



Member State Report Latvia

DATA & STATISTICS

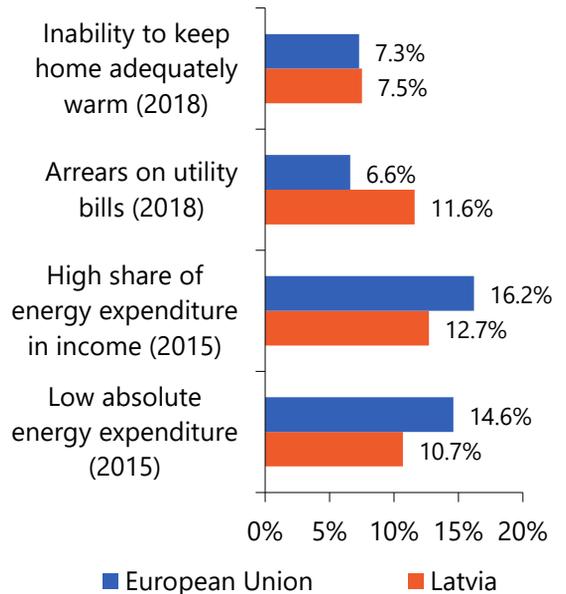
This Member State Report of the EU Energy Poverty Observatory (EPOV) provides an overview of the energy poverty situation in Latvia at a glance. With key indicators, policies, and publications, it offers an understanding of the key aspects of energy poverty in Latvia.

Latvia has a lower performance than the EU average on the population-reported indicators. In 2018, 7.5% of Latvians reported that they were unable to keep the home adequately warm while the corresponding EU average is slightly lower at 7.3%. Similarly for 2018, 11.6% were unable to pay their utility bills on time, while the respective EU average is significantly lower at 6.6%.

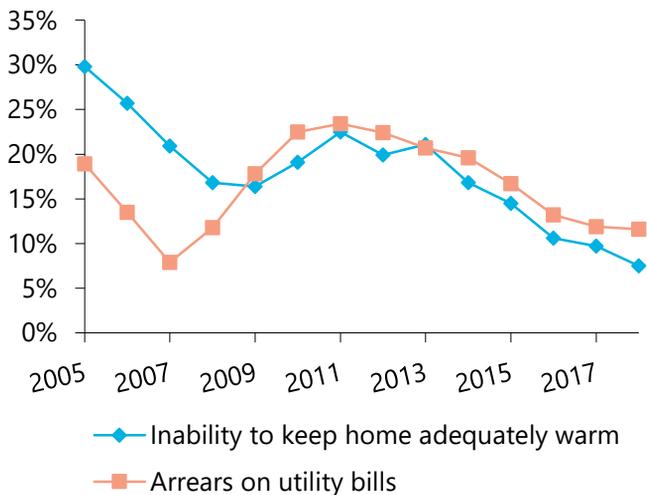
Latvia's performance in the expenditure-based indicators is better than the EU average. 12.7% of households spend a high share of their income on energy expenditure. This is below the EU average. The high energy expenditure is likely to put a strain on the household budget and might indicate a poor energy efficiency of the building.

Moreover, at 10.7% Latvia has a lower number of households whose energy expenditure is unusually low. These households might restrict their energy spending below what is necessary to meet their needs.

Performance relative to EU average*



Performance over time*



In Latvia, the number of people that are unable to keep their home adequately warm decreased from 29.8% in 2005 to 7.5% in 2018. These major improvements might be attributed to the positive development of the Latvian economy and standard of living since joining the EU in 2004. There were major improvements in energy poverty after joining the EU in 2004. However, the decline slowed down and partly reversed in the years following the financial crisis of 2008.

The number of people with arrears on utility bills decreased from 2005 to 2007 and shows a sharp increase between 2007 (7.9%) and 2011 (23.4%) followed by a decline (11.6% in 2018). The sharp increase might be attributed to the financial crisis of 2008.

About the EU Energy Poverty Observatory

The EU Energy Poverty Observatory (EPOV) is an initiative by the European Commission to help Member States in their efforts to combat energy poverty. It exists to improve the measuring, monitoring and sharing of knowledge and best practice on energy poverty. EPOV has been developed by a consortium of 13 organisations. This report was authored by Navigant.

*Population-reported indicators taken from Eurostat [here](#) and [here](#) on November 19, 2019. Expenditure-based indicators calculated by EPOV based on HBS data. Disaggregated data of population-reported indicators calculated by EPOV based on Eurostat provided data.

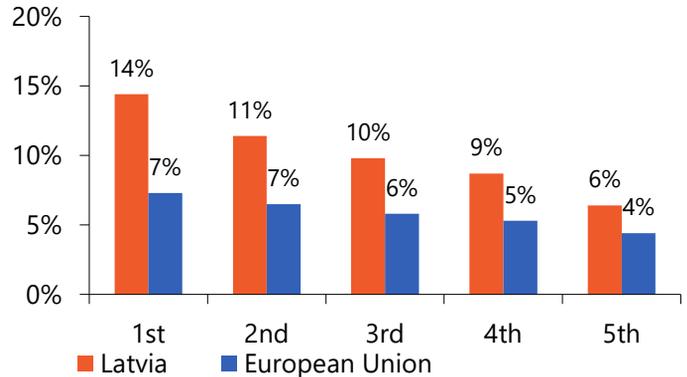


Member State Report Latvia

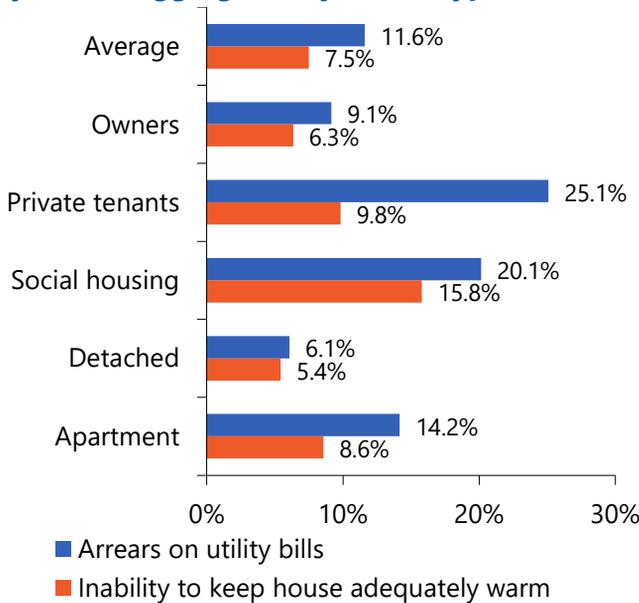
DATA & STATISTICS

Due to its cold climate Latvians have a high energy usage for heating. Combined with a median income that is well below the EU median (about a third of EU median in 2015), this leads to a much larger share of energy expenditure of income in Latvia than in the EU average. In 2015, the poorest quintile spent 14% of their income on energy expenditure, compared to 7% in the European Union as a whole. This indicates that a relatively high share of the Latvian population is at risk of being energy poor.

Share of energy expenditure of income by quintile (2015)*



Inability to keep home warm and Arrears on utility bills disaggregated by tenure type (2018)*



The disaggregated data of the household-reported indicators suggest that the 82% of the population that own their housing are less than half as likely as the rest of the population to have arrears on utility bills. People living in social housing are twice as likely to be unable to keep their home warm as people who own their house or rent it freely on the market.

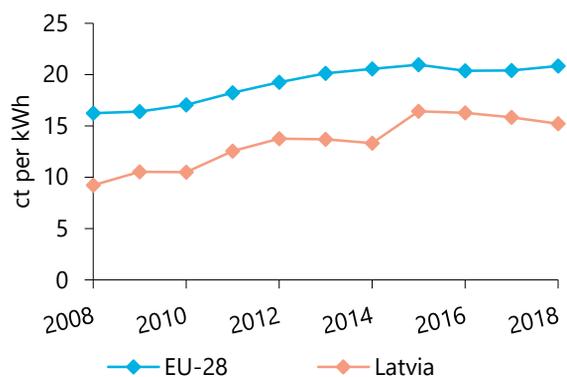
The data also indicates that the 66% of the population living in apartments are more likely to be affected by energy poverty than the 31% living in detached houses.

The data shows that there is not a lot of variation between rural and urban areas.

The household electricity cost in Latvia has increased from 9.2 ct/kWh in 2008 to a peak of 16.5 ct/kWh in 2015. Since then it has declined slightly to 15.2 ct/kWh in 2018. This decrease of the electricity may be attributed to new electricity interconnections and power market integration between the Baltic region and Finland, Sweden and Poland in 2014 and 2015.

Compared to the EU average the increase until 2015 has been particularly pronounced. In 2008 the average price in Latvia was at 57% of the EU average. This increased to 78% in 2015.

Latvia household energy costs over time



*Population-reported indicators taken from Eurostat [here](#) and [here](#) on November 19, 2019. Expenditure-based indicators calculated by EPOV based on HBS data. Disaggregated data of population-reported indicators calculated by EPOV based on Eurostat provided data.



Member State Report

Latvia

POLICIES & MEASURES

In Latvia, specific research and policies on energy poverty have yet to be developed. Until December 2019, energy poverty in Latvia had only been analysed in the context of regional studies of Eastern Europe.

In October 2018, the Latvian government decided to fund a research project on Energy Poverty. The aim of the research project, that will be completed by 2021, is to assess the situation of Energy Poverty, suggest a definition of energy poverty, identify social groups that are at risk of energy poverty, and review the definition of vulnerable costumers. After the conclusion of the research project, the government intends to set targets for addressing energy poverty and if necessary develop energy poverty policy measures.

The current approach to address energy poverty in Latvia is mainly through social policies. Municipalities are required to provide a *minimum income* level to all households if necessary, and they can also provide a *housing allowance* to households, which includes the costs for electricity and heating. In addition, the national government provides financial support for certain vulnerable groups to pay for their electricity bills.

The energy provider Elektrum also carries out *support for electricity costs*. Various groups of vulnerable customers – e.g. poor costumers or people with disabilities – get varying levels of support.

Some general energy policies could be potentially beneficial for energy poor households. The *Energy Efficiency Obligation Scheme* requires electricity suppliers to achieve a certain amount of energy savings by informing consumers of energy efficiency and promoting energy efficiency improvements. The *Live Warmer* measure is an agreement signed between different stakeholders in the public and private sectors to promote energy renovations by cooperating and providing information to households.

In the *Energy efficiency program*, around 20,000 apartments are expected to benefit from improvements in energy efficiency by 2020. It targets the two third of the population living in apartment buildings and provides them with free consultations, grants, loans and credit guarantees for banks.

The EU-funded project related to energy poverty, SUNShiNE, is active in Latvia. SUNShiNE supports public and private ESCOs and contributes to an innovative investment scheme based on the long-term guaranteed safety, health, comfort, and affordability of deeply renovated buildings in Latvia.

Selected measures	Type of measure	Organisation	Target groups	Result
Energy efficiency program	Building insulation, Heating system	National government	Apartment buildings	Around 20,000 apartments are expected to benefit from the program.
Support for electricity costs	Energy bill support	National government, Energy supplier	Households with children, Disabled, Low-income households	Based on the category under which a vulnerable customer falls, they receive varying financial support to pay for their electricity bills (e.g. through a cheaper electricity price for the first 100 kWh per month).
Energy Efficiency Obligation Scheme	Information and awareness	Energy suppliers	No specific target group	All households in Latvia receive information on energy efficiency measures.
Live warmer	Information and awareness	Business/Industry, National government	No specific target group	Information on energy efficient renovations are more easily accessible.
Guaranteed minimum income level	Social support	Local government	Low-income households	All households in need receive a minimal income.
Housing allowance	Social support	Local government	Low-income households, Disabled, Pensioners, Households with children, children left without parental care	Some municipalities provide financial support for the cost of housing to households in need.



Member State Report Latvia

PUBLICATIONS & ORGANISATIONS

This page gives an overview of the most relevant organisations working on energy poverty in Latvia and presents publications on energy poverty in Latvia.

Organisation

Name: Solutions to Tackle Energy Poverty (STEP)

Organisation type: Association

Description: STEP is a project to develop a simple, innovative and replicable model of measures to address energy poverty. The project covers nine EU Member States including Latvia. STEP's overall objective is to alleviate energy poverty by encouraging behavioural change and low-cost energy efficiency solutions amongst consumers in or at risk of energy poverty through trusted, tailored advice.

Organisation

Name: Altum

Organisation type: National Government

Description: Altum was founded in 2013 as a state owned development finance institution. Altum develops and implements state aid programmes to support the Latvian people. In the sphere of energy poverty it provides financial support for home owners living in multiple apartment buildings to improve the energy efficiency or the heating system of their home. It provides households with free consultations, grants, loans and credit guarantees for banks.

Publication

Title: [Draft National Energy and Climate Plan of Latvia 2021–2030](#)

Authors: Latvian Government

Year: 2018

Description: All EU Member States have to submit a National Energy and Climate Plan (NECP) to the EU Commission to lay out their energy and climate policy agendas for 2021 to 2030. The EU Commission requires the NECP to include a section on energy poverty. The NECP of Latvia details the plan of the Latvian government to carry out research projects on energy poverty until 2021 and develop a strategy to address energy poverty afterwards.

Training Resource

Title: [Handbook: Deep renovation of multifamily residential buildings using Energy Performance Contracting](#)

Authors: SUNSHINE

Year: 2017

Description: This publication by the EU-funded SUNSHINE project shows house owners the benefits and required practical steps of carrying out deep energy efficient renovation measures of multi-apartment buildings. It explains both technical details on how to perform the measures and how to finance it using energy performance contracting.

Other selected publications

- World Bank (2000) [Maintaining Utility Services for the Poor: Policies and Practices in Central and Eastern Europe and the Former Soviet Union](#)
- Lampietti, J., and Meyer, A. (2002) [Coping with the Cold: Heating Strategies for Eastern Europe and Central Asia's Urban Poor](#)
- Fankhauser, S. and Tepic, S. (2007) [Can poor consumers pay for energy and water? An affordability analysis for transition countries](#)
- Ruggeri Laderchi, C., Olivier, A., and Trimble, C. (2013) [Balancing Act: Cutting Energy Subsidies While Protecting Affordability](#)
- Ecoserveis Association (2018) [Atlas of Initiatives of Energy Poverty in Europe. State-by-state Review](#)
- Agency for the Cooperation of Energy Regulators, Council of European Energy Regulators (2019) [Annual Report on the Results of Monitoring the Internal Electricity and Natural Gas Markets in 2018 – Consumer Empowerment Volume](#)

For definitions of the terms used in this report [click here](#). The EPOV website provides an extensive collection of Knowledge & Resources. [Click here](#) for more information and to contribute additional policies, publications and other resources.

This report was completed in February 2020.

Contact us:

www.energy-poverty.eu
contact@energy-poverty.eu
Twitter at @EPOV_EU