

<b><i>Title of the measure:</i></b>	<b>LV29 Energy Management Systems in Tertiary Sector Entities - Large Electricity Consumers</b>
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### ***General description***

The "Energy Efficiency Law" [1] which contains legal norms arising from the Directive 2012/27/EU was adopted 03 March 2016. The Law includes the Section 12 stating the general procedure of energy management in entities which have large electricity consumption:

- The entity is considered as a large electricity consumer if its annual electricity consumption is **above 500 MWh** (only own consumption, the electricity sold to another consumers is not accounted).<sup>1</sup>
- Large electricity consumer has the duty to implement and maintain certified (according the standard) energy management system which shall cover at least 90% of the total final energy consumption of the large electricity consumer. The large electricity consumers which have already implemented environmental management system might supplement this system in a way its provide evaluation of energy consumption.
- The noted energy management systems shall be implemented **up to the 1<sup>st</sup> April 2018**.
- The alternative to energy management system is to perform the regular energy audits, at least each 4 years, in such a case the first energy audit shall be performed up to 1 April 2018.
- the large electricity consumer shall inform the Ministry of Economics regarding implemented energy management system (supplemented environmental management system) or performed energy audit, and proposed energy efficiency measures. Each year the large electricity consumer shall report the implemented energy efficiency measures and energy savings reached.
- **The large electricity consumer shall implement up to the 1<sup>st</sup> April 2022 at least three energy efficiency measures, which have the highest energy savings or the highest economical return**, stated by energy audit or by certified energy management or environmental management systems.
- Implementation of certified energy management system is stated as the favourable criterion which is taken into account when evaluating entities' proposals regarding project's co-financing by EU Funds, other public sources or other public support schemes (guarantees, subsidized interest rate, etc.)

The large electricity consumer, which is not fulfilling the noted above duties, shall pay Energy Efficiency Duty (Section 13 of the Law). The amount and procedure of this duty are described by the Cabinet of Ministers (governmental) Regulations [2]. According the Regulations [2], the Duty is **7% of the electricity cost in the previous year**<sup>2</sup>. The Duty is calculated by multiplying the amount of consumed electricity (in MWh) with the Eurostat's published average electricity price in industry sector<sup>3</sup> in the previous year

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<sup>1</sup> In case the entity corresponds to the status of large enterprise, the duties of large enterprise enters – see the MURE database Tertiary sector measure TER-LV28.

<sup>2</sup> The amount of duty is determined based on the principle that the amount of duty shall be equal to those energy and costs savings which might be reached by the implementation of educational, organisational and behavioural measures, meaning without implementation of significant investments. International experience indicates it might be reached up to 10% electricity savings by implementing "soft" measures [3]. On the other hand, studies done in Latvia [3] indicate that the energy management system (EMS) implementation costs for medium scale enterprise is around 3500 EUR, for large enterprise – 10000 EUR; thus the amount of duty is compatible with the costs of implementation of the EMS.

<sup>3</sup> E.g., its corresponds to **6.30 EUR/1 MWh consumed electricity** (according 2015 data) [3]



## **Impact evaluation**

There is no available envisaged energy savings for the large electricity consumers in tertiary sector only.

The Latvia national Plan of the Alternative Measures of Energy Efficiency Policy to Reach the Target of Energy End-Use Consumption Saving 2014-2020 [4] envisages the 2020 cumulative energy savings of 54 GWh total for all sectors. Based on this figure and assuming the impact period 2019-2020, it might be calculated 2020 annual energy savings around 36 GWh (0.13 PJ) total for all sectors.

According the data of Central Statistical Bureau [5], final electricity consumption in 3 sectors – industry, tertiary, transport – in total in 2015 was 16.3 PJ. Thus the envisaged impact of the measure might be evaluated around 0.8% average for all sectors. Thus the semi-quantitative impact might be attributed as high.

If attributing this average impact to tertiary sector final electricity consumption, it might be calculated 0.08 PJ energy savings in 2020

## **Interaction of measures**

The charged, due to non-compliance of large electricity consumer, Energy Efficiency Duty is transferred to national Energy Efficiency Fund, see the MURE database Cross-sectorial measure GEN-LV19

## **References**

1. Energy Efficiency Law. Adopted 03 March 2016, in force 29 March 2016. Published in Latvian: „Latvijas Vēstnesis” 52 (5264), 15.03.2016, <http://likumi.lv/doc.php?id=280932>
2. Cabinet of Ministers (Governmental) Regulations No 202 (2017) “Regulations on Energy Efficiency Duty and Its Calculation, Application, Payment and Controlling” (*Ministru Kabineta Noteikumi Nr.202 (2017) "Noteikumi par energoefektivitātes nodevas apmēru un tās aprēķināšanas, piemērošanas, maksāšanas un kontroles kārtību"*), adopted 11 April 2017, in force 14 April 2017. Published: “Latvijas Vēstnesis”, in Latvian. Available <https://m.likumi.lv/doc.php?id=290131>, in Latvian.
3. Annotation of noted above Cabinet of Ministers Regulations No 202 (2017), available [https://m.likumi.lv/saistitie.php?id=290131&saistitie\\_id=anot](https://m.likumi.lv/saistitie.php?id=290131&saistitie_id=anot), in Latvian
4. Ministry of Economics. Latvia national Plan of the Alternative Measures of Energy Efficiency Policy to Reach the Target of Energy End-Use Consumption Saving 2014-2020 (*Energoefektivitātes politikas alternatīvo pasākumu plāns enerģijas galapatēriņa ietaupījuma mērķa 2014.–2020. gadam sasniegšana*), approved 24 May 2017 (Cabinet of Ministers Order No 257). Available in Latvian <http://polsis.mk.gov.lv/documents/5921>
5. Central Statistical Bureau. Data base ENG02 “Energy Balance”, available [http://data.csb.gov.lv/pxweb/en/vide/vid\\_e\\_ikgad\\_energetika/?tablelist=true&rxid=a79839fe-11ba-4ecd-8cc3-4035692c5fc8](http://data.csb.gov.lv/pxweb/en/vide/vid_e_ikgad_energetika/?tablelist=true&rxid=a79839fe-11ba-4ecd-8cc3-4035692c5fc8)