The Public Utilities Commission of Latvia

RES Support Schemes: Impact on Energy Transition and Fossil Fuel Substitution

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Ēriks Eihenbergs

Energy Department, Senior expert

Key Figures: Renewable Energy

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- RES share in gross energy consumption 43,42% (in 2022)
  - According to updated National Energy and Climate Plan for 2021-2030 the goal is to achieve 61% RES share in gross energy consumption by 2030

  - in transport 3,1%, target is 29%
  - in heat supply 60,99%, target is 66,4%

Plan- In Latvian available: https://likumi.lv/ta/id/353615-aktualizetais-nacionalais-energetikas-un-klimata-plans-20212030-gadam

Overview of Supporting Schemes

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- Operational aid per produced kWh (FITs)
  - Wind onshore, biomass, biogas, hydro
- Monthly payments for installed capacity per MW
  - Biomass, biogas

Government regulations set the method of how the support level is calculated for each RES technology.

Auctions on municipal lands for private investors.

Other support: for active consumers for PV and wind installations

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Latvia’s wind energy potential is significant, both for onshore and offshore

137.4 MW of capacity have been installed onshore
TSO has reserved capacity for new connections of 882 MW

Wind onshore

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- For new participants the scheme was suspended from 2012
- Initially the costs was covered by end-users but from May 2023 are granted from State budget
- Feed-in tariffs are paid for a period of 20 years

A reduced feed-in tariff rate is stipulated for the operators of renewable electricity plants after the first ten-year period from the commencement of operation.

Available support from EU funds for network construction

Strengths and Weaknesses

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Low operational costs

Supply decreases the energy price

No required to supply raw materials (imports)

Hydrogen market potential

Planning and pre-development
- forests and potential areas

Development
- permits from municipalities

Construction
- wind turbines

Energy market
- electricity price unpredictable
- balancing costs

Impact on Energy Transition and Fossil Fuel Substitution

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Aspects

«+» - air quality

- CO_2 quotas
- other energy source

«-» - human resources for maintenance

- transit flows on existing infrastructure
- taxes
- closure of workplaces

Impact on Investors and Stakeholders

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- bureaucracy (to get permissions, absence of rules); availability of free network capacities for big wind farms

+ oversubsidized support

negative impact on heavy industry business, electricity consumers

positive outcomes – mix in energy supply, on spot price

future unpredictability (support needs finance, acceptance from EC)

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More «Green» energy in the market, more competition in the offer of energy and the prices are lower in the stock exchanges

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Thank You!

Ēriks Eihenbergs

Contacts: eriks.eihenbergs@sprk.gov.lv