**Decision No. 1/5 of the Board of the Public Utilities Commission**

Adopted 28 May 2020

**Regulations Regarding the Electricity Distribution System Development Plan**

*Issued pursuant to*

*Section 19.1, Paragraph two of the Electricity Market Law and Section 25, Paragraph one of the law On Regulators of Public Utilities*

**I. General Provisions**

1. This Regulation prescribes:

1.1. the information to be included in the Electricity Distribution System (hereinafter – the distribution system) 10-year Development Plan (hereinafter – the Plan);

1.2. the procedures by which the distribution system operator to the system of which more than one hundred thousand customers are connected (hereinafter – the distribution system operator) shall submit the Plan to the Public Utilities Commission (hereinafter – the Regulator);

1.3. the procedures by which the distribution system operator shall submit to the Regulator the information which is necessary to supervise the implementation of the Plan.

2. In drafting the Plan, the distribution system operator shall use the development goals agreed upon with the Regulator (in accordance with Annex 1) for the development of the distribution system operator objects (hereinafter – the distribution infrastructure) in line with the functions of the distribution system operator. The development goals shall be identified by using quantified factors describing activity (hereinafter – the indicator) which characterise critical values of performance of the functions specified in the licence of the distribution system operator and assessment factors and criteria for the implementation of capital investments. The distribution system operator may submit a substantiated request to the Regulator to agree upon updated goals, indicators, or criteria not later than six months before submission of the current Plan.

**II. Information to be Included in the Plan**

3. The Plan shall constitute a planning document drafted by the distribution system operator which determines the development of the distribution system and the capital investments necessary for the distribution infrastructure, and also the development goals for the next 10 years.

4. The distribution system operator shall draw up the Plan by taking into account the requirements for the safety and quality of the electricity system laid down in the industry standards and electricity sector.

5. The Plan shall have the following sections:

5.1. a descriptive section in which the distribution system operator shall:

5.1.1. indicate information on the existing distribution infrastructure, including describe the technical nature (a network in densely populated areas, a network in populated areas, a distributed network) according to the identified goals (indicators);

5.1.2. include an assessment by administrative territories (hereinafter – the territories) in relation to the needs of customers for the next two to five years in respect of new generation capacities and new load points, including electric vehicle charging stations;

5.1.3. include an assessment by the territories in relation to the use of demand response service, energy efficiency, energy storage facilities, or other resources which the distribution system operator has envisaged to use as an alternative to the extension of the distribution system;

5.1.4. indicate, with justification, the goals (including the goals in line with the technical nature of the network) identified for the development of the distribution infrastructure by listing the goals which are sought to be achieved within a period from two to 10 years;

5.1.5. provide a report on the process of determining the amount of capital investments necessary for the distribution infrastructure, justify the necessary capital investments in the distribution infrastructure by indicating the capital investments which are to be made in the following two years and the capital investments in respect of which the distribution system operator has already taken the decision by indicating the source of capital investments;

5.2. an informative section in which the distribution system operator shall include:

5.2.1. a description of innovations and target capital investment programmes (for example, reduction of costs etc.) which are already being implemented, additionally indicating information on the target capital investment programmes which are sought to be implemented in the following 10 years, and also the planned amount of capital investments intended for this purpose in the distribution infrastructure in accordance with Annex 2;

5.2.2. information on the capital investments in the distribution infrastructure the implementation of which is sought to be continued or commenced in the following two years by indicating the following:

5.2.2.1. information on each object of capital investments exceeding EUR 140 thousand in accordance with Annex 3;

5.2.2.2. summarised information on other objects of capital investments not exceeding EUR 140 thousand by territories and types of capital investments in accordance with Annex 4, indicating the capital investments in thousands of euros by years.

6. The distribution system operator shall, together with the Plan, submit to the Regulator a calculation of the impact which the capital investments in the distribution infrastructure will have on the tariffs of the distribution system services in the following two years and the following 10 years.

**III. Procedures for Submitting and Approving the Plan**

7. The distribution system operator shall submit to the Regulator the Plan and the information specified in Paragraph 6 of this Regulation in writing as well as electronically by sending them to the Regulator’s e-mail address sprk@sprk.gov.lv by 31 August each year.

8. The Regulator shall, within three working days after receipt of the Plan, publish on its website the Plan and the notice of receipt of the Plan, the place where one can become acquainted with the Plan, and the place and time of the hearing.

9. The Regulator shall organise a hearing not earlier than on the seventh day after the notice of the hearing is published on the Regulator’s website. All stakeholders may participate in the hearing by applying for participation in the hearing with the Regulator’s point of contact at least one working day in advance. Until the hearing, the existing and potential distribution system customers may submit to the Regulator their proposals for the Plan in writing.

10. The Regulator may request additional information from the distribution system operator which is required in order to evaluate the Plan in its entirety. During examination of the Plan, the distribution system operator may, upon its own initiative, submit to the Regulator clarifications of and additions to the Plan.

11. When examining the Plan, the Regulator shall evaluate:

11.1. the compliance of the Plan with the fulfilment of the obligations of the distribution system operator specified in the Electricity Market Law, including for ensuring the electricity system safety in line with the requirements laid down in the electricity sector;

11.2. the proposals of the existing and potential distribution system customers;

11.3. the justification of and the need for the capital investments necessary in the distribution infrastructure;

11.4. compliance of the Plan with the information specified in Paragraph 6.

12. The Regulator shall evaluate and approve the Plan or take a decision regarding the rejection thereof in accordance with the time period and procedure specified by the Administrative Procedure Law.

13. The Regulator shall specify a deadline for rectifying the shortcomings in the decision regarding the rejection of the Plan and for the submission of a new Plan.

**IV. Information Necessary for Supervision on the Capital Investments in the Distribution Infrastructure in the Previous Calendar Year**

14. The distribution system operator shall submit to the Regulator the information necessary for supervision on the capital investments in the distribution infrastructure in the previous calendar year (hereinafter – the report) in writing as well as electronically by sending it to the Regulator’s e-mail address sprk@sprk.gov.lv by 1 April each year.

15. The report shall include the following information:

15.1. the amount of the actual capital investments in the object of capital investments in the previous calendar year in the capital investments exceeding EUR 140 thousand in accordance with Annex 5;

15.2. the amount of the actual capital investments in the previous calendar year by capital investment programmes in thousands of euros in accordance with Annex 6.

16. The distribution system operator shall, concurrently with Annex 5, submit to the Regulator an explanation of the reasons why the actual capital investments exceeding EUR 140 thousand differ from the planned capital investments if the difference accounts for more than 5 % of the total capital investments in the object of capital investments.

**Closing Provisions**

17. The distribution system operator shall, by 31 October 2020, submit to the Regulator the development goals for agreeing upon in accordance with Annex 1.

18. The distribution system operator shall submit the first Plan to the Regulator by 1 April 2021.

19. The distribution system operator shall submit the first report for year 2022 by 1 April 2023.

Chair of the Board of the Public Utilities Commission R. Irklis

**Annex 1**

Decision No. 1/5 of the Public Utilities Commission

28 May 2020

**List of Development Goal Indicators Including the Critical Values of Assessment**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Function of the operator | Indicator | Impact characteristics | Performance criteria (critical values) | | |
| High assessment | Medium assessment | Low assessment |
|  |  |  |  |  |  |

Date \_\_\_ \_\_\_\_\_\_\_\_ \_\_\_\_\*

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| Person entitled to represent the distribution system operator |  |  |
|  | /signature and full name thereof/ |  |

Place for a seal

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Chair of the Board of the Public Utilities Commission R. Irklis

**Annex 2**

Decision No. 1/5 of the Public Utilities Commission

28 May 2020

**Capital Investments in the Target Programmes of the Distribution System Operator from 20\_\_\_ to 20\_\_\_ (Excluding VAT)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Capital investment programme | Benefits from programme implementation | Main objects of capital investments, characteristics | General technical nature, number | Approach applied to the identification of possibilities to reduce the total costs | Evaluation of alternatives indicating the advantage of the selected solution | Period of implementation | Total planned capital investments and their structure by sources of financing (EUR thousand) | | | Period of implementation of the capital investment programme, total planned capital investments by years (EUR thousand) | | | | | | | | | |
| Source of financing 1 | Source of financing 2 | Total | 20\_\_ | 20\_\_ | 20\_\_ | 20\_\_ | 20\_\_ | 20\_\_ | 20\_\_ | 20\_\_ | 20\_\_ | 20\_\_ |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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**Annex 3**

Decision No. 1/5 of the Public Utilities Commission

28 May 2020

**Planned Capital Investments of the Distribution System Operator in Projects from 20\_\_\_ to 20\_\_\_ (Excluding VAT)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Characterisation of the object of capital investments (including technical nature of the network, if applicable) | Territory | Location, number of affected customers | Benefits from implementation of the object of capital investments | Total planned capital investments and their structure by sources of financing (EUR thousand) | | | | Evaluation of alternatives indicating the advantage of the selected solution | Period of implementation of the object of capital investments, total planned capital investments by years (EUR thousand) | | | | | | | | | |
| Source of financing 1 | Source of financing 2 | Total | Invested before the beginning of the reporting period | 20\_\_ | 20\_\_ | 20\_\_ | 20\_\_ | 20\_\_ | 20\_\_ | 20\_\_ | 20\_\_ | 20\_\_ | 20\_\_ |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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**Annex 4**

Decision No. 1/5 of the Public Utilities Commission

28 May 2020

**Total Planned Capital Investments of the Distribution System Operator in the Territories from 20\_\_\_ to 20\_\_\_ (Excluding VAT)**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Territory | Type of objects of capital investments | General technical nature (including technical nature of the network, if applicable) | Approach applied to the identification of possibilities to reduce the total costs | Evaluation of alternatives indicating the advantage of the selected solution | Total planned capital investments by years (EUR thousand) | |
| 20\_\_ | 20\_\_ |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |

Date \_\_\_ \_\_\_\_\_\_\_\_ \_\_\_\_\*

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| Person entitled to represent the distribution system operator |  |  |
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Chair of the Board of the Public Utilities Commission R. Irklis

**Annex 5**

Decision No. 1/5 of the Public Utilities Commission

28 May 2020

**Report on Capital Investments in the Distribution Infrastructure in Year \_\_\_\_\_ Exceeding EUR 140 Thousand (Excluding VAT)**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| No. | Name of the object of capital investments | Benefits from implementation of the objects of capital investments | Other legal persons involved in the financing of the object and percentage of their participation in the capital investment shall be indicated for joint capital investments | Technical nature of the objects of capital investments (sub-station voltage, cable lengths, indicating the technology, and other necessary characteristics) | Date of putting into operation (for reconstruction) | Total period of implementation (from \_\_\_ to \_\_\_) | Capital investments in the previous calendar year | Performance of work in the previous calendar year | Difference between the actual and planned capital investments (EUR thousand) |
| 1. | Title of the project |  |  |  |  |  |  |  |  |
| 1.1. | Object of project |  |  |  |  |  |  |  |  |
| 1.1.1. | Elements to be reconstructed\* |  |  |  |  |  |  |  |  |
|  | Other measures\*\* |  |  |  |  |  |  |  |  |
|  | Other projects, the performance of which was not forecast for the reporting year but which have been implemented |  |  |  |  |  |  |  |  |

\* in case of reconstruction elements being reconstructed shall be indicated, continuing sequential numbering with sub-paragraphs beneath the relevant object

\*\* each project activity requiring capital investments shall be recorded separately

Date \_\_\_ \_\_\_\_\_\_\_\_ \_\_\_\_\*

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Chair of the Board of the Public Utilities Commission R. Irklis

**Annex 6**

Decision No. 1/5 of the Public Utilities Commission

28 May 2020

**Report on Capital Investments in the Distribution Infrastructure in Year \_\_\_\_ (Excluding VAT)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Capital investment programme | Benefits from programme implementation | Performance of work in the previous calendar year | Capital investments in the previous calendar year | Difference between the actual and planned capital investments (EUR thousand) |
|  |  |  |  |  |
|  |  |  |  |  |

Date \_\_\_ \_\_\_\_\_\_\_\_ \_\_\_\_\*

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| Person entitled to represent the distribution system operator |  |  |
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