



Eurogas Central and Eastern Europe Conference

Natural gas in heat production - Fuel of first choice?

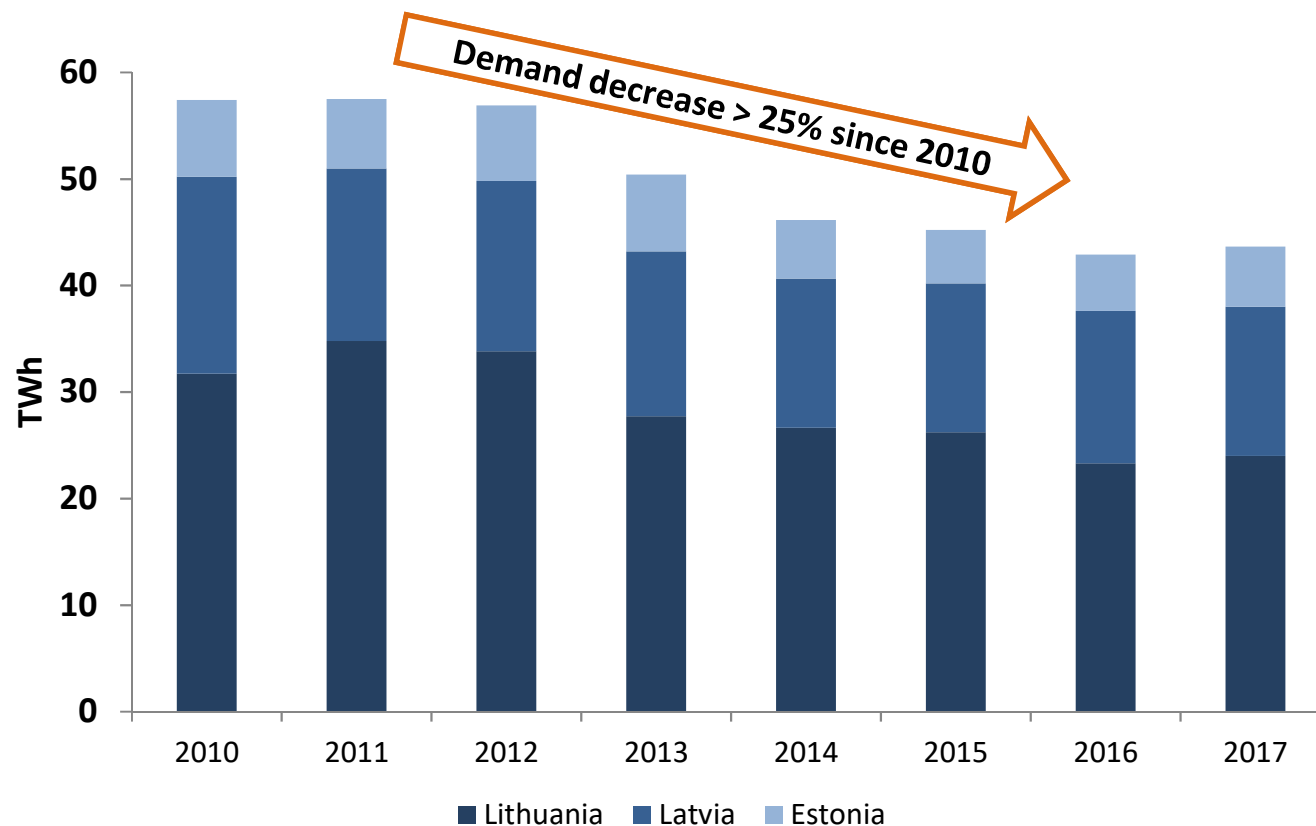


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Vienna, 9 October 2018



Natural gas demand in the Baltic region dropped significantly since 2010

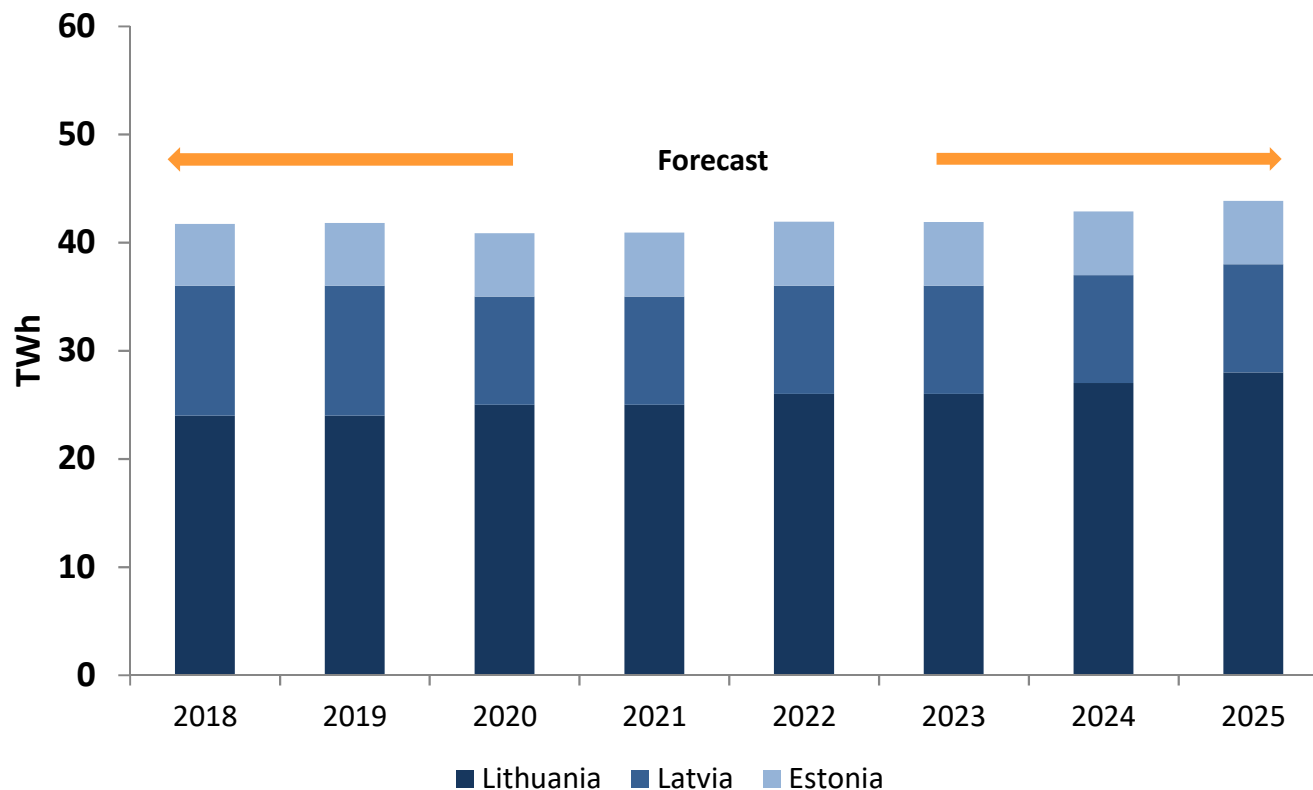


- Latvian gas market comprises approx. 35 % of Baltic gas market
- Demand decline is in line with developments in major EU gas markets
- Promotion of renewables & energy efficiency are the main drivers behind the demand drop

Source: Central Statistical Bureau of Latvia; ENTSOG; Amber Grid



No signs for a quick recovery - demand rather expected to stagnate or even decline further



- International and local climate policies aim at further increasing the share of renewables and the phase-out of fossil fuels

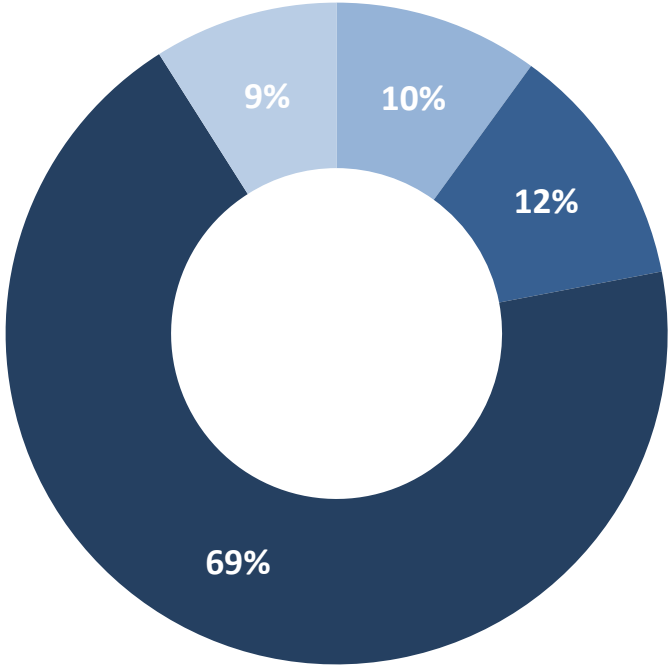
Source: Central Statistical Bureau of Latvia; ENTSOG; Amber Grid



Latvian natural gas demand strongly depends on heat and power production



Shares of natural gas by customer groups in Latvia, 2015



- Municipal and commercial companies
- Industry
- Power and heat production
- Residential customers

Source: ENTSOG, "Gas Regional Investment Plan 2017"




Natural gas is used in different areas of heat production




1

Direct heating of households




2

**District heating
District heating boilers
Combined heat & power plants (CHP's)**

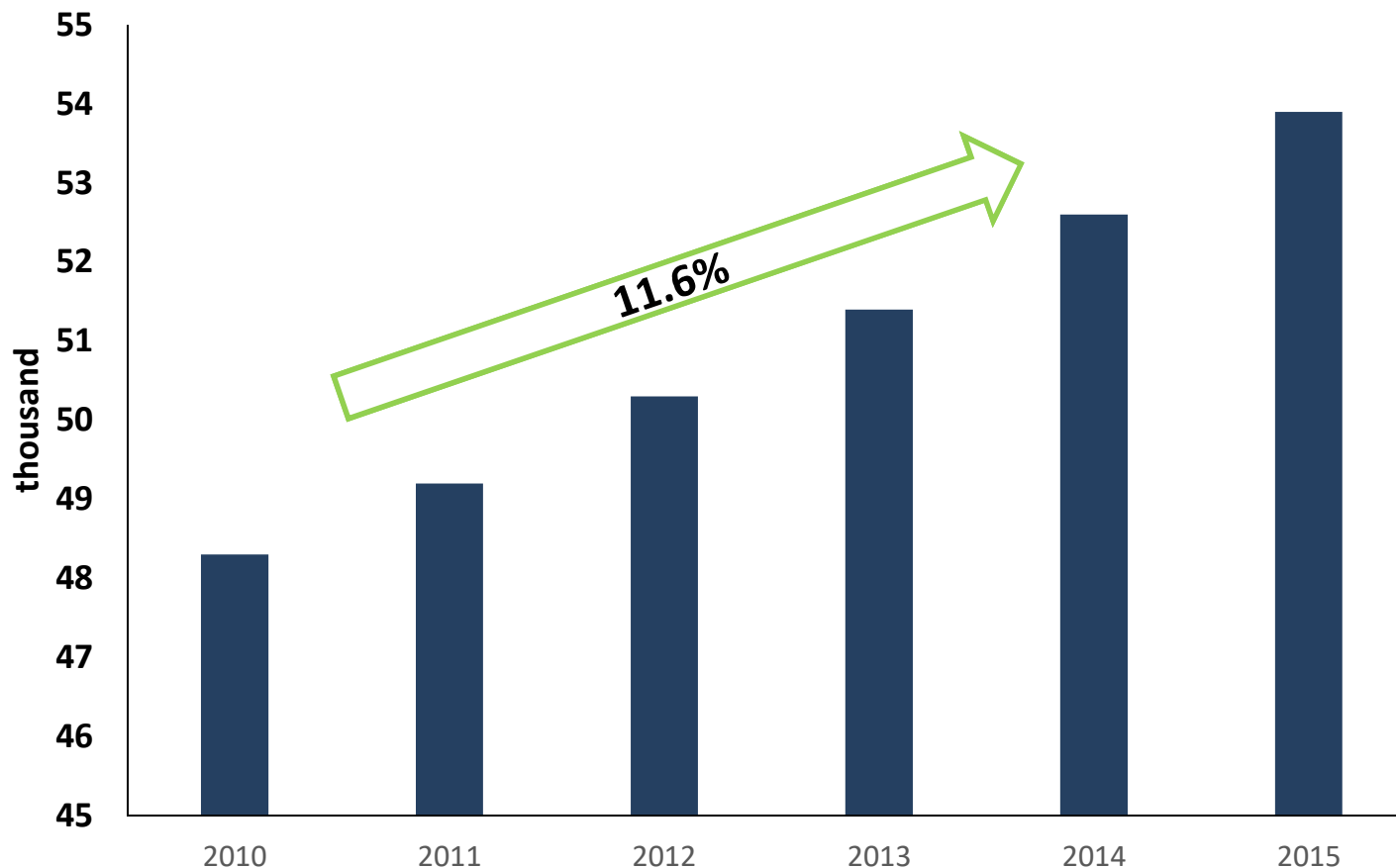


3

Industrial process heat



Number of households using natural gas for heating increased by more than 10 % in the period 2010 - 2015



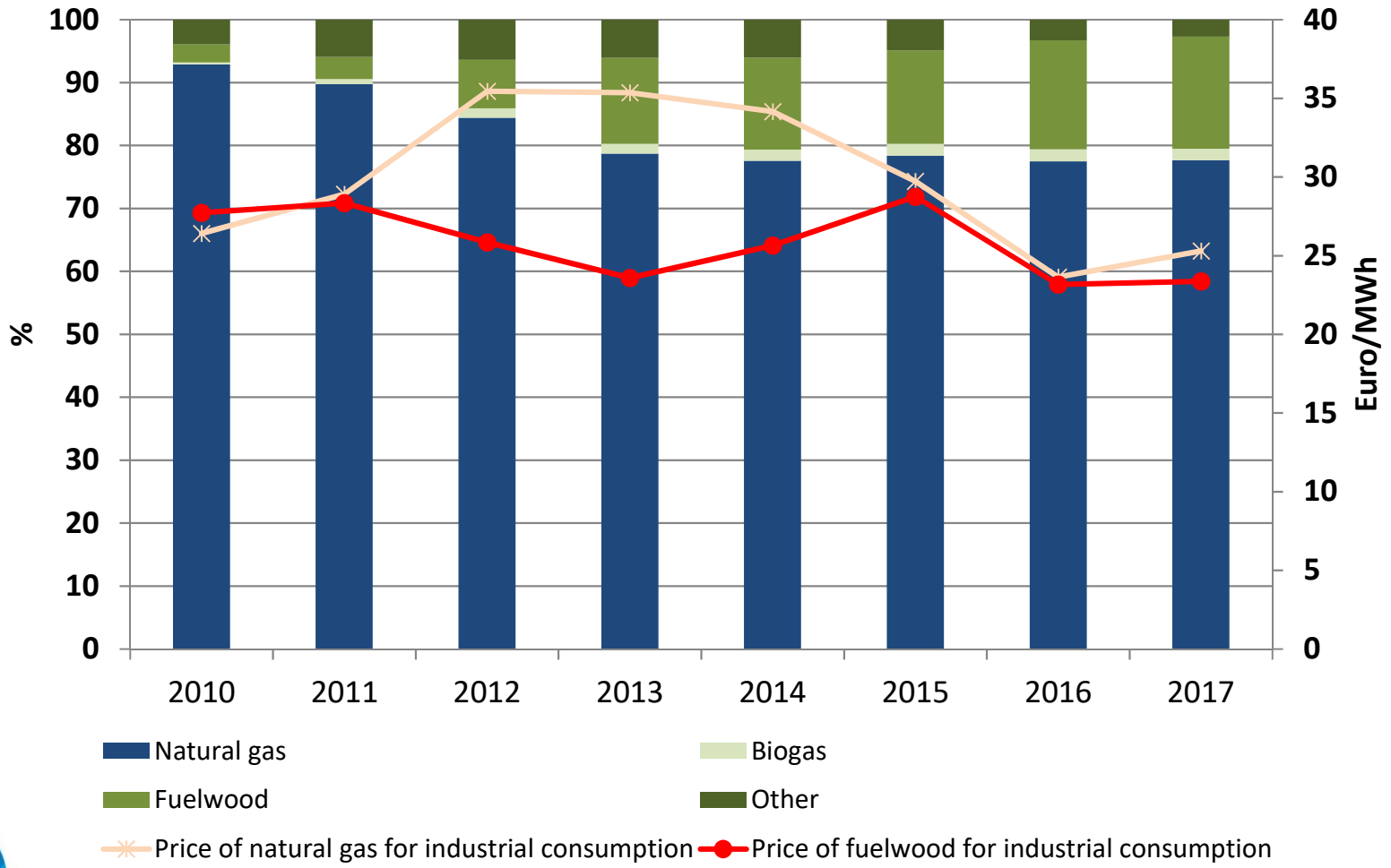
Source: ENTSOG, "Baltic Energy Market Interconnection Plan GRIP, Main Report 2017"



Although overall heat production in Latvia increased the share of natural gas in heat production declined



Percentage share of different fuels in installed heat capacity (MW) in Latvian CHP's



Sources: Euroheat & Power, Central Statistical Bureau of Latvia, "Units, conversion factors and formulae for wood for energy", Pieter D. Kofman, 2010



Thank you!

