as well as more effective use of the Inčukalns Underground Gas Storage (UGS) facility. Latvia imports natural gas from the global LNG markets through the Lithuanian Klaipeda and Estonian Paldiski LNG terminals, and since 22 April 2024 it can again access the Finnish LNG terminal in Inkoo⁽²⁾. Latvia has the potential to replace its entire household gas consumption (0.1 bcm) with domestically produced biomethane. Measures planned to be undertaken under the Latvian REPowerEU chapter will support this.

Map 1: Cross-border gas infrastructure



Source: European Commission map recreation (based on ENTSO-G)

3. GAS STORAGE

Latvia owns the only underground gas storage facility in the Baltic States, the Inčukalns underground storage (2.3 bcm), which has a key role in ensuring the regions security of supply. This facility is undergoing enhancement works expected to be completed by 2025, which aims to increase the working gas volume to 2.8 bcm.

Latvia's gas storage capacity greatly exceeds its national consumption (at 272%). For that reason, based on the Gas Storage Regulation⁽³⁾, Latvia's filling target and intermediate targets⁽⁴⁾ shall be reduced to 35% of its average annual gas consumption over the previous 5 years.

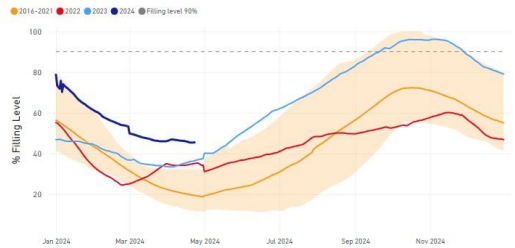
Latvia fulfilled its gas storage obligations last winter, reaching 95.8% by 1 November 2023⁽⁵⁾,

⁽²⁾ In Early October 2023, the Baltconnector sustained damage putting it temporarily out of operation, with no immediate impact on the security of the gas supply of Latvia. The Baltconnector was repaired and came back online as of the 22nd of April 2022.

⁽³⁾ Regulation (EU) 2022/1032 of the European Parliament and of the Council of 29 June 2022 amending Regulations (EU) 2017/1938 and (EC) No 715/2009 with regard to gas storage.

and ended the winter season with a storage filled at 46.23% by 1 April 2024.

Graph 4: Storage levels in Latvia



Source: JRC calculation based on AGSI+ Transparency Platform, 2024

Energy platform

- In the **four EU tenders** for joint gas purchase organised **under AggregateEU in 2023**, 113 companies across the EU expressed gas demand of over 54 bcm. 48 suppliers replied with bids of more than 61 bcm, resulting in **over 42 bcm of demand matched**.
- In the **first mid-term tender of 2024**, 19 companies expressed 34 bcm of gas demand for the next 5 years, with **97.4 bcm offered by suppliers**.
- According to the indicative data obtained through AggregateEU, companies from **Latvia** aggregated gas demand of **0.09 bcm** in 2023 under the EU Energy Platform. This represents the equivalent of 10.67% of the country's yearly gas consumption.

Produce clean energy

1. INSTALLED RENEWABLE ELECTRICITY CAPACITY, IN WIND AND SOLAR

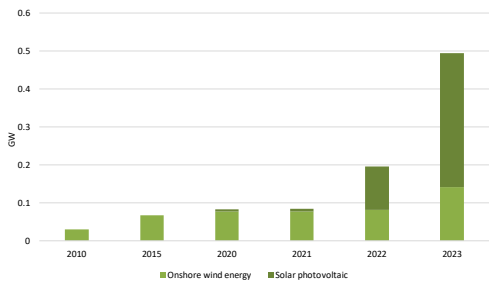
In **2023**, Latvia installed 267 MW of renewable electricity capacity, bringing the total to **2.2 GW** (vs. 1.8 GW in 2021).

⁽⁴⁾ Commission Implementing Regulation (EU) 2022/2301 of 23 November 2022 setting the filling trajectory with intermediary targets for 2023 for each Member State with underground gas storage facilities on its territory and directly interconnected to its market area.

⁽⁵⁾ Regulation (EU) 2022/1032 of the European Parliament and of the Council of 29 June 2022 amending Regulations (EU) 2017/1938 and (EC) No 715/2009 with regard to gas storage.

In **2023**, the annual growth rate of installed renewables power capacity rose to **13.8%** compared to a decrease of 0.1% in 2021⁽⁶⁾.

Graph 5: **Installed solar and wind power capacity (in GW)**



- (1) The renewable power capacity data reflects the capacity installed and connected at the end of the calendar year.
- (2) In 2023, Latvia installed 59 MW of wind power capacity (vs. a decrease of 1 MW in 2021).
- (3) In 2023, Latvia installed 240 MW of solar photovoltaic capacity (vs. 2 MW in 2021).

Source: IRENA, Renewable capacity statistics, 2024

2. ELECTRICITY INFRASTRUCTURE DEPLOYMENT

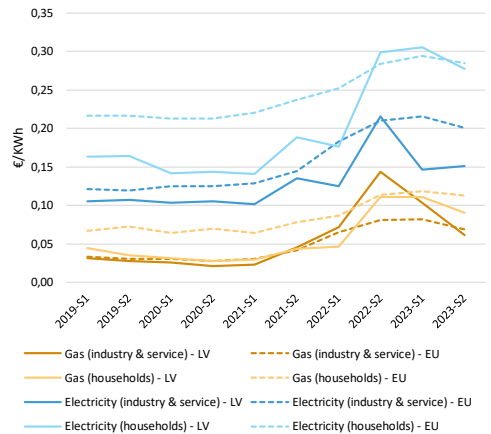
Like other Baltic states, Latvia is still connected with the BRELL power grid (Belarus and Russia). The project to synchronise the Baltic states' electricity grids with the Continental European network is a flagship Project of Common Interest (PCI) financed by the Connecting Europe Facility to the tune of EUR 1.2 billion, and for Latvia also by the RRF. The project deadline has been brought forward to February 2025 through a joint decision at the highest level taken by the Baltic States and Poland. It will increase security of supply for the region and add additional transmission capacity for integrating renewable electricity.

Latvia is also pursuing a joint offshore grid project with Estonia under the BEMIP grids offshore corridor, having secured its first offshore hybrid interconnector on the 1st PCI/PMI list. ELWIND interconnector with Estonia combines both transmission and generation assets, consisting of an interconnector and a joint offshore wind park with a capacity which could go up to 2 GW. Commissioning is expected by 2035.

⁽⁶⁾ International Renewable Energy Agency (2024). Renewable capacity statistics 2024

Energy price developments

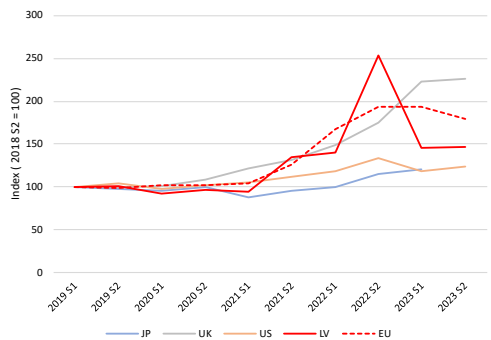
Graph 6: **Latvia's energy retail prices for households and industry & service**



- (1) For industry, consumption bands are I3 for gas and IC for electricity, which refer to medium-sized consumers and provide an insight into affordability
- (2) For households, the consumption bands are D2 for gas and DC for electricity
- (3) Industry prices are shown without VAT and other recoverable taxes/levies/fees as non-household consumers are usually able to recover VAT and some other taxes

Source: Eurostat

Graph 7: **Trends in electricity prices for non-household consumers (EU and foreign partners)**



- (1) For Eurostat data (EU and LV), the band consumption is ID referring to large-sized consumers with an annual consumption of between 2 000 MWh and 20 000 MWh, such as in electricity intensive manufacturing sectors, and gives an insight into international competitiveness
- (2) JP = Japan

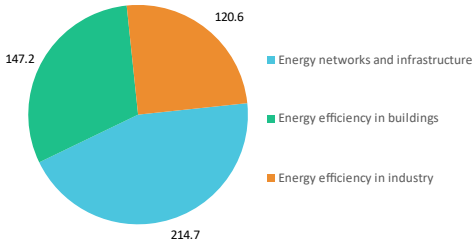
Source: Eurostat, IEA

Smartly combine investments and reforms in the RRP

Amended Recovery and Resilience Plan (RRP), including a REPowerEU chapter:

- Approved by Council on 8 December 2023
- Total amount: EUR 2 billion
- Amount allocated for energy: EUR 0.48 billion
- Climate tagging: RRP: 41.5 %; REPowerEU chapter: 100 %

Graph 8: **Energy-related investments in the RRP (in EUR million)**



Source: European Commission

Tangible results: reforms & investments

- **Energy efficiency:** Improvements in businesses aimed to bring an annual reduction in GHG emissions in the amount of 11.5 thousand CO₂ equivalent.
- **Renewables:** Transforming the national energy sector reform package contains reforms on energy communities, self consumers, grid optimization and sustainable biomethane.
- **Infrastructure:** Installation of a 60 MW Battery Energy Storage System in Rēzekne.
- **Biomethane:** Construction of a new regional sustainable biomethane injection point.

Highlights of the National Energy and Climate Plan

- The **draft updated NECP** was submitted to the European Commission in December 2023.
- Member States are due to submit their **final updated NECP by 30 June 2024**, taking into account the Commission recommendations.
- For more information see the dedicated [webpage of the European Commission on the NECPs](#).

(7) <https://cohesiondata.ec.europa.eu/d/hqvj-qvin>

Strengthening competitiveness with the Net Zero Industry Act

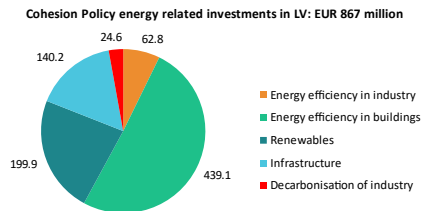
Latvia remains dependent on imports for clean energy technologies. Some private initiatives are emerging that might propel the manufacturing and utilisation of hydrogen in Latvia. For example, a Riga-based startup is at the forefront of designing innovative nano-coating solutions and essential materials to support the production of electrolyzers and fuel cells.

Other EU initiatives

Cohesion Policy provides significant support to REPowerEU in all EU MS, with a total of EUR 89 billion worth of investments focusing on regions most in need in the energy transition.

Most resources concentrate on energy efficiency in the buildings sector (i.e. 720 000 dwellings across the EU will be renovated and public buildings will decrease their energy consumption by 6000 GWh/year) and on energy infrastructure (i.e. 4.9 GWh of additional electricity storage deployed), followed by renewables (e.g. 9.5 GW of additional renewable energy capacities installed).

Graph 9: **2021-2027 energy-related investments in the Cohesion Funds supporting REPowerEU**



Source: Cohesion Open Data⁽⁷⁾