



## Country profile –Latvia

Country: Latvia												
Support schemes	Electricity and heat production			Consumption				Transport		Supply and others		
	RES	Fossil	Nuclear	RES	Fossil	Electricity	Heat	Biofuels	Fossil	RES	Fossil	El./heat
<b>1. Direct subsidies</b>												
Direct on-budget subsidies	2						7					
Feed-in tariffs	1											
Feed-in premiums												
Adjustment Aids												
Inherited liabilities												
Induced transfers												
Others												
<b>2. Fiscal measures</b>												
Energy Tax Allowance									17			
Energy Tax Exemptions				4, 3	18, 16, 15, 14, 13, 12, 10, 9, 8			5	14, 11			
Other Tax Deductions												
Earmarked refunds of taxes												
<b>3. Transfer of risk to government</b>												
Adjustment Aids												
Inherited liabilities												
Others												
<b>4. Other financial measures</b>												
Adjustment Aids												
Other Tax Deductions												
Others												
<b>5. Non-fiscal measures</b>												
Quota obligations					6							
Priority Grid Access												
Others												

No.	Datasource	Description
1	RES-LEGAL	<p>Feed-in tariff - The feed-tariff is currently on hold until 01.01.2016.</p> <p>The Latvian government has set a certain percentage of final energy consumption that shall be from renewable sources. This percentage differs for every source of energy and was initially applicable until the end of 2010. The government has also set percentages for the following 10 years (§ 29 par. 2, 3 Electricity Market Law; no. 2 Regulation No. 262).</p> <p>According to the Ministry of Economy, electricity producers may apply for the right to sell electricity at a guaranteed price until the government-set cap is reached. The producers of electricity from certain energy sources are obliged to participate in a competition to obtain this right.</p>
2	RES-LEGAL	<p>Subsidy (Investment support to increase the district heating system efficiency) - Investment support is available for the (re)construction of infrastructure and technology of district heating plants in order to encourage the wider use of RES. Projects are supported in form of subsidies. The deadline for the fifth round is 31.07.2013.</p>
3	RES-LEGAL	<p>Tax regulation mechanism (Law on Excise Duties) - Natural gas which complies with the Combined Nomenclature Codes 2711 11 00 and 2711 21 00 and is supplied to end users is subject to excise tax (§ 6 Law on Excise Duties). The tax rate is reduced if the biogas is used for heating (§ 15.1 Law on Excise Duties).</p>
4	RES-LEGAL	<p>Tax regulation mechanism (Law on the Value Added Tax) - The value added tax shall be imposed on the following economic activities: supply of goods and services, including home consumption on the national level (§ 5 par. 1</p>

		Law on the Value Added Tax). For the supply of biomass and biogas for household needs, the tax rate is reduced (§ 42 par. 11, 12 Law on the Value Added Tax).
5	RES-LEGAL	Tax regulation mechanism - The Law on Excise Duties obliges companies processing, holding, receiving or dispatching mineral oil products to pay excise tax (§ 5 Law on Excise Duties). This amount is reduced if the fuel is blended with biofuels (§ 14 Law on Excise Duties).
6	IVM	Mandatory procurement.
7	IVM	Installed capacity payments.
8	IVM	Excise Tax Exemption for Natural Gas used in Heat Supply for Greenhouses and Industrial Poultry Breeding. From July 1, 2011 till December 31, 2013 greenhouses and industrial poultry breeding are granted a full excise tax rebate for natural gas used for heating. The benchmark against which this tax expenditure is calculated is the excise tax rate on natural gas.
9	IVM	Excise Tax Exemption for Natural Gas for Industrial consumers. From July 1, 2011 till December 31, 2013, a number of industries are granted a full excise tax exemption for natural gas used for industrial manufacturing and other processes related to it, the processing of agricultural raw materials, and technology required to maintain indoor climate of industrial and agricultural raw material processing premises. The benchmark against which this tax expenditure is calculated is the excise tax rate on natural gas.
10	IVM	Energy Tax Exemption for Electricity Produced in CHP Plants Using Natural Gas. Since 2007 electricity produced in CHP plants using natural gas is granted a full energy tax exemption. The benchmark against which this tax expenditure is calculated is the energy tax rate.
11	IVM	Excise Tax Exemption for Oil Products used for Domestic Shipping. Oil products used in domestic shipping, with the exception of private leisure and entertainment are exempted from the excise tax normally levied on sales of petroleum products in Latvia.
12	IVM	Excise Tax Exemption for Oil Products for Industrial Consumers.
13	IVM	Excise Tax Reduction for Petroleum, Fuel oil and Diesel oil used for Heating.
14	IVM	Excise Tax Exemption for Oil Products used in Special Economic Zones.
15	IVM	Excise Tax Exemption for Diesel used in Agricultural Transport.
16	IVM	Excise Tax Exemption for Oil Products used for CHPs or Electricity Production.
17	IVM	Excise Tax Exemption for Oil Products Imported from non-EU Countries by Individuals for Own Consumption. Oil products which individuals import for their own consumption (one full vehicle standard fuel tank additionally to fuel portable tank with no more than 10 litres per vehicle) from non-EU countries is subject to an excise tax exemption. Since January 1, 2012 individuals are subject to excise tax exemption for the allowed amount once every seven days instead of once every day as was the case before.
18	IVM	CO2 Tax Exemption for Peat. The amounts consumed are negligible. No estimates available.