

Responsible authority: Ministry of Economics

Managing authority: Ministry of Economics

History, current targets and results

Latvian EEOS was implemented in 2016 with the first commitment period starting from 2018 to 2020. The obligation is set for lifetime-cumulative final energy savings.

The target is set as 1,5% of electricity sold to customers for the first year (2018) and is increasing each year by adding additional 1,5% for the next year. It was estimated that the scheme could achieve around 234 GWh of energy savings in the first period.

329,5 GWh cumulative energy savings were reported so far from measures implemented in the starting period (2014-2017)ⁱ. The second period of the obligation is planned to last from 2021 to 2025 and the third from 2026 to 2030.

Scope and focus

OP may fulfil their obligation by:

- 1) providing end-users with information on energy efficiency improvement opportunities;
- 2) making contributions to the State Energy Efficiency Fund;
- 3) by implementing energy efficiency improvement measures at the end user.

For the calculation of energy savings Obligated Parties may use The Energy Savings Catalogue which includes individual energy efficiency improvement measures with default energy savings values. Its data can be used to calculate energy savings using the ex-ante method.

Additional conditions for dealing with energy poverty is not considered in the first commitment period of the scheme.

Key actors, roles and options

The EEOS so far was supervised by the Department of Energy Policy Administration of the Ministry of Economics. But starting from 2020, this task will be entrusted to the State Construction Inspection Bureau which will set up an energy department.

There are 15 obligated parties as of May 2019ⁱⁱ, which are retailers with the amount of electricity sold of at least 10 GWh per year. In case of the amount of electricity sold in next years is below that value the party is not excluded from the obligation.

Trading of energy savings was not predicted for the EEOS in Latvia.

Obligated party may choose to make a contribution to the State Energy Efficiency Fund according to the amount of its obligation. The contribution is fixed at 70 EUR/MWh. For the OP not achieving at least 80% of their target the payment is mandatory and covers 1,5 times the amount of energy savings not achieved.

Monitoring, Reporting and Verification

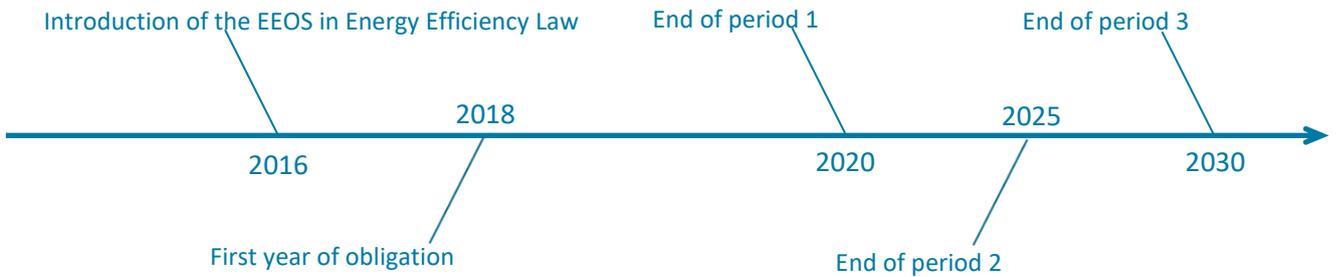
Each obligated party draws an energy efficiency improvement action plan in order to reach the obligation target for each commitment period and submits to the responsible ministry. By 31 March each year, the obligated party shall submit to the responsible ministry amendments of the plan if necessary.

According to the Cabinet Regulations No.668 "Regulations on energy efficiency monitoring and the applicable energy management system standard" by 1 November each year, the obligated party shall submit to the responsible ministry an energy saving report for the previous calendar year. If the obligated party has complied with at least 80% of the obligation for the relevant year, the missing part shall be added to the amount of the obligation for the following year.

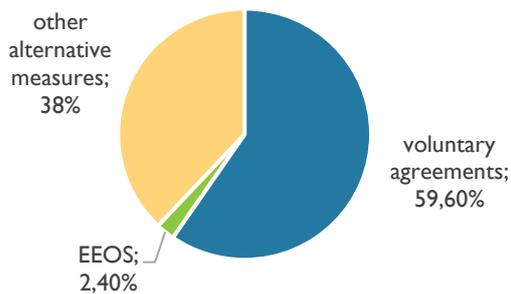
The responsible ministry invites merchants to submit their annual reports electronically to the Ministry of Economics electronic system for the energy sector <https://ener.gov.lv>.

The responsible ministry has the right to involve experts independent of the obligated parties in the inspection/assessment of the energy savings report of the previous year.



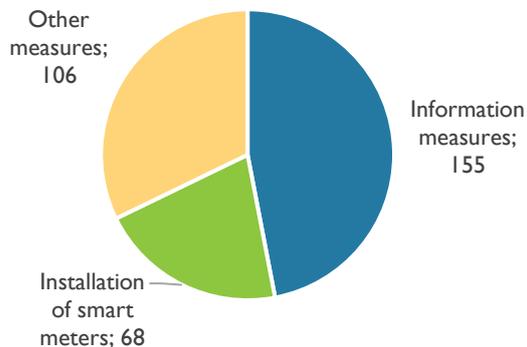


Planned share of savings from measures to reach Art. 7 target



The EEOS in Latvia is planned to deliver a very small share of the target set in Art. 7 of EED. The expected value was already achieved with a surplus in the starting period as 3,3 % of the total target were reported for EEOS. For the other measures most of the savings are planned to be achieved by voluntary agreements (almost 60%). Until 2017 53% of the target was achievedⁱ.

Final energy savings from EEOS by 2017, per action [GWh]



The measures reported so far are related to the starting period (2014-2017). Those savings will be counted towards first commitment period in 2018. 47% savings were achieved through information measures, which lifespan is just one year. 21% was achieved through installation of smart meters for which the lifespan is two years. The rest was achieved through other measures with longer life spans as the yearly savings from those measures were less than 30 GWh.

Costs for obligated parties

The costs incurred by the responsible party for energy efficiency Improvement activities at the end user and contribution country the energy efficiency fund can be recovered by including it in the energy charge. In its turn, the costs of information measures are considered as the economic activity costs of the obliged party.

Costs of the start period (2014-2017) cannot be recovered.

Other information about costs and benefits

The obligated party shall indicate on its website the costs incurred by the obligated party in the previous calendar year for energy efficiency improvement measures at the end user, as well as how these costs have been recovered and shared between households and other end users.

Interview with Inguna Ozolina

Senior expert

Ministry of Economics, Department of Sustainable Energy Policy



1) What would be the first lessons learnt from starting an EEOS?

In 2013 Latvia adopted the Concept and Government Order establishing the Energy Efficiency Obligation Scheme (EEOS) and according to them the implementation of the EEOS is set out in the Article 6 of the Energy Efficiency Act (2016). In 2017 the Cabinet Regulation No. 226 “Regulations on the Energy Efficiency Obligation Scheme” (hereinafter - Cabinet Regulation No. 226) was adopted, which provides for first EEOS period from 2018 and a start-up period before 2018 (2014- 2017), where responsible parties can report on the actions they have taken to end users. The EEOS is implemented by the Ministry of Economics. The sectors to be included in the EEOS, the criteria for the selection of obligated parties and the scope of the obligation of the responsible parties by year are specified in the Cabinet Regulation No. 226. According to these regulations at present EEOS includes electricity retail companies with annual sales of electricity of at least 10 GWh. The first results show that the obligated responsible have mainly implement information measures.

2) And more specifically about monitoring, verification and controls?

The energy savings achieved as the result of the implementation of the EEOS are accounted in accordance with Cabinet Regulation No.668 “Provisions for Energy Efficiency Monitoring and Applicable Standard of Energy Management System”. The obligated parties are required to report by 1 November each year on the energy savings achieved during the previous year. The obligated parties are obliged to keep for a period of five years all relevant documentation on the calculation of energy savings, including readings of the energy meters and all energy bills (including transport fuel bills). The Ministry of Economics has the

right to request, at least once a year, documentation on the methods used to determine savings and its end-users and energy consumption broken down by sectors, as well as planning regions of Latvia.

3) What are the main interactions with other policies?

The Energy Efficiency Act does not specify the sectors in which energy efficiency measures should be prioritized by obligated parties. Experience shows that the larges part of energy savings come from the introduction of information measures in households.

4) Are there challenges or changes foreseen for the coming years? (especially after 2020)

In view of the current situation with the fulfilment of the energy efficiency targets for the period until 31 December 2020, as well as the assessment of the effectiveness and contribution of the existing EPS to the fulfilment of the national targets, the EPS in Latvia should be extended, as required by the Energy Efficiency Act. Latvian National Energy and Climate Plan includes a proposal to include in the EEOS as obligated parties all energy traders whose energy sales represent 90% of the energy supplied to consumers in Latvia. The amount of energy sold by the party to the participant of the voluntary agreement must be excluded from the energy supplied to consumers. The amount of duty shall be calculated according to the amount of energy sold. Large electricity consumers and large enterprises are not excluded.

5) If you could go back in time, what would you do differently?

Currently, both the EEOS and the voluntary agreement scheme are implemented in Latvia. Experience has shown that the use of both instruments is not effective enough. When designing energy efficiency policies, only one of these instruments had to be chosen.

ⁱReport on the progress achieved in 2016 towards national energy efficiency targets for the year 2020 in accordance with Article 24(1) and Part 1 of Annex XIV to Directive 2012/27/EU (Latvia) available at: https://ec.europa.eu/energy/sites/ener/files/documents/lv_annual_report_2019_en.pdf

ⁱⁱhttps://www.em.gov.lv/lv/nozares_politika/energoefektivitate_un_siltumapgade/energoefektivitate/energoefektivitates_pienakuma_shema/