

Latvia has prepared the answers to EC questions from 12 December 2015, letter No B2/AC/DB/D\*2015/138244 regarding the state aid case SA.43140 (2015/NN).

**1. Please confirm that the data in the levelised production cost tables already account for a profit rate and a discount rate. If this is not the case, please provide updated tables taking these into account.**

By the calculation of levelised production cost contained in the tables of Annex IV "Calculation of electricity generation costs" submitted<sup>1</sup> by Latvia on 22 September, 2015 has been taken into account a constant interest rate of 12%.

Based on the study "*Elektroenerģijas, kas ražota no atjaunojamiem energoresursiem un koģenerācijā, atbalsta izvērtējums un priekšlikumi atbalsta uzlabošanai*"<sup>2</sup> carried out by EKODOMA the calculation for all different technologies and different type of installed power was based on cash flow analysis, taking into account IRR of 12%.

**2. Please provide these data for the years 2007, 2009, 2013 and 2014 (if any for 2014).**

Until 31 December, 2009 according to the regulatory framework<sup>3</sup> provided exclusive involvement of the Public Utility Commission (hereinafter – PUC) on calculating and setting the production tariffs for larger scale combined heat and power stations (hereinafter – CHPs). The PUC established a tariff calculation methodology<sup>4</sup> and approved the production tariffs calculated according to the methodology. Production feed-in tariffs were set as two component tariff e.g.:

- energy fee for electricity production cover only variable costs of production (fuel, CO2 etc.), and
- capacity fee for installed capacity that cover fixed costs normal rate of return (IRR not exceeding 9% for new CHPs or return on net book value of installation not exceeding 12% for existing old CHPs). All production tariffs were set within the framework of administrative procedures and regulatory decisions were published in the official newspaper "Latvijas vēstnesis"<sup>5</sup>.

Since 31 December, 2009 Cabinet Regulations<sup>6</sup> provided an alternative procedure of setting feed-in tariffs for large scale CHPs alongside the ad hoc tariff setting procedure

<sup>1</sup> Submitted in SANI on 22 September, 2015 and has been registered with No. SA.43140(2015/NN)

<sup>2</sup> [https://www.em.gov.lv/files/energetika/SIA\\_Ekodoma\\_atskaite.pdf](https://www.em.gov.lv/files/energetika/SIA_Ekodoma_atskaite.pdf)

<sup>3</sup> Cabinet Regulation No. 921 of 6 November, 2006 "Regulation on Electricity Production in Cogeneration" in force until 18 March, 2009 (point 29) and Cabinet Regulation No. 221 of 10 March, 2009 "Regulations Regarding Electricity Production and Price Determination upon Production of Electricity in Cogeneration" in force until 30 December, 2009 (point 52) ([http://www.vvc.gov.lv/export/sites/default/docs/LRTA/MK\\_Noteikumi/Cab\\_Reg\\_No\\_221\\_-\\_Electricity\\_Production\\_and\\_Price\\_Determination.doc](http://www.vvc.gov.lv/export/sites/default/docs/LRTA/MK_Noteikumi/Cab_Reg_No_221_-_Electricity_Production_and_Price_Determination.doc) in English)

<sup>4</sup> PUC Decision No.311 of 21 December 2005

(<http://likumi.lv/ta/id/124745-par-kogeneracijas-stacija-sarazotas-siltumenerģijas-un-kogeneracijas-stacija-ar-jaudu-virs-cetriem-megavatiem-sarazotas-elektro...> in Latvian)

<sup>5</sup> for example: <https://www.vestnesis.lv/ta/id/174602?search=on>

<sup>6</sup> Cabinet Regulation No. 221 of 10 March, 2009 "Regulations Regarding Electricity Production and Price Determination upon Production of Electricity in Cogeneration" with amendments in force from

approved by the PUC. The formula in the Cabinet Regulations was derived by adapting existing regulatory decisions for several power stations (see table below).

Name of CHP	Installed capacity	Capacity component adapted by PUC decisions	Capacity component adapted by PUC decisions	Comment
	MW	LVL <sup>7</sup> /MW/year	EUR/MW/year	
Juglas Jauda	11.8	108.0	153.7	Although the final decision was made on a single component feed-in tariff, the original application contained a calculation of the two-part feed-in tariff, which was taken into account in determining the curve
Imanta SC	48.0	83.3	119.2	Taken directly from PUC decision
TEC-1	144.0	105.61	150.3	Taken directly from PUC decision
TEC-2 (new unit)	413.3	74.1	105.4	Calculated by splitting off the capacity component charges of old station (2 old units) from combined station (2 old units / 1 new unit) charges. Express the necessary support for new equipment
TEC-2 (2 new units)	832.3	74.1	105.4	Multiples 1 new unit into 2 new units

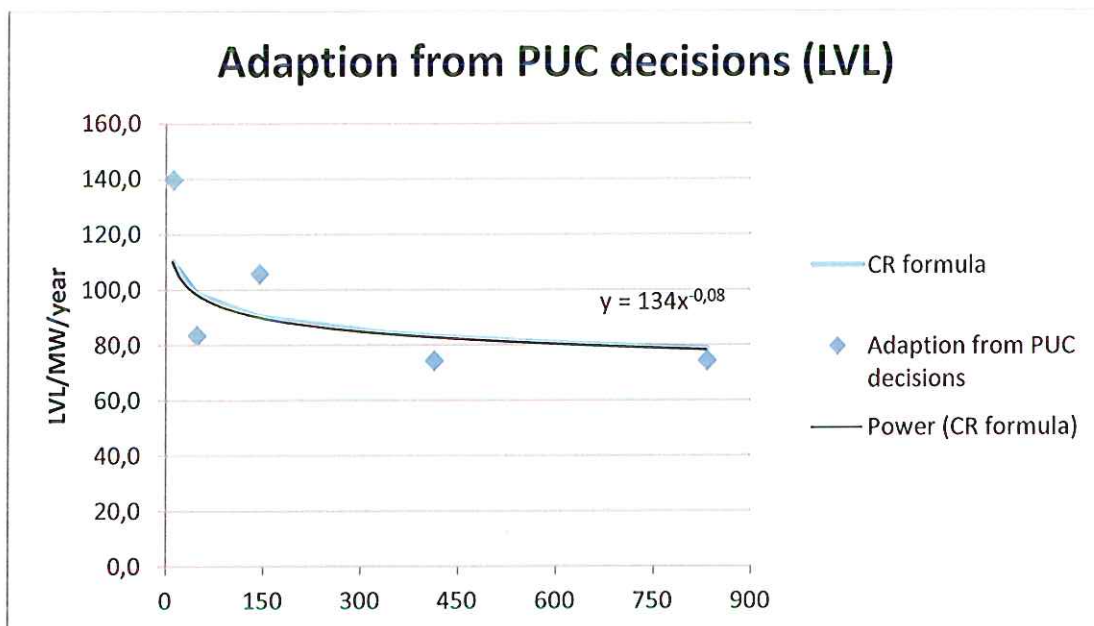
The outcome was extrapolated capacity component formula (the formula from Cabinet Regulation No. 221 of 10 March, 2009 “Regulations Regarding Electricity Production and Price Determination upon Production of Electricity in Cogeneration” (hereinafter – Cabinet Regulation No. 221) point 52.2) that determines amount of capacity component depending on installed capacity (see chart below).

31 December, 2009 (point 52)

([http://www.vvc.gov.lv/export/sites/default/docs/LRTA/MK\\_Noteikumi/Cab\\_Reg\\_No\\_221 - Electricity Production and Price Determination.doc](http://www.vvc.gov.lv/export/sites/default/docs/LRTA/MK_Noteikumi/Cab_Reg_No_221_-_Electricity_Production_and_Price_Determination.doc) in English)

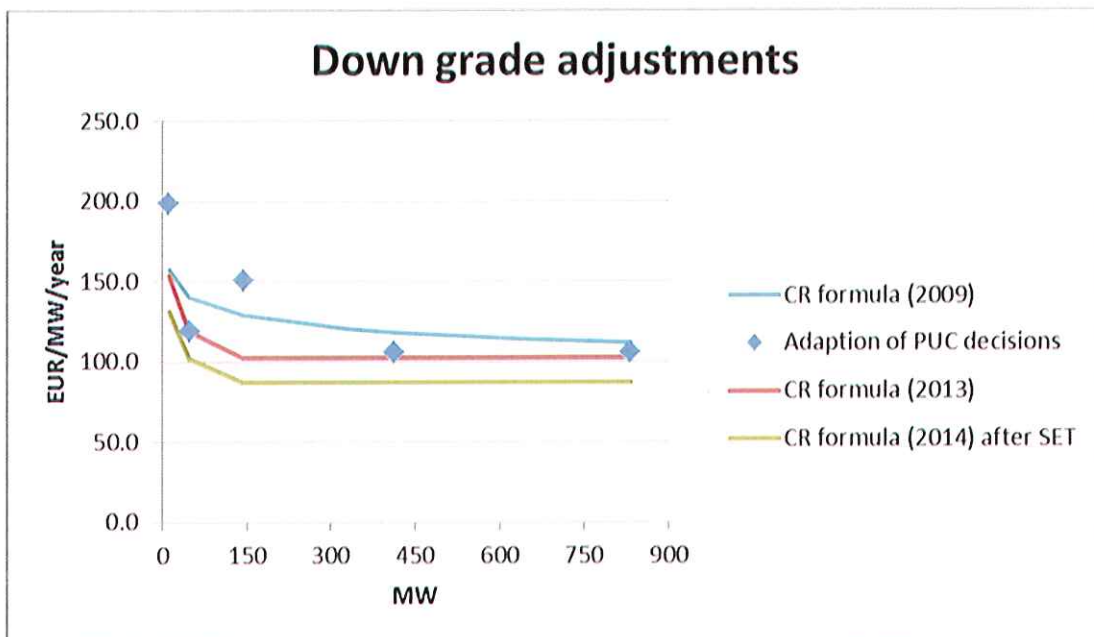
<sup>7</sup> 1 EUR=0.702804 LVL





Just as the methodology approved by PUC<sup>8</sup>, the Cabinet Regulation No. 221 point 52.1 determined that the energy component of feed-in tariffs covers only the variable costs of production (fuel, CO<sub>2</sub>).

In the 2013 and 2014 there were down grade adjustments of the capacity component (see chart below).



List of large scale CHPs that received capacity component (EUR/MW/year) as part of feed-in tariff are seen below in the table. The type of calculation methodology –

<sup>8</sup> PUC Decision No.311 of 21 December 2005

(<http://likumi.lv/ta/id/124745-par-kogenerācijas-stacija-sarazotas-siltumenerģijas-un-kogenerācijas-stacija-ar-jaudu-virs-cetriem-megavatiem-sarazotas-elektro...> in Latvian)

methodology approved by PUC<sup>9</sup> (PUC) or Cabinet Regulation No. 221 (CR) - is added in brackets.

CHP	2007	2009	2013	2014 <sup>10</sup>
Juglas Jauda	n/a	156.5 (CR)	153.5 <sup>11</sup> (CR)	130.5 (CR)
Imanta SC	119.2 (PUC)	119.2 (PUC)	119.2 (PUC)	101.3 (CR)
TEC-1	150.3 (PUC)	150.3 (PUC)	102.3 (CR)	86.9 (CR)
TEC-2 <sup>12</sup>	58.5 (PUC)	89.1 (PUC)	102.3 (CR)	86.9 (CR)

**3. Please also provide a list of the installations receiving such aid, indicating the precise amounts of aid obtained by them.**

Support received, thous. EUR								
	2007 2 <sup>nd</sup> semester	2008	2009	2010	2011	2012	2013	2014
Juglas Jauda	-	590	1 933	1 720	1 592	2 223	2 292	1 878
Imantas SC	2 464	6 459	6 029	5 481	4 333	6 439	5 964	4 834
TEC-1	8 746	19 045	19 454	16 699	14 851	21 488	19 278	12 522
TEC-2 <sup>13</sup>	9 523	18 970	38 566	40 954	40 836	57 658	59 964	72 375

**4. Please explain and elaborate on this: does it also concern existing installations or only new installations? Please list the power plants that are affected by this decision.**

<sup>9</sup> PUC Decision No.311 of 21 December 2005

(<http://likumi.lv/ta/id/124745-par-kogeneracijas-stacija-sarazotas-siltumenergijas-un-kogeneracijas-stacija-ar-jaudu-virs-cetriem-megavatiem-sarazotas-elektro...> in Latvian)

<sup>10</sup> After implementation of subsidized energy tax (hereinafter SET); the tax for large CHPs is 15%.

<sup>11</sup> Increase of installed capacity from 11.8 to 14.9 MW decreased the capacity payment

<sup>12</sup> <sup>11</sup>There was a major reconstruction going on at the TEC-2 CHP from 2005 until 2014. In the process of reconstruction outdated installations were replaced for more efficient ones, that made the impact on installed electrical capacity (increase from 330 MW to 832.5 MW while thermal capacity had decreased from 680 MW to 544 MW) and fixed costs (increased due to cost of capital).



On 1 January 2014 there were two amendments to the Electricity Market Law<sup>14</sup> considering large scale CHPs.

First – the existing mandatory procurement system was amended following the changes in the wholesale market - electricity from these CHPs was no longer bought under single buyer scheme. The producers were obliged to enter into the market by selling the electricity themselves at a market price while maintaining the existing capacity payment as support. This also means that large scale CHPs were no longer receiving the energy component (compensation for variable costs - mainly natural gas). The existing mandatory procurement scheme was amended to make it similar to capacity payment scheme, but, in order to preserve the legitimate expectation, preserve the same support and obligations.

The second amendment was that thereafter the new large scale CHP installations could no longer apply for the mandatory procurement system, just for the capacity payments (see Article 28 of Electricity Market Law<sup>15</sup> in force from 1 January 2014 that states that only CHPs not exceeding 4 MW could apply for the mandatory procurement support and Article 28<sup>1</sup> of Electricity Market Law that allows CHPs exceeding 4 MW apply for capacity payments) nor the existing large scale CHPs could apply for capacity payments scheme - no new support for existing CHPs (see article 28<sup>1</sup> para (2<sup>1</sup>) and (2<sup>2</sup>) of Electricity Market Law that applies specific to existing large scale CHPs and freezes the previous support at the levels of previous capacity components of the mandatory procurement with no options to apply for new support .

- 5. As indicated in our email from 22 July 2015, your authorities are invited to provide concrete proposals to remedy this overcompensation, which can be done for example by reducing the aid granting period or by reducing the amounts of aid granted for the remaining period (e.g. increase SET tax). Please provide a detailed description of the measures that will be adopted to remedy overcompensation, as well as updated tables containing estimates of the situation after the respective measures are in place, clearly showing that there will be no overcompensation over the lifetime of the project.**

Latvian responsible authorities are currently working on the proposal to remedy overcompensation. It is planned to prescribe that each merchant who has a right to sell electricity within mandatory procurement or to receive guaranteed payment for the electric capacity installed in a cogeneration unit will be individually evaluated towards overcompensation. It will ensure the equal access for all aid beneficiaries, because the responsible authority will evaluate using case by case approach.

Latvia will provide an answer to this question as soon as the overcompensation mechanism will be developed.

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<sup>14</sup> [http://www.vvc.gov.lv/export/sites/default/docs/LRTA/Likumi/Electricity\\_Market\\_Law.doc](http://www.vvc.gov.lv/export/sites/default/docs/LRTA/Likumi/Electricity_Market_Law.doc) in English

<sup>15</sup> [http://www.vvc.gov.lv/export/sites/default/docs/LRTA/Likumi/Electricity\\_Market\\_Law.doc](http://www.vvc.gov.lv/export/sites/default/docs/LRTA/Likumi/Electricity_Market_Law.doc) in English



- 6. Please confirm that the tables provided in Annex V take into account all the aid received by the beneficiaries, including aid received in the form of tax exemptions (and/or tax reductions). Should this not be the case, please update the tables to reflect the cumulation of all the forms of aid that could be cumulated.**

In the tables provided in Annex V "The result of support cumulation" submitted<sup>16</sup> by Latvia on 22 September, 2015 Latvia has been taken into account all the aid received by the beneficiaries, including aid received in the form of tax exemptions (and/or tax reductions).

Regarding the information included in the tables from Annex V Latvia would like to draw the attention on the different rates of subsidised electricity tax:

- 1) Tax rate in the amount of 15 per cent shall be applied to taxable income from:
  - a) electricity sold within the scope of mandatory procurement, in the production of which fossil energy resources were used;
  - b) guaranteed payment for the electric capacity installed in cogeneration installations, in which fossil energy resources are used.
- 2) Tax rate in the amount of 10 per cent shall be applied to taxable income from:
  - a) electricity sold within the scope of mandatory procurement, in the production of which renewable energy resources were used;
  - b) from guaranteed payment for the electric capacity installed in electricity production units, in which renewable energy resources are used;
  - c) guaranteed payment for the electric capacity installed in cogeneration installations, in which renewable energy resources are used.
- 3) Tax rate in the amount of 5 per cent shall be applied to taxable income from electricity sold within the scope of mandatory procurement, if the following criteria are met concurrently:
  - a) electricity was produced in high efficiency cogeneration units with installed electric capacity not exceeding 4 megawatts in cogeneration units of natural gas, or without restriction of installed electric capacity in cogeneration units of renewable energy resources;
  - b) the taxpayer sells at least 70 per cent of thermal energy obtained as a result of cogeneration process during a taxation year as a heating system transmission or distribution merchant licensed by the Public Utilities Commission (hereinafter – the Regulator) or transfers to another heating system transmission or distribution merchant licensed by the Regulator or local government that provides services of centralised heating system.
- 4) Tax rate in the amount of 5 per cent shall be applied to taxable income from electricity sold within the scope of mandatory procurement, if the following criteria are met concurrently:
  - a) electricity was produced in high efficiency cogeneration units with installed electric capacity not exceeding 4 megawatts;
  - b) not less than 30 per cent of by-products or derived products of animal origin have been used for the production of electricity;
  - c) not less than 70 per cent of the total raw materials has been ensured by the taxpayer or it has purchased the necessary raw materials from a producer who owns not less than 50 per cent of the equity capital shares of the taxpayer;

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<sup>16</sup> Submitted in SANI on 22 September, 2015 and has been registered with No. SA.43140(2015/NN)



- d) the taxpayer uses the produced thermal energy for the production of its produce or sells to a producer which is considered the related party in relation to the taxpayer within the meaning of Section 1, Clause 18, Sub-clause “a”, “b”, “c”, “d” or “e” of the Law On Taxes and Fees and which uses it for the production of its produce.
- 5) Tax rate in the amount of 5 per cent shall be applied to taxable income from electricity sold within the scope of mandatory procurement, if the following criteria are met concurrently:
  - a) electricity was produced in high efficiency cogeneration units with installed electric capacity not exceeding 4 megawatts;
  - b) electricity is produced from wood biomass;
  - c) the taxpayer uses not less than 70 per cent of the thermal energy obtained as a result of cogeneration, which is remaining after energy consumption of the main units producing or transforming energy, for the production of its produce or sells to a producer which is considered the related party in relation to the taxpayer within the meaning of Section 1, Clause 18, Sub-clause “a”, “b”, “c”, “d” or “e” of the Law On Taxes and Fees and which uses it for the production of its produce.
- 6) Tax rate in the amount of 5 per cent shall be applied to taxable income from electricity sold within the scope of mandatory procurement, if the following criteria are met concurrently:
  - a) electricity was produced in high efficiency cogeneration units with installed electric capacity not exceeding 4 megawatts in cogeneration units of natural gas, or without restriction of installed electric capacity in cogeneration units of renewable energy resources;
  - b) electricity was produced from fossil energy resources (natural gas) or biogas;
  - c) the taxpayer uses not less than 70 per cent of the thermal energy obtained as a result of cogeneration, which is remaining after energy consumption of the main units producing or transforming energy, for ensuring the plant vegetation process in covered areas, the total area of which is not less than 5000 square metres, or supplies to a producer which is considered the related party in relation to the taxpayer within the meaning of Section 1, Clause 18, Sub-clause “a”, “b”, “c”, “d” or “e” of the Law On Taxes and Fees and which uses the produced thermal energy for ensuring the plant vegetation process in covered areas, the total area of which is not less than 5000 square metres.

**7. With respect to the mandatory procurement scheme, please explain what solution is in place (or will be put in place) by the Latvian authorities to remove this discrimination and ensure full compliance of the support scheme for renewables and of its financing mechanism with Articles 30 and 110 TFEU.**

Latvia would like to draw the attention of the European Commission to the already submitted information on the aid mechanism to support merchants who produce energy using renewable energy sources or in high efficient cogeneration. Since 12 September 2012 when the Cabinet of Ministers adopted the decision on the moratorium on the possibility to obtain the right to sell energy produced from renewable sources or in high efficient cogeneration, merchants cannot qualify for support within the mandatory



procurement or guaranteed payment for the installed electric capacity. Taking into account the previous mentioned it can be concluded that the existing state aid scheme as a support like mandatory procurement or guaranteed payment for installed electrical capacity that there is no possibilities for merchants to qualify for entitlement of the aid, including imported electricity, produced from renewable energy sources.

Latvia draws the attention to the fact that all electricity end-users covers the cost of support for renewable energy promotion proportionally to their consumption. In addition until today the electricity importers did not turn to the competent national authorities with a request for a state support for electricity produced from renewable energy and produced outside of Latvia.

In 22 November 2011, the Cabinet regulations No. 900 "Regulations regarding the receipt of a guarantee of origin for electricity, which has been produced, using renewable energy sources"<sup>17</sup> had entry into force, which determines the order in which it is possible to obtain guarantee of origin for electricity produced from renewable energy sources. The above-mentioned Cabinet Regulation No. 900 takes over the requirements from Directive 2009/28/EC<sup>18</sup> regarding the guarantee of origin, including the guarantee of origins issued in other European Union Member States.

Against this background, Latvia will develop a framework for a new aid scheme to promote renewable energy, which will be based on the European Commission's guidelines for state aid for environmental protection and energy 2014 - 2020<sup>19</sup>, and will take into account all requirements on non-discrimination relating to imported electricity produced using renewable energy resources from other EU Member States.

In addition it should be taken into account the technical possibilities regarding the transmission electricity cross border. When this will be possible, then Latvia will amend the support scheme for new installations in the way that installations from other member states could qualify for state support to promote renewable energy.

**8. Please provide the legal basis for their introduction.**

- ✓ Amendments to the Electricity Market Law from 15 May 2008 (<http://likumi.lv/ta/id/174391-grozijumi-elektroenerijas-tirgus-likuma> in Latvian or consolidated version [http://www.vvc.gov.lv/export/sites/default/docs/LRTA/Likumi/Electricity\\_Market\\_Law.doc](http://www.vvc.gov.lv/export/sites/default/docs/LRTA/Likumi/Electricity_Market_Law.doc) in English);
- ✓ Cabinet Regulation No. 198 of 24 February 2009 "Regulation on Electricity Production from Renewable Energy Sources and Price Determination" ([http://www.vvc.gov.lv/export/sites/default/docs/LRTA/MK\\_Noteikumi/Cab\\_Reg\\_No\\_262\\_-\\_Production\\_of\\_Electricity\\_Using\\_Renewable\\_Energy\\_and\\_Determination\\_of\\_the\\_Price.doc](http://www.vvc.gov.lv/export/sites/default/docs/LRTA/MK_Noteikumi/Cab_Reg_No_262_-_Production_of_Electricity_Using_Renewable_Energy_and_Determination_of_the_Price.doc) in English);

<sup>17</sup> [http://www.vvc.gov.lv/export/sites/default/docs/LRTA/MK\\_Noteikumi/Cab\\_Reg\\_No\\_900\\_-\\_Receipt\\_of\\_a\\_Guarantee\\_of\\_Origin\\_for\\_Electricity.doc](http://www.vvc.gov.lv/export/sites/default/docs/LRTA/MK_Noteikumi/Cab_Reg_No_900_-_Receipt_of_a_Guarantee_of_Origin_for_Electricity.doc) in English

<sup>18</sup> Directive 2009/28/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of the use of energy from renewable sources and amending and subsequently repealing Directives 2001/77/EC and 2003/30/EC (Text with EEA relevance) (<http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32009L0028&from=EN>)

<sup>19</sup> [http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52014XC0628\(01\)](http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52014XC0628(01))



- ✓ Cabinet Regulation No. 221 of 10 March 2009 “Regulations Regarding Electricity Production and Price Determination upon Production of Electricity in Cogeneration” ([http://www.vvc.gov.lv/export/sites/default/docs/LRTA/MK\\_Noteikumi/Cab\\_Reg\\_No\\_221 - Electricity Production and Price Determination.doc](http://www.vvc.gov.lv/export/sites/default/docs/LRTA/MK_Noteikumi/Cab_Reg_No_221_-_Electricity_Production_and_Price_Determination.doc) in English).

**9. Please confirm that these are the only categories of cogeneration installations that could apply for capacity payments.**

Latvia confirms that only high efficient cogeneration installations with a minimum required installed capacity of 20 MW and biomass or biogas cogeneration installations with an installed capacity exceeding 1 MW could apply for capacity payments. Considering the criteria for biomass and biogas power plants with an installed capacity exceeding 1 MW, which must furthermore operate more than 8000 hours per year, Latvia would like to clarify that there are no obligation to operate under cogeneration mode if this type of support is chosen<sup>20</sup>.

**10. Please, therefore, provide tables listing the following information per type of installation receiving capacity payments (for the years 2009, 2013 and 2014):**

- Installed capacity (in MW);
- Total production (in MWh);
- Average production costs<sup>21</sup>;
- Type of aid received: MP or capacity payments;
- Amount of aid received

As it is described above in Q4, there are differences between the support scheme for large scale CHPs operated under mandatory procurement scheme (until 1 January 2014) and the capacity payment scheme which has not changed since it was launched in 2009. Large scale CHPs, which were operated under mandatory procurement scheme until 1 January 2014, are continuing receiving the same support (capacity component) as it was until 1 January 2014 and are not entitled to receive capacity payments which were established in 2009.

The tables below represent all large scale CHPs operated under mandatory procurement and capacity payment schemes for the given years 2009, 2013 and 2014. The average variable costs represent the average variable (marginal) cost for the production (mainly fuel, CO2 if applicable). Average market price represents the average wholesale price in Latvia at the same year. Historically the average variable costs of gas fired CHPs (Juglas Jauda, Imanta SC, TEC-1, TEC-2) are very close to market price, so there was

<sup>20</sup> Qualification criteria is set out 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” (point 69 – 72) ([http://www.vvc.gov.lv/export/sites/default/docs/LRTA/MK\\_Noteikumi/Cab\\_Reg\\_No\\_262 - Production of Electricity Using Renewable Energy and Determination of the Price.doc](http://www.vvc.gov.lv/export/sites/default/docs/LRTA/MK_Noteikumi/Cab_Reg_No_262_-_Production_of_Electricity_Using_Renewable_Energy_and_Determination_of_the_Price.doc) in english)

<sup>21</sup> Informācija ir dzēsta no EM atbildes, jo satur komercnoslēpumu.

a need for capacity component which cover CHPs fixed costs. This capacity component was introduced by the PUC by approving two component feed-in tariff system.

For the mandatory procurement scheme there is an automatic support adjustment (decreasing of capacity payments) system in place if the wholesale market price is above average variable costs of the installation.

## **2009**

	MW	MWh	Aid (MP/CP)	Aid received, thous.EUR
Juglas Jauda	11.8	72 991	MP	1 933
Imanta SC	48.0	157087	MP	6 029
TEC-1	144.0	536 507	MP	19 454
TEC-2	633.3	793 364	MP	38 566

Average market price 39.7 EUR/MWh

## **2013**

	MW	MWh	Aid (MP/CP)	Aid received, thous.EUR
Fortum <sup>22</sup>	23.0	17428	CP	1 291
Juglas Jauda	14.9	45929	MP	2 292
Imanta SC	48.0	91662	MP	5 964
TEC-1	144.0	386889	MP	19 278
TEC-2	633.3/832.3	933256	MP	59 964

Average market price 50.4 EUR/MWh

## **2014**

	MW	MWh	Aid (MP/CP)	Aid received, thous.EUR

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<sup>22</sup>A decision to grant the merchant the right to receive guaranteed payment for the electric capacity installed in a cogeneration unit was issued on 16 November 2010. The cogeneration unit was put into service on 24 September 2013.



Fortum	23.0	90967	CP	4 904
Juglas Jauda	14.9	17469	MP	1 878
Imanta SC	48.0	52002	MP	4 834
TEC-1	144.0	462850	MP	12 522
TEC-2	832.3	1112009	MP	72 375

Average market price 50.1 EUR/MWh

**11. Please explain how the capacity component is financed, and explain to what extent this financing is comparable to a levy on all consumers. Should it be comparable to a levy, please explain what solution is proposed for this component to ensure full compliance with Articles 30 and 110 TFEU (for more information see the introduction to and examples following question 7 above).**

The capacity component is financed exactly in the same way as mandatory procurement – it is part of levy that is applied to all consumers.

We will amend the support scheme for new installations in the way that the installations from other member states could qualify for support if there will be technical transmission capacity to transmit the electricity cross borders. And please see the answer to the question 7 above.