


Current investment flows, Investment gap for climate projects and policy recommendations for Latvia


Part of the EUKI-funded project: Climate Investment Capacity 2030




Agris Kamenders
Riga Technical university


Project partners:


Supported by:





based on a decision of the German Bundestag



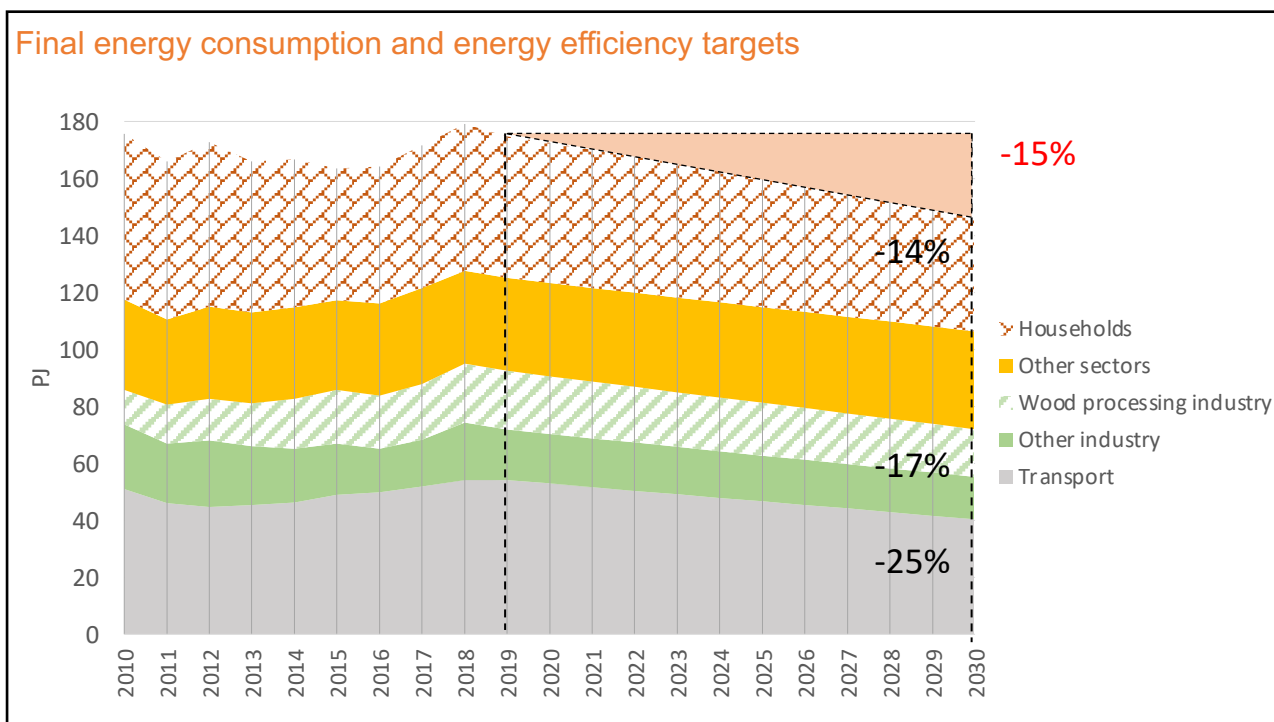




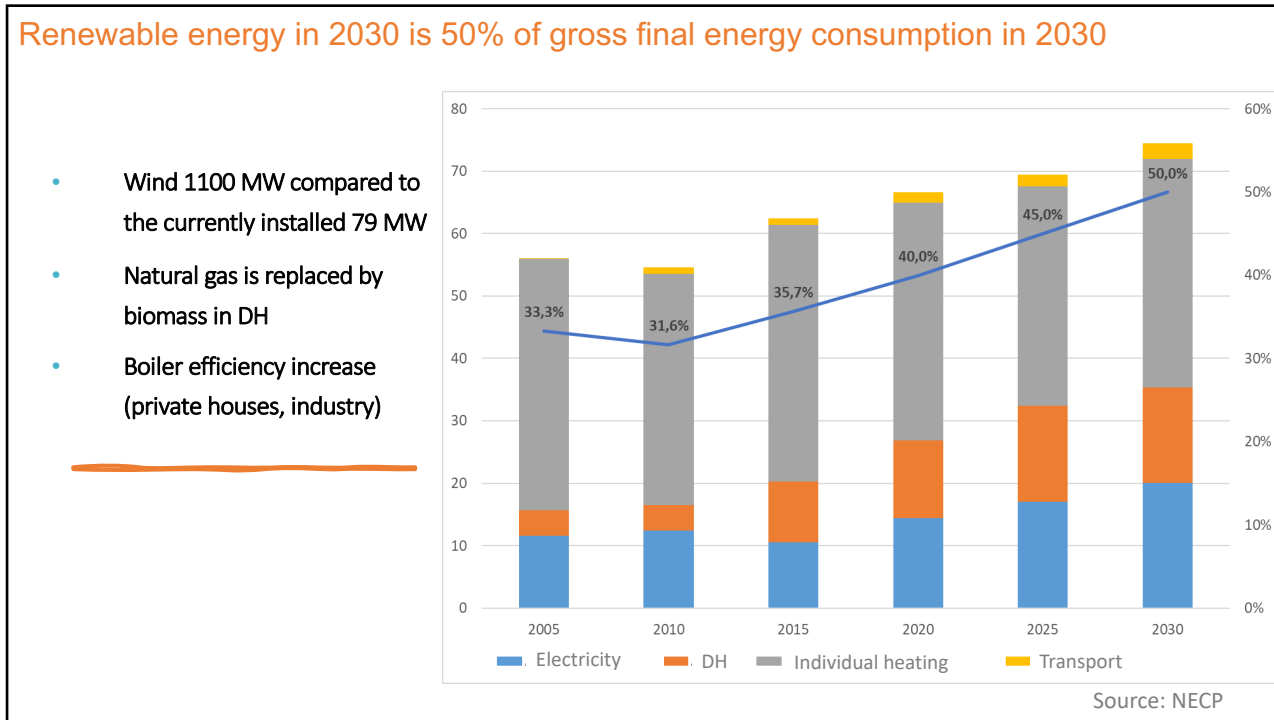




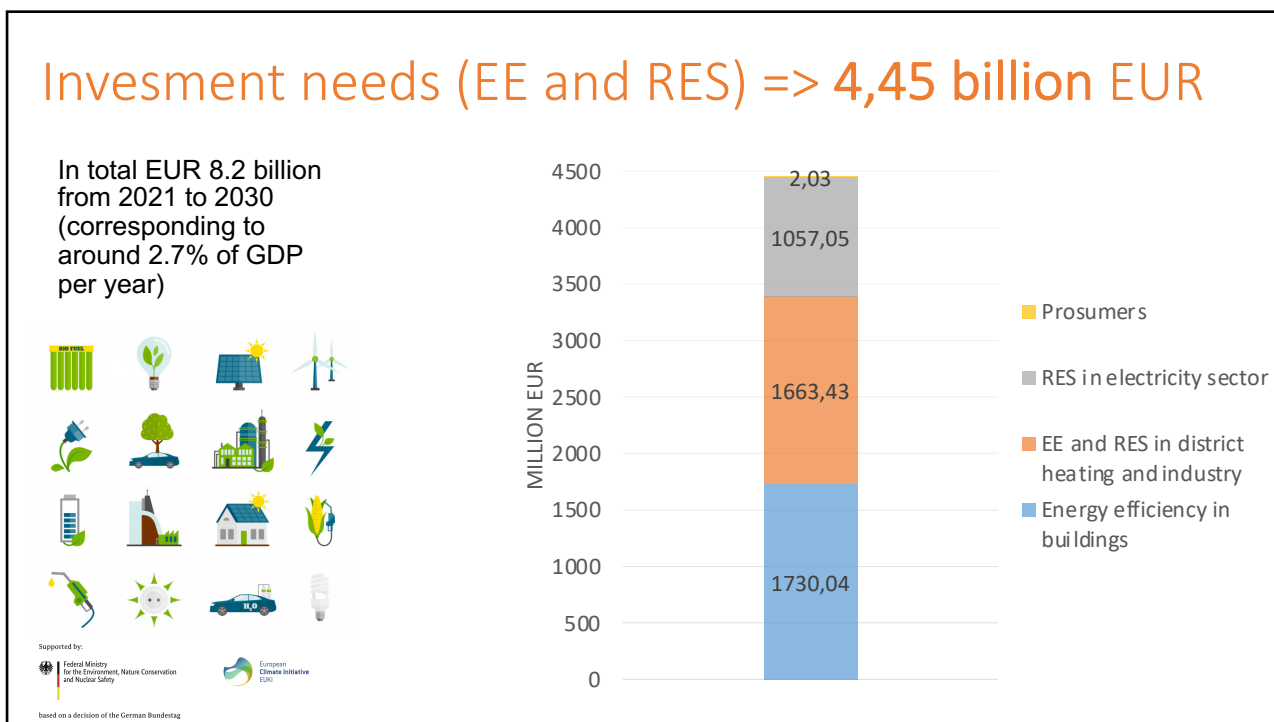
1



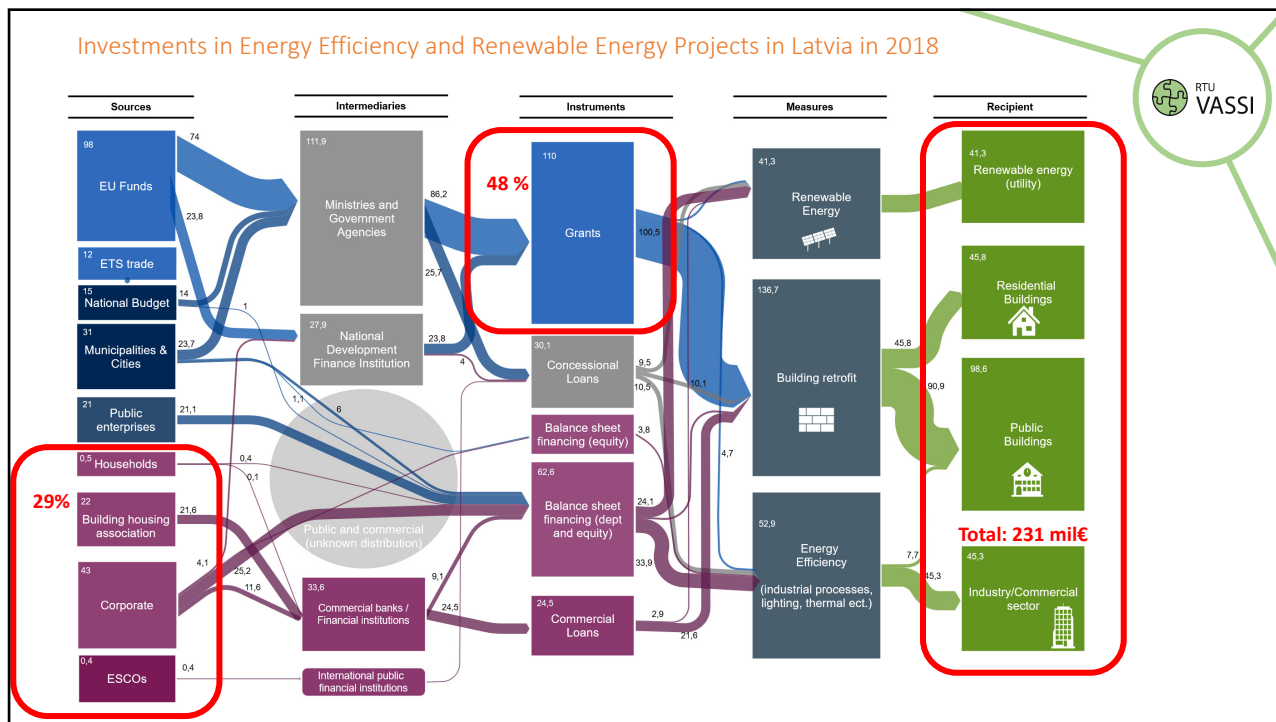
2



3



4



5

Potential funding

Investment Need, million EUR	Financing Sources, million EUR
EUR 1 730 million (energy efficiency in buildings)	EUR 375 million (Emission Selling)
EUR 1 663 million (energy efficiency and renewable energy in district heating and industry)	EUR 60 million (Modernization Fund)
EUR 1 057 million (RES in electricity sector)	EUR 224.22 million (Recovery and Resilience Facility)
EUR 2 million (Prosumers)	EUR 464 million (Cohesion Fund)
	EUR 18 million (ALTUM loans)
	EUR 902 million of private sources mobilized as co-financing
Total needs: EUR 4 452 million EUR	Total sources: EUR 1 819 million
	INVESTMENT GAP: EUR 2.5 billion EUR

6

Barriers to scaling up private sector investment for climate projects

- **RES** - uncertainty about energy policy and renewable policy, energy policy moved from the relatively generous feed-in-tariff support mechanism for renewable energy to almost no support;
- **Residential buildings** - lack of information and demand, long and complex decision-making, long project preparation processes, cost of financing and long payback periods;
- **Municipal and central government building** - high upfront investments, no experience in tendering energy service companies or using other type of investments beside grants;
- **Commercial sector and industry** - high initial project preparation costs, project preparation risk

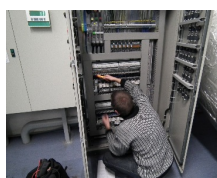
7

Recommendation

- **Driving demand** – supporting the project pipeline and capacity building:
 - Expand PDA programme based on the experience of an administrated technical assistance programme of ALTUM (blend grants with loans);
 - standardized solutions based on exiting experience and results from projects (building renovation motors, lighting ..)
 - In residential sector allocate a leading role in managing projects to building management companies, municipalities, professional project managers
 - Provide energy efficiency benchmarks and “quick tools”
 - Information – focus on non-energy benefits and consider them in strategic decision-making



Food processing



Commercial buildings



Residential buildings



Wood processing



Small scale RES

Supported by:



based on a decision of the German Bundestag




8

Recommendation



- **Blending grants and loans** – long term financing mechanism:
 - long-term and low-interest investment funding. Loan schemes with a grant component, consider EU support 2021 – 2027 and ETS to attract private capital instead. Grants only very specific (sub) sectors (e.g. vulnerable households) and measures (e.g. innovative technologies);
 - guidelines and legal norms that would allow local municipalities/residents to get involved in large scale RES projects (wind and solar PV projects) and share benefits;
 - Set sector-specific targets and involve utilities in planning and implementation arrangements.
 - Expand green bonds using national financial institutions like ALTUM, national utility company LATVENERGO and other funds;

Supported by:
 Federal Ministry
 for the Environment, Nature Conservation
 and Nuclear Safety
 based on a decision of the German Bundestag




9

Recommendation



- **Funding for R&D and innovation** - new technologies and solutions in the field of energy efficiency and renewable energy - nZEB, prefabricated building elements, positive energy districts and energy hubs.
- Provide training and upskilling of energy auditors and energy managers, introduce regular certification schemes for the building sector specialists.



Supported by:
 Federal Ministry
 for the Environment, Nature Conservation
 and Nuclear Safety
 based on a decision of the German Bundestag



10

Contacts

Agris Kamenders

Institute of Energy Systems and Environment
Āzenes iela 12/1 - 604, Rīga

agris.Kamenders@rtu.lv

mob.: +371 29145442

www.rtu.lv

www.videszinatne.lv



Supported by:



based on a decision of the German Bundestag

