Text consolidated by Valsts valodas centrs (State Language Centre) with amending decisions of:

16 December 2022 [shall come into force on 1 January 2023].

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.

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

Adopted 14 April 2022

**Regulations Regarding System Connection for Electricity Producers**

*Issued pursuant to*

*Section 8, Paragraph two and Section 9, Paragraphs two and 2.4 of the Electricity Market Law*

[*15 December 2022*]

**I. General Provisions**

1. Regulations regarding system connection for electricity producers (hereinafter – the Regulations) prescribe:

1.1. the procedures for installing a new electricity system connection (hereinafter – the connection) in order to connect an electricity generation object (hereinafter – the power plant) to the electricity transmission or distribution system (hereinafter – the system);

1.2. the procedures for ensuring the change of technical parameters for an existing connection which is used or is planned to be used to connect the power plant for parallel work with the system;

1.3. the procedures for the operational notification and inspections of the power plant;

1.4. the methodology for calculating the fee for the reservation of system capacity and the procedures for using such fee for covering the connection fee.

[*15 December 2022*]

2. The following terms are used in the Regulations:

2.1. power plant – an installation (except for a microgenerator) which transforms the primary energy into electricity and which consists of one or several electricity generation modules which may be connected to the electricity system;

2.1.1 fee for the reservation of system capacity – an amount of money determined in accordance with the procedures laid down in these Regulations for reserving the system capacity for the connection of a particular power plant to the electricity system which is paid by a producer in the account indicated by the system operator or is ensured by the guarantee of a provider of financial services;

2.2. connection agreement – an agreement which is entered into by and between the system operator and the producer and in which the connection site, the proprietary border of electrical installations, the connection fee, the time limits for the payment of the connection fee, and also the obligations and rights of the system operator and the producer related to the installation of the relevant connection, change of technical parameters, and connection of the power plant to the system are determined;

2.3. technical parameters of the connection – the installed generation capacity, voltage, number of phases, number of connections, proprietary border;

2.4. connection site – a connection point to the system to which the power plant of the producer may be connected according to justified technical requirements and for economically feasible costs;

2.5. connection – a part of the electricity grid of the system operator from the connection site up to the proprietary border of electrical installations;

2.6. producer – within the meaning of these Regulations, the current or potential electricity producer the power plant of which is being connected to the system;

2.6.1 reservation of system capacity – an obligation of the system operator to reserve in the system the capacity laid down in the technical requirements until the moment of entering into a system services contract for the connection of the power plant of the producer provided that the producer meets the requirements laid down in these Regulations;

2.7. technical requirements – a document issued by the system operator in which the connection site, the proprietary border, and also the technical requirements and conditions to be complied with in order to connect a new power plant to the system or to change the technical parameters for the existing connection or power plant are determined.

[*15 December 2022*]

3. The system operator and the producer shall comply with the regulation laid down in the legal acts governing construction when installing the connection, insofar as it is related to construction (designing and construction works).

4. The system operator shall maintain a register of connections in which the applications of producers are registered and the information on the installation process of the connection is indicated. The system operator shall ensure the producer with the possibility of becoming acquainted with the information included in the register of connection requests which is related to the installation of the connection of the relevant producer.

5. In order to connect a new power plant to the system or to change technical parameters of an existing connection or a power plant connected to the system, the producer shall submit an application to the system operator (hereinafter – the application). The system operator shall determine and publish on its website the information which, depending on the connection necessary for the producer, should be provided in the application, and also shall indicate the documents to be submitted together with the application.

6. If the information provided in the application is not sufficient, the system operator has the right to request additional information which is necessary for issuing the technical requirements and ensuring the relevant connection. The application shall be regarded to be submitted on the day when the system operator has received all the information and documents stipulated by the system operator.

[*15 December 2022*]

7. All justified costs for the ensuring, design, and installation of the connection, change of technical parameters, and connection of the power plant, including the costs related to the rebuilding of the current electrical grids of the system operator if any necessary for ensuring the connection, shall be covered by the producer. The producer shall cover all the costs which are related to ensuring the reservation of system capacity.

[*15 December 2022*]

8. [15 December 2022]

**II. Provisions for the Installation of a New Connection**

9. The system operator shall, within 60 days from receipt of the application, issue technical requirements to the producer. Concurrently with technical requirements, the system operator shall provide information to the producer in writing on the approximate costs for the installation of the connection, inform the producer of further actions necessary for ensuring the connection, and send a calculation of the fee for the reservation of system capacity which has been prepared in accordance with Paragraph 28.5 of these Regulations. If the development of technical requirements is complicated and the preparation thereof requires a longer period or if the producer has not submitted all the necessary information in the application, the system operator shall, within 20 days from receipt of the application, inform the producer in writing of the time limit for the issuance of technical requirements.

[*15 December 2022*]

10. A distribution system operator to the distribution networks of which less than one hundred thousand users are connected shall agree upon the technical requirements to be issued to the producer with the system operator to the electricity grid of which the relevant distribution system is connected.

10.1 From the moment of issue of technical requirements, the system operator shall, in the amount specified in technical requirements, reserve the capacity in the system which is necessary for connecting the power plant of the producer.

[*15 December 2022*]

11. The system operator and the producer shall, within 60 days from the day when the system operator has sent technical requirements to the producer, agree in writing on the conditions for the implementation of the connection process depending on the specific nature of the requested connection, entering into one or several agreements on:

11.1. the organisation of the drawing up of the building design necessary for ensuring the connection;

11.2. the selection of the performer of the construction works of a power supply object (hereinafter – the construction merchant) necessary for the installation of the connection and the selection of the supplier of equipment and materials necessary for the installation of the connection;

11.3. other liabilities and rights of the system operator and the producer until entry into the connection agreement.

[*15 December 2022*]

11.1 Until the day of entering into the first agreement referred to in Paragraph 11 of these Regulations, however not later than within 60 days from the day of receipt of technical requirements, the producer shall, in accordance with the procedures laid down in Paragraph 28.7 of these Regulations, ensure the fee for the reservation of system capacity and submit documents confirming it to the system operator.

[*15 December 2022*]

12. If construction of new electrical installations or rebuilding of existing electrical installations on the side of the distribution system operator of the proprietary border of electrical installations and determination of individual technical requirements are not necessary for ensuring the connection, the distribution system operator shall publish on its website the general technical requirements and conditions to be complied with by the producer to connect a new power plant to the distribution system or to change technical parameters of an existing connection or power plant.

12.1 In the case specified in Paragraph 12 of this Regulation, the producer shall ensure a fee for the reservation of system capacity within six months from the receipt of technical requirements and submit the documents confirming it to the system operator.

[*15 December 2022*]

13. If, in accordance with the agreement specified in Paragraph 11 of these Regulations, the construction merchant necessary for the installation of the connection and the suppliers of equipment are selected by the system operator, the system operator shall select the construction merchant and the suppliers of equipment according to open, equal, and objective criteria, taking into account the qualification and experience of the construction merchant, the costs of the construction works proposed, the costs of equipment and materials, the time periods of the construction works, and other criteria, ensuring the installation of the economically most advantageous connection.

14. If, in accordance with the agreement for the installation of the connection specified in Paragraph 11 of these Regulations, the construction merchant and the suppliers of equipment are selected by the producer, the producer shall comply with the requirements laid down by the system operator for the conformity of construction merchants and suppliers of equipment. The system operator shall publish on its website the general requirements for the conformity of construction merchants and suppliers of equipment. Depending on the specific nature of the requested connection in respect of special requirements for the conformity of construction merchants and suppliers of equipment, the system operator shall inform the producer, entering into the agreement specified in Paragraph 11 of these Regulations.

15. The system operator shall, within 40 days from the day when the conditions of the agreement specified in Paragraph 11 of these Regulations have been met, send the connection agreement to the producer.

16. The producer has the right to submit reasoned objections about the connection agreement to the system operator within 30 days from the day on which the system operator has sent the connection agreement to the producer. The system operator shall assess the objections of the producer and, within 10 days, provide a written answer to the producer or send an updated connection agreement to the producer if the objections of the producer have been deemed to be justified.

17. If, within 30 days from the day on which the system operator has sent the connection agreement or an updated connection agreement to the producer, the producer has not signed the connection agreement or has not provided reasoned objections about the connection agreement, the system operator has the right to cancel the application and technical requirements for the installation of the connection. The system operator shall warn the producer of the cancellation of the application in writing at least 10 days in advance.

18. The system operator shall, according to the connection agreement entered into, organise the installation of the connection up to the proprietary border of electrical installations.

19. The producer shall, within the time limit specified in the connection agreement, ensure the construction of the power plant and electrical installations on the side of the producer of the proprietary border of electrical installations and the preparation thereof for the connection to the system insofar as it is technically possible before the connection of the power plant to the system.

20. After completing construction works of the connection, the system operator and the producer shall enter into a system services contract.

21. The system operator has the right to cancel the technical requirements issued to the producer, concurrently terminating the commenced installation works of the connection, sending a written notification to the user, in the following cases:

21.1. the producer has not entered into the agreement provided for in Paragraph 11 of these Regulations with the system operator within 60 days from the day when the system operator has sent technical requirements to the producer;

21.2. the producer has notified of unilateral termination of the agreement provided for in Paragraph 11 of these Regulations or of the connection agreement;

21.3. the producer fails to perform the agreement provided for in Paragraph 11 of these Regulations or the provisions of the connection agreement;

21.4. the producer has not entered into the system services contract with the system operator within three years from the day when the system operator has sent technical requirements to the producer;

21.5. the producer does not have any valid permit for increasing the electricity generation capacities or introducing new generation equipment.

[*15 December 2022*]

22. The system operator may extend the three-year time limit referred to in Sub-paragraph 21.4 of these Regulations if the installation of the connection is related to extensive construction works or it the abovementioned time limit could not be complied with due to reasons not depending on the producer and the producer has informed the system operator in writing of such reasons in a timely manner. The system operator shall notify the producer in writing of the extension of the time limit.

23. If the producer to which technical requirements for the connection of a particular power plant have been issued, has revoked the application for the installation of the connection or the system operator has cancelled the technical requirements issued to it in accordance with Paragraph 21 of these Regulations re-submits the application for the connection of the relevant power plant, the system operator shall issue new technical requirements within six months from the time when the previous application has been revoked or previously issued technical requirements have been cancelled.

**III. Provisions for the Change of Technical Parameters of the Connection or Power Plant**

24. If, in assessing the application of the producer and the actual circumstances, the system operator establishes that the change of the technical parameters of the existing connection or the power plant connected to the system require construction of new electrical installations or rebuilding of the existing electrical installations on the side of the system operator of the proprietary border of electrical installations, the connection shall be installed in accordance with the procedures laid down in Chapter II of these Regulations.

25. If, in assessing the application of the producer and the actual circumstances, the system operator establishes that the change of the technical parameters of the existing connection or power plant connected to the system does not require construction of new electrical installations or rebuilding of the existing electrical installations on the side of the system operator of the proprietary border of electrical installations:

25.1. the system operator shall, within 30 days from receipt of the application, inform the producer in writing of technical requirements and send the connection agreement to the producer;

25.2. if, within 30 days from the day on which the system operator has sent the connection agreement to the producer, the producer has not signed the connection agreement or has not provided reasoned objections about the connection agreement, the system operator has the right to cancel the application and technical requirements. The system operator shall notify the producer in writing at least 10 days in advance of the cancellation of the application;

25.3. the producer shall, within the time limit specified in the connection agreement, ensure the construction or rebuilding of the power plant and electrical installations on the side of the producer the proprietary border of electrical installations and the preparation thereof for the connection to the system and inform the system operator thereof;

25.4. within the time limit specified in the connection agreement, the producer and the system operator shall enter into the system services contract or agree on changes in the existing system services contract.

**IV. Provisions for Inspection and Connection of the Power Plant**

26. The transmission system operator and the distribution system operator to the distribution networks of which more than one hundred thousand users are connected shall develop and publish on their website the operational notification procedure of the power plant and the procedures for the inspections of the power plant. The system operator shall develop the operational notification procedure and the procedures for the performance of inspections of electrical facilities in conformity with the regulation laid down in Commission Regulation (EU) 2016/631 of 14 April 2016 establishing a network code on requirements for grid connection of generators (hereinafter – Regulation No 2016/631) and Decision No. 1/4 of the Board of the Public Utilities Commission of 26 June 2013, Network Code in the Electricity Sector (hereinafter – the Network Code).

27. The distribution system operator to the distribution networks of which less than one hundred thousand users are connected has the right to independently develop the operational notification procedure and the procedures for the performance of inspections of electrical facilities in accordance with Paragraph 26 of these Regulations or apply the procedures developed by the distribution system operator laid down in Paragraph 26 of these Regulations.

28. The producer shall ensure the conformity of the power plant to be connected to the system with Regulation No 2016/631 and the requirements laid down in the Network Code.

**IV.1 Fee for the Reservation of System Capacity**

[*15 December 2022*]

28.1 In order to determine the fee for the reservation of system capacity, the transmission system operator shall calculate the fee for one capacity reservation unit according to the following formula:



where,

RMW – fee for one capacity reservation unit [EUR/MW];

Iizb.izm– the total costs of the transmission system operator for the previous five calendar years [EUR] which are related to the construction or reconstruction of substations of 110 kV;

Ntraf – the amount of the total capacity installed in substations of 110 kV over the previous five calendar years [MW].

[*15 December 2022*]

28.2 The transmission system operator shall make the calculation of the fee for one capacity reservation unit once in five years and submit it for approval to the Regulator together with the information substantiating the calculation. The fee for one capacity reservation unit shall enter into effect within the time period specified in the decision of the Regulator.

[*15 December 2022*]

28.3 The transmission system operator shall submit the calculation of the fee for one capacity reservation unit for the period of next five years to the Regulator not later than six months before expiry of the period for which the Regulator has approved the fee for one capacity reservation unit.

[*15 December 2022*]

28.4 If, during the period after entering into effect of the decision of the Regulator by which the fee for one capacity reservation unit has been approved, the costs related to construction or reconstruction of substations of 110 kV have significantly changed or other circumstances have set in due to which there are grounds for reconsidering the fee for one capacity reservation unit sooner than within five years, the transmission system operator shall, upon its own initiative or within the time limit stipulated by the Regulator, submit a new calculation for the fee for one capacity reservation unit.

[*15 December 2022*]

28.5 The system operator shall determine the fee for the reservation of system capacity for the installation of a particular connection by multiplying the fee for one capacity reservation unit by the capacity for the connection of the power plant of the producer specified in technical requirements issued to the producer.

[*15 December 2022*]

28.6 Regardless of the capacity specified in technical requirements for a particular producer for the connection of the power plant, the fee for the reservation of system capacity may not exceed the fee which is calculated for reserving the capacity if a power station with the installed generation capacity of 100 megawatts would be connected to the system.

[*15 December 2022*]

28.7 The producer shall ensure the fee for the reservation of system capacity in one of the following ways according to the choice of the producer:

28.71. by paying in a deposit payment into the account of the system operator in the amount of the fee for the reservation of system capacity stipulated by the system operator;

28.72. by submitting to the system operator a guarantee of a financial service provider registered in the Member State of the European Union or European Economic Area for the fulfilment of liabilities the conditions of which have been agreed upon with the system operator.

[*15 December 2022*]

28.8 The system operator shall recognise the guarantee of a financial service provider as a proper security if it conforms to the following conditions:

28.81. the guarantee has been issued by a financial service provider which or the group of which has at least Baa1 long-term credit rating according to the Moody’s agency or BBB+ in accordance with the Standard & Poor’s agency, or BBB+ according the Fitch Ratings agency for long-term foreign currency loans. If at least one of the credit rating agencies indicated in this Paragraph has granted a long-term credit rating to the financial service provider or its group, it shall be assumed that the guarantee issued by such financial service provider or a group thereof is appropriate;

28.82. the guarantee is in effect until the moment when the producer has entered into a connection agreement. If it is not necessary to enter into a connection agreement for the connection of the power plant, the guarantee shall be in effect until the moment when the producer and the system operator have entered into the system services contract or have made amendments to the system services contract currently in effect;

28.83. the guarantee shall be first demand and irrevocable.

[*15 December 2022*]

28.9 If the producer has paid in the fee for the reservation of system capacity into the account of the system operator, the system operator shall use the paid-in amount in the settlement of accounts for the installation of the connection, covering the part of the connection fee which conforms to the amount paid in by the producer in accordance with the procedures laid down in the connection agreement.

[*15 December 2022*]

28.10 The system operator shall, within five working days after entering into the connection agreement or, if it is not necessary to enter into the connection agreement, after entering into the system services contract:

28.101. repay to the producer the part of the fee for the reservation of system capacity which exceeds the connection fee if the producer has ensured the fee for the reservation of system capacity in accordance with the procedures laid down in Sub-paragraph 28.71 of these Regulations;

28.102. ensure the documents which exempt the issuer of the guarantee from its liabilities to ensure the fee for the reservation of system capacity if the producer has ensured the fee for the reservation of system capacity in accordance with the procedures laid down in Sub-paragraph 28.72.

[*15 December 2022*]

28.11 The producer shall lose the fee for the reservation of system capacity if the system operator has cancelled technical requirements in the cases specified in Paragraph 21 of these Regulations.

[*15 December 2022*]

28.12 If the process of installing the connection is not continued due to reasons not referred to in Paragraph 21 of these Regulations, the system operator shall repay the fee paid in by the producer for reserving the system capacity or ensure documents which exempt the provider of the guarantee from its liabilities to ensure the fee for ensuring the system capacity within five working days from the day when the producer has submitted the documents which approve the relevant circumstances for the interruption of the process of installing the connection.

[*15 December 2022*]

**Closing Provisions**

29. The general technical requirements and the conditions to be complied with by the producer to connect a new power plant to the distribution system or to change technical parameters of an existing connection or power plant, if construction of new electrical installations or rebuilding of existing electrical installations on the side of the system operator of the proprietary border of electrical installations is not necessary for ensuring the connection, shall be published by the distribution system operator on its website by 1 June 2022.

30. The transmission system operator and the distribution system operator to the distribution networks of which more than one hundred thousand users are connected shall publish the operational notification procedure and the procedures for the inspections of the power plant on its website by 1 June 2022.

31. The connections in respect of installation of which technical regulations have been issued in accordance with Decision No. 1/6 of the Public Utilities Commission of 22 February 2012, Regulations Regarding System Connection for Electricity Producers, shall be installed in conformity with the conditions included in the technical regulations issued and the connection agreements entered into.

32. If technical regulations are issued in accordance with Decision No. 1/6 of the Public Utilities Commission of 22 February 2012, Regulations Regarding System Connection for Electricity Producers, but until the day of coming into force of these Regulations the producer has not entered into a connection agreement or an agreement on the construction of a connection with the system operator, the system operator shall, within 30 days from the day of coming into force of these Regulations, inform the producer that the producer must enter into the agreement specified in Paragraph 11 of these Regulations within 60 days from the day of coming into force of these Regulations. If the producer has not entered into the agreement referred to in Paragraph 11 within 60 days, the system operator has the right to cancel the technical requirements issued to the producer.

33. Decision No. 1/6 of the Public Utilities Commission of 22 February 2012, Regulations Regarding System Connection for Electricity Producers (*Latvijas Vēstnesis*, 2012, No. 34), is repealed.

33.1 The transmission system operator shall submit the first calculation of the fee for one capacity reservation unit in conformity with Paragraphs 28.1 and 28.2 of this Regulation to the Regulator for approval by 2 January 2023.

[*15 December 2022*]

33.2 The system operator shall, not later than within 30 days after entering into effect of the decision of the Regulator referred to in Paragraph 28.2 of these Regulation, send the calculation for the fee for reserving the capacity to all producers which, until the day of coming into force of these Regulations, have received technical requirements and agreed on the conditions for the implementation of the connection process, but have not entered into the connection agreement.

[*15 December 2022*]

33.3 If the producers referred to in Paragraph 33.2 of these Regulations have not ensured the fee for the reservation of system capacity within the time limit specified in Section 97 of the Electricity Market Law, the system operator shall cancel the application of the producer and the technical requirements issued.

[*15 December 2022*]

34. These Regulations shall come into force on 1 May 2022.

Acting Chair, Board Member of the Public Utilities Commission A. Upena