



2024/1035

5.4.2024

COMMISSION RECOMMENDATION (EU) 2024/1035

of 23 February 2024

**on the draft updated integrated national energy and climate plan of Latvia covering the period
2021-2030**

(Only the Latvian text is authentic)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 292 thereof,

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 Council ⁽¹⁾, and in particular Article 9(2), and Article 14(6) thereof,

Whereas:

- (1) Latvia submitted its draft updated integrated national energy and climate plan (NECP) on 11 December 2023 with extensive parts missing. Due to the late submission of Latvia's draft updated national energy and climate plan, the European Commission was not in a position to adopt this recommendation six months before the final updated national energy and climate plans are due, as required by Article 9(2) of Regulation (EU) 2018/1999.
- (2) Article 3 and Annex I to Regulation (EU) 2018/1999 ('the Governance Regulation') lay down the elements that are to be included in the updated integrated NECPs. In December 2022, the Commission adopted the guidance to Member States on the process and scope of preparing the draft and final updated NECPs ⁽²⁾. The guidance identified good practices and outlined the implications of recent policy, legal and geopolitical developments in energy and climate policies.
- (3) In connection with REPowerEU plan ⁽³⁾, and as part of the 2022 and 2023 European Semester cycles, the Commission has put a strong focus on Member States' energy and climate related reform and investment needs to strengthen energy security and affordability by accelerating the green and fair transition. This is reflected in the 2022 and 2023 country reports for Latvia ⁽⁴⁾ and the Council Recommendations to Latvia ⁽⁵⁾. Member States should take into account the latest country-specific recommendations in their final updated integrated NECPs.
- (4) The Commission's recommendations with regard to the delivery of national targets under the Effort Sharing Regulation ⁽⁶⁾ (ESR) are based on the likelihood that the Member States will respect the 2030 targets, taking into account the rules for the use of flexibilities under the ESR.

⁽¹⁾ OJ L 328, 21.12.2018, p. 1.

⁽²⁾ OJ C 495, 29.12.2022, p. 24.

⁽³⁾ COM(2022) 230 final

⁽⁴⁾ SWD(2022) 619 final, SWD (2023) 614 final

⁽⁵⁾ COM(2022) 619 Recommendation for a Council Recommendation; COM(2023) 614 final, Recommendation for a Council Recommendation.

⁽⁶⁾ Regulation (EU) 2018/842 of the European Parliament and of the Council of 30 May 2018 on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 contributing to climate action to meet commitments under the Paris Agreement and amending Regulation (EU) No 525/2013 (OJ L 156, 19.6.2018, p. 26), as amended by Regulation (EU) 2023/857 of the European Parliament and of the Council of 19 April 2023 amending Regulation (EU) 2018/842 on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 contributing to climate action to meet commitments under the Paris Agreement, and Regulation (EU) 2018/1999 (OJ L 111, 26.4.2023, p. 1).

- (5) The Commission's recommendations regarding Carbon Capture, Utilisation and Storage (CCUS) aim at having an overview of the intended deployment of these technologies at national level, including information about annual volumes of CO₂ planned to be captured by 2030, split by source of CO₂ captured coming from installations covered by Directive 2003/87/EC of the European Parliament and of the Council ⁽⁷⁾ or from other sources, such as biogenic sources or direct air capture; about planned CO₂ transport infrastructure; and about potential domestic CO₂ storage capacity and injection volumes of CO₂ planned to be available in 2030.
- (6) The Commission's recommendations regarding the performance under the Land Use, Land Use Change and Forestry Regulation ('LULUCF Regulation') ⁽⁸⁾ address the delivery by the Member State on the 'no debit' rule for the period 2021-2025 (Period 1) and its national target for the period 2026-2030 (Period 2), taking into account the rules governing the use of flexibilities as set out in that Regulation. The Commission's recommendations also take into account that in Period 1 any excess in emissions under the LULUCF Regulation will automatically be transferred to the ESR.
- (7) For climate adaptation to properly support the achievement of energy and climate mitigation objectives, it is essential to identify the potential climate change hazards and to analyse climate vulnerabilities and risks that may affect areas, populations and sectors. The Commission's recommendations on adaptation look at the extent to which Latvia has integrated in its updated NECP adaptation goals that account for climate risks that could prevent Latvia from meeting the objectives and targets of the Energy Union. Without specific adaptation policies and measures, planned and implemented, the achievement of objectives in Energy Union dimensions is at risk.
- (8) The Commission's recommendations regarding Latvia's renewable energy ambition are based on the formula set out in Annex II to Regulation (EU) 2018/1999. The formula is based on objective criteria, and on the main policies and measures lacking in Latvia's draft updated plan to enable a timely and cost-effective achievement of Latvia's national contribution to the EU's binding renewable energy target of at least 42,5 % in 2030, with the collective endeavour to increase it to 45 % pursuant to Directive (EU) 2018/2001 of the European Parliament and of the Council ⁽⁹⁾ as regards the promotion of energy from renewable sources as amended by Directive (EU) 2023/2413 of the European Parliament and of the Council ⁽¹⁰⁾. The Commission's recommendations are also based on Latvia's contribution to the specific targets set under Articles 15a, 22a, 23, 24 and 25 of that Directive and the related policies and measures to rapidly transpose and implement it. The recommendations reflect the importance of developing comprehensive long-term planning for the deployment of renewable energy, and in particular wind, to increase visibility for the European manufacturing industry and grid operators in line with the European Wind Power Package ⁽¹¹⁾.

⁽⁷⁾ Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC (OJ L 275, 25.10.2003, p. 32).

⁽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), as amended by Regulation (EU) 2023/839 of the European Parliament and of the Council of 19 April 2023 amending Regulation (EU) 2018/841 as regards the scope, simplifying the reporting and compliance rules, and setting out the targets of the Member States for 2030, and Regulation (EU) 2018/1999 as regards improvement in monitoring, reporting, tracking of progress and review (OJ L 107, 21.4.2023, p. 1).

⁽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).

⁽¹⁰⁾ Directive (EU) 2023/2413 of the European Parliament and of the Council of 18 October 2023 amending Directive (EU) 2018/2001, Regulation (EU) 2018/1999 and Directive 98/70/EC as regards the promotion of energy from renewable sources, and repealing Council Directive (EU) 2015/652 (OJ L, 2023/2413, 31.10.2023, ELI: <http://data.europa.eu/eli/dir/2023/2413/oj>).

⁽¹¹⁾ Communication on European wind power action plan COM(2023) 669 final, 24.10.2023 and Communication on delivering EU offshore renewable energy ambition, COM(2023) 668 final.

- (9) The Commission's recommendations regarding the national contribution to energy efficiency are based on Article 4 of Directive (EU) 2023/1791 of the European Parliament and of the Council ⁽¹²⁾ on energy efficiency, the formula in Annex I to that Directive and the related policies and measures to implement it.
- (10) The Commission's recommendations focus in particular on the targets, objectives, contributions and related policies and measures to implement the REPowerEU plan in order to rapidly phase out dependence on Russian fossil fuels. They take into account lessons learnt from implementing the 'Save gas for a safe winter' package ⁽¹³⁾. The recommendations reflect the imperative to make the energy system more resilient in light of the obligations stemming from Regulation (EU) 2019/941 of the European Parliament and of the Council ⁽¹⁴⁾ on risk preparedness in the electricity sector and Regulation (EU) 2017/1938 of the European Parliament and of the Council ⁽¹⁵⁾ on the security of gas supply in line with the Commission Recommendation on energy storage ⁽¹⁶⁾.
- (11) The Commission's recommendations take into account the need to accelerate the internal energy market integration to increase flexibility and empower and protect consumers. The Commission's recommendation also underscores the importance of assessing the number of households in energy poverty in line with Article 3 of Regulation (EU) 2018/1999 and Commission Recommendation (EU) 2023/2407 ⁽¹⁷⁾.
- (12) The Commission's recommendations reflect the importance of investing sufficiently in clean energy research and innovation to boost their development and manufacturing capacities (. This includes adopting specific policies and measures for energy-intensive industries and other businesses and the need to upskill the workforce for a net-zero industry in order to consolidate a strong, competitive and clean economy in the EU.
- (13) The Commission's recommendations build on the commitments made under the Paris Agreement to phase down the use of fossil fuels, and on the importance of phasing out fossil fuel subsidies.
- (14) The Commission's recommendation on investment needs follows its assessment of whether the draft updated plan provides (i) a general overview of investment needs to achieve the objectives, targets and contributions in all dimensions of the Energy Union; (ii) the sources of financing, distinguishing between private and public sources; and (iii) an outline of the investments consistent with Latvia's recovery and resilience plan, Latvia's territorial just transition plans and the 2022-2023 country-specific recommendations issued under the European Semester, including a robust macroeconomic assessment of planned policies and measures. The NECP should ensure the transparency and predictability of national policies and measures to support investment certainty.
- (15) The Commission's recommendations reflect the crucial importance of holding broad regional consultations and of holding early and inclusive consultations on the plan, including enabling the public to participate effectively by providing sufficient information and a timeframe, in line with the Aarhus Convention ⁽¹⁸⁾.

⁽¹²⁾ Directive (EU) 2023/1791 of the European Parliament and of the Council of 13 September 2023 on energy efficiency and amending Regulation (EU) 2023/955 (OJ L 231, 20.9.2023, p. 1).

⁽¹³⁾ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee, 'Save gas for a safe winter', COM/2022/360 final.

⁽¹⁴⁾ Regulation (EU) 2019/941 of the European Parliament and of the Council of 5 June 2019 on risk preparedness in the electricity sector and repealing Directive 2005/89/EC (OJ L 158, 14.6.2019, p. 1).

⁽¹⁵⁾ Regulation (EU) 2017/1938 of the European Parliament and of the Council of 25 October 2017 concerning measures to safeguard the security of gas supply and repealing Regulation (EU) No 994/2010 (OJ L 280, 28.10.2017, p. 1).

⁽¹⁶⁾ Commission Recommendation of 14 March 2023 on Energy Storage – Underpinning a decarbonised and secure EU Energy system (OJ C 103, 20.3.2023, p. 1).

⁽¹⁷⁾ Commission Recommendation (EU) 2023/2407 of 20 October 2023 on energy poverty (OJ L, 2023/2407, 23.10.2023, ELI: <http://data.europa.eu/eli/reco/2023/2407/oj>).

⁽¹⁸⁾ Convention on Access to Information, Public Participation in Decision-Making and Access to Justice in Environmental Matters of 25 June 1998 (the 'Aarhus Convention').

- (16) The Commission's recommendations on ensuring a just transition reflect the assessment of whether Latvia's plan identifies in sufficient depth the relevant social, employment and skills impacts of the climate and energy transition and outlines adequate accompanying policies and measures to promote a just transition, while contributing to the promotion of human rights and gender equality.
- (17) The Commission's recommendations to Latvia are underpinned by the assessment of its draft updated NECP ⁽¹⁹⁾, which is published alongside this Recommendation.
- (18) Latvia should take due account of these recommendations when developing its final updated integrated NECP, to be submitted by 30 June 2024.

HEREBY RECOMMENDS THAT LATVIA TAKES ACTION TO:

1. Provide projections to show how the existing and planned policies and measures will deliver on the national greenhouse gas target of -17 % in 2030 compared to 2005 levels under the ESR. If necessary, specify additional policies and measures, including for methane, N₂O and F-gases from industrial processes and product use, agriculture and waste management, or how flexibilities available under the ESR will be used to ensure compliance. Complement the information on the policies and measures, clearly spelling out their scope, timeline and, where possible, expected greenhouse gas reduction impact, including for measures in EU funding programmes, such as the common agricultural policy.
2. Identify the volume of CO₂ emissions that could be captured annually by 2030, including the source. Provide details on how the captured CO₂ will be transported. Identify the overall CO₂ storage capacity and injection volumes available by 2030.
3. Set out a concrete pathway towards reaching the national LULUCF target as defined in Regulation (EU) 2018/841. Include additional measures in the LULUCF sector, in particular on the promotion of sustainable forest management on degraded/unmanaged forest land, and peatland restoration and extraction, quantifying their expected impacts to ensure that greenhouse gas removals in this sector are effectively aligned with the 2025 'no-debit' rule, the 2030 EU net removal target of -310 MtCO₂eq and with the country specific removal target of -639 KtCO₂eq defined in Regulation (EU) 2018/841. Provide clear information on how public funds (both Union funds, including the common agricultural policy, and State aid) and private financing through carbon farming schemes are consistently and effectively used to achieve the net removal national target. Provide information on the status and progress to be made in ensuring the enhancements to higher tier levels/geographically explicit datasets for monitoring, reporting and verification, in line with Part 3 of Annex V to Regulation (EU) 2018/1999.
4. Provide additional analysis on the relevant climate vulnerabilities and risks regarding the achievement of national objectives, targets, and contributions and the policies and measures in the different dimensions of the Energy Union. Better outline and quantify where possible the link to the specific Energy Union objectives and policies, that adaptation policies and measures should support. Set out additional adaptation policies and measures in sufficient detail to support the achievement of national objectives, targets and contributions under the Energy Union, including measures to safeguard electricity generation capacity and residential energy saving.
5. Significantly raise the ambition of a share of renewable energy sources at least to 61 % as a contribution to the Union's binding renewable energy target for 2030 laid down in Article 3(1) of Directive (EU) 2018/2001, as amended in line with the formula in Annex II to Regulation (EU) 2018/1999. Include an indicative trajectory that reaches the reference points for 2025 and 2027 pursuant to Article 4(a)(2) of Regulation (EU) 2018/1999.

⁽¹⁹⁾ SWD(2024) 43

6. Provide estimated trajectories and a long-term plan for the deployment of renewable energy technologies over the next 10 years, with an outlook to 2040. Include an indicative target for innovative renewable energy technologies by 2030 in line with Directive (EU) 2018/2001 as amended. Include specific targets to contribute to the binding sub-target for renewable fuels of non-biological origins (RFNBOs) in industry for 2030, in line with Directive (EU) 2018/2001 as amended. Include an indicative target in district heating and cooling for the period 2021 to 2030.
7. Include detailed and quantified policies and measures, in a way that enables a timely and cost-effective achievement of Latvia's national contribution to the Union's binding renewable energy target of 42,5 % in 2030, with the collective endeavour to increase it to 45 %. Describe, in particular, how it plans to accelerate permitting and detail the renewable energy technologies for which it plans to designate 'renewables acceleration areas' with faster and simpler procedures. Describe how it aims to accelerate the deployment of renewables via the uptake of renewable power purchase agreements or measures using guarantees of origin. Provide further information on how it aims to accelerate the deployment of renewables and the phasing out of fossil fuels in the heating and cooling sector, and in district heating and cooling in line with the Directive (EU) 2018/2001 as amended. Include further detailed measures on an enabling framework for increasing integration between electricity and heating and cooling networks. Describe further how the design of the obligation on fuel suppliers in the transport sector will be covered and include comparable measures for promoting hydrogen in industry and prepare the EU for renewable hydrogen trade.
8. Provide the estimated trajectories for biomass supply by feedstock and origin, differentiating between domestic production and imports. Include an assessment of the domestic supply of forest biomass for energy purposes in 2021-2030 in accordance with the strengthened sustainability criteria of Directive (EU) 2018/2001 as amended. Include an assessment of the compatibility of the projected use of forest biomass for energy production with Latvia's obligations under the revised LULUCF Regulation, particularly for 2026-2030, together with national measures and policies to ensure such compatibility. Include further measures to promote the sustainable production of biomethane, given Latvia's sustainable biogas/biomethane potential and production, profile of natural gas consumption and existing infrastructure, digestate use and biogenic CO₂ applications.
9. Provide to the extent possible an expected timeline of the steps leading to the adoption of legislative and non-legislative policies and measures aimed at transposing and implementing the provisions of Directive (EU) 2018/2001 as amended, in particular for the measures mentioned in the previous points.
10. Include a national energy efficiency contribution on final energy consumption to the Union's binding final energy consumption target for 2030, in line with Article 4 and Annex I of Directive (EU) 2023/1791, or equal to the corrected indicative national contribution that the Commission will submit to each Member State by 1 March 2024 under Article 4(5) of that Directive. Include a national energy efficiency contribution on primary energy consumption to the Union's indicative primary energy consumption target in line with Article 4 and Annex I to Directive (EU) 2023/1791.
11. Set out complete policies and measures to achieve the national contributions on energy efficiency, in particular how Latvia will implement the energy efficiency first principle. Further quantify the expected energy savings of the planned measures to achieve the 2030 energy efficiency goals. Set out energy savings measures to ensure Latvia achieves the required cumulative end-use energy savings by 2030 and measures to promote energy audits and energy management systems. Specify robust financing energy efficiency programmes and financial support schemes, able to mobilise private investments and additional co-financing. Provide information on the role of the National Energy Efficiency Fund, as defined in Article 30 of Directive (EU) 2023/1791, in helping deliver the energy efficiency national contributions to the EU targets, including the use of financial instruments within the fund.

12. Include updated ambitions on ensuring a highly energy efficient and decarbonised national building stock and to transform existing buildings into zero-emission buildings by 2050, including intermediate milestones for 2030 and 2040, and a comparison with the most recent long-term renovation strategy. Support the targets to decarbonise the building stock by providing further information on policies and measures, including their costs and expected impact in energy savings, to implement a coherent long-term renovation strategy.
13. Further explain the envisaged measures on how Latvia will pursue the diversification of its gas supply and continue encouraging gas demand reduction towards 2030. Strengthen resilience of the energy system in particular by setting an objective for energy storage deployment and putting forward policies and measures to integrate the imperative of climate adaptation in the energy system. Assess the adequacy of the Latvian oil infrastructure (refinery, oil stocks, ports, pipelines) with the expected decline in oil demand and the move toward lower-carbon alternatives.
14. Put forward clear objectives and targets for demand response to improve the flexibility of the energy system, in light of an assessment of the flexibility needs and describe how Latvia intends to facilitate energy system integration in the context of Article 20a of Directive (EU) 2018/2001 as amended. Define forward-looking objectives and targets concerning market integration, in particular on measures to develop competitive wholesale markets and to phase out measures interfering with market signals. Develop more competitive retail energy markets and strengthen consumer empowerment in the retail market.
15. Further develop the approach to addressing energy poverty, by including an assessment of the situation of the current households affected and indicating a specific measurable reduction target required by Regulation (EU) 2018/1999, taking account of Recommendation (EU) 2023/2407. Provide additional detail on existing and potential measures to address energy poverty, and on the dedicated financial resources from the perspective of both social policy (affordability) and structural energy measures. Explain how the use of energy efficiency measures in the framework of Energy Efficiency Obligations Scheme to alleviate energy poverty is foreseen to be deployed as required by the Regulation (EU) 2018/1999.
16. Include national objectives in research, innovation and competitiveness to deploy clean technologies, establishing a pathway for 2030 and 2050 with a view to support the decarbonisation of industry and promote the transition of businesses towards a net zero and circular economy. Put forward policies and measures to promote the development of net-zero projects including those relevant for the energy intensive industries. Describe a predictable and simplified regulatory framework for permitting procedures and how access to national funding will be simplified where needed. Provide detailed policies and measures for the digitalisation of the energy system and development of clean energy-related skills, and to facilitate open trade for resilient and sustainable supply chains of key net-zero components and equipment.
17. Specify the reforms and measures to mobilise the private investments needed to achieve the energy and climate targets. Improve and expand the analysis of investment needs to include a comprehensive and consistent overview of the public and private investment needs in aggregate and by sector. Complement a top-down economy-wide approach with a bottom-up project-specific assessment. Include a breakdown of total investment needs with additional information on the national, regional and Union funding sources, as well as private financial sources, to be mobilised. Add a short description of the type of financial support schemes chosen to implement the policies and measures, which are financed through the public budget, and the use of blended financial instruments making use of grants, loans, technical assistance and public guarantees, including the role of national promotional banks in the respective schemes and/or how private financing is mobilised. Consider the cost-effective generation of transfers to other Member States under the ESR as a funding source. Provide a robust assessment of the macroeconomic impact of the planned policies and measures.

18. Outline how the policies and measures included in the updated plan are consistent with Latvia's national recovery and resilience plan.
19. Explain in more detail how Latvia plans to phase out peat use for energy, by clarifying related commitments and measures. Explain in detail how and by when Latvia intends to phase out the fossil fuel subsidies.
20. Provide an analytical basis, including projections under the planned policies and measures on how the energy system will develop with an outlook to 2040.
21. Provide detailed information on the social, employment and skills consequences, or any other distributional impacts, of the climate and energy transition, and on the planned objectives, policies and measures to support a just transition. Specify the form of support, the impact of the initiatives, the target groups and the resources dedicated, taking into account the Council Recommendation on ensuring a fair transition towards climate neutrality ⁽²⁰⁾. Ensure alignment between the commitments outlined in the Territorial Just Transition Plan and the final updated NECP. Include, to the extent possible, more elements to provide an adequate analytical basis for the preparation of a future Social Climate Plan, in accordance with Regulation (EU) 2023/955 of the European Parliament and of the Council ⁽²¹⁾, including indications on how to assess the challenges and social impacts on the most vulnerable of the emissions trading system for fuel combustion in buildings, road transport and additional sectors, and identify potential beneficiaries and a relevant policy framework. Explain how the policy framework identified in the NECP will contribute to the preparation of Latvia's Social Climate Plan and how the consistency between the two plans will be ensured.
22. Provide a clear and detailed overview on how the consultation process will enable participation from all relevant authorities, citizens and stakeholders, including social partners, in the preparation of both the draft and the final updated plan, including information on the timing and duration of the different consultations. Provide a detailed summary of the views expressed by different actors, and a summary of how the plan integrates the views expressed during the consultations.
23. Expand the regional cooperation with neighbouring Member States within the Baltic Sea area and within the Baltic Energy Market Interconnection Plan High-Level Group, including on renewables, energy efficiency and the internal market, taking into account common challenges and shared objectives. Describe how Latvia plans to establish a framework for cooperation with other Member States by 2025, in line with Article 9 of the Directive (EU) 2023/2413.

Done at Brussels, 23 February 2024.

For the Commission
Kadri SIMSON
Member of the Commission

⁽²⁰⁾ Council Recommendation of 16 June 2022 on ensuring a fair transition towards climate neutrality (OJ C 243, 27.6.2022, p. 35).

⁽²¹⁾ Regulation (EU) 2023/955 of the European Parliament and of the Council of 10 May 2023 establishing a Social Climate Fund and amending Regulation (EU) 2021/1060 (OJ L 130, 16.5.2023, p. 1).