



# 1st THEMATIC WORKSHOP and POLICY LAB OF THE LATVIA COUNTRY DESK ON 17th JUNE 2021

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## THE HORIZON 2020 PROJECT COME RES

The Horizon 2020 project COME RES aims to facilitate the market development of renewable energies in the electricity sector through the dissemination of renewable energy communities (RECs) in eight EU countries and Norway. The project is coordinated by the Environmental Policy Research Centre (FFU) of Freie Universität Berlin (FUB) and the project consortium comprises 16 European partner organisations. COME RES partners in Latvia are Environmental Investment Fund (LEIF) and Institute of Physical Energetics (IPE).

## THE LATVIA COUNTRY DESK

Country or target region stakeholders' desks have been set up in Latvia and the other partner countries. They serve as informal dialogue forums where, in addition to COME RES project results, current topics such as barriers, drivers and development opportunities for RECs are regularly discussed with relevant actors and stakeholders.

In Latvia, the COME RES project does not limit its focus on selected target regions but considers all of Latvia. For the time being there are no RECs in Latvia. However, several examples of citizen (flat-owners of multi-apartment buildings or owners of row houses) cooperation on using solar PV and solar thermal installations can be found, which might provide lessons for the development and promotion of RECs.

The Latvian Stakeholder Desk is composed of a core group of 15 stakeholders which is widened up to 30-40 stakeholders to be invited to the thematic workshops and policy labs. The core partners of the Stakeholder Desk are ministries (Ministry of Economics; Ministry of Environmental Protection and Regional Development), planning regions, energy agencies, municipalities, the Latvian Association of Local Governments, as well as local partnerships and NGOs. The work of the Stakeholder Desk is coordinated by the LEIF in cooperation with the IPE.

Currently the transposition of REDII<sup>1</sup> and IEMD<sup>2</sup> provisions regarding energy communities are ongoing in Latvia. The Desk supports the transposition of the provisions by input to the drafts of the national regulations and policy documents.

To provide valuable input for a REC enabling framework and viable REC models, the Desk organises solution-oriented stakeholder dialogues, disseminates the COME RES results and

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<sup>1</sup> 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.

<sup>2</sup> Directive (EU) 2019/944 of the European Parliament and of the Council of 5 June 2019 on common rules for the internal market for electricity and amending Directive 2012/27/EU.

promotes their adaptation in Latvia, as well as promotes REC recognition in national renewable energy investment co-financing programmes.

## PURPOSE of the 1<sup>st</sup> THEMATIC WORKSHOP and POLICY LAB

The combined first Thematic Workshop and Policy Lab of the Latvian Stakeholder Desk was held on 17<sup>th</sup> June 2021. The purpose of the combined event was multifold:

1. In the first part (Policy Lab) the event had took a closer look to on-going transposition of REDII and IEMD in Latvia and challenges of legal framework development regarding RECs. Policy Lab served as an interface between COME RES and actual policy formulation process in Latvia and facilitated a policy dialogue with policy makers.
2. The second part of the event had dealt with the REC potential in Latvia and challenges how to implement this potential to provide contribution in meeting national renewable energy targets.

Particular objectives of the event were:

- to present the COME RES project – objectives, work packages and tasks, planned key deliverables and results achieved so far, particularly, in the period after KOM held in January 2021;
- to discuss the provisions of the REC legal framework, based on the Draft of the Amendments to the Law on Energy;
- to discuss provisions for new participants, including energy communities, entering in the electricity market, based on the Draft of the Amendments to the Electricity Market Law;
- to inform on the relevant policy development in COME-RES partners countries<sup>3</sup>;
- to present the step-by-step development practice of ground-based solar PV project and to identify the lessons and challenges relevant for RECs, particularly the structure of grid services related payments and their perspective changes to promote RECs;
- to present, based on COME-RES Task 2.2 methodology, the draft results on RECs potential in Latvia and their perspective contribution in meeting national renewable energy targets;
- to elicit possible topics of the Desk's Autumn 2021 Event and to plan further steps.

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<sup>3</sup> for this event the experience of Portugal in both legislation development and development of first pilot RECs had been chosen.

The event was organized by the LEIF and IPE. The extended group of stakeholders was invited to participate in the event. In total, 36 participants had made the preliminary registration and 28 of them participated in on-line event. Including COME-RES partners, the event had gathered 33 participants.

The presentation slides, in Latvian, as well as the presentation of experience of Portugal in English, can be found in the LEIF website section devoted to the COME RES project: [http://www.lvif.gov.lv/?object\\_id=33736](http://www.lvif.gov.lv/?object_id=33736)

## AGENDA

09:45 – 10:00	<b>Opening of on-line event</b> Participants registration, on-line connections.
10:00 – 10:10	<b>Opening of Event. Where we are in the COME RES project course.</b> <b>Objectives of the day.</b> Aija Zučika, Latvian Environmental Investment Fund, COME RES lead
<b>PART I. Policy Lab</b>	
<b>Renewable Energy Communities (REC): transposition of REDII and IEMD Directives and challenges of legal framework development in Latvia</b>	
10:10 – 10:40	<b>Renewable Energy Communities: Draft Amendments to Energy Law (Transposition of RED II), current state and expected implementation</b> Einārs Cilinskis, Ministry of Economics, Dept. of Sustainable energy policys
10:40 – 11.10	<b>COME-RES partners experience:</b> <b>Legal framework for REC in Portugal and first practices of RECs implementation</b> Isabel Azevedo, INEGI
11:10 – 11:40	<b>Planned Amendments to Electricity Market Law concerning energy communities (transposition of RED II and IEMD)</b> <b>Līga Rozentāle</b> , Ministry of Economics, Deputy director, Dept.of Energy Market and Infrastructure
11.40 – 12.10	<b>Interactive discussion.</b> Moderated by COME-RES Latvia partners.
12.10- 12.25	Break
<b>PART II. Development perspectives of REC in Latvia</b>	

12:25 – 13:00	<b>Step-by-step development practice of solar PV project: lessons and challenges relevant for RECs.</b> Juris Ozoliņš, energy expert
13:00 – 13:30	<b>REC potential in Latvia and their perspective contribution in meeting national renewable energy targets: evaluation by COME-RES project.</b> Ivars Kudrenickis, Gaidis Klāvs, Institute of Physical Energetics
13:30 – 13:50	<b>Interactive discussion.</b> Moderated by COME-RES Latvia partners.
13:50- 14.00	<b>Summary of the Day.</b>

## LIST of PARTICIPATING ORGANISATIONS

Level	Type	Organisation
National level	state authority	Ministry of Economics (ME): <ul style="list-style-type: none"> <li>• Sustainable Energy Policy Department;</li> <li>• Department of Energy Market and Infrastructure;</li> <li>• Department of Energy Efficiency and Crisis Management;</li> <li>• Unit of Energy Financial Instruments .</li> </ul>
National level	state authority	Ministry of Environmental Protection and Regional Development: <ul style="list-style-type: none"> <li>• Regional Development Planning Division;</li> <li>• Climate Change Department</li> </ul>
National level	state authority	State-owned Development Finance Institution “ALTUM”
National level	parliament	Deputy of national Parliament, The member of Commission for Economic, Agrarian, Environmental and Regional Policy
National level	national-wide association	Latvia Association of Local and Regional Governments: <ul style="list-style-type: none"> <li>• advisor on business development</li> <li>• advisor in energy sector</li> </ul>
National level	national energy association	Latvian Renewable Energy Federation
National level	national energy association	Latvian Wind Association
National level	energy policy expert	High level energy policy advisor
Regional level	regional authority	Zemgale planning region
Regional level	regional energy agency	Zemgale region energy agency



Local	capital city Riga	Riga city Energy Agency;
Local	municipality	Dobele municipality
Local	municipality	Jelgava city municipality
Local	municipality	Jelgava rural municipality
Local	municipality	Aloja municipality
Local	civic society	Land owner at Grobiņa municipality
	company	Ltd. "Ventspils naftas terminals"
COME RES partner	research and academia	Institute of Physical Energetics
COME RES partner	public authority	Latvian Environmental Investment Fund
COME RES partner		INEGI, Portugal
COME RES partner		FFU FUB, Germany

The preliminary registration were done also by several other municipalities and NGOs, Latvian Rural Advisory and Training Centre as well as solar PV developers.

## POLICY LAB

In the introductory part of the event, the COME RES partners had explained that COME RES particularly seeks to support the transposition and implementation of the REDII provisions related to RECs. In such a sense, the COME RES activities in Latvia are in time. COME RES has good possibility to provide the input for transposition of REDII, particularly regarding operationalization of rights and duties of REC as well as to provide input on such challenges as organisational and business models of RECs.

Roundtable had included 3 presentations followed by the Interactive Discussion.

**At first**, the responsible person of the **Ministry of Economics** (ME) had explained the on-going work on and actual state of the **Draft Amendments to the Law on Energy**. The 1<sup>st</sup> round of public discussion on these amendments had been finished at the end of January 2021, afterwards several consultations with the stakeholders, which had submitted the proposals and opinions, had been done by the ME and in the 1<sup>st</sup> April 2021 the Draft Amendments had been announced to the

State Secretaries Meeting. ME representative informed, it is set that both Drafts of the Amendments to the Law on Energy and to the Electricity Market Law will be elaborated in harmonised/coordinated manner and submitted to the Parliament at the same time. Regarding legal forms, the association, foundation and cooperative are considered as appropriate. In its turn, Ltd. company could be considered as appropriate if its statutes correspond to the provisions of REC, particularly, profit re-investment (non-distribution of profit). As the representative of ME noted, the legal form established for social enterprise in Latvia is compatible also to the RECs<sup>4</sup>. Regarding the participation of municipality in the REC, the most appropriate form of REC could be the association and foundation. The one of pre-conditions of REC development is the financial support. One of such forms could be investment support. Investment support is planned to be provided within *the National Development Plan for 2021-2027* envisaged programme to support solar PV, the provisions of this programme, including RECs, could be elaborated in next year, 2022. Simultaneously ME will look how to involve also other programmes, e.g, EU ETS Emissions Allowances Auctioning Instrument and Modernization Fund.

The **second presentation by INEGI** illustrated how Portugal elaborates RECs legal framework and develops the first pilots. In the introduction it was presented the current state and expected projection of RES energy, particularly solar PV, in Portugal. It was followed by presenting step-by-step development of legislative framework. Finally, information of first three RECs pilot project was provided. There is no restrictions of REC legal forms (restrictions might arise due to other regulations, e.g., municipalities rights to participate). Proximity would be defined on case-by-case basis, at the same time the general principle of physical and geographical continuity of the REC project and participants should be followed. There are some support programmes for solar PV investments however they are not particularly specific for RECs. The presentation has high success in the audience. In the discussion it was concluded that the step-by-step legislative framework development, starting from the general and followed by detailed regulations, not “to be afraid” on their re-cast afterwards (if necessary) is a good way. Great interest in the audience raised three pilot projects and the presenter were asked to elaborate more on the initiators and motivation for them. Answering on this, it could be concluded that existing country-wide energy cooperative examines way how to use REC as new option, including REC as the instrument to tackle energy poverty; legal form of REC is seen as the instrument for good local management; several municipalities are cooperating with ESCO as they see local benefits.

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<sup>4</sup> social enterprise conducts an economic activity that creates a positive social impact (e.g., provision of social services, formation of an inclusive civil society, promotion of education, support for science, protection and preservation of the environment, animal protection, or ensuring of cultural diversity. A social enterprise is a limited liability company which has been granted the status of a social enterprise (Latvian Social Enterprise Law).



The INEGI presentation had provided the bridge to the **third presentation** on **Latvia Draft Amendments to Electricity Market Law**, done by responsible person of **Ministry of Economics** (ME). The 1<sup>st</sup> round of public discussion on these Amendments was performed in March 2021 and the Draft currently is in the process of inter-institutional approximation (the Draft had been announced in State Secretaries Meeting at 20<sup>th</sup> May 2021). The representative of the ME emphasized that the aim of the legislative changes, by transposing the IEMD and REDII Directives, is to promote distributed generation and self-consumption of electricity produced from RES and to create a framework and incentives for new market solutions which promotes wider use of RES.

One of the new key terms to be introduced in the Electricity Market Law is the active customer, which includes the RES-electricity self-consumer, the jointly acting RES-electricity self-consumers and the electricity community<sup>5</sup>. Next in the presentation, each of these listed three types of active customers was described in more detail, indicating common and different features. It had been characterised the difference between electricity sharing within the electricity community and the jointly acting RES-electricity self-consumers. The Amendments to the Law provide that the surplus electricity generated by jointly acting RES-electricity self-consumers and RES-electricity energy communities will be available for sale based to peer-to-peer (P2P) contracts. Regarding the P2P trading, the well developed P2P on-line trading platform shall be developed, in its turn, from the legal point of view high bureaucracy should be avoided for the P2P trading procedures.

The following issues had been discussed in the **following interactive discussion**:

- role of planning regions and municipalities,
- municipalities participation in RECs,
- development of and support for pilot projects of RECs,
- charges for the connection of RES-electricity generation facilities, for the transmission and distribution and other grid services and their potential impact on the development of RECs,
- perspective support mechanisms and instruments for RECs.

**Role of planning regions and municipalities.** The participants had seen energy communities as the form of civic activity. The role of municipalities and planning regions should be considered in the wider context of EU Green Deal implementation in Latvia. ME sees this role high and is ready to co-operate. The development of RECs could be promoted not only by state (national), but also

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<sup>5</sup> In Latvia legislation the term „citizen energy community“ will be named as „electricity community“.

by regional instruments, particularly, regional and municipal (cities) goals of climate neutral development and regional and municipal Sustainable Energy and Climate Action Plans.

It had been underlined that the municipalities could work on involving local citizens/households in RECs, helping them to understand the long-term goal of climate neutrality and role of renewable energy sources utilization, the basic principles of RECs and the benefits for locals. Several possible actions of municipalities for the development of RECs were named: offering a territory for RES installations; provision of municipality paid expertises (legal, economic and technical issues); offer a support grant; participate as a REC participant.

**Municipalities participation in RECs.** It had been expressed that participation in the REC which has the legal form of enterprise (company) might be more sophisticated due to there are limitation on municipalities participation in commercial activities. It was decided to discuss this issue in the Autumn Event taking into account that new Law on Local Governments are under elaboration.

Participants noted that it has to be implemented the **pilot projects of RECs** and they should be started even before the detailed legislative framework is on place. The representative of ME had agreed on the role of pilot projects, including both establishment of RECs and financial support for RECs investments. The state-owned development finance institution “ALTUM” is more focused on financial instruments. It is necessary to consider various financial mechanisms, including investment partial grants.

The ME, in co-operation with Riga planning region, plans to provide economical model calculations for solar PV, as well as solar thermal installations, in apartment buildings, however this relates more to the jointly acting renewables self-consumers and sharing of electricity for own-consumption and in lesser extent to RECs.

**Regarding RES-electricity grid services related costs**, partial compensation of them was noted as one of the possible support instruments for RECs.

**Participation in drafting legal documents.** Participants was also encouraged by the representative of the ME to submit their points of view regarding the Draft Amendments to discussed Laws. This is still possible due to the drafts is not yet finalised and submitted to the Cabinet of Ministers for final version to be submitted to the Parliament.

## THEMATIC WORKSHOP

The Thematic Workshop aimed to provide non-biased information to stakeholders and critically access the perspectives of RECs development in Latvia.

**At first, the *step-by-step development of ground solar PV project*** had been presented. The selected particular example had shown how non-used agriculture land might be returned to economy by installing RES technologies thus providing both renewable energy and long-term economical benefits for land owner. In the introduction it was emphasised, by web-joining to production data of several EU countries, including Latvia neighbours Lithuania and Estonia, that Latvia is lagging much behind regarding solar PV capacities. Afterwards the structure of PV costs had been discussed. As the main conclusions the presenter stated: (1) the decrease of levelized cost of PV electricity is on-going, however this cost reflects only the production cost. In its turn, the grid connection and grid services related costs are still high and it might be expected these costs hardly would decrease, thus support mechanism is still needed; (2) the production of solar PV should be based on viable commercial principles, both single private investor or REC; (3) submission of necessary applications for implementation of solar PV project can be done on-line and receiving the answer is in good time, this cannot be considered as the problem. Finally, it was presented in which way the sharing of electricity and peer-to-peer trading could take place if the solar PV park would be established by the REC. The presentation has raised high interest and was continued by the detailed discussion.

**The second presentation had been devoted to the REC potential in Latvia.** The calculation of socio economical potential of Latvia household investment in REC was performed based on the COME RES Task 2.2 methodology. The presentation had provided the possibility to discuss the results of the calculation with the stakeholders audience before submitting the Latvia section for the common COME RES deliverable. As the calculation methodology can be found in the COME RES Deliverable 2.2 “*Assessment report of potential for RES community in the target regions<sup>6</sup>*” we will refer here only on the main results: in the minimum scenario around 80 thousand Latvian households might be involved in REC up to 2030 investing 32 MEUR own sources in the RECs. The presentation has received good interest. The main concern was how to open the REC potential. The organiser of the REC is crucial factor.

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<sup>6</sup> to be published in COME RES website Resources in September 2021.

## SUMMARY

- Aija Zučika (LEIF) on behalf of all Latvia COME-RES team thanked participants for their highly active participation and expressed strong conviction on the continuing fruitful cooperation in the frame of COME RES and on participants contribution to the success of the project with their impulses.
- Aija Zučika particularly thanked COME-RES partners. The exchange of experience with INEGI had provided basis to compare the legislative framework implementation process and learn more on the pilot projects. This was a fruitful addition to Latvia experience. In its turn, the focused comments done by COME RES coordinator FUB-FFU representative had allowed to better emphasise the overall course and tasks of the COME RES project.
- The event had revealed and discussed several critical challenges for RECs development in Latvia and, at the same time, marked range of important clues to meet them.
- The responsible person of the Ministry of Economics was very interested on the COME RES potential inputs and also had encouraged to provide proposals for the Draft Amendments to the Law on Energy and to the Electricity Market Law.
- It is preliminary planned in the Autumn Event of Latvian Desk to discuss the role of municipalities in the organizing the RECs and their perspective legal participation in RECs. Also the results of WP4 – organisational and legal forms and business models will be presented and discussed, as far as possible.
- Today the use of PV technology in RECs looks more promising due to various factors (easier installation, lower available installation capacity, etc.). On the other hand, there is solar PV support programme envisaged by the *National Development Programme 2021-2027* beneficiaries of which might be RECs as well. These two factors determine that ME representative had noted RECs based on solar PV as most available choice.

Letter of Thank You for participants was sent by Aija Zučika, with the link to LEIF web-page containing summary of the event and links to presentations.

# CONTACT

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