Financing Energy efficiency in Latvia

Dzintars Kauliņš, Director of Renewable Energy Resources and Energy Efficiency Department

November 11, 2016, Riga
## Energy efficiency targets

### 2020 Energy Efficiency Targets

<table>
<thead>
<tr>
<th>Category</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary energy savings</td>
<td>7792 GWh (2020., indicative)</td>
</tr>
<tr>
<td>Annual renovation of 3% public buildings (by area), 678,5 thousands m²</td>
<td><em>mandatory</em></td>
</tr>
<tr>
<td>Cumulative savings in final energy consumption</td>
<td>9896 GWh (2014-2020, mandatory)</td>
</tr>
</tbody>
</table>
Policy framework

Alternative measures
- Public financial instruments
- Energy management in public sector
- Public procurement requirements
- Voluntary agreements
- Energy audits in large enterprises
- Energy management in large electricity consumers

EEOS
- Mandatory savings in final energy consumption, GWh
- Costs of obligated parties can be included in energy fees
- Possibility of transmitting obligation to the state or municipality, by payment to the energy efficiency fund

Energy Efficiency National Fund
- Payment for transmitting EEOS obligation
- Energy efficiency duty to large electricity consumers

Municipal Energy Efficiency Funds
- Payment for transmitting EEOS obligation

Administrative responsibility
- EEOS obligated parties for not reporting energy savings
- Large enterprises for not performing energy audits and not reporting energy savings
- Energy providers for not informing final consumers on energy consumption
Support to energy efficiency

- Multi-apartment buildings: 166,47 mln EUR
- Public buildings: 115,13 mln EUR
- Industrial objects: 38,3 mln EUR
- District heating: 53,20 mln EUR

+ other support programs related to energy efficiency in low energy consumption buildings, municipal buildings, transport infrastructure etc.
**Energy efficiency in multi-apartment residential buildings**

- Available public funding: **166,47 mln EUR**
- Fund receivers – apartment owners in multi-apartment buildings
- Proposed support components:
  - **Grant** up to 50% to ensure financial benefits to apartment owners
  - **Financial instruments** to foster access to finance (guarantees for loans from private sector, direct Altum loans with low costs)
  - **Technical assistance** to reduce risks in implementation of energy efficiency projects
- Support is planned for the following activities:
  - construction works in **building envelope**
  - reconstruction or implementation of building **engineering systems**
  - use of the **RES**, including change of technologies, where at the moment fossil energy resources are used
- Support for ESCO development in the 2014-2020 period
Energy Efficiency in state owned buildings

- Available public funding: **115,13 mln EUR**
- Fund receivers – state institutions, foundations that implement state delegated tasks in social field
- Support in the form of **grants** - 85%
- Support is planned for the following activities:
  - construction works in **building envelope**
  - reconstruction or implementation of building **engineering systems**
  - use of the **RES**, including change of technologies, where at the moment fossil energy resources are used
Energy efficiency in manufacturing industry

- Available funding: **38,3 mln EUR**
- Fund receivers - manufacturing industry enterprises
- Support in form of **grants** - 30%
- Support is planned to the following activities:
  - reconstruction or simplified renovation works in buildings to increase energy efficiency
  - increase of energy efficiency in the existing production technology
  - use of the RES, including change of technologies, where the fossil energy resources are used
  - introduction of energy management system in the SME
Energy efficiency in district heating systems

- Available funding: **53,2 mln EUR**
- Fund receivers – district heating companies
- Type of support – grant:
  - 35% for heat production plants
  - 40% for heat transmission and distribution systems
- Support is planned to the following activities:
  - Modernisation/energy efficiency in heat production plants and transition to RES usage
  - Energy efficiency in heat transmission and distribution systems
Current experience with ESCOs

- Slow development of ESCO market
  - 3-4 active ESCOs in Latvia
  - mainly in the field of multi-apartment buildings and lighting
  - about 20 multi-apartment buildings have been renovated with ESCO participation (involving state aid)

- Main problems
  - lack of consumer awareness and confidence
  - long investment payback period for building projects
Energy efficiency – support to ESCOs

- ESCOs participation to the Multi-apartment buildings energy efficiency programme
- Support to development of ESCOs in the building sector
- ESCO financing system to municipality owned companies (street lightning polit projects in 2017/2018)
Conclusions, issues to be addressed

- What is needed:
  - "Energy efficiency friendly" legislation
  - Awareness rising of general public&business
  - Sustainable ESCOs market
  - Sufficient public funding as a matter of priority in the financing period after 2020
Thank you!

Ministry of Economics of the Republic of Latvia
Address: Brīvības iela 55, Rīga, LV-1519, Latvia
Phone: +371 67013100
Fax: +371 67280882
E-mail: pasts@em.gov.lv
Home page: www.em.gov.lv
Twitter: @EM_gov_lv, @siltinam
Youtube: http://www.youtube.com/ekonomikasministrija
Facebook: http://www.facebook.com/atbalstsuznemejiem