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COMMISSION RECOMMENDATION

of 18.6.2019

**on the draft integrated National Energy and Climate Plan of Latvia covering the period
2021-2030**

{SWD(2019) 265 final}

COMMISSION RECOMMENDATION

of 18.6.2019

on the draft integrated National Energy and Climate Plan of Latvia covering the period 2021-2030

THE EUROPEAN COMMISSION,

Having regard to Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, amending Regulations (EC) No 663/2009 and (EC) No 715/2009 of the European Parliament and of the Council, Directives 94/22/EC, 98/70/EC, 2009/31/EC, 2009/73/EC, 2010/31/EU, 2012/27/EU and 2013/30/EU of the European Parliament and of the Council, Council Directives 2009/119/EC and (EU) 2015/652 and repealing Regulation (EU) No 525/2013 of the European Parliament and of the Council¹, and in particular Article 9(2) thereof,

Whereas:

- (1) Pursuant to Regulation (EU) 2018/1999, each Member State is required to submit to the Commission a draft of its integrated national energy and climate plan covering the period from 2021 to 2030 in accordance with Article 3(1) and Annex I of that Regulation. The first drafts of integrated national energy and climate plans had to be submitted by 31 December 2018.
- (2) Latvia submitted its draft integrated national energy and climate plan on 28 December 2018. The submission of this draft plan represents the basis and first step of the iterative process between the Commission and Member States for the purpose of the finalisation of the integrated national energy and climate plans and their subsequent implementation.
- (3) Pursuant to Regulation (EU) 2018/1999, the Commission is required to assess the draft integrated national energy and climate plans. The Commission made a comprehensive assessment of the Latvian draft integrated national energy and climate plan, taking into consideration the relevant elements of Regulation (EU) 2018/1999. This assessment² is published alongside the present recommendation. The below recommendations are based on that assessment.
- (4) In particular, the Commission's recommendations may address (i) the level of ambition of objectives, targets and contributions with a view to collectively achieving the Energy Union objectives and, in particular, the Union's 2030 targets for renewable energy and energy efficiency as well as the level of electricity interconnectivity that the Member State aims for in 2030; (ii) policies and measures relating to Member State- and Union-level objectives and other policies and measures of potential cross-border relevance; (iii) any additional policies and measures that might be required in the integrated national energy and climate plans; (iv) interactions between and consistency of existing and planned policies and measures included in the integrated

¹ OJ L 328, 21.12.2018, p. 1.

² SWD(2019) 265.

national energy and climate plan within one dimension and among different dimensions of the Energy Union.

- (5) In developing its recommendations, the Commission considered, on the one hand, the need to add up certain quantified planned contributions of all Member States in order to assess the ambition at Union level, and, on the other hand, the need to provide adequate time for the Member State concerned to take due consideration of the Commission's recommendations before finalising its integrated national energy and climate plan.
- (6) The Commission's recommendations with regard to the Member States' renewable ambitions are based on a formula set out in Annex II of Regulation (EU) 2018/1999 which is based on objective criteria.
- (7) With regard to energy efficiency, the Commission's recommendations are based on the assessment of the national level of ambition put forward in the draft integrated national energy and climate plan, compared to the collective level of efforts needed to reach the Union's targets, taking into account the information provided on specific national circumstances, where relevant. The final national contributions in the area of energy efficiency should reflect the cost-effective potential for energy savings and be supported with a robust long-term building renovation strategy and measures to implement the energy savings obligation stemming from Article 7 Directive 2012/27/EU of the European Parliament and of the Council³. Member States should also demonstrate that they have properly taken into account the energy efficiency first principle, by explaining notably how energy efficiency contributes to the cost-effective delivery of the national goals of a competitive low-carbon economy, security of energy supply and to address energy poverty.
- (8) The Governance Regulation requires Member States to provide a general overview of the investment needed to achieve the objectives, targets and contributions set out in the integrated national energy and climate plan, as well as a general assessment on the sources of that investment. The national energy and climate plans should ensure the transparency and predictability of national policies and measures in order to ensure investment certainty.
- (9) In parallel, as part of the 2018-2019 European Semester cycle, the Commission has put a strong focus on Member States' energy and climate related investment needs. This is reflected in the 2019 Country Report for Latvia⁴ and in the Commission's recommendation for a Council Recommendation to Latvia⁵, as part of the European Semester process. The Commission took into account the latest European Semester findings and recommendations in its assessment of the draft integrated national energy and climate plans. The Commission's recommendations are complementary to the latest country-specific recommendations issued in the context of the European Semester. Member States should also ensure that their integrated national energy and climate plans take into consideration the latest country-specific recommendations issued in the context of the European Semester.

³ Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC (OJ L 315, 14.11.2012, p. 1).

⁴ SWD (2019) 1013 final.

⁵ COM (2019) 514 final of 5.6.2019.

- (10) In addition, the Governance Regulation requires each Member State to take due account of any recommendations from the Commission to its draft integrated national energy and climate plan to be submitted by 31 December 2019 and, if the Member State concerned does not address a recommendation or a substantial part thereof, that Member State should provide and make public its reasons.
- (11) Where applicable, Member States should report the same data in their integrated national energy and climate plans and updates in later years as they report to Eurostat or the European Environment Agency. The use of the same source and, where available, of European statistics, is also essential to calculate the baseline for modelling and projections. Using European statistics will allow for a better comparability of the data and the projections used in the integrated national energy and climate plans.
- (12) All elements of Annex I of the Regulation (EU) 2018/1999 are to be included in the final integrated national energy and climate plan. In this context, the macroeconomic and, to the extent feasible, the health, environmental, employment and education, skills and social impacts of the planned policies and measures should be assessed. The public and other stakeholders are to be engaged in the preparation of the final integrated national energy and climate plan. These and other elements are described in detail in the staff working document published alongside this Recommendation⁶.
- (13) In the final integrated national energy and climate plan Latvia should take into account the policy interlinkages, notably the synergies between the decarbonisation, energy security and internal market dimensions with the energy efficiency first principle, by explaining how energy efficiency contributes to 1) the cost-effective delivery of the national goals of a competitive low-carbon economy, 2) security of energy supply and 3) energy poverty. Another interlinkage to address is the use of biomass for energy purposes and the impact on accounted emissions and removals from land use, land use change and forestry. Similarly, the objectives under the research, innovation and competitiveness dimension need to underpin the efforts planned for the other Energy Union dimensions. The impacts of climate change on the energy sector could also be addressed.
- (14) The final integrated national energy and climate plan would benefit from presenting a comprehensive analysis on where the low-carbon technologies sector is currently positioned in the global market, highlighting areas of competitive strengths and potential challenges and pointing at measurable objectives for the future and policies and measures to achieve them, making appropriate links to enterprise and industrial policy. It could also benefit from a better interaction with the circular economy, emphasising its greenhouse gas emissions reduction potential.
- (15) The Commission's recommendations to Latvia are underpinned by the assessment of Latvia's draft integrated national energy and climate plan which is published alongside this Recommendation⁷.

HEREBY RECOMMENDS LATVIA TAKES ACTION TO:

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1. Develop further its strategy for achieving its 2030 greenhouse gas target for sectors not covered by the EU emissions trading system of -6 % compared to 2005. This includes further defining the necessary steps for implementing the described policies and analysing the role of the land use, land use change and forestry sector based on the accounting rules under Regulation (EU) 2018/841 of the European Parliament and of the Council⁸.
2. Significantly increase the level of ambition for 2030 to a renewable share of at least 50 % as Latvia's contribution to the Union's 2030 target for renewable energy, as indicated by the formula in Annex II under Regulation (EU) 2018/1999. Include an indicative trajectory in the final integrated national energy and climate plan that reaches all the reference points pursuant to Article 4(a)(2) of Regulation (EU) 2018/1999 in accordance with that share, in view of the need to increase the level of efforts for reaching this target collectively. Put forward detailed and quantified policies and measures that are in line with the obligations laid down in Directive (EU) 2018/2001 of the European Parliament and of the Council⁹ and enable a timely and cost-effective achievement of this contribution. Ensure that the renewable energy target for 2020 set out in Annex I of Directive 2009/28/EC of the European Parliament and of the Council¹⁰ is fully met and maintained as a baseline from 2021 onwards, and explain how it intends to meet and maintain such baseline share. Put forward detailed measures to meet the indicative target in the heating and cooling sector included, in Article 23 of Directive (EU) 2018/2001 and the transport target in Article 25 of Directive (EU) 2018/2001. Provide more details on the enabling frameworks for renewable self-consumption and renewable energy communities with measures, in line with Articles 21 and 22 of Directive (EU) 2018/2001.
3. Increase the level of ambition, especially towards reducing primary energy consumption, and support it with policies and measures that would deliver additional energy savings in order to reach the Union's 2030 energy efficiency target. Provide more detailed description of the planned policies, in particular in buildings and transport sector as well as concrete estimates of energy savings of existing and planned policy measures by 2030 and timelines for accompanying investments.
4. Specify the measures supporting the energy security objectives on diversification and reduction of energy dependency, including measures ensuring flexibility, including an assessment of how proposed policies and measures ensure the achievement of the target to decrease energy dependency. Take into account the regional context when assessing the resource adequacy in the electricity sector.

⁸ Regulation (EU) 2018/841 of the European Parliament and of the Council of 30 May 2018 on the inclusion of greenhouse gas emissions and removals from land use, land use change and forestry in the 2030 climate and energy framework, and amending Regulation (EU) No 525/2013 and Decision No 529/2013/EU (OJ L 156, 19.6.2018, p. 1–25)

⁹ Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (OJ L 328, 21.12.2018, p. 82–209).

¹⁰ Directive 2009/28/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of the use of energy from renewable sources and amending and subsequently repealing Directives 2001/77/EC and 2003/30/EC (OJ L 140, 5.6.2009, p. 16–62).

5. Define forward-looking objectives and targets concerning market integration, in particular measures to develop more competitive wholesale and retail markets.
6. Clarify the national objectives and funding targets in research, innovation and competitiveness, specifically related to the Energy Union, to be achieved between 2020 and 2030, so that they are readily measurable and fit for purpose to support the implementation of targets in the other dimensions of the integrated national energy and climate. Underpin such objectives with specific and adequate policies and measures, including those to be developed in cooperation with other Member States, such as the Strategic Energy Technology Plan.
7. Intensify the good regional cooperation arrangements between Baltic countries (Estonia, Latvia, Lithuania); extend them to new areas and broadening the geographic reach to include the Nordic countries (Denmark, Finland, Iceland, Norway and Sweden). The focus of the regional exchanges should be on internal energy market and energy security areas, in view to the changes in the electricity systems accommodating higher shares of renewable electricity, which will increase electricity import/export and enhance the need for system flexibility, as well as the decarbonisation of the transport sector and regional cooperation in research.
8. List all energy subsidies, including in particular **for** fossil fuels, **and** actions undertaken as well as plans to phase them out.
9. Complement the analysis of the interactions with air quality and air emissions policy, presenting the impacts on air pollution for the various scenarios, providing underpinning information, and considering synergies and trade-off effects.
10. Integrate just and fair transition aspects better, notably by providing more details on social, employment and skills impacts of planned objectives, and policies and measures. Include an assessment of the situation regarding energy poverty, and targets for reducing and/or limiting energy poverty together with policies and measures as required by the Regulation (EU) 2018/1999.

Done at Brussels, 18.6.2019

For the Commission
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Member of the Commission