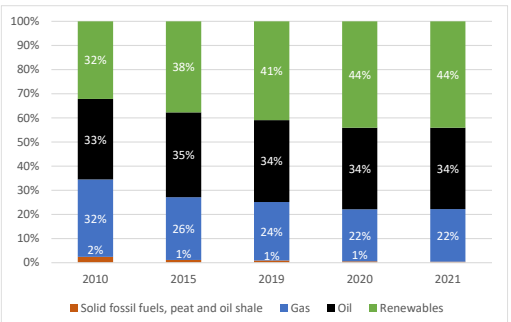
State of the Energy Union 2023 Latvia

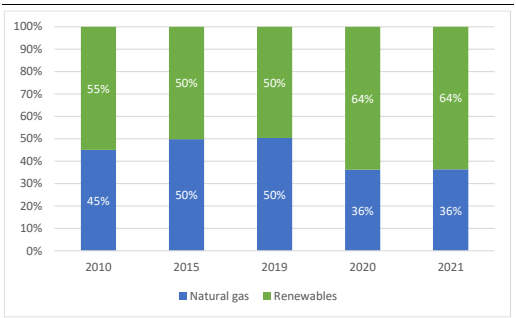
Key energy figures

Graph 1: **Energy mix**



Source: Eurostat

Graph 2: **Electricity mix**



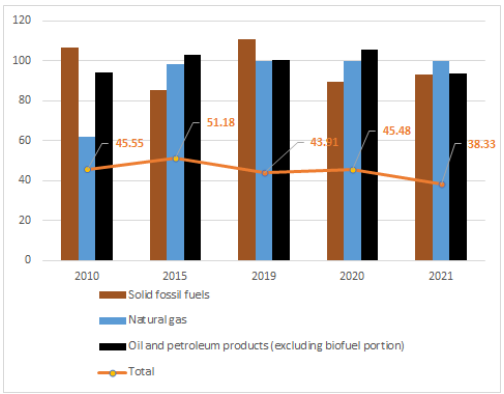
Source: Eurostat

- Latvia has demonstrated **a slow uptake of electricity generation from renewable sources**, requiring it to step up its clean energy transition.
- **Increasing the pace at which renewable energy is deployed** is crucial also to decarbonising Latvia's economy. It holds great potential for decarbonising, particularly its transport and building sectors.

Security, solidarity and trust

1. DIVERSIFICATION OF ENERGY SOURCES AND REDUCTION OF IMPORT DEPENDENCY

Graph 3: **Import dependency on fossil fuels**

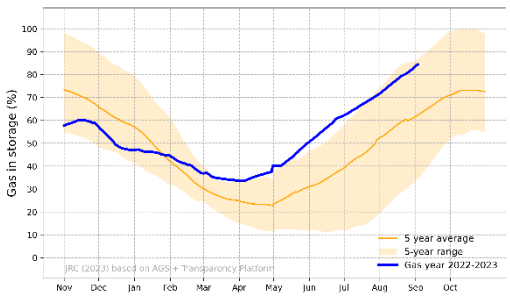


(1) In percentages
(2) Combustible renewables and electricity are excluded
(3) The total amount takes into consideration the energy mix of the country
Source: Eurostat

- **Imported fossil fuels**, oil products and natural gas still play a substantial role in Latvia's energy mix.
- **In 2022, Latvia succeeded in diversifying away from Russian gas**, which in the past served as the single gas suppliers to the country.
- The security of supply of the gas system and electricity system are closely interlinked. In 2021, electricity generated from **natural gas accounted for more than a third of the electricity mix**.

2. FLEXIBILITY OF THE ENERGY SYSTEM

Graph 4: **Gas storage levels**



Source: JRC calculation based on AGSI+ Transparency Platform, 2023

- Latvia has **one gas storage facility** with a total capacity of **2.47 bcm**.
- On 16 October, the country's storage capacity was filled to **90.19%**.

Integrated internal energy market

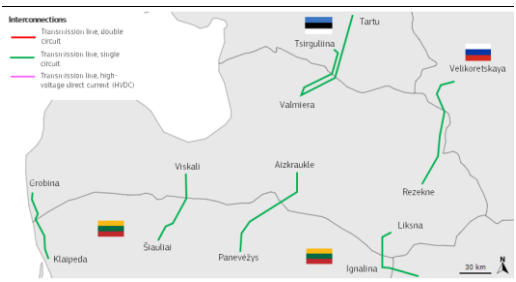
1. ELECTRICITY INTERCONNECTIVITY

2023	2030 target
69.42%	At least 15%

Source: DG ENER's own calculation based on ENTSO-E

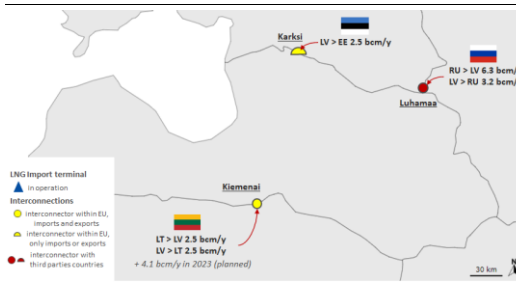
2. ENERGY TRANSMISSION INFRASTRUCTURE

Map 1: **Cross-border electricity interconnections**



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

Map 2: **Cross-border gas interconnections**



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

3. MARKET INTEGRATION

- No data available for index of concentration (HHI) in the electricity and natural gas household markets in 2022.
- Data regarding the market share of the three largest suppliers in 2022 is not available.

Rollout of electricity smart meters

- Latvia had a **high electricity smart meter rollout**, with 98.0% of household consumers being equipped with smart meters in 2022. (1)

4. ENERGY POVERTY AND JUST TRANSITION

Table 1: **Energy poverty**

	Latvia			EU		
	2020	2021	2022	2020	2021	2022
Arrears on utility bills (households %)	8.3%	5.8%	5.9%	6.5%	6.4%	6.9%
Inability to keep home adequately warm (household %)	6.0%	4.9%	7.1%	7.5%	6.9%	9.3%
Population living in dwelling with presence of lead, damp and rot (population %)	17.5%	:	:	14.8%	:	:

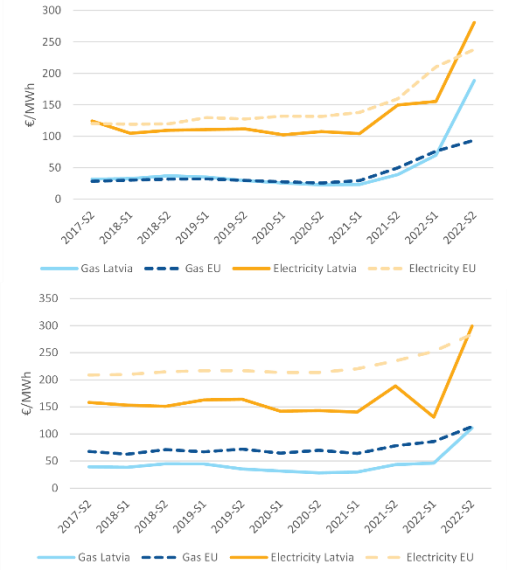
Source: Eurostat

- **Just transition plan**: Latvia's Territorial Just Transition Plans outline the transition away from peat in the Kurzeme, Latgale, Vidzeme and Zemgale regions. The plan sets out how the Just Transition Fund (JTF), with a national allocation of €192 million will support the sustainable use of natural resources, and away from peat, regional business development and upskilling and training of the workforce.

(1) ACER, CEER. Energy Retail and Consumer Protection, 2023 Market Monitoring Report.

5. ENERGY PRICES

Graph 5: **Energy retail prices for industry (top) and households (bottom)**

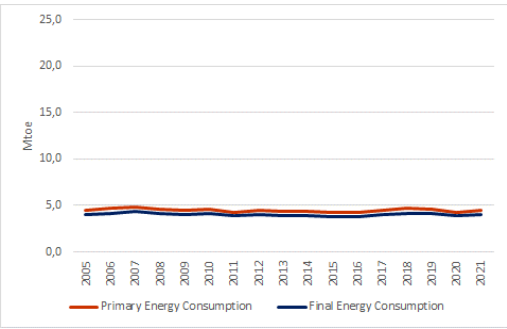


(1) On electricity, the band consumption is for DC households and ID for industry
(2) On gas, the band consumption is D2 for households and I4 for industry
Source: Eurostat

Energy efficiency

1. ENERGY EFFICIENCY

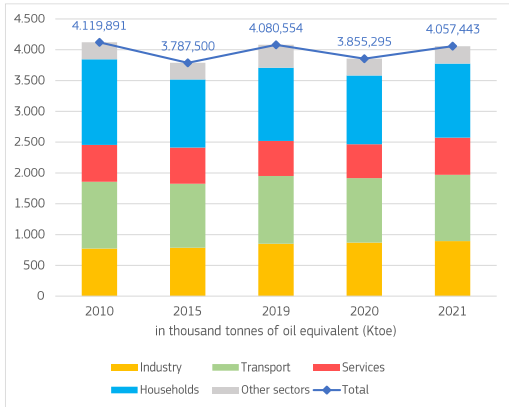
Graph 6: **Primary and final energy consumption**



Source: Eurostat

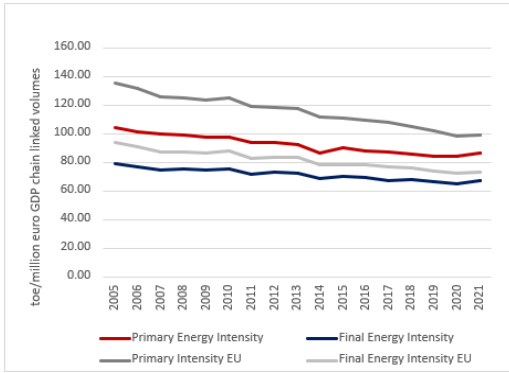
- In 2021, Latvia's **Primary Energy Consumption (PEC)** amounted to 4.47Mtoe, 2% lower than in 2019, while its **Final Energy Consumption (FEC)** amounted to 4.06 Mtoe, 0.6% lower than in 2019, despite the COVID-19 crisis recovery.

Graph 7: **Final energy consumption by sector**



(1) Final energy consumption excludes consumption of the energy sector (including transformation and distribution losses) and non-energy use of energy carriers.
Source: Eurostat

Graph 8: **Primary and final energy intensity**



Source: Eurostat

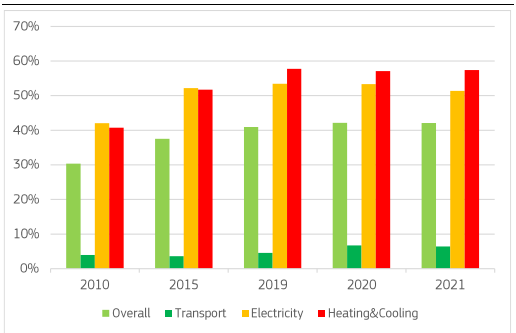
2. ENERGY SAVINGS IN BUILDINGS

- In 2020 there were **364 thousand residential buildings** in **Latvia**.
- As per its 2020 Long Term Renovation Strategy (LTRS), **Latvia** targets to achieve **-23%** of energy savings **by 2030** compared to **year 2018** in the building sector.
- In 2021, the final energy consumption of residential buildings **decreased by 11.46%** compared to 2019.
- As per the European Heat Pump Association (EHPA), there are no data available for Latvia.

Decarbonisation and climate action

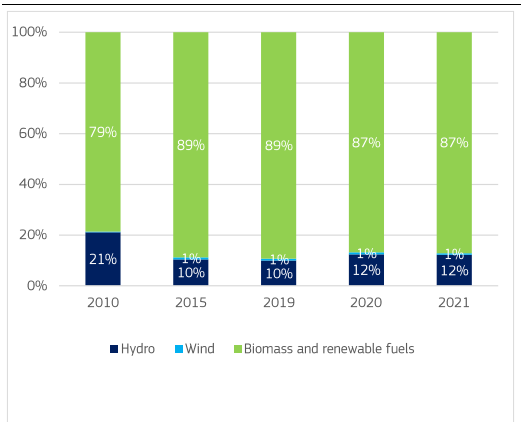
1. SECTORAL SHARE OF RENEWABLE ENERGY

Graph 9: **Share of renewable energy sources**



(1) In % of gross final consumption of energy
Source: Eurostat

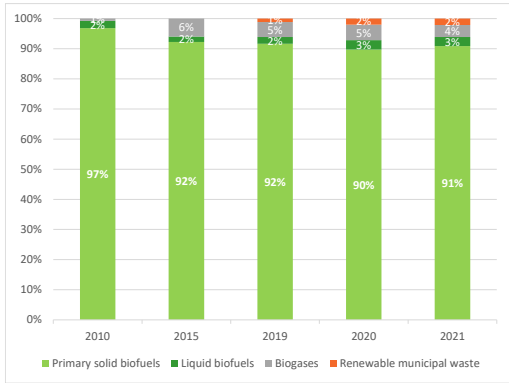
Graph 10: **Renewable energy mix**



(1) In % of gross final consumption of energy
Source: Eurostat

2. BIOENERGY DEMAND

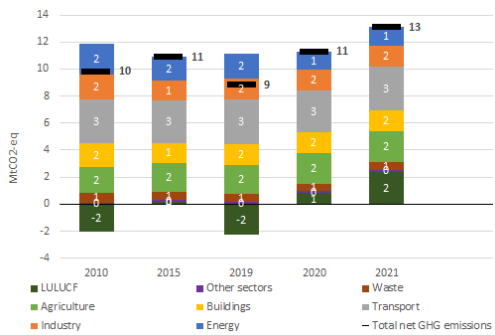
Graph 11: **Bioenergy mix**



(1) Composition of bioenergy, in % of gross inland consumption of energy
Source: Eurostat

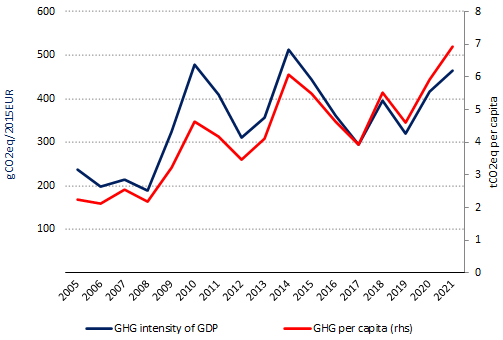
3. GREENHOUSE GAS EMISSIONS

Graph 12: **Greenhouse gas emissions by sector**



(1) Energy sector refers to electricity and heat production and petroleum refining.
(2) Industry includes fuel combustion in manufacturing and construction and emissions in industrial processes and product use.
(3) Buildings include emissions from energy use in residential and tertiary buildings, and energy use in agriculture and fishery sectors.
(4) Total net GHG emission including LULUCF and excluding international aviation.
Source: EEA

Graph 13: **GHG per capita and GHG intensity of GDP**



(1) Total greenhouse gas emissions, including LULUCF and excluding international aviation.
Source: Greenhouse gas inventory 1990-2021 (EEA). Real GDP in 2015-prices (AMECO, European Commission). Population (Eurostat).

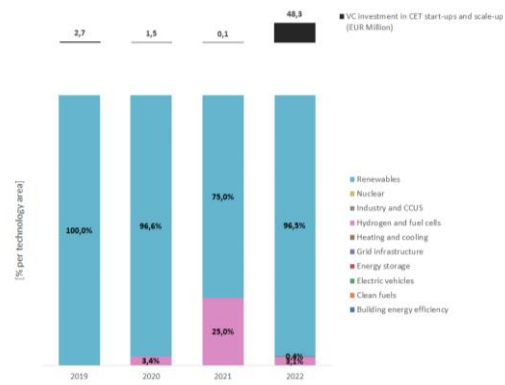
- With 465 gCO2eq/2015EUR, Latvia lies above the EU average in terms of GHG intensity of GDP.
- With 7 tonnes of CO2 equivalent per capita, Latvia is within the EU average in terms of GHG emissions per capita.
- For more detailed information on country profiles see Progress made in cutting emissions (europa.eu).

Research, innovation and competitiveness

1. INVESTMENT IN R&I

- Data for public investment in Energy Union R&I priorities are not available.

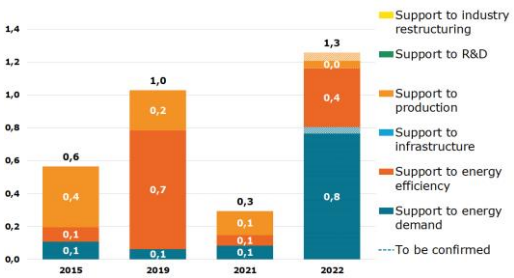
Graph 14: **Venture capital investment in clean energy technology (start-ups and scale-ups)**



(1) Firms typically use venture capital to expand, break into new markets, and grow faster. Venture capital is essential for the growth of innovative firms and it is key to foster the EU's competitiveness and to strengthen the EU's technology sovereignty in the clean energy sector.
Source: JRC SETIS 2023

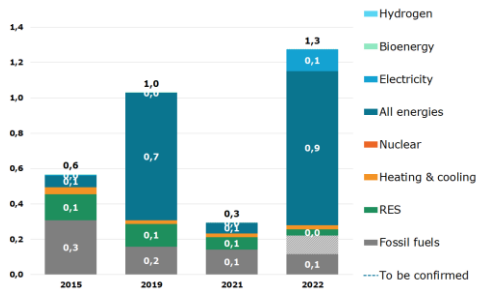
2. ENERGY SUBSIDIES

Graph 15: **Energy subsidies by purpose**



(1) Subsidies in EUR 2022 billion
(2) Some 2022 data were not fully available or validated at the time the study was completed (August 2023). For missing 2022 values, 2021 data were taken as a basis for an estimate. The estimated data are referred to as 'to be confirmed' in the graphs and indicated by hatching.
Source: Enerdata. Inventory of energy subsidies in the EU27 - 2023 edition.

Graph 16: **Energy subsidies by carrier**



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European Semester 2023

Country Specific Recommendation (Energy):

Reduce overall reliance on fossil fuels by accelerating the deployment of renewables, in particular onshore and offshore wind as well as solar energy, and strengthening energy efficiency measures, e.g. through new financing and support measures to meet the targets of the long-term renovation strategy. Ensure sufficient capacity of interconnections to increase security of supply and continue synchronisation with the EU electricity grid. Step up policy efforts aimed at the provision and acquisition of the skills needed for the green transition. [(2)]

For more information see the 2023 European Semester Country Report.

National Energy and Climate Plan (NECP)

- **The draft updated NECP** was not submitted yet to the European Commission.
- For more information see the dedicated webpage of the European Commission on the NECPs.

Recovery and Resilience Plan (RRP) and REPowerEU chapter

- **The Latvian RRP was approved by the Council on 13 July 2021.**
- The implementation of the measures proposed in the RRP would allow Latvia to access **EUR 1.9 billion in grants**.
- **38%** of these funds are **allocated** for measures contributing to **climate objectives**.
- The Commission **disbursed so far EUR 438.35 billion to Latvia.** A 1st payment request was disbursed on 10 October 2022.
- On 26 September 2023 Latvia submitted a **request to revise its RRP**, adding a **REPowerEU chapter**.
- The amended RRP takes into account the **revised RRF grant allocation** for Latvia decreased to EUR 1.835 billion. It includes also the EUR 124 million **REPowerEU grant allocation** and EUR 10.9 million **voluntary transfer from the Brexit Adjustment Reserve**. The **total amount available** is therefore EUR 1.96 billion.
- For more information visit the Recovery and Resilience Scoreboard.

(2) Council of the European Union 9839/1/23.