



Klimata un enerģētikas
ministrija

A NEW REALITY OF ENERGY SECURITY IN THE BALTIC REGION: STEPS TAKEN BY LATVIA

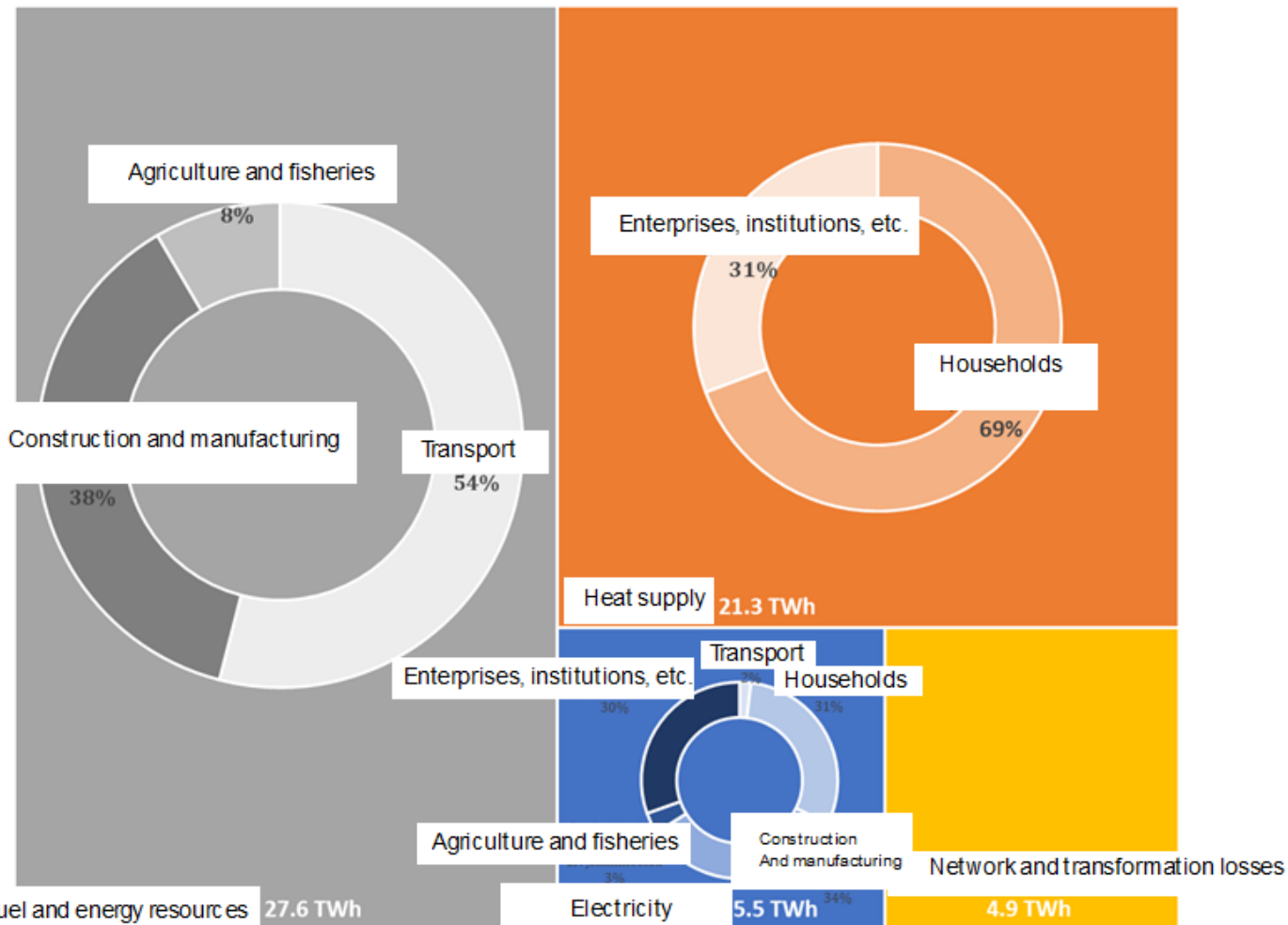
MINISTRY OF CLIMATE AND ENERGY

GUNĀRS VALDMANIS

RĪGA 17.10.2024

ENERGY SECTOR OF LATVIA

Structure of energy consumption in Latvia, 2022, TWh



Energy consumption annually

55 TWh

PRIMARY ENERGY RESOURCES

biomass (18 TWh, 40%) | *fuels* (14 TWh, 31%) | *natural gas* (9,5, TWh 22%)

RENEWABLE ENERGY

Total – 43% | *< 50%* - transport, agriculture, forestry.

ENERGY POLICY OBJECTIVE FOR 2050

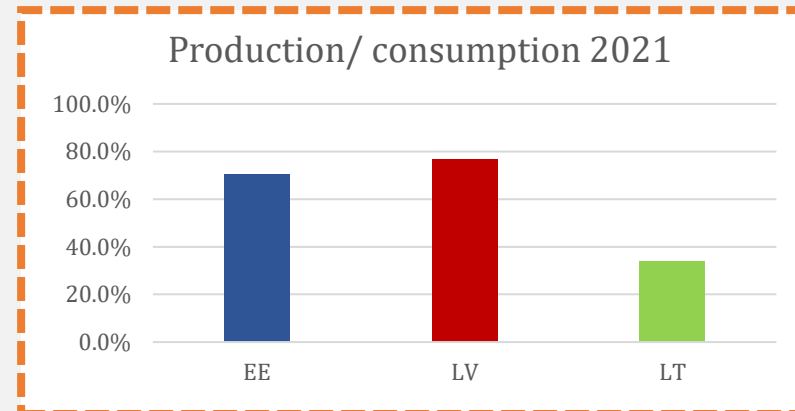
**ENERGY BOOSTS THE
COMPETITIVENESS OF THE
LATVIAN ECONOMY**

The region's energy
price leader

High energy self-
sufficiency

SUSTAINABLE
AND THE EFFECTIVE
USE OF THE COMMON
INFRASTRUCTURE

STRONG INFRASTRUCTURE



**CONSUMPTION
UP TO 1.2 GW
ISSUED TECHNICAL
REQUIREMENTS FOR RES
5-6 GW**

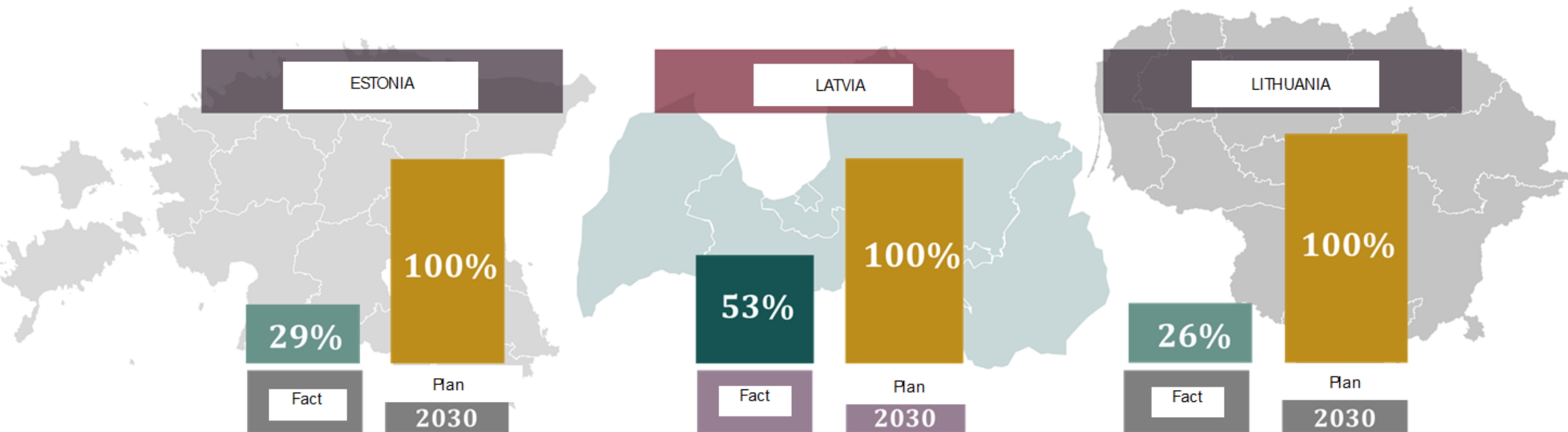
**LITHUANIA: 60-70% DEFICIT
ESTONIA: 60% OIL SHALE IS USED FOR
PRODUCTION
LATVIA: EXPORTED ENERGY IN 2017**

**Energy storage facilities
Cascade of the Daugava
HPP and underground
gas storage**

**Network capacity
significantly exceeds
consumption**

**Competitive dispatchable
production**

FINAL CONSUMPTION OF RENEWABLES IN ELECTRICITY SECTOR



To achieve 100% renewable electricity, you need approx. 1.5-2 GW of wind power.



NET SYSTEM EXTENSION: NET SETTLEMENT



MINISTRY OF CLIMATE AND ENERGY
RĪGA | 16.04.2024.

WHICH LEGISLATION GOVERNS THE OPERATION OF THE NET SETTLEMENT SYSTEM?

- ▶ Section 30.5 of the Electricity Market Law
- ▶ Cabinet Regulation No. 635 of 7 November 2023 "Regulations Regarding the Trade and Use of Electricity"
- ▶ Effective from 1 May 2024

WHAT IS A NET SETTLEMENT SYSTEM?



- ▶ The net settlement system is used by active users who have installed, for example, solar panels with a capacity not exceeding 1 MW and produce "green" electricity.
- ▶ It will be possible to transfer the accumulated surplus under the net settlement system to the trader, who will store this surplus in a "virtual wallet".
- ▶ "Virtual storage" can be used to cover both electricity costs and system service charges.

ADVANTAGES OF THE NET SETTLEMENT SYSTEM



An active customer (both household and enterprise) can use self-generated electricity at several of its facilities.



The net settlement accrual can be used to cover the costs of both electricity and system services.



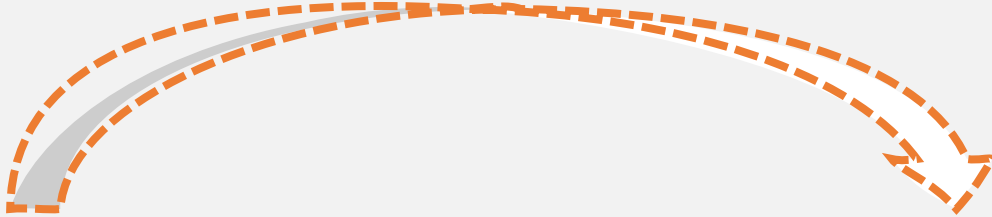
The active user using net settlement does not have to register as a performer of economic activity (no need to provide regular reports).



Active users with installed capacity up to 50 kW have the right to receive the "universal service"



"UNIVERSAL SERVICE" BALANCE OF RIGHTS AND OBLIGATIONS



The trader shall ensure that
the price of the purchased
electricity

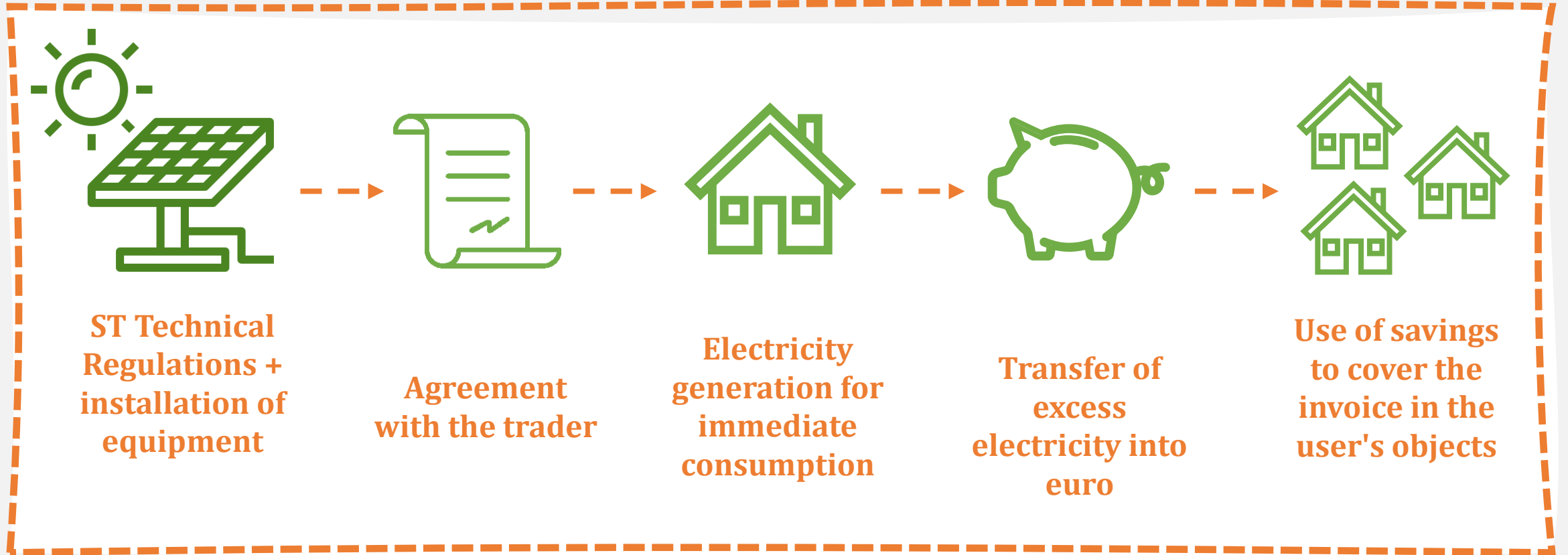
*is not lower than the
specified price for the lower
threshold*

The user ensures that they
produce primarily for their
own use

*i.e. on an annual basis,
the unconsumed surplus is up
to one fifth of the production*



HOW WILL THE NET SETTLEMENT SYSTEM WORK?





Energy communities and electricity sharing

RECENT DEVELOPMENT OF LEGAL FRAMEWORK



TYPES OF COMMUNITIES COVERED BY THE REGULATIONS



Electricity energy community



Active customers of energy from renewable sources acting jointly



ELECTRICITY SHARING CONDITIONS



The energy community shall share electricity only in those objects which are registered in the register of the State Construction Control Bureau



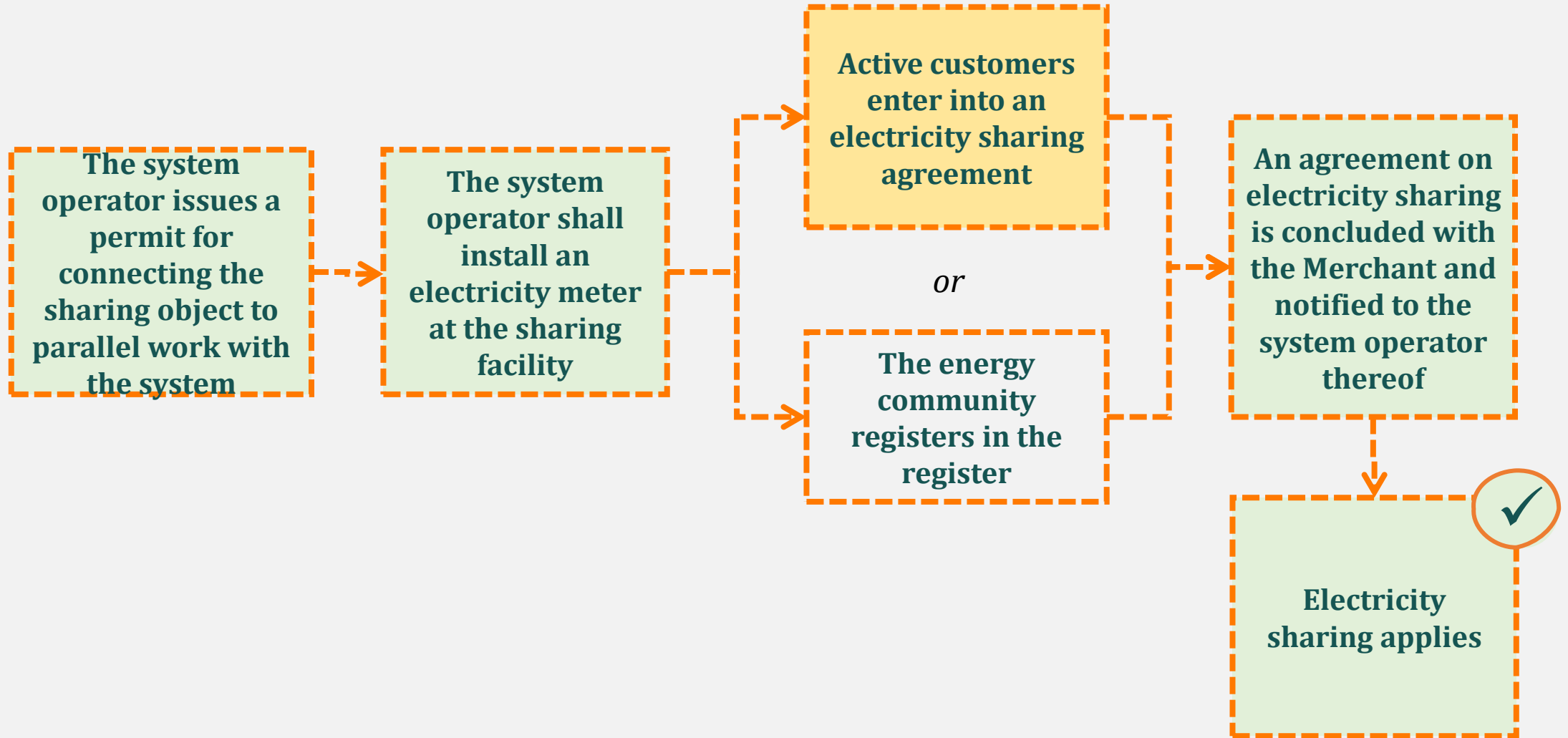
The sharing of electricity by active customers shall be carried out only in those objects for which an agreement has been concluded between the members of the community of active customers



The principle of self-consumption



ELECTRICITY SHARING ARRANGEMENTS



ADDITIONAL REQUIREMENTS INCLUDED IN THE TERMS



- **Arrangements for the exchange of information and relations between market participants and system operators**
- **Procedure for registration of energy communities and information to be provided in annual reports**
- **Information to be included in the contracts between the Community and the Merchant**
- **Minimum requirements for defining the purpose of Community action and statutes**

OPEN QUESTIONS IN THE FUTURE IN RELATION TO SUGGESTIONS IN MARKET DESIGN PROPOSALS



- ▶ **Possibility of participation of large electricity consumers and operation in several DSO licencing areas**
- ▶ **The issue of accounting and network ownership of apartment buildings**
- ▶ **Right to participate in the provision of flexibility and other services**



**THANK
YOU!**

