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If a whole or part of a paragraph has been amended, the date of the amending regulation appears in square brackets at the end of the paragraph. If a whole paragraph or sub-paragraph has been deleted, the date of the deletion appears in square brackets beside the deleted paragraph or sub-paragraph.

Republic of Latvia

Cabinet

Regulation No. 560

Adopted 2 September 2020

**Regulations Regarding the Generation of Electricity Using Renewable Energy Resources, and also the Procedures for Price Determination and Monitoring**

*Issued pursuant to*

*Section 29, Paragraph four, Section 30.4, Paragraph three, Section 31.1, Paragraph nine, Section 31.2, Paragraphs three and five, Section 31.3, Paragraph three, Section 31.4, Paragraph four, and Section 31.5, Paragraph three of the Electricity Market Law*

[*8 March 2022*]

**I. General Provisions**

1. The Regulation prescribes:

1.1. the conditions for the generation of electricity using renewable energy resources;

1.2. the criteria for the qualification of producers for the right to the mandatory procurement of electricity generated;

1.3. the procedures for determining, implementing, and monitoring the volume of the mandatory procurement of the electricity generated from renewable energy resources;

1.4. the procedures for determining the price for electricity which is generated from renewable energy resources, depending on the type of energy resources;

1.5. the procedures for determining, implementing, and monitoring the volume of the mandatory procurement, and also the procedures for covering the costs of the volume of the mandatory procurement;

1.6. the procedures for waiving the right to sell the electricity generated within the scope of the mandatory procurement (hereinafter – the right to the mandatory procurement);

1.7. the measures for the promotion of electricity generation from the biomass;

1.8. the procedures by which the disbursement of the State aid shall be suspended;

1.9. the violations for which the right to sell the electricity generated from renewable energy resources within the scope of the mandatory procurement shall be revoked, and also the procedures for the revocation thereof;

1.10. the procedures by which the State Construction Control Bureau (hereinafter – the Bureau) shall inspect the use of the useful heat in order to ensure the conformity with the conditions for the receipt of the State aid laid down in laws and regulations;

1.11. the conditions and methodology for the recovery of the State aid received without justification or in an unlawful manner for the generation of electricity from renewable energy resources;

1.12. the procedures and conditions for the performance of the calculations referred to in Section 31.4, Paragraphs one and two of the Electricity Market Law;

1.13. the conditions and procedures for the application of the principle of the uniform technological cycle of the operation of the power plant;

1.14. the procedures by which the disbursement of the State aid shall be suspended and the Bureau shall take the decision to revoke the right to sell the electricity generated using renewable energy resources within the scope of the mandatory procurement.

[*8 March 2022*]

2. This Regulation shall apply to a merchant who:

2.1. has applied for the right to the mandatory procurement by submitting an application in accordance with the regulatory framework in force at the time of submitting the application;

2.2. has obtained the right to the mandatory procurement if the Ministry of Economics (hereinafter – the Ministry) has taken the decision to grant the right to the mandatory procurement;

2.3. exercises the right to the mandatory procurement on the basis of a contract entered into between the merchant and a public trader, taking into account the decision referred to in Sub-paragraph 2.2 of this Regulation and the amendments thereto.

2.1 This Regulation shall also apply to the electricity producers referred to in Paragraph 52 of the Transitional Provisions of the Electricity Market Law (except for the conditions for the application of the principle of the uniform technological cycle referred to in Paragraphs 50.1, 50.2, 50.3, 50.4, 50.5, and 50.6 of this Regulation, the requirements referred to in Chapter II, Paragraphs 23, 52, and 54 in respect of the calculation of the price and the time limit, and the requirements referred to in Chapter IV.1 in respect of the assessment and prevention of overcompensation).

[*8 March 2022*]

3. The right to the mandatory procurement for merchants shall be applicable to electricity generated using the following renewable energy resources:

3.1. hydro-power;

3.2. biogas, including landfill gas;

3.3. any other type of solid or liquid biomass;

3.4. wind power if the installed electric capacity of a power plant does not exceed 0.25 MW and it is connected to the 0.4 kV side of the transformer of a 20/0.4 kV electricity distribution system operator;

3.5. wind power if the electricity is generated in power plants which are not referred to in Sub-paragraph 3.4 of this Regulation.

4. If the merchant has obtained the right to the mandatory procurement for a power plant that does not yet exist but is planned, the date on which the contract referred to in Sub-paragraph 2.3 of this Regulation enters into effect is the date on which the power plant is put into operation and the act of the system operator on recognition of the power plant as valid for parallel work with the system is received.

5. The merchant has the right to the mandatory procurement for such amount of electricity for which the decision referred to in Sub-paragraph 2.2 of this Regulation has been taken.

6. The Bureau shall organise the supervision and control of the activities of electricity producers exercising the right to the mandatory procurement. The Bureau has the right to amend or revoke the decisions to grant the right to the mandatory procurement, and also to take the decisions to suspend the mandatory procurement and the disbursement of the State aid and to recover the State aid received without justification or in an unlawful manner. When taking a decision within the scope of the supervision or control of the mandatory procurement, the Bureau shall immediately inform the relevant electricity system operator and the public trader thereof.

7. If other types of fuel are also used in a power plant that generates electricity using renewable energy resources, the power plant shall be equipped with a system of metering devices which allows the individual recording of the consumption of each type of fuel. If electricity generated from renewable energy resources forms at least 90 % of the fuel volume consumed in the power plant, it shall be assumed that all the electricity generated in the power plant is produced using renewable energy resources. The volume thereof shall be determined, using the following formula:

|  |  |  |
| --- | --- | --- |
| *EAER* = *E*×  | *BAER* × *qAER* | , where |
| *Σ* (*Bi* × *qi*) |

*EAER* – the amount of electricity generated using renewable energy resources within a year (MWh);

*E*– the total amount of electricity generated in a power plant within a year (MWh);

*BAER* – the amount of renewable energy resources consumed in a power plant within a year (t or m3);

*qAER* – the calorific power of renewable energy sources (MWh/t or MWh/m3) consumed in a power plant;

*B*i – the volume of one certain type of fuel (t or m3) consumed in a power plant within a year;

*qAER* – the calorific value of one certain type of fuel (MWh/t or MWh/m3) consumed in a power plant.

8. A merchant which uses the solid biomass referred to in Sub-paragraph 3.3 of this Regulation to generate electricity may apply to the Bureau for an authorisation to replace all or part of the solid biomass fuel specified in the application referred to in Sub-paragraph 2.1 of this Regulation with another solid biomass fuel. In such case, the merchant shall submit an application to the Bureau containing information on the intended replacement of the solid biomass fuel, justifying the replacement of the fuel. The Bureau shall assess the conformity of the application with the requirements of this Regulation. If the application of the merchant conforms to the abovementioned requirements, the Bureau shall take the decision to authorise the change of the type of solid biomass fuel.

9. The formulae referred to in this Regulation may be reviewed for validity and conformity with the situation on the electricity market and, in the event of any inconsistency, may be amended in accordance with the procedures laid down in laws and regulations.

**II. Procedures for Determining the Price for Electricity Generated Using Renewable Energy Resources**

10. For the merchants which have obtained the right to the mandatory procurement, the selling price of the volume of electricity which they are entitled to sell within the scope of the mandatory procurement shall be calculated, using the following formula:

10.1. for the wind power plants which conform to the conditions referred to in Sub-paragraph 3.4 of this Regulation, for 10 years from the date of commencement of operation of the power plant:

*C*= 147 × *k*× *s*

10.2. for the wind power plants conforming to the conditions referred to in Sub-paragraph 3.4 of this Regulation, for 10 years after the time period referred to in Sub-paragraph 10.1 of this Regulation:

*C*= 147 × *k*× 0,6 × *s*

10.3. for the wind power plants conforming to the conditions referred to in Sub-paragraph 3.5 of this Regulation, for 10 years from the date of commencement of the operation of the power plant:

*C*= 120 × *k*× *s*

10.4. for the wind power plants conforming to the conditions referred to in Sub-paragraph 3.5 of this Regulation, for 10 years after the time period referred to in Sub-paragraph 10.3 of this Regulation:

*C*= 120 × *k*× 0,6 × *s*

10.5. for the wind power plants conforming to the conditions referred to in Sub-paragraph 3.5 of this Regulation the operation of which has been commenced after 1 January 2020, the formulae referred to in Sub-paragraphs 10.3 and 10.4 of this Regulation shall be applied, multiplying the result by the coefficient of 0.85;

10.6. for the biomass power plants with the installed electric capacity up to 4 MW and for the biogas power plants with the installed electric capacity up to 2 MW or more, for 10 years from the date of commencement of the operation of the power plant:

*C*=158,347 × *k*× *s*

10.7. for the biomass power plants with the installed electric capacity up to 4 MW and for the biogas power plants with the installed electric capacity up to 2 MW or more, for 10 years after the time period referred to in Sub-paragraph 10.6 of this Regulation:

*C*=119,640 × *k*× *s*

10.8. for the biomass power plants with the installed electric capacity exceeding 4 MW, for 10 years from the date of commencement of the operation of the power plant:

*C*=126,677 × *k*× *s*

10.9. for the biomass power plants with the installed electric capacity exceeding 4 MW, for 10 years after the time period referred to in Sub-paragraph 10.8 of this Regulation:

*C*=105,565 × *k*× *s*

10.10. for the biogas power plants with the installed electric capacity less than 2 MW, for 10 years from the date of commencement of the operation of the power plant:

*C*= 188 × *k*× *s*

10.11. for the biogas power plants with the installed electric capacity less than 2 MW, for 10 years after the time period referred to in Sub-paragraph 10.10 of this Regulation:

*C*= 188 × *k*× 0,8 × *s*

10.12. for hydroelectric power plants with the installed electric capacity up to 5 MW, for 10 years from the date of taking the decision referred to in Sub-paragraph 2.2 of this Regulation:

*C*= 159 × *k*× *s*

10.13. for the hydroelectric power plants with the installed electric capacity up to 5 MW, for 10 years after the time period referred to in Sub-paragraph 10.12 of this Regulation:

*C*= 159 × *k*× 0,8 × *s*

10.14. for the biomass power plants with the installed electric capacity up to 4 MW and for the biogas power plants with the installed electric capacity up to 2 MW or more, for 10 years from the date of commencement of the operation of the power plant in the case referred to in Paragraph 54 of this Regulation:

*C*= 126.677 × *k*× *s*

10.15. for the biomass power plants with the installed electric capacity up to 4 MW and for the biogas power plants with the installed electric capacity up to 2 MW or more, for 10 years after the time period referred to in Sub-paragraph 10.6 of this Regulation in the case referred to in Paragraph 54 of this Regulation:

*C*= 95.712 × *k*× *s*

10.16. for the biogas power plants with the installed electric capacity less than 2 MW, for 10 years from the date of commencement of the operation of the power plant in the case referred to in Paragraph 54 of this Regulation:

*C*= 188 × *k*× 0,8 × *s*

10.17. for the biogas power plants with the installed electric capacity less than 2 MW, for 10 years after the time period referred to in Sub-paragraph 10.10 of this Regulation in the case referred to in Paragraph 54 of this Regulation:

*C*= 188 × *k*× 0,64 × *s*

10.18. for the biomass power plants with the installed electric capacity exceeding 4 MW, for 10 years from the date of commencement of the operation of the power plant in the case referred to in Paragraph 54 of this Regulation:

*C*= 101.342 × *k*× *s*

10.19. for the biomass power plants with the installed electric capacity exceeding 4 MW, for 10 years after the time period referred to in Sub-paragraph 10.8 of this Regulation in the case referred to in Paragraph 54 of this Regulation:

*C*= 84.452 × *k*× *s* where

*C*– the price without value added tax for which a public trader purchases electricity generated using renewable energy resources (EUR/MWh) from the power plant;

*k*– the price differentiation coefficient determined in Annex 1 to this Regulation;

*s*– the price differentiation coefficient to prevent overcompensation as determined in the decision of the Ministry or the Bureau on the application of the price differentiation coefficient to prevent overcompensation.

11. For the merchants who have obtained the right to the mandatory procurement, the aid shall be granted in accordance with the time limits referred to in Paragraph 10 of this Regulation, but not longer than until full depreciation of the fixed assets of the power plant in accordance with the laws and regulations regarding accounting requirements.

11.1 If the Bureau establishes that the merchant has continued to receive State aid after full depreciation of the fixed assets of the power plant in accordance with the laws and regulations regarding accounting requirements, the Bureau shall take the decision to revoke the right to the mandatory procurement and the decision referred to in Paragraph 61 of this Regulation, counting the State aid received in an unlawful manner from the day when full depreciation of the fixed assets of the power plant has set in.

[*8 March 2022*]

12. The price differentiation coefficient to prevent overcompensation used in the formula referred to in Paragraph 10 of this Regulation:

12.1. shall not be less than 0 and shall not exceed 1, and shall be specified in the decision of the Ministry or the Bureau to apply the price differentiation coefficient to prevent overcompensation;

12.2. shall be equal to 1, unless the Ministry or the Bureau has issued the decision to apply the price differentiation coefficient to prevent overcompensation.

12.1 The merchant may, not more frequently than once a year, by submitting an application, request the Bureau to increase or decrease the price differentiation coefficient to prevent overcompensation *s* used in the formulae referred to in Paragraph 10 of this Regulation, revising the remaining duration of the State aid period accordingly. The Bureau shall take the decision to revise the price differentiation coefficient to prevent overcompensation *s* used in the formulae referred to in Paragraph 10 of this Regulation and the remaining duration of the State aid period, taking into account the duration of the State aid periods referred to in Paragraph 10 of this Regulation and the conditions referred to in Paragraphs 59.11 and 59.12 of this Regulation.

[*8 March 2022*]

13. The merchant shall, not later than from 1 January 2022, use organic waste and production residual products as raw materials of the fuel in a biogas production installation for the production of biogas in accordance with Annex 2 to this Regulation. The merchant shall ensure that the proportion of the amount of abovementioned raw materials of the fuel in relation to the total amount of raw materials of the fuel consumed for the production of biogas in a calendar year is:

13.1. from 1 January 2022 to 31 December 2025 – at least 40 %;

13.2. from 1 January 2026 to 31 December 2029 – at least 60 %;

13.3. from 1 January 2030 – at least 80 %.

13.1 The distance of delivery of raw materials of the fuel referred to in Paragraph 13 of this Regulation for the amount exceeding the proportion of raw materials of the fuel for which the merchant has received qualification points when submitting the application referred to in Sub-paragraph 2.1 of this Regulation may exceed the distance referred to in Paragraph 2 of Annex 5 to this Regulation.

[*8 March 2022*]

14. The merchant shall, once a month, submit information to the public trader on the name, quantity, and proportion of raw materials of the fuel referred to in Paragraph 13 of this Regulation used in the biogas power plant during the current month in the total amount of raw materials of the fuel consumed together with the invoice for electricity transferred to the electricity system.

15. The public trader shall, when performing settlement of accounts with the merchant for the electricity generated in the current month, additionally multiply the electricity price calculated for biogas power plants in accordance with Paragraph 10 of this Regulation by the following coefficient, taking into account the proportion of raw materials of the fuel referred to in Paragraph 13 of this Regulation and used in the biogas power plant as indicated by the merchant:

15.1. if from 1 January 2022 to 31 December 2025 the proportion of the abovementioned raw materials in the current month is:

15.1.1. at least 50 %, the coefficient 1 shall be applied;

15.1.2. greater than 47 % but not exceeding 50 %, the coefficient 0.85 shall be applied;

15.1.3. greater than 44 % but not exceeding 47 %, the coefficient 0.7 shall be applied;

15.1.4. greater than 40 % but not exceeding 44 %, the coefficient 0.5 shall be applied;

15.1.5. greater than 30 % but not exceeding 40 %, the coefficient 0.4 shall be applied;

15.1.6. greater than 20 % but not exceeding 30 %, the coefficient 0.3 shall be applied;

15.1.7. greater than 10 % but not exceeding 20 %, the coefficient 0.2 shall be applied;

15.1.8. greater than 5 % but not exceeding 10 %, the coefficient 0.1 shall be applied;

15.1.9. from 0 % to 5 %, the coefficient 0 shall be applied;

15.2. if from 1 January 2026 to 31 December 2029 the proportion of the abovementioned raw materials in the current month is:

15.2.1. at least 70 %, the coefficient 1 shall be applied;

15.2.2. greater than 67 % but not exceeding 70 %, the coefficient 0.9 shall be applied;

15.2.3. greater than 64 % but not exceeding 67 %, the coefficient 0.8 shall be applied;

15.2.4. greater than 60 % but not exceeding 64 %, the coefficient 0.6 shall be applied;

15.2.5. greater than 50 % but not exceeding 60 %, the coefficient 0.5 shall be applied;

15.2.6. greater than 40 % but not exceeding 50 %, the coefficient 0.4 shall be applied;

15.2.7. greater than 30 % but not exceeding 40 %, the coefficient 0.3 shall be applied;

15.2.8. greater than 20 % but not exceeding 30 %, the coefficient 0.2 shall be applied;

15.2.9. greater than 10 % but not exceeding 20 %, the coefficient 0.1 shall be applied;

15.2.10. from 0 % to 10 %, the coefficient 0 shall be applied;

15.3. if from 1 January 2030 the proportion of the abovementioned raw materials in the current month is:

15.3.1. at least 90 %, the coefficient 1 shall be applied;

15.3.2. greater than 87 % but not exceeding 90 %, the coefficient 0.95 shall be applied;

15.3.3. greater than 84 % but not exceeding 87 %, the coefficient 0.85 shall be applied;

15.3.4. greater than 80 % but not exceeding 84 %, the coefficient 0.7 shall be applied;

15.3.5. greater than 70 % but not exceeding 80 %, the coefficient 0.6 shall be applied;

15.3.6. greater than 60 % but not exceeding 70 %, the coefficient 0.5 shall be applied;

15.3.7. greater than 50 % but not exceeding 60 %, the coefficient 0.4 shall be applied;

15.3.8. greater than 40 % but not exceeding 50 %, the coefficient 0.3 shall be applied;

15.3.9. greater than 30 % but not exceeding 40 %, the coefficient 0.2 shall be applied;

15.3.10. greater than 20 % but not exceeding 30 %, the coefficient 0.1 shall be applied;

15.3.11. from 0 % to 20 %, the coefficient 0 shall be applied.

16. The public trader shall, each year by 15 February, submit to the Bureau a summary of the information provided by merchants referred to in Paragraph 14 of this Regulation.

17. The Bureau shall ascertain that the proportion of raw materials of the fuel used in the biogas power plant specified in the annual report of the operator referred to in Paragraph 38 of this Regulation corresponds to the amount referred to in Paragraph 13 of this Regulation.

**III. Implementation of the Mandatory Procurement**

18. The right to the mandatory procurement obtained by the merchant shall not be transferable to another person, sold, given as a gift, or otherwise alienated.

19. The merchant is entitled to waive the right to the mandatory procurement by submitting a relevant application to the Bureau. The Bureau shall, within a month after receipt of the application, take the decision to revoke the right to the mandatory procurement.

20. The public trader shall suspend the procurement of electricity within the scope of the mandatory procurement from the date when, in accordance with the decision of the Bureau referred to in Paragraph 19 of this Regulation, the right to the mandatory procurement of the merchant has been revoked.

21. In order to sell the electricity generated using renewable energy resources within the scope of the mandatory procurement:

21.1. the power plant shall be connected to the network of a licensed system operator and shall be equipped with electricity meters for the commercial accounting of electricity generated, and also transferred to the electricity network and received from the network of the electricity system operator which shall conform to the laws and regulations regarding uniformity of measurements;

21.2. the power plant referred to in Sub-paragraphs 3.2 and 3.3 of this Regulation shall be equipped with thermal energy metering equipment or a system of metering equipment conforming to the laws and regulations regarding uniformity of measurements and shall ensure separate accounting of the thermal energy generated and usefully used in a cogeneration plant, separate thermal energy generating boilers or by other means;

21.3. the accounting of raw materials used for the production of biogas shall be ensured;

21.4. the accounting of the fuel, including biogas, used in the cogeneration unit of the power plant referred to in Sub-paragraphs 3.2 and 3.3 of this Regulation shall be ensured;

21.5. records of electricity, thermal energy, and fuel shall be kept for the current and previous calendar year on site at the power plant and they shall be presented to the representatives of the Bureau at the time of the inspection;

21.6. it shall be ensured that the thermal energy produced in the power plant referred to in Sub-paragraphs 3.2 and 3.3 of this Regulation is used efficiently, including it shall be ensured that the total amount of the useful heat does not include thermal energy used for self-consumption of the power plant. The following is regarded as efficiently used thermal energy:

21.6.1. in the power plants referred to in Sub-paragraph 3.2 of this Regulation (except for the power plants referred to in Sub-paragraph 21.6.2), also thermal energy used for the technological needs of biogas production, but not more than 20 % of the amount of thermal energy produced in the cogeneration unit during the period of time for the settlement of accounts from 1 April to 31 October of the current year and not more than in the amount of 40 % of the thermal energy produced in the cogeneration unit during the period of time for the settlement of accounts from 1 November to 31 March of the current year;

21.6.2. in biogas power plants using landfill gas as fuel, all the thermal energy produced, provided that the amount of thermal energy remaining after use of the thermal energy for the technological needs of biogas production exceeds 30 % of the amount of the thermal energy produced.

[*8 March 2022 / See Paragraph 83*]

22. The merchant exercising the right to the mandatory procurement shall ensure that the electricity, thermal energy, and fuel supply connection scheme is prepared in accordance with the principle of the uniform technological cycle, submitted to the Bureau, and displayed in a clearly visible place in the room where the electricity generation or cogeneration unit is located or affixed on the container in which the cogeneration unit is located. If changes to the electricity, thermal energy, and fuel connection scheme are made, the merchant shall inform the Bureau thereof before the changes take effect by submitting the updated scheme to the Bureau.

[*8 March 2022*]

23. Electricity producers which have obtained the right to the mandatory procurement shall sell the generated electricity to the public trader:

23.1. according to fixed trading interval schedules if the electric capacity installed by the electricity producer is 15 MW or more;

23.2. according to fixed trading interval schedules if electricity is generated in the wind power plant referred to in Sub-paragraph 3.5 of this Regulation. The procedures for harmonisation of fixed trading interval schedules shall be determined in the contract between the electricity producer and the public trader in accordance with the requirements laid down in the Decision No. 1/4 of 26 June 2013 of the Public Utilities Commission Council, Network Code in the Electricity Sector. The electricity producer shall harmonise the final 24-hour trading interval schedule with the public trader at least one working day prior to the commencement of trade. The electricity producer may change the previously harmonised fixed trading interval schedule, harmonising it with the public trader at least two hours prior to the commencement of the trade interval. When purchasing electricity in accordance with fixed trading interval schedules, the public trader shall purchase electricity from the electricity producer which has been transferred to the network and exceeds that specified in the schedule for the price referred to in Paragraph 10 of this Regulation, multiplied by the coefficient 0.8, and also sell the missing electricity to the electricity producer for the price specified in Paragraph 10 of this Regulation, multiplied by the coefficient 1.2;

23.3. according to the actual generation if the electric capacity installed by the producer of electricity is less than 15 MW.

24. The public trader shall, within the scope of the mandatory procurement, purchase only the surplus of the generated electricity remaining after electricity has been used to ensure the operation of the power plant in accordance with the principal scheme of electric connection of the power plant referred to in Paragraph 25 of this Regulation.

25. In the principal scheme of electric connection of the power plant, the merchant shall indicate all the equipment and devices included in the aggregate of objects of the power plant according to the principle of the uniform technological cycle, including the fuel preparation equipment and auxiliary equipment used for their operation, the metering equipment referred to in Sub-paragraph 21.1 of this Regulation, and the connection points to the network of the system operator which sets the borders of the power plant.

[*8 March 2022*]

25.1 In the scheme of heat supply of the power plant, the merchant shall indicate the equipment and devices located in the power plant in accordance with the principle of the uniform technological cycle, the metering equipment or systems of metering equipment referred to in Sub-paragraph 21.2 of this Regulation and indicate the borders of the power plant. In the fuel supply scheme of the power plant, the merchant shall indicate the equipment and devices according to the principle of the uniform technological cycle, and also the metering equipment used for the accounting of the raw materials and fuel referred to in Sub-paragraphs 21.3 and 21.4 of this Regulation, and shall indicate the borders of the power plant.

[*8 March 2022*]

26. The merchant who has obtained the right to the mandatory procurement shall submit the principal scheme of electric connection referred to in Paragraph 25 of this Regulation and certified by the merchant to the system operator, the public trader, and the Bureau. The public trader shall, after the entry into effect of the contract referred to in Sub-paragraph 2.3 of this Regulation, start the procurement of electricity generated at the power plant if the merchant has submitted the principal scheme of electric connection referred to in Paragraph 25 of this Regulation to the system operator, the public trader,and the Bureau. If changes to the power plant have been made, the merchant shall ensure that the principal scheme of electric connection referred to in Paragraph 25 of this Regulation, certified by the merchant, and corresponding to the actual situation is submitted to the system operator, the public trader, and the Bureau.

27. During the period when less electricity is generated in the power plant than is consumed for ensuring the operation thereof, or is not generated, it shall purchase electricity from the merchant in accordance with the laws and regulations governing the trade of electricity.

28. The period of time for the settlement of the accounts regarding the sale and purchase of electricity within the scope of the mandatory procurement shall be one calendar month.

29. System operators shall record the component of the mandatory procurement conforming with the consumption of electricity in each period of the settlement of accounts for the end user – market participant – connected to the systems thereof, shall provide the information necessary to the public trader for the settlement of accounts, and shall settle payments with the public trader for the relevant component of the consumption of electricity of the end user – market participant – connected to the systems of the system operator.

30. The public trader shall purchase from the merchant which generates electricity in the biogas or biomass power plants referred to in Sub-paragraphs 3.2 and 3.3 of this Regulation only the amount of electricity which, in accordance with Paragraph 31 of this Regulation, is recognised as having been produced in cogeneration.

30.1 If the data provided by the merchant according to the calculations of the Bureau show that the self-consumption amount of electricity is lower than possible for the relevant technology according to the principle of the uniform technological cycle or the submitted up-to-date electricity, thermal energy, and fuel supply connection schemes, the Bureau shall, within three working days after establishment of this fact, take the decision to suspend the disbursement of the State aid for the purchased electricity for the period from the day of entry into effect of the decision until the day of taking the decision referred to in Paragraph 30.2 of this Regulation.

[*8 March 2022*]

30.2 In order to resume the disbursement of the State aid suspended in accordance with Paragraph 30.1 of this Regulation, the merchant shall, within one month from the day of entry into effect of the decision to suspend the disbursement of the State aid for the purchased electricity, prove that the use of electricity produced at the power plant is ensured in accordance with the condition referred to in Paragraph 24 of this Regulation. The Bureau shall ascertain that the information provided by the merchant demonstrates conformity with the condition referred to in Paragraph 24 of this Regulation and, within a month, shall take the decision to resume the disbursement of the suspended State aid. The public trader shall arrange the disbursement of the suspended State aid within 10 calendar days after the date of entry into effect of the abovementioned decision.

[*8 March 2022*]

30.3 If the merchant fails to submit the abovementioned evidence within the time period referred to in Paragraph 30.2 of this Regulation or if, upon receipt of the evidence, the Bureau establishes that the use of electricity generated at the power plant is still not ensured in accordance with the condition referred to in Paragraph 24 of this Regulation, the Bureau shall take the decision to revoke the right to the mandatory procurement in accordance with Sub-paragraph 48.8 of this Regulation.

[*8 March 2022*]

31. The amount of electricity generated in a biogas or biomass power plant remaining after electricity has been used for the operation of the power plant in accordance with the principal scheme of electric connection referred to in Paragraph 25 of this Regulation shall be determined during the period of time for the settlement of accounts as follows:

31.1. the actual total efficiency coefficient of the energy production of the power plant shall be calculated, using the following formula:

|  |  |  |
| --- | --- | --- |
| *ηfaktCHP* = | *Ernp* + *Qnp* | × 100 % where |
| *Bnp* |

*Ernp* – the amount of electricity generated in the cogeneration units installed in a power plant during the period of time for the settlement of accounts which is determined in accordance with the readings of the meters at the generator output (MWh);

*Qnp* – the amount of the useful heat (MWh) marketed by the biogas or biomass power plant during the period of time for the settlement of accounts in accordance with Sub-paragraph 21.6 of this Regulation;

*Bnp* – the amount of fuel consumed in cogeneration units installed in a biogas or biomass power plant during the period of time for the settlement of accounts (MWh);

31.2. it shall be assumed that the amount of electricity generated in cogeneration remaining after the use of electricity for the operation of the biogas or biomass power plant during the period of time for the settlement of accounts is equal to the amount of electricity transferred to the electricity network of the system operator or the calculated amount of electricity in the case referred to in Paragraph 32 of this Regulation, if one of the following conditions is met:

31.2.1. for a biogas or biomass power plant using a combined cycle gas turbine with heat recovery or a steam condensing extraction turbine with a steam discharge pipeline for heat supply, the total actual efficiency coefficient of energy production calculated in accordance with Sub-paragraph 31.1 of this Regulation shall be 80 % or more;

31.2.2. for a biogas or biomass power plant using a steam backpressure turbine, a gas turbine with heat recovery, an internal combustion engine, microturbines, Stirling engines, fuel cells, steam engines, an organic Rankine cycle, or other technologies or combinations thereof, if, upon their use, it is possible to produce electricity and useful heat simultaneously, the total actual efficiency coefficient of energy production calculated in accordance with Sub-paragraph 31.1. of this Regulation shall be 75 % or more;

31.3. if the total actual efficiency coefficient of a biogas or biomass power plant calculated in accordance with Sub-paragraph 31.1 of this Regulation is less than the values referred to in Sub-paragraph 31.2.1 or 31.2.2 of this Regulation, the amount of electricity produced in cogeneration remaining after the use thereof for ensuring the operation of the biogas or biomass power plant shall be calculated, using the following formula:

EnpCHP = Qnp x α where

α – the ratio between the installed electrical capacity and the thermal capacity of the cogeneration units in the biogas or biomass power plant according to the technical passport data, provided that the maximum permissible value of *α* for this calculation is equal to 1.5. If such data are not available, the abovementioned value shall be determined depending on the cogeneration technology used in accordance with Annex 3 to this Regulation.

[*8 March 2022*]

32. If a power plant has multiple connections to the network of the system operator, the surplus of electricity generated remaining after the use of electricity for ensuring the operation of the power plant shall be calculated in each hour as the amount of electricity represented by the difference between the electricity transferred to the network of the system operator and the electricity received from the network of the system operator within all system connections in accordance with the principal scheme of electric connection referred to in Paragraph 25 of this Regulation.

33. The merchant shall sell the amount of electricity which, in accordance with Paragraph 31 of this Regulation, is not recognised as being produced in cogeneration to the public trader for the agreement price.

34. The amount of electricity to be purchased within the scope of the mandatory procurement shall be indicated with accuracy of three decimal places. The amount of electricity to be purchased within the scope the mandatory procurement shall be calculated by multiplying the installed electrical capacity (MW) of the power plant, as specified in the contract referred to in Sub-paragraph 2.3 of this Regulation at the end of the previous calendar year, by the following periods of use of the capacity:

34.1. for hydroelectric power plants – by 5000 hours per year;

34.2. for wind power plants – by 3500 hours per year;

34.3. for power plants not referred to in Sub-paragraphs 34.1 and 34.2 of this Regulation – by 8000 hours per year.

35. If the amount of the mandatory procurement of electricity (MWh) determined by the decision referred to in Sub-paragraph 2.2 of this Regulation or by the decision of the Ministry or the Bureau amending the amount of electricity to be purchased within the scope of the mandatory procurement in a calendar year exceeds the amount obtained by multiplying the period of use of the capacity referred to in Paragraph 34 of this Regulation determined for the relevant type of the power plant with the electric capacity installed in the power plant (MW) which is specified in the contract referred to in Sub-paragraph 2.3 of this Regulation at the end of the previous calendar year, the Bureau shall, by 1 April of the relevant year, take the decision by which the amount of electricity to be purchased within the scope of the mandatory procurement in the calendar year is amended.

35.1 The amount of the electricity generated in the power plant and transferred to the network of the system operator during the period in which State aid is suspended shall be sold by the merchant:

35.11. to the public trader at a price calculated, using the following formula:

C = CNPS – X (excluding VAT), where

C – the price without value added tax for which the public trader purchases electricity from a power plant (EUR/MWh) during the period in which State aid is suspended;

CNPS – hourly price of the trade district of Latvia (Elspot) of the Nord Pool Spot electricity exchange;

X – the fee set by the public trader which includes selling and balancing costs and which the public trader publishes on its website;

35.12. any market participant, by mutual agreement on the price of electricity, notifying the public trader in writing at least five days before the start of trading to another market participant. During the period of time in which the merchant sells electricity to another market participant, the operation of the contract between the public trader and the merchant is suspended and the public trader shall not provide the balancing service to the power plant of the merchant.

[*8 March 2022*]

35.2 The merchant which has the right to the mandatory procurement shall register the electricity generation equipment in the register of guarantee of origin maintained by the transmission system operator, indicating the public trader as the recipient of the guarantee of origin.

[*8 March 2022*]

35.3 The merchant which has the right to the mandatory procurement and whose electricity generation equipment installed in a cogeneration power plant is registered with the register of guarantee of origin maintained by the transmission system operator, and whose power plant uses multiple fuels or energy resources for the production of energy which are registered with the register of guarantee of origin of the European Energy Certificate System shall submit mixed energy resource unit declarations to the transmission system operator and the public trader certified by an independent accredited auditor not later than five months after commencement of the declaration period which shall be one calendar month.

[*8 March 2022*]

35.4 The merchant which has obtained the right to sell the electricity generated using renewable energy resources within the scope of the mandatory procurement shall submit to the transmission system operator the information necessary for the issuance of the guarantee of origin for the electricity generated.

[*8 March 2022*]

35.5 The Bureau shall confirm the information at its disposal on the electricity generation equipment necessary for the issuance of the guarantee of origin for the electricity generated and shall forward it to the transmission system operator.

[*8 March 2022*]

**IV. Monitoring of Exercising the Right to the Mandatory Procurement**

[*8 March 2022*]

36. The Bureau shall maintain a database listing all the decisions referred to in Sub-paragraph 2.2 of this Regulation. The Bureau shall publish the following information on its website:

36.1. a list of all decisions in effect according to which the right to the mandatory procurement has been granted to the merchant, indicating the date of issuing the decision, the name of the merchant, the type of the power plant, the installed capacity, and the annual amount of electricity that the merchant is entitled to sell within the scope of the right to the mandatory procurement;

36.2. by 1 March of each year, the amount by months disbursed to the merchant in the previous year within the scope of the mandatory procurement of electricity, the amount of aid by months above the electricity market price, the name of the merchant, the type of the power plant, the installed capacity, and the amount of electricity purchased within the scope of the mandatory procurement by months;

36.3. by 1 September of each year, the amount by months disbursed to the merchant within the scope of the mandatory procurement of electricity until 30 June of the current year, the amount of aid by months above the electricity market price, the name of the merchant, the type of the power plant, the installed capacity, and the amount of electricity purchased within the scope of the mandatory procurement by months;

36.4. a list of the power plants to which the price differentiation coefficient is applied to prevent overcompensation.

37. The public trader shall submit the information referred to in Sub-paragraph 36.2 of this Regulation to the Bureau by 15 February of each year and the information referred to in Sub-paragraph 36.3 of this Regulation by 15 August of each year.

38. The merchant exercising the right to the mandatory procurement shall, by 1 March of each year, submit to the Bureau a report on the operation of the power plant in the previous year in accordance with Annex 4 to this Regulation. The report shall be submitted in the electronic system provided for the submission of annual reports of power plants. The system operator shall, upon request of the Bureau, submit data on the amount of electricity transferred to and received from the network by the merchant, including data on the amount of the abovementioned electricity at the electricity connection points directly or indirectly connected to the power plant and its equipment and devices in accordance with the principle of the uniform technological cycle. The report shall include the following information and the following documents shall be appended thereto:

38.1. data on the operation of the power plant – electricity generated, electricity consumed at the power plant, use of biogas or biomass power plant technology, raw materials used for biogas production, their volume and documents justifying the origin and volume of raw materials, total installed electrical and thermal capacity, documents justifying the efficient use of thermal energy, description and calculation of the determination of the calorific value of the fuel used, description of the determination of the volume of fuel used, and explanatory memorandum on the changes made to the power plant during the reporting year (if such changes affect the data to be included in the report), including the elements of the power plant affected by the relevant changes;

38.2. a report by an accredited body (hereinafter – the auditor) on the thermal energy produced, useful heat, and fuel consumed, including the proportion of raw materials, in accordance with Paragraphs 13 and 15 of this Regulation, indicating the conformity of the power plant with the abovementioned criteria, and also a detailed report prepared by that auditor on the conformity and validity of the information provided in the annual report of the biomass or biogas power plant, and also on the activities carried out and documents verified, including a list indicating the numbers and dates of verification or calibration of the measuring equipment referred to in Paragraph 21 of this Regulation;

38.3. a report on conformity with the quality assessment criteria referred to in Annex 5 to this Regulation;

38.4. a copy of the decision of the Public Utilities Commission (hereinafter – the regulator) on the tariff for thermal energy (if the tariff for thermal energy has been approved by the regulator);

38.5. copies of the documents justifying efficient use of thermal energy;

38.6. information on the depreciation of the fixed assets of the power plant.

[*8 March 2022*]

39. Within two months after revocation of the right to the mandatory procurement or after the end of the period of the State aid, the merchant shall submit the report referred to in Paragraph 38 of this Regulation for the current year. If, on the basis of the information provided in the report referred to in this Paragraph, the Bureau establishes irregularities for which the right to the mandatory procurement should be revoked in accordance with this Regulation, the Bureau shall take the decision to recover the State aid received without justification or in an unlawful manner.

39.1 If the merchant has not submitted the annual report referred to in Paragraph 38 of this Regulation within the time period referred to in Paragraph 39 of this Regulation after revocation of the right to the mandatory procurement or after the end of the period of the State aid, the Bureau shall, within one month, send a warning for the recovery of the State aid received without justification or in an unlawful manner. If the merchant fails to submit the annual report within one month after receipt of the warning referred to in this Paragraph, the Bureau shall take the decision by which the merchant is required, within one month, to reimburse the State aid received without justification or in an unlawful manner to the public trader.

[*8 March 2022*]

40. The auditor referred to in Sub-paragraph 38.2 of this Regulation shall be a legal person accredited by the national accreditation body acting as an independent inspection authority of the third party in accordance with the laws and regulations regarding evaluation, accreditation, and supervision of conformity assessment bodies.

[*8 March 2022*]

41. The Bureau shall, within one month, send a warning to the merchant who has not submitted the annual report referred to in Paragraph 38 of this Regulation by 1 March of the possible loss of the right to the mandatory procurement. If the merchant fails to submit the annual report within two months after receipt of the warning referred to in this Paragraph, the Bureau shall take the decision to revoke the right to the mandatory procurement granted to the merchant and the decision by which the merchant is required, within one month, to reimburse the State aid received without justification or in an unlawful manner.

[*8 March 2022*]

42. In order to verify the conformity of the information provided in the report referred to in Paragraph 38 of this Regulation with the requirements of this Regulation, the Bureau is entitled to request the merchant to submit additional information and explanations. The merchant has the obligation to submit the requested information within 10 working days upon request of the Bureau. If the merchant fails to provide the requested information within 10 working days, the Bureau shall take the decision to revoke the right to the mandatory procurement granted to the merchant.

42.1 The merchant has the obligation to keep the documents related to the receipt of the State aid for the entire period of the State aid for at least 10 years after the end of the period of the State aid. This period shall be counted from the date on which the merchant has received the last payment of the State aid.

[*8 March 2022*]

42.2 The grantor of aid referred to in the Law on Control of Aid for Commercial Activity shall keep the documents related to the provision of the State aid for 10 years after the end of the total period of the State aid. This period shall be counted from the date of expiry of the period of disbursement of the State aid to the last recipient of the State aid.

[*8 March 2022*]

43. The Bureau shall, on a quarterly basis, verify whether the merchant has any debts of taxes and fees administered by the State Revenue Service. If the Bureau establishes that the merchant has debts of taxes or fees the total sum of which exceeds EUR 150, the Bureau shall send the merchant a warning of the possible loss of the right to the mandatory procurement. The Bureau shall, in the course of the abovementioned verification, check with the insolvency register whether the merchant which has debts of taxes or fees has been subject to initiation of legal protection proceedings. The warning referred to in this Paragraph shall not be issued to the merchant if the total amount of tax debts of the merchant exceeds EUR 150 but legal protection proceedings have been initiated in respect of such debts in the period from the initiation of legal protection proceedings and the termination of the proceedings.

44. The Bureau, when administering the supervision fee referred to in Section 31.1 of the Electricity Market Law, shall check whether the merchant has paid the fee within 10 working days after expiry of the time period for the payment of the fee. If the merchant has not paid the supervision fee within the specified time period, the Bureau shall, within five working days after establishing the fact, take the decision to suspend disbursement of the State aid for the electricity purchased from it after expiry of the time period for the payment of the supervision fee specified in Section 31.1 of the Electricity Market Law. The public trader shall, on the next working day following the entry into effect of the decision until a new decision of the Bureau is taken in accordance with Paragraph 57 of this Regulation, suspend disbursement of the State aid to the merchant for the electricity purchased from it after expiry of the time period for the payment of the supervision fee specified in Section 31.1 of the Electricity Market Law.

45. If a public trader has information at its disposal on possible non-conformity of a power plant with laws and regulations, it shall immediately inform the Bureau thereof. In order to verify the conformity of the power plant, the Bureau is entitled to request the merchant to submit additional information and explanations. The merchant has the obligation to submit the requested information upon receipt of request of the Bureau. If the merchant fails to provide the requested information within the time period set by the Bureau, which shall not be less than 10 working days, the Bureau may decide on revocation of the right to the mandatory procurement granted to the merchant.

[*8 March 2022*]

46. In order to verify whether the data provided by the merchant having the right to the mandatory procurement are correct, the Bureau has the right to request information from the person who, according to the data provided by the merchant, has purchased thermal energy, and the abovementioned person has the obligation to provide such information.

47. The Bureau shall verify the conformity of the power plant with the requirements of laws and regulations and credibility of the information submitted. The merchant has the obligation to ensure that the representatives of the Bureau have access to the power plant, including the fuel preparation equipment, metering equipment, and useful heat transfer metering equipment (even if located outside the power plant). The merchant has the obligation to provide to the representatives of the Bureau the information necessary for the implementation of supervision of the merchant requested within the of the inspection. The information necessary to the representatives of the Bureau for the preparation of the inspection report referred to in Sub-paragraph 47.7 of this Regulation may be submitted by the merchant to the Bureau within 10 working days after the inspection carried out by the Bureau. The representatives of the Bureau and the merchant have the following rights and obligations during the inspection:

47.1. the merchant shall indicate in the report referred to in Paragraph 38 of this Regulation the official electronic address for communication with the Bureau, the contact person (including electronic mail address and telephone number) with whom the Bureau may communicate in relation to the inspections planned by the representatives of the Bureau, and also the contact person (including his or her telephone number) who can provide access to the power plant for the representatives of the Bureau. The merchant shall inform the Bureau within five working days of any changes in the abovementioned contact details;

47.2. the representatives of the Bureau are entitled to carry out a planned or unplanned inspection at the power plant;

47.3. the Bureau shall give the merchant a notice of the planned inspection at least three working days in advance. The Bureau shall send the information on the planned inspection to the merchant to the electronic mail addresses referred to in Sub-paragraph 47.1 of this Regulation. If on the date set by the Bureau the merchant is unable to provide access for the representatives of the Bureau to inspect the power plant, the Bureau shall repeatedly set the date for the carrying out of the inspection not later than three working days after the initially set date;

47.4. if the representatives of the Bureau have arrived at the power plant without prior notice and the merchant is unable to provide them with the opportunity to inspect the power plant, the representatives of the Bureau shall arrive at the power plant repeatedly not later than three working days after their first arrival at the power plant in order to carry out the inspection;

47.4.1 if the merchant has not provided the opportunity for the representatives of the Bureau to inspect the power plant, the Bureau shall immediately take the decision to suspend the disbursement of the State aid for the purchased electricity for the period from the date of entry into effect of the decision until the date of taking the decision referred to in Sub-paragraph 47.8.1 or 47.9 of this Regulation;

47.5. if the merchant repeatedly fails to provide the representatives of the Bureau with the opportunity to inspect the power plant in accordance with Sub-paragraphs 47.3 and 47.4 of this Regulation, the Bureau shall, within one month after the date of the repeated inspection, take the decision to revoke the right to the mandatory procurement granted to the merchant;

47.6. during the inspection of the power plant, the representatives of the Bureau are entitled to take photos and make video recordings, in conformity with the laws and regulations regarding personal data protection, warning the merchant thereof;

47.7. within one month after the inspection, the Bureau shall prepare an inspection report and send it to the merchant. The inspection report shall indicate the findings of the inspection;

47.8. after the repeated inspection referred to in Sub-paragraph 47.3 or 47.4 of this Regulation, the Bureau shall, depending on the findings of the inspection report referred to in Sub-paragraph 47.7 of this Regulation, take one of the following actions:

47.8.1. if the Bureau has ascertained that the requirements laid down in this Regulation and in the Electricity Market Law are ensured in the operation of the power plant, it shall take the decision to resume the disbursement of the State aid suspended in accordance with Sub-paragraph 47.4.1 of this Regulation. The public trader shall disburse the suspended State aid within 10 calendar days after the date of entry into effect of the abovementioned decision;

47.8.2. if the Bureau has established a violation of this Regulation or the Electricity Market Law in the operation of the power plant, it shall issue a warning or take a decision in accordance with the provisions of this Regulation;

47.9. if the Bureau has issued a warning after the repeated inspection referred to in Sub-paragraph 47.3 or 47.4 of this Regulation and the violation for which the warning was issued has been eliminated, the Bureau shall take the decision to resume the disbursement of the State aid suspended in accordance with Sub-paragraph 47.4.1 of this Regulation. The public trader shall arrange the disbursement of the suspended State aid within 10 calendar days after the date of entry into effect of the abovementioned decision.

[*8 March 2022*]

48. The Bureau shall take the decision to revoke the right to the mandatory procurement granted to the merchant if:

48.1. the Bureau finds that the type of technology or fuel used in the power plant does not conform to the information specified in the application referred to in Sub-paragraph 2.1 of this Regulation or the fuel used in the power plant does not conform to the decision referred to in Sub-paragraph 2.2 of this Regulation. The decision of the Bureau shall be taken within one month after preparation of the inspection report referred to in Sub-paragraph 47.7 of this Regulation;

48.2. insolvency proceedings of the merchant are declared. The decision of the Bureau shall be taken within five working days after the fact of the declaration of insolvency proceedings of the merchant has been established;

48.3. the generation of electricity has not been commenced within the time period specified in the decision referred to in Sub-paragraph 2.2 of this Regulation;

48.4. the efficient use of thermal energy has not been ensured;

48.5. record-keeping of the fuel or raw materials of the fuel is not performed in accordance with Paragraph 21 of this Regulation or metering equipment or metering systems have not been installed at the power plant;

48.6. the raw material of the fuel used in the biogas or biomass power plant does not conform to Paragraph 13 of this Regulation;

48.7. [8 March 2022];

48.8. the use of electricity generated for the operation of the power plant is not ensured at the power plant;

48.9. the Bureau establishes that the merchant has lost the right of ownership or use of the power plant.

[*8 March 2022*]

48.1 If the Bureau establishes any changes in the type of fuel used in a biogas or biomass power plant and the fuel used conforms to the conditions for obtaining and use of the right to the mandatory procurement laid down in this Regulation, but such changes have not been harmonised with the Bureau, it shall send a warning to the merchant of the possible loss of the right to the mandatory procurement. The merchant shall, within two months after receipt of the warning referred to in this Paragraph, harmonise the changes in the use of the fuel with the Bureau. If the merchant fails to agree on the changes, the Bureau shall, within one month, take the decision to revoke the right to the mandatory procurement.

[*8 March 2022*]

49. The Bureau shall send a warning to the merchant of the possible loss of the right to the mandatory procurement if it establishes that the power plant does not meet or has not met at least one of the following criteria during the period for which the annual report referred to in Paragraph 38 of this Regulation has been submitted:

49.1. the installed electrical capacity of the power plant connected to the network of the system operator does not conform to the capacity specified in the contract with the public trader;

49.2. the merchant has not submitted to the Bureau the certificates of verification for the measuring equipment referred to in Sub-paragraphs 21.1 and 21.2 of this Regulation (except for the commercial meters of the system operator) or the Bureau establishes that the measuring equipment installed in the power plant does not conform to the requirements referred to in Sub-paragraph 21.1 or 21.2 of this Regulation;

49.3. the power plant does not conform to the laws and regulations laying down the requirements for the operation of power plants in the field of energy or such non-conformity with the requirements of this Regulation has been established for which a warning or a decision in accordance with any other Paragraph of this Regulation has not been issued or taken, if such non-conformity may affect the amount of the State aid subject to disbursement;

49.4. the records for the current and previous calendar year are not available at the power plant or have not been presented to the representatives of the Bureau at the time of the inspection;

49.5. the information referred to in Paragraph 14 of this Regulation or the information on the quantity of fuel and useful heat consumed in the biogas power plant submitted by the merchant to the public trader or the information specified in the annual report referred to in Paragraph 38 of this Regulation does not correspond to the actual situation and such discrepancy in the abovementioned information has affected the amount of the State aid subject to disbursement, thus the public trader has purchased electricity within the scope of the public procurement at a higher price or in a larger amount than it should have.

[*8 March 2022 / See Paragraph 83*]

50. The Bureau shall ascertain that the thermal energy generated by the power plant is used efficiently in accordance with the principle of the uniform technological cycle:

50.1. by assessing whether the documents attached by the merchant to the annual report referred to in Paragraph 38 of this Regulation prove that the useful heat is sold to a heat consumer or used for ensuring heating, ventilation, hot water supply, or technological heat consumption in its own undertaking which is not the self-consumption of the power plant;

50.2. by verifying in inspections that the documents referred to in Sub-paragraph 50.1 of this Regulation correspond to the actual situation, including whether the thermal energy produced in the power plant has been used to meet an economically justified demand for heating or cooling.

[*8 March 2022*]

50.1 If the Bureau establishes that several power plants in respect of which the merchant or merchants have valid right to the mandatory procurement is regarded as one power plant according to the principle of the uniform technological cycle, but they operate as several separate power plants, the Bureau shall, within 10 working days after establishment of this fact, take the decision to suspend the State aid for the purchased electricity for the period from the date of entry into effect of the decision until the date of taking the decision referred to in Sub-paragraph 50.21 or 50.3 of this Regulation.

[*8 March 2022*]

50.2 If the merchant submits documents to the Bureau proving that the power plant complies with the principle of the uniform technological cycle, and also the principal scheme of electric connection referred to in Paragraph 25 of this Regulation, the Bureau shall ascertain the conformity of the power plant with the principle of the uniform technological cycle and within one month:

50.21. in establishing that the non-conformity with the principle of the uniform technological cycle has been eliminated, take the decision to resume the State aid suspended in accordance with Paragraph 50.1 of this Regulation. The public trader shall resume the suspended State aid from the date of entry into effect of such decision or, if the non-conformity has been eliminated by merging the power plants in accordance with Paragraph 50.5 of this Regulation, from the date of entry into effect of amendments to the decision referred to in Paragraph 50.5 of this Regulation;

50.22. if it is established that the non-conformity with the principle of the uniform technological cycle has not been eliminated, the merchant shall be informed thereof and the State aid suspended in accordance with Paragraph 50.1 of this Regulation shall not be resumed.

[*8 March 2022*]

50.3 If the merchant fails to submit, within six months from the date of entry into effect of the decision referred to in Paragraph 50.1 of this Regulation, documents to the Bureau proving that the non-conformity due to which the decision referred to in Paragraph 50.1 of this Regulation was taken has been eliminated, the Bureau shall take the decision to revoke the right to the mandatory procurement.

[*8 March 2022*]

50.4 In order to eliminate the non-conformity with the principle of the uniform technological cycle referred to in Paragraph 50.1 of this Regulation, merchants are entitled to merge power plants and merchants and to transfer the right to the mandatory procurement to one of the merging merchants. In such case, the amount of electricity to be purchased within the scope of the mandatory procurement of all the merging power plants referred to in Sub-paragraph 2.2 of this Regulation shall be added to the amount of the power plant with the longest remaining period of the State aid of all the merged power plants (hereinafter – the merging power plant).

[*8 March 2022*]

50.5 The merchant who is the owner of the merging power plant shall submit to the Bureau the documents proving the merger and the principal scheme of electric connection of the power plant referred to in Paragraph 25 of this Regulation. The Bureau shall, after the merger of the power plants, make amendments to the decision referred to in Sub-paragraph 2.2 of this Regulation which was taken in respect of the merging power plant, determining the amount of electricity to be purchased within the scope of the mandatory procurement according to the time periods for receipt of the State aid resulting from the commencement of sales of the determined amounts of electricity within the scope of the mandatory procurement, the measurement points for the calculation of the electricity to be purchased within the scope of the mandatory procurement applicable to the connection points to the networks of the system operator, and the total installed electrical capacity, and also changes in all these values during the remaining period of the State aid in accordance with the right to the mandatory procurement granted to the merged power plants. The Bureau shall at the same time revoke the decisions referred to in Sub-paragraph 2.2 of this Regulation taken in respect of the power plants which, following the merger, cease to exist as separate power plants.

[*8 March 2022*]

50.6 If the non-conformity with the principle of the uniform technological cycle referred to in Paragraph 50.1 of this Regulation has been established by the Bureau in respect of the merchant referred to in Paragraph 50.5 of this Regulation to which the rights have been transferred and which combines a power plant the operation of which is governed by this Regulation and a power plant the operation of which is governed by Cabinet Regulation No. 561 of 2 September 2020, Regulations Regarding Electricity Production and Price Determination upon Production of Electricity in Cogeneration, Cabinet Regulation No. 561 of 2 September 2020, Regulations Regarding Electricity Production and Price Determination upon Production of Electricity in Cogeneration, shall apply to its further operation from the date of entry into effect of amendments to the decision referred to in Paragraph 50.5 of this Regulation.

[*8 March 2022*]

51. [8 March 2022]

52. The Bureau shall issue a warning to the merchant if it establishes that the information provided in the annual report referred to in Paragraph 38 of this Regulation does not correspond to the results obtained in accordance with the quality assessment criteria referred to in Annex 5 to this Regulation in the assessment of the application referred to in Sub-paragraph 2.1 of this Regulation.

53. Within three months after receipt of the report referred to in Paragraph 38 of this Regulation, the Bureau shall assess whether the self-consumption of the power plant conforms to the requirements of this Regulation. If the amount of electricity transferred to the network of the power plant is equal to the amount of electricity generated, the Bureau shall take the decision to revoke the right to the mandatory procurement.

[*8 March 2022*]

54. Within three months after receipt of the warning referred to in Paragraph 52 of this Regulation, the merchant shall submit to the Bureau information on the conformity of the power plant. If the data from the abovementioned report indicate that the power plant still does not conform to the established criteria, the Bureau shall inform the public trader thereof. Starting from the next working day after receipt of the abovementioned information from the Bureau, the public trader shall apply the formula for calculating the electricity price referred to in Sub-paragraph 10.14, 10.15, 10.16, 10.17, 10.18, or 10.19 of this Regulation.

55. Within two months after receipt of the warning referred to in Paragraph 43 of this Regulation, the merchant shall submit documents to the Bureau confirming the conformity of the power plant and the merchant with the relevant criterion.

[*8 March 2022*]

55.1 Within six months after receipt of the warning referred to in Sub-paragraph 49.1 of this Regulation, the merchant having the right to the mandatory procurement shall ensure conformity of the power plant with the relevant criterion and shall submit documents to the Bureau proving the relevant conformity.

[*8 March 2022*]

55.2 Within four months after receipt of the warning referred to in Sub-paragraph 49.3 of this Regulation, the merchant having the right to the mandatory procurement shall ensure conformity of the power plant with the relevant criterion and shall submit documents to the Bureau proving the relevant conformity.

[*8 March 2022*]

56. Concurrently with the warning referred to in Sub-paragraph 49.2 of this Regulation, the Bureau shall take the decision to suspend the State aid for the purchased electricity for the period from the date of entry into effect of the decision until the date of taking the decision referred to in Paragraph 56.2 of this Regulation, and also the decision by which the merchant is required, within one month, to reimburse the State aid received without justification to the public trader.

[*8 March 2022*]

56.1 In order to resume the State aid suspended in accordance with Paragraph 56 of this Regulation, the merchant shall, within two months after receipt of the warning referred to in Sub-paragraph 49.2 of this Regulation, ensure that the power plant conforms to the relevant criterion. If the merchant has reimbursed the State aid received without justification to the public trader, the Bureau shall, within one month, take the decision to resume the State aid suspended in accordance with Paragraph 56 of this Regulation. The public trader shall resume the suspended State aid from the date of entry into effect of the abovementioned decision.

[*8 March 2022*]

56.2 If the merchant fails to ensure conformity of the power plant with the relevant criterion or reimbursement of the State aid received without justification to the public trader in accordance with Paragraph 56.1 of this Regulation, the Bureau shall, within one month, take the decision to revoke the right to the mandatory procurement.

[*8 March 2022*]

56.3 Concurrently with the warning referred to in Sub-paragraph 49.5 of this Regulation, the Bureau shall take the decision to suspend the State aid for the purchased electricity for the period from the date of entry into effect of the decision until the date of taking the decision referred to in Paragraph 56.4 of this Regulation, and also the decision by which the merchant is required, within one month, to reimburse the State aid received without justification to the public trader and disbursed by the public trader for the period during which the non-conformity was established.

[*8 March 2022*]

56.4 If the merchant has reimbursed the State aid received without justification to the public trader in accordance with Paragraph 56.3 of this Regulation, the Bureau shall, within one month, take the decision to resume the State aid suspended in accordance with Paragraph 56.3 of this Regulation. The public trader shall resume the suspended State aid from the date of entry into effect of the abovementioned decision.

[*8 March 2022*]

56.5 If the merchant fails to ensure reimbursement of the State aid received without justification in accordance with Paragraph 56.3 of this Regulation, the Bureau shall, within one month, take the decision to revoke the right to the mandatory procurement.

[*8 March 2022*]

57. If the merchant wishes to resume disbursement of the State aid suspended in accordance with Paragraph 44 of this Regulation, it shall submit proof of payment of the supervision fee to the Bureau. The Bureau shall ascertain the fact of payment of the supervision fee within three working days. If the Bureau establishes that the merchant has paid the supervision fee in accordance with the proof provided, the Bureau shall, within five working days of establishing that fact, take the decision to resume disbursement of the State aid suspended from the first day of the calendar month after the date of entry into effect of the decision.

58. If, within the previous three years, the Ministry or the Bureau has sent three warnings to the merchant in accordance with Paragraph 49 or 52 of this Regulation and the Bureau establishes that the merchant or its power plant does not conform to any of the criteria referred to in Paragraph 49 or 52 of this Regulation, the Bureau shall, within one month, take the decision to revoke the right to the mandatory procurement granted to the merchant.

[*8 March 2022*]

59. If, after the time period referred to in Paragraph 55, 55.1, or 55.2 of this Regulation, non-conformity with the criteria referred to in Paragraph 43 or Sub-paragraph 49.1 or 49.3 of this Regulation is established or if the merchant has not submitted the documents referred to in Paragraph 55.1 of this Regulation on conformity with Sub-paragraph 49.1 of this Regulation or the documents referred to in Paragraph 55.1 of this Regulation on conformity with Sub-paragraph 49.3 of this Regulation, the Bureau shall, within one month, take the decision to revoke the right to the mandatory procurement granted to the merchant.

[*8 March 2022*]

59.1 The Bureau may involve an external expert to supervise the use of the right to the mandatory procurement.

[*8 March 2022*]

59.2 The transmission system operator shall, by the tenth day of each month, provide the Bureau with information on those merchants which have not submitted a declaration approved by an independent accredited auditor for the power plants owned by them within the time period specified in Paragraph 35.3 of this Regulation. The Bureau shall, within five working days after receipt of the information provided by the transmission system operator, take the decision to suspend disbursement of the State aid for electricity generated in the power plants referred to in this Paragraph for the period starting from expiry of the time period referred to in Paragraph 35.3 of this Regulation.

[*8 March 2022*]

59.3 If the merchant wishes to resume disbursement of the State aid for the purchased electricity which was suspended in accordance with Paragraph 59.2 of this Regulation, it shall submit to the Bureau proof of submitting the declarations referred to in Paragraph 35.3 of this Regulation to the transmission system operator of the mixed energy resource unit, certified by an independent accredited auditor. The Bureau shall, within three working days, ascertain the fact of submitting such declarations. If the Bureau establishes that the abovementioned declarations have been submitted to the transmission system operator in accordance with the proof provided, the Bureau shall, within five working days, take the decision to resume disbursement of the State aid suspended in accordance with Paragraph 59.2 of this Regulation. The public trader shall arrange the disbursement of the suspended State aid within 10 calendar days after the date of entry into effect of the abovementioned decision.

[*8 March 2022*]

**IV.1 Procedures and Conditions for Calculating the Internal Rate of Return of the Total Capital Investments of a Power Plant**

[*8 March 2022*]

59.4 The Bureau shall calculate the internal rate of return of the total capital investments of a power plant for the entire State aid period in accordance with Paragraph 59.10 of this Regulation. The Bureau shall determine the price differentiation coefficient to prevent overcompensation in accordance with Paragraph 59.12 of this Regulation and shall take the decision by which the price differentiation coefficient to prevent overcompensation *s* is determined. The start date for the application thereof shall be determined in the decision.

[*8 March 2022*]

59.5 The Bureau shall recalculate the internal rate of return of the total capital investments of a power plant for the entire State aid period and the price differentiation coefficient to prevent overcompensation once a year, and also in the following cases:

59.51. if changes in the installed electrical or thermal capacity of the power plant are established, including in implementing the merger referred to in Paragraph 50.4 of this Regulation;

59.52. if the values referred to in Annex 6 to this Regulation are revised and changed;

59.53. if risks of overcompensation of the power plant are identified;

59.54. within one month from the moment when the right to the mandatory procurement of the merchant has expired;

59.55. within one month from the moment when the merchant has submitted the application for waiver of the right to the mandatory procurement in accordance with Paragraph 19 of this Regulation or from the moment when the decision on revocation of the right to the mandatory procurement has been taken before the date of expiry of the right to the mandatory procurement.

[*8 March 2022*]

59.6 The merchant has the obligation to constantly monitor the indicators that may affect the internal rate of return of the total capital investments and to promptly inform the Bureau of circumstances that may point towards the setting in of risks of overcompensation.

[*8 March 2022*]

59.7 The Bureau is entitled to request the merchant to submit information and documents necessary for the calculation of the internal rate of return of the total capital investments. The merchant has the obligation to submit the requested information within 10 working days after receipt of the request of the Bureau.

[*8 March 2022*]

59.8 If the merchant fails to submit the information and documents referred to in Paragraph 59.7 of this Regulation (except for the cases referred to in Sub-paragraphs 59.105, 59.106, and 59.109 of this Regulation) within the specified time period or if the information and documents submitted by the merchant are not complete or do not prove the information provided by the merchant to the degree of reliability of legal evidence, the Bureau shall take the decision to suspend disbursement of the State aid for the purchased electricity. The public trader shall, on the next working day after entry into effect of the decision, suspend the disbursement of the State aid for the purchased electricity until a new decision of the Bureau is taken in accordance with Paragraph 59.9 of this Regulation.

[*8 March 2022*]

59.9 If the merchant wishes to resume the disbursement of the State aid suspended in accordance with Paragraph 59.8 of this Regulation, it shall submit the information and documents referred to in Paragraph 59.7 of this Regulation to the Bureau within two months after suspension of the disbursement of the State aid. The Bureau shall take the decision to resume the disbursement of the State aid suspended in accordance with Paragraph 59.8 of this Regulation within five working days after receipt of the abovementioned information and documents. The public trader shall disburse the suspended State aid within 10 calendar days after the date of entry into effect of the decision. If the merchant fails to provide the requested information and documents within two months, the Bureau shall take the decision to revoke the right to the mandatory procurement granted to the merchant.

[*8 March 2022*]

59.10 The Bureau shall calculate the internal rate of return of the total capital investments of a power plant in accordance with the following procedures:

59.101. the formulae referred to in Annex 6 to this Regulation shall be used in the calculation;

59.102. the data necessary for the calculation shall be requested from the public trader regarding the amount and price of electricity purchased within the scope of the mandatory procurement;

59.103. the actual values of the indicators characterising the operation of the power plant, both on the revenue and the expenditure side, shall be indicated in the calculation, except for the values of the operating costs of the power plant which shall be determined according to the benchmarks referred to in Annex 6 to this Regulation;

59.104. the operating costs of the power plant shall be determined in accordance with the benchmarks referred to in Annex 6 to this Regulation as a percentage of the investments made in the power plant and depending on the type of the power plant;

59.105. if the merchant is unable to provide actual data on the initial investments made in the power plant, it is assumed that the amount of initial investments made in the power plant is equal to zero (except for the case referred to in Sub-paragraph 59.109 of this Regulation);

59.106. if the merchant is unable to provide actual data on the fuel price or thermal energy production tariff for the period of operation of the power plant, the benchmarks referred to in Annex 6 to this Regulation shall be used in the calculation for the respective period which shall not be less than one calendar month;

59.107. if electricity generated in the power plant is sold outside the mandatory procurement, the merchant shall submit the actual values of the amount and price of electricity sold for each period for settlement of accounts;

59.108. the calculation of the net cash flow shall include only the actual additional investments made in the power plant made to ensure the technological functions of the power plant according to the production technology in accordance with the principle of the uniform technological cycle or to increase the electrical capacity of the power plant. The amount of the additional investments (expressed in euros) shall be included in the calculation of the net cash flow in the year in which it is made;

59.109. if the merchant has made initial investments in the power plant prior to taking the decision to grant the right to the mandatory procurement in accordance with Section 29 of the Electricity Market Law, the initial investments made in the power plant shall be indicated in the calculation or they shall be determined in accordance with the benchmarks referred to in Annex 6 to this Regulation;

59.1010. if the disbursement of the State aid to the merchant has been suspended and subsequently resumed, the calculation shall also include the State aid that has not been disbursed to the merchant during the period when the payment of the State aid was suspended.

[*8 March 2022*]

59.11 If, according to the calculation referred to in Paragraphs 59.4 and 59.5 of this Regulation, the internal rate of return of the total capital investments of a power plant for the entire State aid period does not exceed 9.00 %, the price differentiation coefficient to prevent overcompensation *s* shall be 1.

[*8 March 2022*]

59.12 The price differentiation coefficient to prevent overcompensation *s* shall be determined in conformity with the following conditions:

59.121. it shall be calculated by gradual iteration steps using the internal rate of return calculation carried out for the entire State aid period in accordance with Annex 6 to this Regulation;

59.122. it shall be determined at such level that the internal rate of return of the total capital investments of a power plant for the entire State aid period does not exceed 9 %, calculated individually for each power plant of the merchant to the nearest thousandth;

59.123. it shall be determined from the first date of the next full calendar month following the date of entry into effect of the decision referred to in Paragraph 59.4 of this Regulation.

[*8 March 2022*]

59.13 If the price differentiation coefficient to prevent overcompensation *s* determined in accordance with Paragraph 59.12 of this Regulation is equal to zero and the calculated internal rate of return of the total capital investments of a power plant at the end of the State aid period exceeds 9 %, the Bureau shall calculate the amount of the State aid to be recovered and take the decision to recover the State aid received without justification in accordance with Paragraph 61 of this Regulation. The amount of the State aid to be recovered is calculated by replacing the revenue from the sale of electricity by a monthly payment which ensures that the internal rate of return of the total capital investments of a power plant at the end of the State aid period does not exceed 9 %.

[*8 March 2022*]

59.14 The requirements laid down in this Chapter shall not apply to the power plants for which, within three years from the date of commencement exercising the right to the mandatory procurement, the tariff for thermal energy produced or the tariff for waste disposal services has been approved by the regulator.

[*8 March 2022*]

**V. Conditions and Methodology for the Recovery of the State Aid Received Without Justification or in an Unlawful Manner**

60. If the Bureau establishes that the merchant has received the State aid without justification, the Bureau shall immediately take the decision by which the merchant is required, within one month, to reimburse the State aid received without justification to the public trader and disbursed by the public trader for the entire period during which the merchant received the State aid without justification. In the cases referred to in Sub-paragraphs 47.5, 48.1, 48.4, 48.5, 48.6, 48.8, and Paragraph 56 of this Regulation, this period shall not be shorter than the period from the deadline for the submission of the last annual report referred to in Paragraph 38 of this Regulation. In the cases referred to in Paragraphs 39 and 41 of this Regulation, this period shall not be shorter than the period from the first day of the annual report period referred to in Paragraph 38 of this Regulation. In the case referred to in Paragraph 58 of this Regulation, this period shall not be shorter than the period from giving the last warning to the merchant. In the case referred to in Paragraph 59 of this Regulation, this period shall not be shorter than the period from the notification of the warning to the merchant.

[*8 March 2022*]

60.1 If the Bureau has evidence of violations at its disposal for which, in accordance with the laws and regulations in force during the relevant period, the right to the mandatory procurement should have been revoked but has not been revoked, the Bureau shall, within one month after establishing the fact, take the decision to revoke the right to the mandatory procurement from the moment of committing the abovementioned violation, concurrently taking the decision by which the merchant is required, within one month, to reimburse the State aid received without justification to the public trader and disbursed by the public trader for the entire period during which the merchant received the State aid without justification.

[*8 March 2022*]

60.2 The merchant may, by submitting a reasoned application, request the Bureau to extend the time period for the reimbursement of the State aid received without justification referred to in Paragraphs 56, 56.3, 60, and 60.1 of this Regulation by dividing the payment into instalments. The Bureau may, on the basis of an application from the merchant, decide to divide the State aid subject to recovery which was received without justification into instalments, imposing the obligation on the merchant to reimburse it in full to the public trader not later than within three months from the entry into effect of the decision referred to in Paragraphs 56, 56.3, 60, and 60.1 of this Regulation.

[*8 March 2022*]

61. If it is established that the merchant has violated the conditions of the State aid referred to in the Electricity Market Law or this Regulation and the State aid received is to be regarded as unlawful State aid, the Bureau shall, within one month after establishing this fact, take the decision to revoke the right to the mandatory procurement granted to the merchant and require the merchant to reimburse to the public trader the State aid received in an unlawful manner in accordance with this Regulation together with interest in accordance with Chapter IV or V of the Law on Control of Aid for Commercial Activity.

[*8 March 2022*]

61.1 The State aid received shall also be regarded as unlawful State aid if:

61.11. the condition referred to in Paragraph 11 of this Regulation has not been complied with;

61.12. electricity generated from an energy resource other than that specified in Paragraph 3 of this Regulation has been sold within the scope of the mandatory procurement.

[*8 March 2022*]

62. The public trader shall not continue the procurement of electricity within the scope of the mandatory procurement after entry into effect of the decision referred to in Paragraph 60 or 61 of this Regulation.

63. If the merchant fails to comply with the decision referred to in Paragraph 56, 56.1, 60, 60.1, 60.2, or 61 of this Regulation within the time period specified therein, the public trader shall inform the Bureau thereof within three working days, indicating the amount of the outstanding amount, including the interest referred to in Paragraph 61 of this Regulation.

[*8 March 2022*]

**V.1 Suspension of Disbursement of the State Aid upon Expiry of the State Aid Period**

[*8 March 2022*]

63.1 The Bureau shall take the decision to revoke the right granted to the merchant to sell electricity generated using renewable energy resources within the scope of the mandatory procurement, starting from the next day after the time period specified in Section 30.4, Paragraphs one and two of the Electricity Market Law has been reached.

[*8 March 2022*]

63.2 The public trader shall suspend the procurement of electricity within the scope of the mandatory procurement from the date when, in accordance with the decision of the Bureau referred to in Paragraph 63.1 of this Regulation, the right to the mandatory procurement of the merchant has been revoked.

[*8 March 2022*]

**VI. Closing Provisions**

64. Cabinet Regulation No. 262 of 16 March 2010, Regulations Regarding the Production of Electricity Using Renewable Energy Sources and the Procedures for the Determination of the Price (*Latvijas Vēstnesis,* 2010, No. 51/52; 2011, No. 77, 190; 2012, No. 142; 2013, Nos. 161, 234; 2014, No. 82; 2015, No. 250; 2016, No. 137; 2018, No. 84; 2019, No. 257; 2020, No. 94), is repealed.

65. Sub-paragraphs 1.10, 21.6, Paragraphs 30, 31, 33, Sub-paragraph 48.4, and Paragraph 50 of this Regulation shall come into force on 1 January 2021.

66. Sub-paragraph 10.5 of this Regulation shall come into force after the European Commission has given a positive opinion on its compatibility with the internal market of the European Union.

67. The Ministry shall, upon receipt of the opinion referred to in Paragraph 66 of this Regulation, send, within three working days, the relevant notification for publication in the official gazette *Latvijas Vēstnesis*.

68. The public trader shall continue to purchase electricity from the merchants who have been granted the right to the mandatory procurement by decisions issued by the Ministry in accordance with Cabinet Regulation No. 503 of 24 July 2007, Regulations Regarding the Production of Electricity Using Renewable Energy Sources, Cabinet Regulation No. 198 of 24 February 2009, Regulations Regarding the Production of Electricity Using Renewable Energy Sources and the Procedures for the Determination of the Price, or Cabinet Regulation No. 262 of 16 March 2010, Regulations Regarding the Production of Electricity Using Renewable Energy Sources and the Procedures for the Determination of the Price, in conformity with the conditions included in the relevant decisions and the conditions included in this Regulation.

69. The list of warnings referred to in Paragraph 58 of this Regulation also includes warnings issued in accordance with Paragraph 60.1, Sub-paragraph 60.51, 60.52, 60.53, or 60.54, Paragraph 60.9, 60.10, or 61.1 of Cabinet Regulation No. 262 of 16 March 2010, Regulations Regarding the Production of Electricity Using Renewable Energy Sources and the Procedures for the Determination of the Price.

70. With regard to the merchants which, by the date of coming into force of this Regulation, have not submitted to the system operator, the public trader, and the Bureau the principal scheme of electric connection referred to in Cabinet Regulation No. 262 of 16 March 2010, Regulations Regarding the Production of Electricity Using Renewable Energy Sources and the Procedures for the Determination of the Price, the public trader shall discontinue the procurement of electricity generated using renewable energy resources within the scope of the mandatory procurement from the date of coming into force of this Regulation. If, within three months after the date of coming into force of this Regulation, the merchant fails to submit the principal scheme of electric connection referred to in Paragraph 25 of this Regulation to the system operator, the public trader, and the Bureau, the Bureau shall take the decision to revoke the right to the mandatory procurement granted to the merchant. If, within three months after the date of coming into force of this Regulation, the merchant submits the principal scheme of electric connection referred to in Paragraph 25 of this Regulation to the system operator, the public trader, and the Bureau, the public trader shall resume the procurement of electricity generated within the scope of the mandatory procurement from the first day of the next full calendar month after submission of the principal scheme of electric connection referred to in Paragraph 24 of this Regulation to the system operator, the public trader, and the Bureau.

71. The conditions referred to in Sub-paragraphs 21.2 and 21.5 of this Regulation in relation to the accounting of useful heat and the requirement referred to in Sub-paragraph 38.1 of this Regulation to attach to the annual report documents justifying the efficient use of thermal energy shall apply from 1 January 2021.

72. The merchant shall, by 31 December 2020, submit the electricity, thermal energy, and fuel supply connection schemes referred to in Paragraph 22 of this Regulation to the Bureau.

73. The requirement referred to in Sub-paragraph 47.1 of this Regulation for the merchant to specify the official electronic address for communication with the Bureau in the report referred to in Paragraph 38 of this Regulation shall apply from 1 January 2023. By 31 December 2022, the merchant may specify the electronic mail address for communication with the Bureau in the report referred to in Paragraph 38 of this Regulation instead of the official electronic address.

74. The electricity producers referred to in Paragraph 52 of the Transitional Provisions of the Electricity Market Law shall, by 1 May 2022, submit the principal scheme of electric connection referred to in Paragraph 25 of this Regulation to the system operator, the public trader, and the Bureau. The public trader shall apply the procurement conditions referred to in Paragraphs 24 and 32 of this Regulation from the first day of the next full calendar month after submission of the principal scheme of electric connection referred to in Paragraph 25 of this Regulation to the system operator, the public trader, and the Bureau.

[*8 March 2022*]

75. If merchants have not submitted the principal scheme of electric connection referred to in Paragraph 25 of this Regulation to the system operator, the public trader, and the Bureau within the time period referred to in Paragraph 74 of this Regulation, the Bureau shall take the decision to suspend the State aid from the day following the setting in of the time period referred to in Paragraph 74 of this Regulation. After submission of the principal scheme of electric connection referred to in Paragraph 25 of this Regulation to the system operator, the public trader, and the Bureau, the Bureau shall take the decision to resume the State aid from the first day of the next full calendar month.

[*8 March 2022*]

76. The Bureau shall, by 1 October 2022, calculate the internal rate of return of the total capital investments of power plants referred to in Paragraph 59.4 of this Regulation for those merchants for which the right to the mandatory procurement is in effect.

[*8 March 2022*]

77. The merchant shall, by 1 June 2022, submit the following information and documents to the Bureau for the purpose of calculating the internal rate of return of the total capital investments:

77.1. the actual data on the investments made in the power plant for the entire State aid period and the documents proving it to the degree of reliability of legal evidence;

77.2. the actual data on the revenues and expenditures of the power plant for the entire State aid period, except for the data on the operating costs of the power plant and the data on the amount and price of the electricity purchased within the scope the mandatory procurement. If the merchant cannot provide actual data on the price of fuel, the thermal energy production tariff, and the selling price of electricity generated and sold in the power plant otherwise than within the scope of the mandatory procurement for any period of operation of the power plant, it shall note for which periods these data are not available;

77.3. other information and documents that may be relevant for the calculation of the internal rate of return of the total capital investments.

[*8 March 2022*]

78. If the merchant fails to submit the information and documents referred to in Paragraph 77 of this Regulation within the specified time period (except for the cases referred to in Sub-paragraphs 59.105 and 59.109 of this Regulation), the Bureau shall, within one month after the time period referred to in Paragraph 77 of this Regulation, take the decision to revoke the right to the mandatory procurement granted to the merchant.

[*8 March 2022*]

79. The merchant shall, by 1 June 2022, register the electricity generation equipment in the register of guarantee of origin maintained by the transmission system operator (hereinafter – the register of guarantee of origin). The merchant which has the right to the mandatory procurement but has not started to exercise it by the abovementioned date shall register the electricity generating equipment in the register of guarantee of origin within one month from the date of commencement of the exercise of the right to the mandatory procurement.

[*8 March 2022*]

80. The Bureau shall, after expiry of the period referred to in Paragraph 79 of this Regulation, request from the transmission system operator information on the electricity generation equipment registered in the register of guarantee of origin. If the electricity generating equipment for which the right to the mandatory procurement has been obtained is not registered in the register of guarantee of origin, the Bureau shall, within five working days after receipt of the information provided by the transmission system operator, take the decision to suspend disbursement of the State aid for electricity for the period from expiry of the time period referred to in Paragraph 79 of this Regulation. The public trader shall suspend the disbursement of the State aid to the merchant for the purchased electricity on the next working day after entry into effect of the abovementioned decision.

[*8 March 2022*]

81. If the merchant wishes to resume disbursement of the State aid suspended in accordance with Paragraph 80 of this Regulation, it shall submit proof of registration of the electricity generation equipment in the register of guarantee of origin to the Bureau. The Bureau shall, within three working days, ascertain the fact of registration of the electricity generating equipment. If the Bureau establishes that, according to the proof provided, the electricity generating equipment is registered in the register of guarantee of origin, the Bureau shall, within five working days, take the decision to resume disbursement of the State aid suspended in accordance with Paragraph 80 of this Regulation. The public trader shall arrange the disbursement of the suspended State aid within 10 calendar days after the date of entry into effect of the abovementioned decision.

[*8 March 2022*]

82. If a non-conformity of the power plant with the self-consumption requirements is established in the time period up to and including 10 September 2020, the Bureau shall take the decision to reimburse the State aid received by the merchant during the respective period to the public trader or to withhold it from the financial amount of the State aid subject to disbursement according to the amount of the non-conformity with the self-consumption established.

[*8 March 2022*]

83. The criterion referred to in Sub-paragraph 49.2 of this Regulation for issuing a warning to the merchant if it has not submitted the certificate of verification for the measuring equipment referred to in Sub-paragraphs 21.1 and 21.2 of this Regulation shall apply from 1 March 2023.

[*8 March 2022*]

Prime Minister A. K. Kariņš

Minister for Economics J Vitenbergs

**Annex 1**

Cabinet Regulation No. 560

2 September 2020

**Values of Coefficient *k* Ratio Depending on the Electric Capacity Installed in the Power Plant**

|  |  |  |
| --- | --- | --- |
| No. | Electric capacity installed in the power plant | Value of coefficient *k* |
| 1. | Not exceeding 0.08 MW | 1.240 |
| 2. | Greater than 0.08 MW but not exceeding 0.15 MW | 1.231 |
| 3. | Greater than 0.15 MW but not exceeding 0.20 MW | 1.202 |
| 4. | Greater than 0.20 MW but not exceeding 0.40 MW | 1.131 |
| 5. | Greater than 0.40 MW but not exceeding 0.60 MW | 1.086 |
| 6. | Greater than 0.60 MW but not exceeding 0.80 MW | 1.072 |
| 7. | Greater than 0.80 MW but not exceeding 1.00 MW | 1.055 |
| 8. | Greater than 1.00 MW but not exceeding 1.50 MW | 1.035 |
| 9. | Greater than 1.50 MW but not exceeding 2.00 MW | 1.008 |
| 10. | Greater than 2.00 MW but not exceeding 2.50 MW | 0.992 |
| 11. | Greater than 2.50 MW but not exceeding 3.00 MW | 0.982 |
| 12. | Greater than 3.00 MW but not exceeding 3.50 MW | 0.974 |
| 13. | Greater than 3.50 MW but not exceeding 10.00 MW | 0.965 |
| 14. | Greater than 10.00 MW but not exceeding 20.00 MW | 0.950 |
| 15. | Greater than 20.00 MW but not exceeding 40.00 MW | 0.920 |
| 16. | Greater than 40.00 MW but not exceeding 60.00 MW | 0.890 |
| 17. | Greater than 60.00 MW but not exceeding 80.00 MW | 0.860 |
| 18. | Greater than 80.00 MW but not exceeding 100.00 MW | 0.830 |
| 19. | Greater than 100.00 MW | 0.800 |
| Note. The electric capacity installed in the power plant shall be determined according to the technical documentation of the power plant, complying with the gross capacity of the installations producing electricity installed. |

Minister for Economics J Vitenbergs

**Annex 2**

Cabinet Regulation No. 560

2 September 2020

**Raw Materials of the Fuel to be Used in Biogas Production Installations for the Production of Biogas**

The following organic waste and production residual products shall be used as raw materials of the fuel in biogas production installations for the production of biogas:

1) algae if cultivated on land in ponds or photobioreactors;

2) the biomass fraction of mixed municipal waste originating from private households but not collected by segregation of the waste stream by type and nature of waste;

3) biological waste in accordance with the laws and regulations regarding waste management originating from private households and collected by segregation of the waste stream by type and nature of waste;

4) the biomass fraction of industrial waste not fit for use in the food or feed chain and other organic waste and production residual products, including materials from the retail, wholesale, agricultural production, food production and processing, fisheries and aquaculture sectors;

5) straw;

6) manure and sewage sludge;

7) palm oil mill effluent and empty palm fruit bunches;

8) tall oil pitch;

9) crude glycerine;

10) bagasse;

11) grape marc and wine lees;

12) nut shells;

13) husks;

14) cobs cleaned of kernels of corn;

15) the biomass fraction of wastes and residues from forestry and forest-based industries, i.e. bark, branches, pre-commercial thinnings, leaves, needles, tree tops, saw dust, cutter shavings, black liquor, brown liquor, fibre sludge, lignin, and tall oil;

16) other non-food cellulosic material;

17) other ligno-cellulosic material except saw logs and veneer logs.

Minister for Economics J Vitenbergs

**Annex 3**

Cabinet Regulation No. 560

2 September 2020

**Proportion Between the Electric and Thermal Capacity Installed in a Cogeneration Unit for Different Cogeneration Technologies**

|  |  |  |
| --- | --- | --- |
| No. | Cogeneration technology | Energy and heat proportion α |
| 1. | Combined cycle gas turbine with heat recovery | 0.95 |
| 2. | Steam condensing extraction turbine with a steam discharge pipeline for heat supply | 0.45 |
| 3. | Steam backpressure turbine | 0.45 |
| 4. | Gas turbine with heat recovery | 0.55 |
| 5. | Internal combustion engine | 0.75 |

Minister for Economics J Vitenbergs

**Annex 4**

Cabinet Regulation No. 560

2 September 2020

**Annual Report of a Power Plant**

[*8 March 2022*]

The following information shall be indicated in the annual report of a power plant:

1. General information on the power plant:

1.1. the merchant (name, registered office, and registration number);

1.2. the official electronic address;

1.3. the location of the power plant (address or cadastre number of the land parcel);

1.4. [8 March 2022];

1.5. total electric capacity (MW) of the generating units installed in the power plant;

1.6. the technology used;

1.7. renewable energy resources used (water, wind, biomass, biogas, solar);

1.8. the number of employees;

1.9. the person who, in accordance with Section 1, Clause 5, Sub-clause “a” or “b” of the Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing, is regarded the beneficial owner of the capital company, and the data allowing to unequivocally identify such person1;

1.10. the user (name, registered office, registration number) or the type of use of the useful heat if it is not sold;

1.11. the installed thermal capacity (MW) (gross2) of the biomass or biogas cogeneration units;

1.12. the actual water fall of the hydroelectric power plant (m);

1.13. voltage of the grid to which the power plant is connected (kV);

1.14. the contact person (e-mail address, telephone number) who may be contacted by the Bureau in respect of the planned inspections;

1.15. the contact person (telephone number) who can provide access to the power plant to the representatives of the Bureau;

1.16. meter identification numbers.

2. Information on the operation of the power plant:

2.1. information on the fuel and raw materials of the fuel consumed at the power plant3 (by months, in total per annum):

2.1.1. name of the fuel:

2.1.1.1. consumption at natural expression;

2.1.1.2. calorific value;

2.1.1.3. consumption in energy terms (MWh);

2.1.1.4. price;

2.1.2. the name of raw materials of the fuel in accordance with Annex 2 to Cabinet Regulation No. 560 of 2 September 2020, Regulations Regarding the Generation of Electricity Using Renewable Energy Resources, and also the Procedures for Price Determination and Monitoring (hereinafter – the Regulation)5:

2.1.2.1. consumption at natural expression;

2.1.2.2. the proportion of the total amount of raw materials (%);

2.1.3. the distance of delivery of raw materials of the fuel4;

2.2. information on the thermal energy produced and consumed at the power plant (by months, in total per annum):

2.2.1. thermal energy produced (MWh);

2.2.2. useful heat (MWh);

2.2.3. self-consumption of thermal energy (MWh);

2.3. information on the electricity generated and purchased at the power plant (by months, in total per annum):

2.3.1. electricity generated (MWh);

2.3.2. electricity transferred into the network (MWh), including:

2.3.2.1. electricity sold within the scope of the mandatory procurement (MWh);

2.3.2.2. electricity sold on the electricity market (MWh);

2.3.3. electricity purchased (MWh).

3. Auditor’s report.

4. Copies of documents justifying the efficient use of thermal energy.

5. Information on the determination of the calorific value of the fuel:

5.1. description of the determination of the calorific value of the fuel used;

5.2. an example of a calculation of the calorific value of the fuel used.

6. Information on measuring equipment and measuring equipment systems:

6.1. a list of measuring equipment and measuring equipment systems, identification numbers, and verification or calibration dates;

6.2. a description of the operation of the fuel measuring equipment or measuring equipment systems used (if applicable);

6.3. a description of the operation of the measuring equipment or systems of measuring equipment for the raw materials of biogas used in the biogas plant (if applicable).

7. Copies of documents relating to the measurements carried out in laboratories.

8. Documents justifying the nature, origin, and volume of raw materials of the fuel used in the biogas plant.

9. Explanatory memorandum on the changes made to the power plant during the reference year, including the elements of the power plant affected by the changes.

10. Information on the depreciation of the fixed assets of the power plant.

Notes.

1If due to objective reasons the merchant is not able to ascertain the person to be deemed as the beneficial owner of the capital company or is not able to obtain individual information on the abovementioned person, or if there is no such person, the merchant shall indicate the reason due to which information on beneficial owners of the capital company is not provided.

2Thermal capacity installed at the cogeneration power plant which conforms to the gross amount of thermal capacity specified by the producer of cogeneration units installed at the power plant.

3Specify information on each type of the fuel and the raw material of the fuel used in the power plant.

4To be completed by the merchant which together with the application has submitted the information referred to in Paragraph 2 of Annex 5 to the Regulation.

5To be completed by the merchant which produces electricity in a biogas power plant.

Minister for Economics J Vitenbergs

**Annex 5**

Cabinet Regulation No. 560

2 September 2020

**Quality Assessment Criteria**

|  |  |  |
| --- | --- | --- |
| No. | Assessment criteria | Mark of conformity |
| 1. | Electricity is generated in the process of cogeneration and at least 50 % of the produced volume of thermal energy left over from the use thereof for personal needs of the power plant is used efficiently. For efficient use of thermal energy, the merchant has submitted, together with the application, a certified copy of the contract for the sale of thermal energy or the letter of intent for the sale of thermal energy. The technological self-consumption of the cogeneration power plant must not exceed 30 % of the thermal energy produced in the cogeneration power plant |  |
| 2. | The merchant has submitted documents together with the application which certify the existence or supply of the raw materials necessary for generation of electricity and the distance for the supply of raw materials does not exceed 50 km |  |
| 3. | The merchant has indicated in the power plant description to be submitted together with the application that the following materials will be used in the biogas production installation as raw materials for the production of biogas: |  |
| 3.1. | food waste and other waste of organic origin, production residual products (as a percentage of the total amount of raw materials used (tonnes or m3)): |  |
| 3.1.1. | in the amount of 1–20 % |  |
| 3.1.2. | in the amount of 21–40 % |  |
| 3.1.3. | in the amount of 41–60 % |  |
| 3.1.4. | in the amount of 61–80 % |  |
| 3.1.5. | in the amount of 81–100 % |  |
| 3.2. | stock-farming and poultry-farming by-products (manure), and also wastewater and by-products of the production of food industry undertakings (as a percentage of the total amount of raw materials used (tonnes or m3)): |  |
| 3.2.1. | in the amount of 1–20 % |  |
| 3.2.2. | in the amount of 21–40 % |  |
| 3.2.3. | in the amount of 41–60 % |  |
| 3.2.4. | in the amount of 61–80 % |  |
| 3.2.5. | in the amount of 81–100 % |  |

Minister for Economics J Vitenbergs

**Annex 6**

Cabinet Regulation No. 560

2 September 2020

**Calculation of the Internal Rate of Return of the Total Capital Investments of a Power Plant**

[*8 March 2022*]

**I. Calculation process for the internal rate of return of the total capital investments of a power plant**

1. The internal rate of return is the value of the discount rate at which the present value of the discounted cash flow is equal to the value of the capital initially invested. The internal rate of return is calculated for the last year in which the merchant may exercise the rights granted in accordance with Section 29 of the Electricity Market Law. The internal rate of return shall be calculated, taking into account the principle of the uniform technological cycle of the power plant:

1.1. the data on investments made in the power plant, data on actual revenues and expenditures, and benchmarks for operating costs shall be used for the calculation of the internal rate of return. If the merchant is unable to submit any of the actual revenue or expenditure data for the power plant, the benchmarks set out in the Annex shall be used to calculate the internal rate of return for the period of time for the settlement of accounts of not less than one month;

1.2. the data necessary for the calculation regarding the amount and price of the electricity purchased within the scope of the mandatory procurement shall be requested by the Bureau from the public trader.

2. The internal rate of return shall be calculated by gradual iteration steps, using the following formula:

 where

*TNPt* – net cash flow or cash flow (in euros) remaining at the disposal of the merchant after all production expenditures have been covered, in calendar year *t*;

*r*– internal rate of return (%);

*t*– calendar year for which the calculation is made;

*t0* – calendar year in which the merchant has started to use the State aid;

*n*– calendar year in which the rights granted to the merchant in accordance with Section 29 of the Electricity Market Law expire;

 – the actual values (in euros) of the investments made by the merchant in the power plant, according to the submitted supporting documentation;

*Ipiesl* – the actual costs (in euros) of the electricity connection of the power plant of the merchant to the electricity network according to the submitted supporting documentation;

 – public funding (in euros) granted and actually received for the power plant of the merchant up to calendar year *t0* (excluding), including payments from the State or local government budget, loan interest rate subsidies, and also other financial assistance that is granted or provided from the State, local government, or European Union budget funds and foreign financial assistance funds.

3. If the merchant has made investments in the power plant before the decision to grant the right in accordance with Section 29 of the Electricity Market Law has been taken, the investments in the power plant may be determined in accordance with benchmarks:

 where

– the installed electrical capacity (MW) of the power plant, as specified in the contract with the public trader, in calendar year *t0*;

– specific investment benchmarks (EUR/kW) in accordance with Table 1 of this Annex.

4. The net cash flow in calendar year *t* shall be calculated, using the following formula:

 where

 – the net cash flow or cash flow (in euros) remaining at the disposal of the merchant after all production expenditures have been covered, in calendar month *i* of calendar year *t*;

 – the actual value of additional investments (in euros) made in the power plant in order to ensure the technological functions of the power plant or to increase the electrical capacity of the power plant in accordance with the production technology and the principle of the uniform technological cycle, in calendar year *t*;

*Dt* – public financing (in euros) granted and actually received for the power plant of the merchant in calendar year *t*, including payments from the State or local government budget, loan interest rate subsidies, and also other financial assistance that is granted or provided from the State, local government, or European Union budget funds and foreign financial assistance funds.

5. The net cash flow in calendar month *i* of calendar year *t* shall be calculated, using the following formula:

 where

 – the revenue of the power plant (in euros) in calendar month *i* of calendar year *t*;

 – the expenditures of the power plant (in euros) in calendar month *i* of calendar year *t*.

6. The revenue of the power plant in calendar month *i* of calendar year *t*  shall be calculated using actual data or benchmarks:

6.1. the revenue of the power plant (in euros) in calendar month *i* of calendar year *t*, calculated using actual data:

 where

 – the amount of electricity (MWh) purchased from the power plant of the merchant within the scope of the mandatory procurement in calendar month *i* of calendar year *t*. For future periods, the monthly amount of electricity purchased from the power plant of the merchant within the scope of the mandatory procurement shall be calculated as the average monthly amount of electricity purchased within the scope of the mandatory procurement for the last three full calendar years, but not exceeding the maximum allowed amount of electricity to be purchased within the scope of the mandatory procurement;

 – the electricity procurement price (EUR/MWh) applied to the power plant of the merchant in calendar month *i* of calendar year *t*;

 – the actual subsidised electricity tax withheld (in euros) in calendar month *i* of calendar year *t*;

 – the revenue (in euros) of the merchant from electricity generated and sold at the power plant and not sold within the scope of the mandatory procurement during calendar month *i* of calendar year *t*. For the purpose of calculating revenues in the future period, the electricity price shall be determined as the average of the last three full calendar years of electricity sold per month outside the mandatory procurement, and the amount of electricity shall be calculated as the average of the last three full calendar years of electricity sold per month outside the mandatory procurement;

 – the selling price of thermal energy or the thermal energy production tariff (EUR/MWh) set by the Public Utilities Commission according to the submitted supporting documentation in calendar month *i* of calendar year *t*. For future periods, the thermal energy price shall be determined as the average monthly thermal energy price for the last full calendar year;

 – the amount of useful heat produced in the cogeneration power plant (MWh) in calendar month *i* of calendar year *t*. For future periods, the monthly useful heat produced shall be calculated as the average monthly useful heat produced over the last three full calendar years;

6.2. the revenue of the power plants (in euros) in calendar month *i* of calendar year *t*, calculated using benchmarks:

 where

 – the thermal energy production tariff (EUR/MWh) in accordance with Table 8 of this Annex in calendar month *i* of calendar year *t*. For future periods, the thermal energy production tariff shall be determined as the average monthly thermal energy production tariff of the last full calendar year;

 – the net installed thermal capacity (MW) of the power plant in calendar month *i* of calendar year *t*;

 – the operating hours (h) of the power plant of the merchant in calendar month *i* of calendar year *t*;

 – the thermal energy used for self-consumption in the cogeneration power plant in calendar month *t* of calendar year *i*. The amount of thermal energy used for self-consumption for power plants operating with landfill gas and for biogas power plants using fermenters for biogas production shall be 30 % and for other cogeneration power plants – zero.

7. In calendar month *t* of calendar year *i*, the net installed thermal capacity of the power plant shall be zero for wind and hydroelectric power plants. For other power plants it is calculated, using the following formula:

 where

– the thermal capacity installed at the cogeneration power plant which conforms to the gross amount of thermal capacity specified by the producer of cogeneration units installed at the power plant (MW).

8. The operating hours of the power plant in calendar month *i* of calendar year *t* shall be calculated, using the following formula:

 where

– the installed electrical capacity (MW) of the power plant as specified in the contract with the public trader.

9. The expenditures of the power plant (in euros) in calendar month *i* of calendar year *t*  shall be calculated, using actual data or benchmarks:

9.1. the wind power plant expenditures in calendar month *i* of calendar year *t* :

 where

– total actual investments in the power plant (in euros);

0.03 – coefficient representing the share of the operating costs of the power plant in the investments made, as set out in Table 2 of this Annex;

– the supervision fee for the use of the State aid granted for generation of electricity and the State fee for the regulation of public services in calendar year *t* (in euros). For the calculations in future periods, the amount of the fee shall be assumed to be that of the last full calendar year;

– the capacity charge for electricity producers, determined according to the installed electricity generation capacity and in accordance with the tariff set by the Public Utilities Commission, in calendar month *i* of calendar year *t* (in euros). For the calculations in future periods, the amount of the capacity fee shall be assumed to be that of the last full calendar year;

*b*– the balancing responsibility factor benchmark which represents the level of imbalance of the wind power plant and is determined according to the installed electrical capacity specified in the contract with the public trader in calendar month *i* of calendar year *t*. The benchmark for the balancing responsibility factor is set out in Table 7 of this Annex;

9.2. the expenditures of the hydroelectric power plants (in euros) in calendar month *i* of calendar year *t*:

 where

0.04 – coefficient representing the share of the operating costs of the power plant in the investments made, as set out in Table 2 of this Annex;

 – the natural resources tax for the use of water in power plants (in euros), calculated for each hydroelectric power plant in accordance with the Natural Resources Tax Law, taking into account the actual water fall of the hydroelectric power plant, assuming an efficiency factor of 75 % and taking into account the amount of the electricity generated in calendar month *t* of calendar year *i.* For the calculations in future periods, the amount of the tax shall be assumed to be that of the last full calendar year;

9.3. the biomass power plant expenditures (in euros) in calendar month *i* of calendar year *t* , calculated using actual data:

 where

– the amount of fuel consumed (MWh) which is required for the operation of the power plant of the merchant in calendar month *i* of calendar year *t*. For future periods, the monthly fuel consumption shall be calculated as the average of the last three full calendar years of monthly fuel consumption at the power plant;

– the actual price of the fuel (EUR/MWh) according to the submitted supporting documentation. For future periods, the fuel price shall be determined as the average monthly fuel price for the last full calendar year;

0.11 – coefficient representing the share of the operating costs of the power plant in the investments made, as set out in Table 2 of this Annex;

9.4. the biomass power plant expenditures (in euros) in calendar month *i* of calendar year *t* , calculated using benchmarks:

 where

– the estimated amount of fuel consumed (MWh) that is required for the operation of the power plant of the merchant in calendar month *i* of calendar year *t*. For future periods, the monthly fuel consumption shall be calculated as the average of the last three full calendar years of monthly fuel consumption at the power plant;

– the biomass fuel price benchmark (EUR/MWh) set out in Table 6 of this Annex in calendar month *i* of calendar year *t*. For future periods, the fuel price shall be determined as the average monthly fuel price for the last full calendar year;

9.5. the expenditures of biogas power plants (in euros) in calendar month *i* of calendar year *t* , calculated using actual data:

 where

– the operating cost benchmark for the biogas cogeneration power plant set out in Table 3 of this Annex, depending on the year and the proportion of organic waste and production residual products in the total amount of raw materials. The lowest operating cost benchmark specified in Table 3 of this Annex for the given calculation period shall be used in the calculations. If the merchant proves, through supporting documentation, a higher proportion of organic waste and production residual products in the total amount of raw materials, a higher corresponding benchmark specified in Table 3 of this Annex shall be used in the calculation.

For the future period, the lowest benchmark for operating costs specified in Table 3 of this Annex shall be used for the given calculation period. If the merchant proves, by submitting supporting documentation, that the average of the last three full calendar years of organic waste and production residual products as a percentage of the total amount of raw materials exceeds the specified minimum percentage of organic waste and production residual products as a percentage of the total amount of raw materials, the amount of organic waste for the future period shall be determined as the average of the last three full calendar years of organic waste per calendar month and a higher corresponding benchmark specified in Table 3 of this Annex shall be used in the calculation;

9.6. the expenditures of biogas power plants (in euros) in calendar month *i* of calendar year *t* , using benchmarks for the calculation:

 where

– the biogas and landfill gas fuel price benchmark (EUR/MWh) specified in Tables 4 and 5 of this Annex for calendar month *i* of calendar year *t*. For future periods, the fuel price shall be determined as the average monthly fuel price of the last full calendar year.

10. The estimated fuel consumed (MWh) in calendar month *i* of calendar year *t*  shall be determined, using the following formula:

 where

electricity generated for self-consumption (MWh) to be determined as the average over the previous three years of the difference between electricity generated and electricity transferred into the network over the year;

– the efficiency of the cogeneration unit which describes the efficiency of the cogeneration unit. The efficiency of the unit shall be specified in the technical documentation of the unit. If not available, the efficiency coefficient for biomass and biogas units shall be set at 80 %.

11. The total actual investments made in the power plant (in euros) shall be calculated, using the following formula:

 where

– the amount of additional actual investments made in the power plant of the merchant, including capitalised repair costs (in euros).

12. In the calculation carried out in accordance with this Annex, monetary values shall be rounded to the nearest cent, taking into account the third decimal digit. If the third decimal digit is from 0 to 4, the value of cent shall not change. If the third decimal digit is from 5 to 9, the cent is rounded up by one cent.

**II. Benchmarks for calculating the internal rate of return of the total capital investments of a power plant**

Table 1.

**Benchmarks for specific investments of power plants in *Iīp* (EUR/kWel)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Installed electric capacity *Pel* | Biogas plants | Biomass and biomass gasification plants | Wind power plants | Hydroelectric power plants |
| Not exceeding 0.25 MW | 4000 | 4500 | 2150 | 3000 |
| Greater than 0.25 MW but not exceeding 0.5 MW | 4000 | 4500 | 1400 | 2500 |
| Greater than 0.5 MW but not exceeding 1 MW | 3800 | 4500 | 1400 | 2000 |
| Greater than 1 MW but not exceeding 2 MW | 3800 | 4000 | 1400 | 1500 |
| Greater than 2 MW but not exceeding 4 MW | 3300 | 4000 | 1400 | 1500 |
| Greater than 4 MW | 3300 | 3600 | 1400 | 1500\* |

Note. \* If the capacity of the hydroelectric power plant does not exceed 5 MW.

Table 2.

**Benchmarks for operating costs of the power plant**

|  |  |
| --- | --- |
| Technology | Benchmarks |
| Wind power plants | 3 % of the investments made in the power plant, per annum |
| Hydroelectric power plants | 4.0 % of the investments made in the power plant, per annum |
| Biomass plants | 11 % of the investments made in the power plant, per annum |

Table 3.

**Operating cost benchmark for biogas power plants**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Until 2022 | From 2022 to 2025 | From 2026 to 2029 | From 2030 | Operating costs as % of the investments made in the power plant (per year) |
| Proportion of organic waste and production residual products to the total amount of raw materials consumed in biogas production (%) | less than 50 % | at least 40 % but not more than 50 % | **–** | **–** | 6 % |
| at least 50 % but not more than 70 % | at least 60 % but not more than 70 % | **–** | 9 % |
| at least 70 % but not more than 80 % | at least 80 % but not more than 90 % | 12 % |
| at least 80 % | at least 90 % | 13 % |

Table 4.

**Fuel price benchmarks applicable to biogas plants (except for plants using biomass gasification or landfill gas)**

|  |  |
| --- | --- |
| Installed electric capacity *Pel* | Fuel price, excluding VAT Ckur (EUR/MWh) |
| **2008.** | **2009.** | **2010.** | **2011.** | **2012.** | **2013.** | **2014.** | **2015.** | **2016.** |
| Not exceeding 0.5 MW | 51.08 | 40.51 | 30.98 | 35.47 | 42.39 | 43.65 | 46.31 | 48.14 | 51.83 |
| Greater than 0.5 MW but not exceeding 1 MW | 48.11 | 38.15 | 29.19 | 33.41 | 39.93 | 41.12 | 43.62 | 45.35 | 48.82 |
| Greater than 1 MW | 46.15 | 36.60 | 27.99 | 32.05 | 38.30 | 39.44 | 41.84 | 43.49 | 46.83 |
|  | **2017.** | **2018.** | **2019.** | **2020.** | **2021.** | **2022.** |  |  |  |
| Not exceeding 0.5 MW | 52.38 | 50.98 | 48.00 | 53.28 | 52.47 | 51.65 |  |  |  |
| Greater than 0.5 MW but not exceeding 1 MW | 49.34 | 48.02 | 45.21 | 49.93 | 49.16 | 48.40 |  |  |  |
| Greater than 1 MW | 47.32 | 46.06 | 43.37 | 49.93 | 49.16 | 48.40 |  |  |  |

Table 5.

**Landfill gas price benchmarks**

|  |  |
| --- | --- |
| Installed electric capacity *Pel* | Fuel price, excluding VAT Ckur (EUR/MWh) |
| all years |
| All capacities | 10 |

Table 6.

**Fuel price benchmarks applicable to biomass and biomass gasification plants**

|  |
| --- |
| Fuel price, excluding VAT Ckur (EUR/MWh) |
| **1995.** | **1996.** | **1997.** | **1998.** | **1999.** | **2000.** | **2001.** | **2002.** | **2003.** | **2004.** |
| 3.73 | 3.67 | 3.59 | 3.77 | 3.94 | 4.22 | 4.61 | 5.16 | 5.67 | 5.99 |
| **2005.** | **2006.** | **2007.** | **2008.** | **2009.** | **2010.** | **2011.** | **2012.** | **2013.** | **2014.** |
| 6.31 | 7.37 | 8.6 | 11.06 | 8.6 | 7.37 | 8.6 | 8.6 | 11.06 | 9.83 |
| **2015.** | **2016.** | **2017.** | **2018.** | **2019.** | **2020.** | **2021.** | **2022.** |  |  |
| 9.83 | 8.6 | 8.6 | 12.29 | 13.07 | 11.02 | 14.49 | 12.73 |  |  |

Table 7.

**Benchmarks applicable to wind power plants**

|  |  |
| --- | --- |
| Installed electric capacity *Pel* | Balancing responsibility factor *b* (%) |
| Not exceeding 0.25 MW | 0\* |
| Greater than 0.25 MW but not exceeding 1 MW | 15 |
| Greater than 1 MW but not exceeding 2 MW | 15 |
| Greater than 2 MW | 10 |

Note. \* 10 % if the wind power plant is subject to the application of Sub-paragraph 23.2 of Cabinet Regulation No. 560 of 2 September 2020, Regulations Regarding the Generation of Electricity Using Renewable Energy Resources, and also the Procedures for Price Determination and Monitoring.

Table 8.

**Thermal energy production tariff (EUR/MWh) from 1995 to 2022**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Year | Thermal energy production tariff (EUR/MWh)\* |  | Year | Thermal energy production tariff (EUR/MWh)\* |
| **1995.** | 11.67 |  | **2009.** | 39.16 |
| **1996.** | 12.12 |  | **2010.** | 38.44 |
| **1997.** | 12.24 |  | **2011.** | 38.44 |
| **1998.** | 12.28 |  | **2012.** | 42.06 |
| **1999.** | 12.33 |  | **2013.** | 39.16 |
| **2000.** | 12.38 |  | **2014.** | 32.63 |
| **2001.** | 12.38 |  | **2015.** | 31.91 |
| **2002.** | 12.38 |  | **2016.** | 26.11 |
| **2003.** | 12.38 |  | **2017.** | 26.11 |
| **2004.** | 12.38 |  | **2018.** | 26.83 |
| **2005.** | 16.51 |  | **2019.** | 24.99 |
| **2006.** | 21.76 |  | **2020.** | 23.28 |
| **2007.** | 26.11 |  | **2021.** | 21.68 |
| **2008.** | 36.99 |  | **2022.** | 20.20 |

Note. \* The thermal energy production tariff consists of the average price of thermal energy for final consumers multiplied by the coefficient 0.7252 (the share of the production tariff in the final tariff).