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# *Latest update – Latvia*

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*Public Utilities Commission of Latvia*  
*Head of energy department*  
*08.11.2013.*



# Economics

Development

*GDP :*

***2012 versus 2011 – increase by 5.6 %  
1st quarter of 2013 versus 1st quarter of  
2012 increase by 3.6%***

*Electricity consumption:*

***2011 versus 2010 – decrease by 1.9%  
2012 versus 2011 – increase by 4.8%***

*Gas consumption:*

***2011 versus 2010 – decrease by 11.9%  
2012 versus 2011 – decrease by 6.3%***



# RES

Development

*Share of renewable energy in gross final energy consumption*

*Indicative target 2020 – 40%*

**2011 – 33,1%**

**2010 – 32,6%**

**2009 – 34,3%**

*Increase of electricity volumes produced from renewable energy sources 2012 versus 2011*

**-Wind +52%**

**-Water +28%**

# *Retail market in Latvia*



75 % market  
opening

**Today**



100% market  
opening

**April 1, 2014.**



# *Electricity market Law*

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Legal framework

*Amendments to ETL gives right to Regulator to impose sanction to market players up to 10% from annual turnover !*

*Secondary legislation will describe details - plan to have it effective by March 2014*

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## *Tax on subsidies*

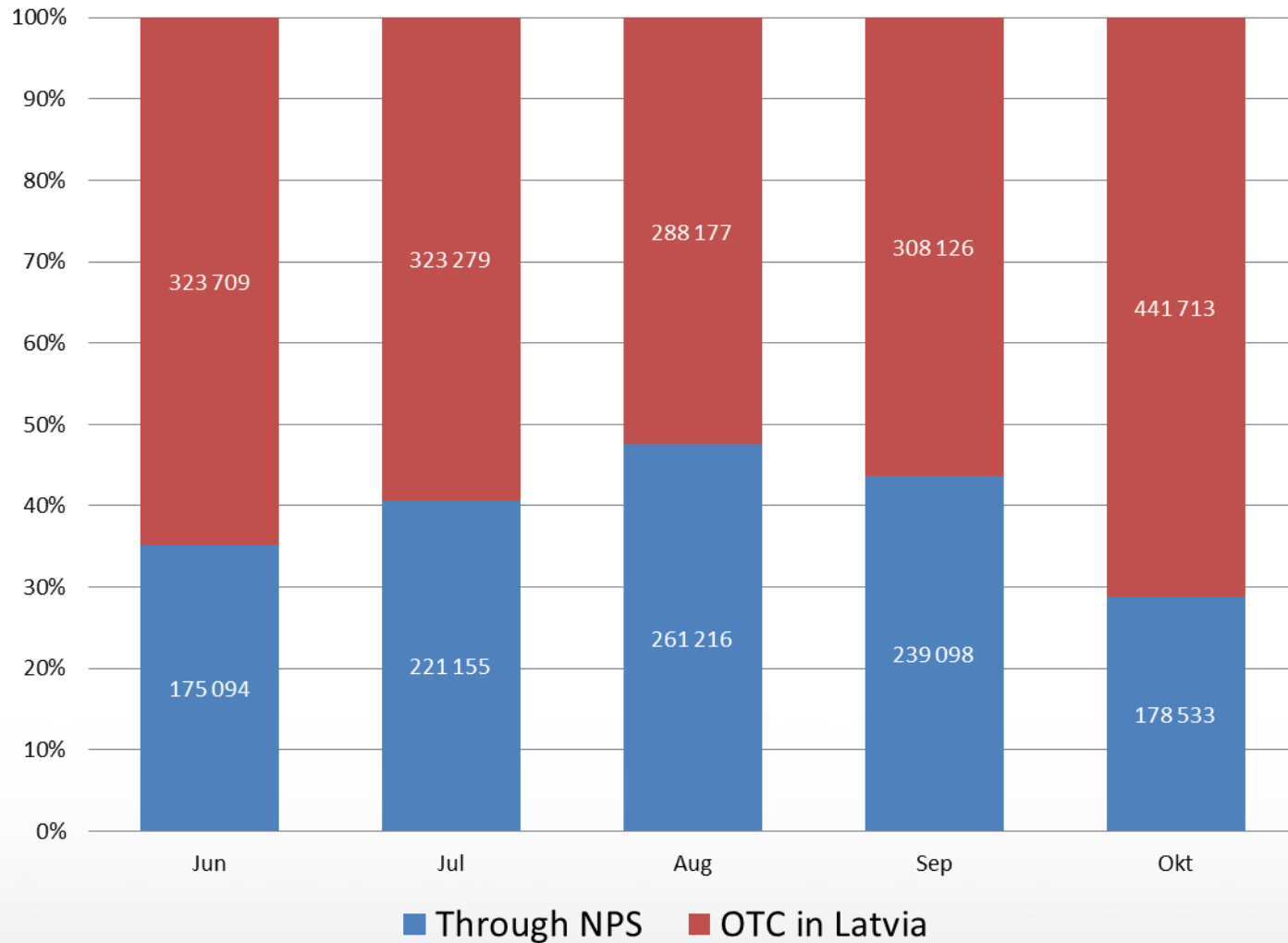
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Legal initiative

*The first reading in Parliament have passed amendments to:*

- *Electricity Market Law and*
  - *Law on Taxation of energy subsidies.*
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# Wholesale of energy in Latvia (MWh)





## *Price and case*

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Price

Latvia, June 25:

- Altogether 5 companies offered bids
    - 2 of them offered PIB
    - 3 of them offered price bids
    - Non of them offered block order
    - 2 of them offered sell bids
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# *Price efficiency*

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Price

*What are the expectations from market:*

- *Traders*
- *Operators*
- *Customers*

*Efficient market = Efficient pricing*

*Role of Regulators*

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# *NPS Latvia investigation- findings*

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Investigate

- *In Latvia price zone 2 offers for sales and 5 purchase offers, no congestion on EE-LV link*
- *Preliminary - no breach of REMIT rules by market participants in NPS Latvia price zone for case of June 25, 2013*
- *Misunderstanding was related who should report UMM about grid transfer restriction due to repair limiting availability of power production capacities.*



# *NPS Latvia investigation- findings*

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Find

- We have just few market participants in Latvia wholesale (NPS LR price zone) market and therefore liquidity is low.*
- Every single buy or sell bid has significant impact to the spot price.*
- Bids in EE and LT as well FIN areas impact price in NPS Latvia.*
- Investigation can be executed only when data provides full picture of trade in region*



# Proposals



*Clarify who should send UMM on network limitations , producer or TSO ?*

Propose

*Asses opportunity to implement some safeguard measures to eliminate possible impact of :*

- *non genuine and ;*
- *non good business conduct bids and offers*

*Could be place for discussion about what is rational market participant's behavior ?*

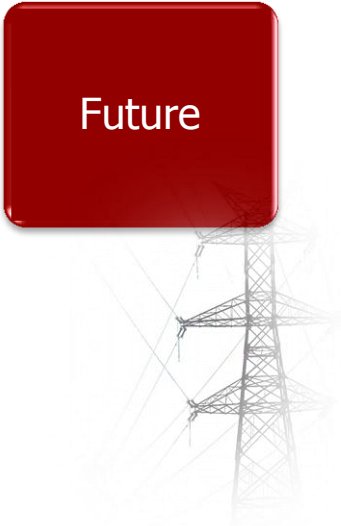
# *Future challenges*

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Future

- *Balancing market participants interest*
- *Assessment of PCI projects*
- *Participation in drafting of secondary legislative acts for 100% electricity market opening*
- *Supervision of implementation of TSO certification decision*







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*Thank You for attention !*

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