

# Report on NECP national roundtable in Latvia

## Background

The ministry of charge for NECP is the Ministry of Economics, which set up the National Energy and Climate Council (further referred to as "Council"). This Council led the development of Latvia's NECP.

For the development of the NECP, the Council set up 5 thematic working groups:

- 1) Land sector (including forestry) and agriculture working group led by the Ministry of Agriculture;
- 2) Energy Working Group led by the Ministry of Economics;
- 3) Sustainable Mobility Working Group led by the Ministry of Transport;
- 4) Industry Working Group led by the Ministry of Economics;
- 5) Energy and Climate Working Group led by the Ministry of Economics. The same structure is in place for the review of the NECP.

The Ministry of Climate and Energy was created on 1 January 2023. Together with the Council, they developed the second revised version of NECP. Due to structural changes, Latvia submitted the revised version of NECP in early 2024, while comments were received from the European Commission in February 2024.

Before submitting the revised NECP, the Ministry of Climate and Energy organised a written commentary in November, and additional stakeholders were invited to a roundtable discussion in January this year. Because of COVID-19, all roundtables with stakeholders were organized via MS Teams. Riga Energy Agency met with representatives of the Ministry on 10 January 2024 to give its opinion on the necessary improvements.

## The Latvian NECP

NECP 2021-2030 is a policy planning document that sets out Latvia's objectives and measures such as:

- Reducing greenhouse gas emissions and increasing carbon dioxide removals
- Increasing the share of renewable energy resources
- Improving energy efficiency, while ensuring energy security, maintenance, and improvement of energy market infrastructure
- Improving innovations, research, and competitiveness.

The objective of the Latvian Climate Law is to promote the restriction of climate change and its negative consequences in Latvia, while the Transport Energy Law aims to promote the "greening" of the transport sector by using environmentally and human-safe energy in transport to improve air quality and reduce transport greenhouse gas emissions. The NECP Roadmap strives to achieve climate and energy targets by 2030. Intensive efforts to inform the public will continue in 2024.



The long-term objective of the NECP is to promote the development of a climate-neutral economy in a sustainable, competitive, cost-effective, safe and market-based way by improving energy security and public welfare.

To achieve the objective, it is necessary to:

- 1) Promote the efficient utilisation of resources, as well as their self-sufficiency and diversity
- 2) Ensure a substantial reduction in the consumption of resources, in particular fossil and non-sustainable resources, and a simultaneous transition to sustainable, renewable and innovative resources, ensuring equal access to energy resources for all groups of society.
- 3) Stimulate research and innovation to contribute to the development of a sustainable energy sector and the mitigation of climate change.

The main target of Latvia is to reduce the total greenhouse gas emissions by 65 % by 2030 compared to 1990, corresponding to a reduction of emissions of **9,2 Mt CO<sub>2</sub> eq.**

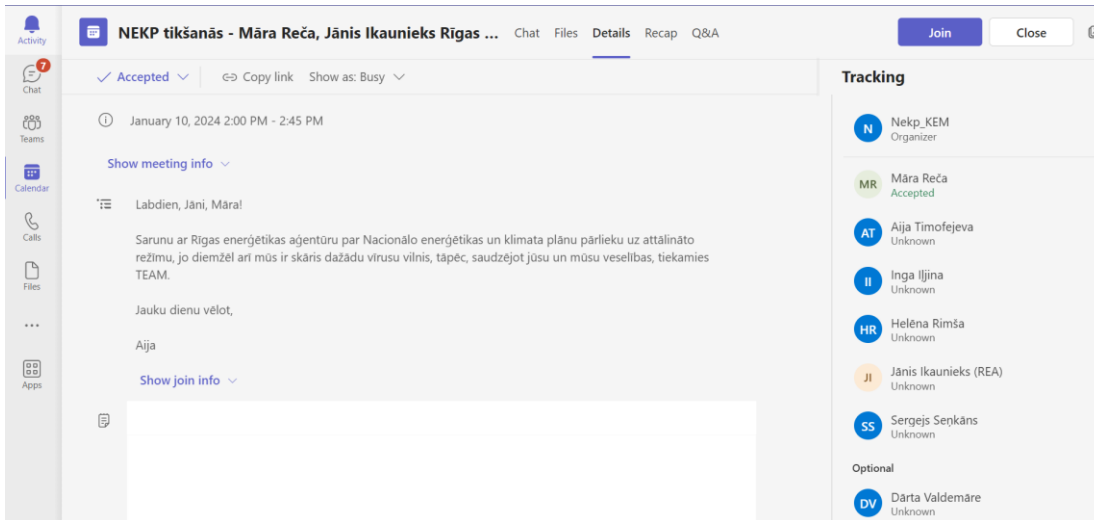
## Consultation processes: the dialogue between local and national authorities

The collaboration with the Ministry of Climate and Energy started in November 2023 with written suggestions on NECP. After the ministry reviewed the comments, on 10 January 2024, Riga Energy Agency was invited to a virtual roundtable to discuss its provided proposals. The meeting was advertised on the [ministry homepage](#). The Project Specialist Māra Reča participated in the roundtable as a representative of the Riga Energy Agency.

The meeting started with a presentation from the ministry, followed by discussions about Riga Energy Agency's comments on NECP. In the end, they agreed to include two new suggestions.

Participants:

No.	Name	Institution
1.	Māra Reča	Riga Energy Agency (REA)
2.	Jānis Ikaunieks	Riga Energy Agency (REA)
3.	Aija Timofejeva	Ministry of Climate and Energy
4.	Sergejs Senkāns	Ministry of Climate and Energy
5.	Inga Iljina	Ministry of Climate and Energy
6.	Helēna Rimša	Ministry of Climate and Energy



Participants in invitation.

## Outcomes

The Ministry of Climate and Energy welcomed the comments of the Riga Energy Agency and promised to examine them and integrate them into the NECP.

Riga Energy Agency's full list of comments and suggestions are below:

*“Riga State City municipal Agency “Riga Energy Agency” (hereinafter - Agency) as the responsible institution in Riga State capital for Climate and Energy planning (by-law of the Agency) has become acquainted with draft 23-TA-1961 “updated draft National Energy and Climate Plan 2021-2030 and submission thereof to the European Commission for evaluation” (hereinafter - NECP) published in the legal portal. The Agency shall submit its proposals, comments and objections:*

1. Policies in the thermal energy sector (p. 11) focus on more efficient use of existing heat sources, including residual heat and energy efficiency, which are encouraged directions, but the action does not include replacing fossil fuels where possible. The Agency invites a policy direction in the thermal energy sector to state the replacement of fossil fuels, including natural gas. The need to increase the proportion of RES in heating is indicated on page 19 of the NECP: “It is therefore necessary, in order to increase the proportion of AE, to implement measures directly in the transport and heating sectors, focusing on those sub-sectors with a relatively lower proportion of AE from the outset”.
2. The Agency calls for the substantive introduction of the obligation scheme defined in the Energy Efficiency Law, including for heating and natural gas network operators, to help achieve the energy efficiency objectives described in Section 2.1.2 (p. 20).
3. Under the heading “dimension 2.1.2 II: Energy efficiency” (p. 20), it is concluded: “the available public funding is insufficient for the “renovation boom” to begin in Latvia”. The Agency calls for energy efficiency financing to be organised based on the “revolving fund” principles,

by leveraging green bonds or alternative financing instruments described in the document, by substantially rearranging the energy efficiency financing model.

4. Under the heading “aspects of setting targets 2.2”, point 2 (p. 22) needs to include information on predictable climate change scenarios (see LVGMC studies). Although peak loads will be required, the duration of the heating season will decrease and existing capacity for peak loads will be redundant in the long term. This paragraph also related to an increasing demand for air conditioning capacity, which will affect the overall energy balance.

5. Given that the objective of limiting the use of wood biomass in large energies, including excluding it from the RES list, is increasingly emerging in EU discussions, the Agency encourages the setting of RES targets by energy sources (p. 22), at least in the following cuts:

- a. wood biomass;
- b. other RES.

6. Measure 13 (p. 47) under the heading “renewable energy” — “policies and measures to achieve the objectives” are welcomed, but in view of the rapid development of volatile power stations, the Agency calls for a faster timeframe for the implementation of the measure.

7. Under the heading “3.2.2 heating, buildings and industry”, “policies and measures to achieve objectives III”:

- a. measure 5 (p. 50) has resulted in a number of inconsistencies. The Agency calls for a significant increase in performance indicators for “at least 20 buildings reconnected to an efficient CSAS”;
- b. measure 6 (p. 50) requires that the action to be taken be supplemented by the renovation of internal heating networks and the modernisation of individual heating units. Existing heating systems (one-pipe heating systems) do not allow full room temperature control. Consequently, the installation of allocators without further action may not achieve the expected results. However, installing individual heat meters without rebuilding the internal system is impossible. For this reason, the funding for the measure should be substantially increased;
- e. regarding Action 8 (p. 50), the Agency calls for an increase in the annual target for improving the proportion of RES for natural gas traders;
- d. in measure 11 (p. 50), the Agency invites producers of thermal energy in several sources in Riga under free market conditions to separately tariff the thermal energy produced in water-heated boilers and the thermal energy produced in the cogeneration process, including AS “Latvenergo” thermal power plants;
- e. The measure “restrictions on installing new fossil fuel installations” is to be supported, but the Agency draws attention to the fact that the prohibition on installing new gas boilers in Riga City from 2025, mentioned in the description of the measure, did not come into force because it was rejected by VAR. A new version has now been prepared, which plans to impose restrictions somewhat later than 2027, which is related to the short period of transition from the entry into force of the rules until the entry into force of the restrictions.

8. Under the heading “3.3.1 Energy consumption”, “policies and measures to achieve objectives III”:

- a. To supplement the list of actions with the necessity for energy supply undertakings to provide energy consumption data and information regarding connections to local governments in order to ensure climate planning and monitoring in accordance with Section 4, Paragraph one, Clause 22 of the local Government Law;
- b. in Action 6 (p. 61), the Agency calls for action to be complemented by air conditioning;
- c. in measure 11 (p. 61), the proposal should be accompanied by the involvement of employers and professional organisations (e.g. the CCIPB, the CCIPB, etc.).

9. Under the heading “3.3.2 public sector”, “policies and measures to achieve objectives III”:

- a. The Agency calls for an increase in the target of 1.9%, accompanied by support instruments. Local authorities have great potential to reduce consumption to a larger extent. The application of support instruments can achieve the energy savings targets required by the NECP relatively cheaply. Funding for the implementation of measures contained in sustainable energy and climate plans or energy management systems could be one of the examples of support instruments;
- b. The Agency calls for the list of actions to be supplemented by a measure to restore the internal heat networks of renovated or heritage buildings;
- c. The Agency calls for a list of actions to be supplemented by measures for the installation of mechanical ventilation systems;
- d. in Action 3 (p. 63), the Agency draws attention to the need for the ICT solution to be compatible with the registers and different data formats used by the municipalities. The Agency also informs that a solution for monitoring of energy data has been developed in Riga and it is planned to be developed for an hourly data period.

10. Section 3.3.3 “energy efficiency of buildings” (p. 65) indicates that the cost-effective renovation of multi-apartment buildings in 2050 perspective is 26,600 multi-apartment buildings. The NECP target of renovating 2000 buildings represents 7.5% of the number of renovated buildings indicated in the document. This objective of the NECP will require more than 100 years to have cost-efficient buildings. The Agency calls for an increase in the target and appropriate actions and funding to achieve it.

11. Under the heading “energy performance of buildings”, “policies and measures to achieve objectives III”:

- a. To complement the list of actions with the need to develop a rotational energy efficiency financing instrument;
- b. To supplement the list of actions with the need to change the Cabinet regulations so that managers have the right to renovate multi-apartment buildings that do not comply with the minimum energy efficiency requirements. Managers shall inform residents about the renovation of the building, giving residents the right to decide against the renovation within 3 months;

- c. To supplement the list of actions with the necessity to ensure implementation of the principles for regeneration of blocks, including by facilitating the requirements of the public Procurement Law;
  - d. To supplement the list of actions regarding the renovation of buildings from prefabricated thermal insulation panels. The implementation of the measure requires an aid programme with a high aid intensity for pilot projects.
12. Under the heading “3.5.7 energy poverty and access to energy”, “policies and measures to achieve objectives III”:
- a. Add more aid to the list of actions to fight energy poverty in support instruments for building renovation. For example, additional support if the building is renovated under the ALTUM support programme.