

## **Sustainable energy practice in Latvia**

Ministry of the Environment of the Republic of Latvia is responsible for the issues of renewable energy.

Energy policy is played and will continue to play a key role in the developments in Baltic region. Main trends of energy policy are promotion of competition, improvement of the security of energy supply by reducing growing dependence on imported energy sources, development of renewable energy, energy efficiency and environmental protection.

Although liberalisation of electricity and natural gas markets has shown some benefits much more remains to be done. From 1 July 2007 all gas and electricity consumers can freely choose their supplier. At present electricity and gas markets in Latvia, remain national in economic scope. Imports of electricity and gas are not yet sufficiently developed to provide customers with a real alternative to the nationally established suppliers. Insufficient interconnection capacity prevents the integration of national markets and puts competitive pressure on imports.

Increasing the use of renewable energy and switching to alternative, competitive and more environmentally friendly energy sources is also high on list of priorities. The potential for increasing the use of renewable energy is still considerable. Biomass and wind energy are the two renewable energy sources with the greatest potential for development. In order to develop this potential, we need to avoid political and regulatory uncertainty, which will hold back investments and evaluate the different support schemes, and to identify current best practice.

We are observing an increasingly tight balance between supply and demand in global and national energy sector and there are increasing concerns over the ability to match energy demand and supply in the long term. Policies to reduce energy demand must be strengthened. In fact, the most effective way of easing the pressure on the international energy markets is to forcefully pursue policies aimed at saving energy. Energy efficiency measures are therefore a central part of the political response to concerns over energy security of supply. Currently Latvia faces rapid growth of GDP together with total consumption of energy resources. At the same time Latvia successfully implements energy efficiency improvement measures in existing energy consuming objects, particularly in heating sector. This energy saving does not compensate growth of energy consumption caused by economical development, though.