

Amendments to Cabinet Regulation No. 262 “Regulations Regarding the Production of Electricity Using Renewable Energy Resources and the Procedures for the Determination of the Price” adopted on 16 March 2010

Issued in accordance with Article 29(2), 29(4), and 29¹(2) of the Electricity Market Law

To make the following amendments to Cabinet Regulation No. 262 “Regulations Regarding the Production of Electricity Using Renewable Energy Resources and the Procedures for the Determination of the Price” adopted on 16 March 2010 (“Latvijas Vēstnesis”, 2010, No. 51/52; 2011, No. 77, 2011, No. 190, 2012, No. 142, 2013, No. 161, 2013, No. 234, 2014, No. 82, 2015, No. 250):

1. To replace the phrase “and shall issue the respective decision thereof to the merchant” of Paragraph 11 with the phrase “and shall send it to the merchant, system operator and public trader”.
2. To replace the phrase “The decision referred to in Paragraph 11 of this Regulation shall be issued by the Ministry to the merchant in three copies. In addition to that laid down in the Administrative Procedure Law, the following shall be indicated in the decision:” in Paragraph 12 with the phrase “In addition to that laid down in the Administrative Procedure Law, the Ministry shall indicate the following in the decision referred to in Paragraph 11 of this Regulation:”.
3. To delete Subparagraph 12.1 and 12.4.
4. To replace the formula “ $C = 147 \times k$ ” in Subparagraph 37.1 with the formula “ $C = 147 \times k \times s$ ”.
5. To replace the formula “ $C = 147 \times k \times 0.6$ ” in Subparagraph 37.2 with the formula “ $C = 147 \times k \times 0.6 \times s$ ”.
6. To replace the formula “ $C = 120 \times k$ ” in Subparagraph 37.3 with the formula “ $C = 120 \times k \times s$ ”.
7. To replace the formula “ $C = 120 \times k \times 0.6$ ” in Subparagraph 37.4 with the formula “ $C = 120 \times k \times 0.6 \times s$ ”.

8. To replace the formula " $C = \frac{T_g \times k}{9,3} \times 4,5$ " in Subparagraph 37.5 with the formula " $C = 158.347 \times k \times s$ ".
9. To replace the formula " $C = \frac{T_g \times k}{9,3} \times 3,4$ " in Subparagraph 37.6 with the formula " $C = 119,640 \times k \times s$ ".
10. To replace the formula " $C = \frac{T_g \times k}{9,3} \times 3,6$ " in Subparagraph 37.7 with the formula " $C = 126.677 \times k \times s$ ".
11. To replace the formula " $C = \frac{T_g \times k}{9,3} \times 3$ " in Subparagraph 37.8 with the formula " $C = 105.565 \times k \times s$ ".
12. To replace the formula " $C = 188 \times k$ " in Subparagraph 37.9 with the formula " $C = 188 \times k \times s$ ".
13. To replace the formula " $C = 188 \times k \times 0.8$ " in Subparagraph 37.10 with the formula " $C = 188 \times k \times 0.8 \times s$ ".
14. To replace the formula " $C = 159 \times k$ " in Subparagraph 37.11 with the formula " $C = 159 \times k \times s$ ".
15. To replace the formula " $C = 159 \times k \times 0.8$ " in Subparagraph 37.12 with the formula " $C = 159 \times k \times 0.8 \times s$ ".
16. To replace the formula " $C = 427$ " in Subparagraph 37.13 with the formula " $C = 427 \times s$ ".
17. To replace the formula " $C = \frac{T_g \times k}{9,3} \times 3,6$ " in Subparagraph 37.14 with the formula " $C = 126.677 \times k \times s$ ".
18. To replace the formula " $C = \frac{T_g \times k}{9,3} \times 2,72$ " in Subparagraph 37.15 with the formula " $C = 95.712 \times k \times s$ ".
19. To replace the formula " $C = 188 \times k \times 0.8$ " in Subparagraph 37.16 with the formula " $C = 188 \times k \times 0.8 \times s$ ".

20. To replace the formula “ $C = 188 \times k \times 0.64$ ” in Subparagraph 37.17 with the formula

“ $C = 188 \times k \times 0.64 \times s$ ”.

21. To replace the formula “ $C = \frac{T_g \times k}{9,3} \times 2,88$ ” in Subparagraph 37.18 with the formula

“ $C = 101.342 \times k \times s$ ”.

22. To replace the formula “ $C = \frac{T_g \times k}{9,3} \times 2,4$ ” in Subparagraph 37.19 with the formula

“ $C = 84.452 \times k \times s$ ”.

23. To replace the sentence “ T_g – the final tariff for trade of natural gas approved by the Regulator without value added tax, which has been specified for the consumption of natural gas from 126 thousand n.m³ up to 1260 thousand n.m³ per year (EUR/thousand n.m³), with the actual calorific value.” in Paragraph 37 with the phrase “ s – price differentiation coefficient for preventing overcompensation”.

24. To delete Paragraph 37¹ and 37².

25. To add the following Paragraph 37³ to the regulation:

“37.³ The price differentiation coefficient s for preventing overcompensation used in the formula specified in Paragraph 37 hereof:

37.³¹. is not less than 0 and does not exceed 1 and is established in the Ministry’s decision in accordance with Paragraph 63¹⁰ hereof;

37.³². is equal to 1, in case the Ministry has not made a decision in accordance with Paragraph 63¹⁰ hereof.”

26. To delete Paragraph 40.

27. To delete Subparagraph 61.1.

28. To add the following Chapter VI² to the regulation:

“VI². Conditions for the assessment and prevention of overcompensation

63.⁸ If the producer of electricity exercises the rights granted in accordance with Article 29 of the Electricity Market Law for five full calendar years, including the year, for which the report specified in Paragraph 60 and 84 hereof is submitted, and the merchant has not submitted the calculation specified in Paragraph 63¹⁸

hereof, the Ministry, within two months after the receipt of the report, shall calculate the total capital investment internal rate of return of the power plant for the entire period of receiving aid in accordance with Annex 10 hereof. The beginning of the period of receiving aid shall be marked by the moment, when the producer starts exercising the rights granted under Article 29 of the Electricity Market Law.

63.⁹ The requirements of Paragraph 63⁸ hereof do not apply to the power plants, whose tariff of produced heat energy is approved by the regulator within three years since the date when the merchant has started exercising the rights granted under Paragraph 11 hereof.

63.¹⁰ If the total capital investment internal rate of return of the power plant for the entire period of receiving aid exceeds 9% in accordance with the calculation specified in Paragraph 63⁸, 63¹² or 63²² hereof, the Ministry shall carry out a calculation of the price differentiation coefficient for preventing overcompensation according to Paragraph 63¹⁵, 63¹⁶, and 63¹⁷ hereof and make a decision, establishing the price differentiation coefficient s for preventing overcompensation to be used in the formulae specified in Paragraph 37 hereof. The decision shall be communicated to the merchant, public trader and system operator.

63.¹¹ The public trader shall apply the price differentiation coefficient for preventing overcompensation established according to the decision specified in Paragraph 63¹⁰ or 63²³ hereof starting from the first day of the following full calendar month after the day of entry into force of the decision specified in Paragraph 63¹⁰ or 63²³ hereof.

63.¹² After identifying changes in the installed electric or heat capacity of a power plant, changes in the subsidized electricity tax rate applied to the merchant, or in case the values included in Table 1, 2, 4, 5, or 7 of Annex 10 hereof are reviewed in accordance with the provisions of Paragraph 63¹⁴ hereof, or at the request of the merchant, the Ministry can calculate the power plant's total capital investment internal rate of return for the entire period of receiving aid and the price differentiation coefficient for preventing overcompensation.

63.¹³ The merchant may submit the request specified in Paragraph 63¹² hereof in case they have been exercising the right specified in Paragraph 63⁸ hereof for less than five full calendar years, or in case the electric or heat capacity of the power plant is changed, or in case at least one year has passed since the day of entry into force of decision specified in Paragraph 63¹⁰.

63.¹⁴ The Ministry may propose a revision of the validity and compliance with the market situation of the values included in Table 1, 2, 4, 5, or 7 of Annex 10 hereof.

63.¹⁵ The price differentiation coefficient s for preventing overcompensation shall be calculated by incremental iterations using the calculation of internal rate of return carried out for the entire period of receiving aid in accordance with Annex 10 hereof.

63.¹⁶ The price differentiation coefficient s for preventing overcompensation shall be set at a level so that the total capital investment internal rate of return of the power plant for the entire period of receiving aid does not exceed 9%, calculating it for the merchant's each power plant individually to the nearest thousandth.

63.¹⁷ When calculating the price differentiation coefficient s for preventing overcompensation, the Ministry shall take into account the date of commencement of application thereof in accordance with Paragraph 63¹¹ hereof.

63.¹⁸ If a merchant does not consent the result of calculation performed by the Ministry of Economics of the power plant's total capital investment internal rate of return for the entire period of receiving aid, or upon its own initiative, if the merchant exercises the right specified in Paragraph 63⁸ hereof for less than five full calendar years, in case the electric or heat capacity of the cogeneration unit is changed, it may submit an alternative calculation of the total capital investment internal rate of return of the power plant for the entire period of receiving aid approved by a sworn auditor and supplemented with supporting documentation. The calculation is carried out according to the following procedures:

63.¹⁸¹. formulae provided in Annex 10 of this regulation shall be used in the calculation, replacing the benchmark values with the actual and anticipated revenue and expenditure values

63.¹⁸². the merchants shall include the investments made in and planned for the power plant that are needed for the intended life cycle of the unit, for extending the cycle or increasing the unit's efficiency in the calculation of net cash flow TNP_t . The additional amount of investment (EUR) shall be included in the net cash flow calculation in the year when it was made.

63.¹⁸³. when carrying out a calculation for a past period, the merchant shall indicate the actual revenue and expenditure values of the power plant

63.¹⁸⁴. when carrying out calculations for future periods, the merchant shall comply with the following conditions:

63.^{184.1}. electricity price for future periods must be based on the electricity financial contract price quotation of NASDAQ OMX exchange for the price area of Latvia or Finland. When using electricity financial contract price quotation of

the price area of Finland, the price of electricity for future periods for the price area of Latvia shall be determined by adding the price difference of Finland and Latvia (EUR/MWh) for the respective year. The average price quotations during the last month prior to submitting the calculations to the Ministry must be used in the calculations;

63.¹⁸4.2. fuel price, personnel costs, operating costs and other operating costs for future periods must be based on corresponding actual costs in previous three full calendar years, attributing inflation forecast values set out in Table 1 of Annex 10 of this regulation;

63.¹⁸4.3. number of working hours for future periods must be determined in accordance with the average value of number of working hours in previous three full calendar years;

63.¹⁸5. if the heat energy produced in the power plant is not sold, its value is calculated in accordance with formula specified in Paragraph 8 of Annex 10 hereof;

63.¹⁹ If the total capital investment internal rate of return of the power plant for the entire period of receiving aid exceeds 9% in accordance with the calculation specified in Paragraph 63¹⁸ hereof, the merchant shall attach a calculation of the price differentiation coefficient for preventing overcompensation approved by a sworn auditor to this calculation and the date of commencement of application thereof according to Paragraph 63²⁰ hereof. If in accordance with the calculation specified in Paragraph 63¹⁸ hereof, total capital investment internal rate of return of the power plant for the entire period of receiving aid does not exceed 9% the price differentiation coefficient for preventing overcompensation equals 1.

63.²⁰ When calculating the price differentiation coefficient s for preventing overcompensation specified in Paragraph 63¹⁹ hereof, the sworn auditor shall set the date of commencement of application thereof, taking into account the fact that this date shall be the first day of the third full calendar month following the day, when the calculation was submitted to the Ministry.

63.²¹ If the merchant has submitted the calculation specified in Paragraph 63¹⁸ hereof, the Ministry, after identifying changes in the installed electric or heat capacity of a cogeneration unit or actually received additional amount of public funding for the merchant's cogeneration station, or in case the values included in Table 1, or 2 of Annex 10 hereof are reviewed, the Ministry may request to submit specified calculations referred to in Paragraph 63¹⁸ and 63¹⁹ hereof.

63.²² If within two months after sending the request specified in Paragraph 63²¹ the merchant fails to meet the requirements specified in Paragraph 63²¹, the

Ministry calculates the total capital investment internal rate of return of the power plant for the entire period of receiving aid in accordance with Annex 10 hereof.

63.²³ Based on the calculation specified in Paragraph 63¹⁸ or 63¹⁹ hereof, the Ministry, within a month after receipt thereof, shall make a decision, establishing the price differentiation coefficient s for preventing overcompensation to be used in the formula specified in Paragraph 37 hereof and the date of entry into force of the decision. The decision shall be communicated to the merchant, trader and system operator.

29. To add the following second sentence to Paragraph 97: “These merchants shall submit annual reports on the energy consumption, the volumes of electricity and heat production and the technology used in accordance with Annex 9 hereof.”.

30. To delete Paragraph 98.

31. To add the following Paragraph 103 to the regulation

“103. The requirements mentioned in 60¹, 60², 60⁴, 60⁶, 62, 63, and Chapter VI² hereof shall be also applied to the merchants, to whom the right to sell electricity generated in a power plant within the framework of the mandatory procurement was granted by decisions passed by the Ministry according to Cabinet Regulation No. 503 “Regulations Regarding the Production of Electricity Using Renewable Energy Resources” of 24 July 2007 and Cabinet Regulation No. 198 “Regulations Regarding the Production of Electricity Using Renewable Energy Resources and the Procedures for the Determination of the Price” of 24 February 2009.”

32. To add the following Paragraph 104 to the regulation:

“104. If the producer of electricity exercises the rights granted in accordance with Article 29 of the Electricity Market Law for at least five full calendar years until the day of entry into force of Chapter VI² hereof, the Ministry shall carry out the activities mentioned in Chapter VI² hereof within two months after the day of entry into force of Chapter VI² hereof.”

33. To supplement the table of Chapter I of Annex 9 with row 11 and 12 as follows:

Installed heat capacity of the biomass or biogas cogeneration equipment (MW)	gross ⁷	
The actual water drop of the hydroelectric power station		

34. To add the following Paragraph 7 to the notes of Annex 9:

“7. The installed heat capacity of the cogeneration unit that corresponds to the sum of gross heat capacities prescribed by the manufacturer of cogeneration equipment installed at the unit.

35. To add the following Annex 10 to the regulation:

“Annex 10
to Cabinet Regulation
No. 262
of 16 March 2010

Calculation of the total capital investment internal rate of return of the power plant

Procedure of calculation of the total capital investment internal rate of return of the power plant

1. Internal rate of return is the discount rate value, at which the current value of the discounted cash flow is equal to the value of the initially invested capital. Internal rate of return is calculated for the last year, when the producer may exercise the rights granted under Article 29 of the Electricity Market Law.

2. Internal rate of return is calculated with incremental iterations, using the following formula:

$$\sum_{t=t_0}^n \frac{TNP_t}{\left(1 + \frac{r}{100}\right)^{t-t_0+1}} - I_0 + D_{t_0} = 0, \text{ where}$$

TNP_t – net cash flow or cash flow, which remains at the disposal of the merchant after covering all production expenses, in the calendar year t (EUR);

r – internal rate of return (%);

t – calendar year, for which the calculation is carried out;

t_0 – calendar year, when the merchant has started exercising the rights granted under Article 29 of the Electricity Market Law;

n – calendar year, when the term of exercising the rights granted under Article 29 of the Electricity Market Law expires for the merchant;

I_0 – merchant’s initial investment in the power plant (EUR).

D_t – the public funding granted and actually received (in EUR) for the merchant's cogeneration unit in the calendar year t , including payments from the national or local government budget, credit interest rate subsidies and other financial assistance that has been granted or provided from the national, local government or the European Union budget funds and foreign financial aid resources.

3. Merchant's initial investment in the power plant I_0 shall be calculated using the following formula:

$$I_0 = P_{el\ t_0} \times I_{ip} \times 1000 + I_{p\bar{a}rv}, \text{ where}$$

$P_{el\ t_0}$ – installed electric capacity of the power plant (MW) specified in the contract with the public trader in the calendar year t_0 ;

I_{ip} – specific investment benchmark of the merchant's power plant (EUR/kW), which, depending on the type of the power plant and the electric capacity installed at the corresponding period and specified in the contract with the public trader, is specified in Table 3, 6, 8, and 9 of this Annex;

$I_{p\bar{a}rv}$ – actual electricity connection costs of the merchant's power plant to the electricity transmission network (EUR). If the merchant's power plant is connected to the electricity distribution network, $I_{p\bar{a}rv}$ is 0;

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

$$TNP_t = \sum_{i=1}^{12} TNP_t^i - I_{k\ t} + D_t, \text{ where}$$

TNP_t^i – net cash flow or cash flow, which remains at the disposal of the merchant after covering all production expenses, in the calendar month i of the calendar year t (EUR);

$I_{k\ t}$ – adjustment of the initial investment in the power plant (EUR);

D_t – the public funding granted and actually received (EUR) for the merchant's power plant in the calendar year t , including payments from the national or local government budget, credit interest rate subsidies and other financial assistance that has been granted or provided from the national, local government or the European Union budget funds and foreign financial aid resources.

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

$$TNP_t^i = IEN_t^i - IZD_t^i, \text{ where}$$

IEN_t^i – income of the power plant in the calendar month i of the calendar year t (EUR);

IZD_t^i – expenses of the power plant in the calendar month i of the calendar year t (EUR);

6. If the installed electric capacity of the merchant's power plant specified in the contract with the public trader has not increased in the calendar year t , the adjustment $I_{k\ t}$ of initial investment in the power plant shall be EUR 0. If the installed electric capacity of the merchant's power plant specified in the contract with the public trader has increased in the calendar year t , the adjustment $I_{k\ t}$ of initial investment in the power plant shall be calculated by using the following formula:

$$I_{k\ t} = (P_{el\ t} \times I_{ip} \times 1000) - (P_{el\ t-1} \times I_{ip} \times 1000), \text{ where}$$

$P_{el\ t}$ – installed electric capacity of the power plant (MW) specified in the contract with the public trader in the calendar year t ;

$P_{el\ t-1}$ – installed electric capacity of the power plant (MW) specified in the contract with the public trader in the calendar year $t-1$.

7. Income of the power plant in the calendar month i IEN_t^i of the calendar year t shall be calculated using the following formula:

$$IEN_t^i = C_{el\ t}^i \times P_{el\ t}^i \times \frac{d_t}{12} \times \left(1 - \frac{SEN_t^i}{100}\right) + C_{th\ t}^i \times P_{th\ t}^i \times \frac{d_t}{12} \times \left(1 - \frac{E_{th} \times 8000}{100 \times d_t}\right), \text{ where}$$

$C_{el\ t}^i$ – electricity purchase price set for the merchant's power plant in the calendar month i of the calendar year t (EUR/MWh);

$P_{el\ t}^i$ – installed electric capacity of the power plant (MW) specified in the contract with the public trader in the calendar month i of the calendar year t ;

d – the number of working hours at the merchant's power plant per calendar year t (hours);

SEN_t^i – subsidized electricity tax rate (%) actually applicable to the merchant in the calendar month i of the calendar year t ; The applicable rate for a future period is determined by the subsidized electricity tax rate actually applicable to the merchant at the calculation date;

$C_{th\ t}^i$ – heat benchmark price in the calendar month i of the calendar year t (EUR/MWh);

$P_{th\ t}^i$ – net installed heat capacity benchmark (MW) of the power plant in the calendar month i of the calendar year t . For wind and hydroelectric power stations, $P_{th\ t}^i$ is 0;

E_{th} – heat consumption benchmark for the production of biogas (%). For biomass, biomass gasification, landfill gas, wind and hydroelectric power stations, E_{th} is 0, while for other biogas power plants, E_{th} is 35%.

8. Number of working hours in calendar year t d_t of the merchant's power plant depending on the type of power plant and the capacity installed specified in the contract with the public trader $P_{el\ t}^i$, is specified as a benchmark included in Table 3, 6, 8 and 9 of this Annex. If, using the benchmarks included in Table 3, 6, 8 and 9 in the calculation, the maximum purchasable amount of the produced electricity within the framework of the mandatory procurement is smaller than $P_{el\ t}^i \times d_t$, is calculated, using the following formula:

$$d_t = \frac{W_t}{P_{el\ t}^i}, \text{ where}$$

W_t – the maximum amount of the produced electricity purchasable from the merchant per calendar year t within the framework of the mandatory procurement.

9. For wind and hydroelectric power stations, heat benchmark price in the calendar month i of the calendar year t is 0. For other power plants, heat benchmark price in the calendar month i of the calendar year t shall be calculated using the following formula:

$$C_{th\ t}^i = \frac{C_{kur\ t}^i}{\eta_{ref}}, \text{ where}$$

$C_{kur\ t}^i$ – fuel benchmark price in the calendar month i of the calendar year t (EUR/MWh);

η_{ref} – efficiency factor for the calculation of heat sales price, which depends on the type of fuel used and is established in Table 4, 5, and 7 of this Annex.

10. Installed net heat capacity benchmark $P_{th\ t}^i$ is 0 for wind and hydroelectric power stations in the calendar month i of the calendar year t , while for other power plants it shall be calculated using the following formula:

$$P_{th\ t}^i = P_{thb\ t}^i \times 0,97, \text{ where}$$

$P_{thb\ t}^i$ – the installed heat capacity of the cogeneration unit that corresponds to the sum of gross heat capacities prescribed by the manufacturer of cogeneration equipment installed at the unit (MW).

11. Expenses of the power plant in the calendar month i of the calendar year t IZD_t^i shall be calculated using the following formula:

11.1. for wind power stations:

$$IZD_t^i = A \times I_{A_t} + \frac{d_t}{12} \times P_{el\ t}^i \times (I_{O\&M} + b), \text{ where}$$

A – benchmark of the number of full-time employees of the merchant's power plant, which, depending on the type of the power plant and the installed electric capacity specified in the contract with the public trader, in the calendar month i $P_{el\ t}^i$ of the calendar year t is specified in Table 3, 6, 8, and 9 of this Annex;

I_{A_t} – benchmark of the power plant's personnel costs for full-time work (EUR/month), which is determined in Table 2 of this Annex;

$I_{O\&M}$ – benchmark of operating costs and other operational costs (EUR/MWh), which includes operating costs and all eligible operational running costs, including routine maintenance, repair, administration, transportation, lease of land, insurance and other costs, and is defined in Table 8. Operating costs and other operational costs are indexed with the rate of inflation, as defined in Table 1, with effect from the next calendar year following the day, when the producer has started exercising the rights granted under Article 29 of the Electricity Market Law;

a – balancing accountability factor benchmark, which characterizes the imbalance level of the wind power station, and which, depending on the installed electric capacity specified in the contract with the public trader, in the calendar month i $P_{el\ t}^i$ of the calendar year t is specified in Table 8 of this Annex;

11.2. for hydroelectric power stations:

$$IZD_t^i = A \times I_{A_t} + P_{el\ t}^i \times I_{ip} \times \left(\frac{I_M + I_0}{12 \times 100} \right) + DRN_t^i, \text{ where}$$

I_M – operating cost benchmark (%), which characterizes the ratio of annual costs related to the maintenance of the power plant to capital investment costs and which, depending on the type of the power plant and the installed electric capacity specified in the contract with the public trader, in the calendar month i $P_{el\ t}^i$ of the calendar year t is specified in Table 3, 6, and 9 of this Annex. Operating costs also include costs associated with major repairs of power plant engines and similar expenses. Operating costs are indexed with the rate of inflation, as defined in Table 1, with effect from the next calendar year following the day, when the producer has started exercising the rights granted under Article 29 of the Electricity Market Law;

I_O – other operating cost benchmark (%), which characterizes the ratio of the rest of annual operating costs of the power plant to capital investment costs and which, depending on the type of the power plant and the installed electric capacity specified in the contract with the public trader, in the calendar month i $P_{el\ t}^i$ of the calendar year t is specified in Table 3, 6, and 9 of this Annex. Other operating costs include administrative, transport, lease of land, insurance and other costs. Other operational costs are indexed with the rate of inflation, as defined in Table 1, with effect from the next calendar year following the day, when the producer has started exercising the rights granted under Article 29 of the Electricity Market Law;

DRN_t^i – natural resource tax for the use of water in power plants (EUR), which is calculated for each hydroelectric power station according to the Natural Resources Tax Law, taking into account the actual water drop of the hydroelectric power station, adopting the efficiency ratio 75% and assuming that the electricity output in the calendar month i of the calendar year t equals $P_{el\ t}^i \times \frac{dt}{12}$;

11.3. for other power plants:

$$IZD_t^i = A \times I_{A\ t} + P_{el\ t}^i \times I_{ip} \times 1000 \times \left(\frac{I_M + I_O}{12 \times 100} \right) + C_{kur\ t}^i \times B_{kur\ t}^i, \text{ where}$$

$B_{kur\ t}^i$ – the estimated amount of fuel consumed (MWh), which is necessary to ensure operation of the merchant's power plant in the calendar month i of the calendar year t .

12. The estimated amount of fuel consumed $B_{kur\ t}^i$ is determined using the formula:

$$B_{kur\ t}^i = \frac{(P_{el\ t}^i + P_{th\ t}^i) \times dt}{12 \times 0,75}, \text{ where}$$

0.75 – coefficient characterizing the minimum efficiency of the power plant.

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. If the third decimal is 0 to 4, the cent value does not change. If the third decimal is 5 to 9, the cent is rounded up for a single unit.

II. Benchmarks for the calculation of the total capital investment internal rate of return of the power plant

Table 1

Inflation benchmarks

Year	2007	2008	2009	2010	2011	2012	2013	2014
Inflation, %	10.1	15.3	3.3	-1.2	4.2	2.3	0.0	0.7
Year	2015	2016	2017	2018	2019	2020-2040		
Inflation, %	0.2	0.4	2.0	2.5	2.5	1.8		

Table 2

Benchmark of the power plant's personnel costs for full-time work

Year	2007	2008	2009	2010	2011	2012	2013	2014	2015
Personnel costs per full-time employee, EUR/month	1082	1140	1083	1143	1180	1237	1248	1310	1379
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024
Personnel costs per full-time employee, EUR/month	1379	1396	1417	1438	1464	1490	1517	1544	1572
Year	2025	2026	2027	2028	2031	2032	2033	2034	2035
Personnel costs per full-time employee, EUR/month	1600	1629	1659	1688	1781	1813	1846	1879	1913
Year	2036	2037	2038	2039	2040				
Personnel costs per full-time employee, EUR/month	1947	1982	2018	2054	2091				

Table 3

Benchmarks applicable to biogas plants, except for biomass gasification plants

Installed electric capacity P_{el}	Number of working hours per year d_t (h)					Specific investment I_{fp} (EUR/kW _{el})	Number of employees A (eligible workload)	Operating costs I_M (% of the total investment)	Other operational costs I_O (% of the total investment)	Heat consumption for production of biogas E_{th} (% of the produced biogas)	The efficiency factor for calculation of the heat sales price η_{ref} (%)
	Year 2007-2011	Year 2012-2013	Year 2014	Year 2015-2016	Year 2017 and there after						
Does not exceed 0.5 MW	4000	5500	6000	6500	6800	4000	3	4.7	2	35	92
More than 0.5 MW, but does not exceed 1 MW	4000	5500	6000	6500	6800	3800	5	4.3	2	35	92
More than 1 MW, but does not exceed 2 MW	4000	5500	6000	6500	6800	3800	6	3.9	2	35	92
More than 2 MW	4000	5500	6000	6500	6800	3300	6	3.6	2	35	92

Table 4

Benchmarks of fuel price applicable to biogas plants, except for plants using biomass gasification or landfill gases

Installed electric capacity P_{el}	Fuel price excluding VAT C_{kur}^1 , EUR/MWh								
	2008	2009	2010	2011	2012	2013	2014	2015	2016 ¹
Does not exceed 0.5 MW	21.12	21.82	21.56	22.47	22.99	22.99	23.15	23.20	23.30
More than 0.5 MW, but does not exceed 1 MW	26.46	27.33	27.00	28.13	28.78	28.78	28.98	29.04	29.16
More than 1 MW, but does not exceed 2 MW	28.71	29.66	29.30	30.53	31.23	31.23	31.45	31.51	31.63
More than 2 MW	28.71	29.66	29.30	30.53	31.23	31.23	31.45	31.51	31.63

¹ prices for subsequent years are indexed in accordance with the inflation forecast of Table 1

Table 5

Benchmarks of landfill gas price

Installed electric capacity P_{el}	Fuel price excluding VAT C_{kur} , EUR/MWh
	All years
All capacities	10

Table 6

Benchmarks applicable to biomass and biomass gasification plants

Installed electric capacity P_{el}	Number of working hours per year d_t (h)	Specific investment I_{ip} (EUR/kW _a)	Number of employees A (eligible workload)	Operating costs I_M (% of the total investment)	Other operational costs I_O (% of the total investment)	The efficiency factor for calculation of the heat sales price η_{ref} (%)
Does not exceed 1 MW	5500	4500	3	2	2	80
More than 1 MW, but does not exceed 4 MW	5500	4000	5	2	2	80
More than 4 MW	5500	3600	7	2	2	80

Table 7

Benchmarks of fuel price applicable to biomass and biomass gasification plants

Installed electric capacity P_{el}	Fuel price excluding VAT C_{kur}^1 , EUR/MWh								
	2008	2009	2010	2011	2012	2013	2014	2015	2016 ¹
All capacities	11.3	12.6	9.2	9.5	11.1	10.9	11.1	11.2	11.2

¹ prices for subsequent years are indexed in accordance with the inflation forecast of Table 1

Table 8

Benchmarks applicable to wind power stations

Installed electric capacity P_{el}	Number of working hours per year d (h)	Specific investment I_{ip} (EUR/kW _{el})	Number of employees A (eligible workload)	Operating costs and other operational costs $I_{O\&M}$ (EUR/MWh)	Balancing accountability factor b (%)
Does not exceed 0.25 MW	1500	2150	0.5	14	0 ¹
More than 0.25 MW, but does not exceed 1 MW	2100	1400	0.5	14	15
More than 1 MW, but does not exceed 2 MW	2100	1400	0.5	14	15
More than 2 MW	2100	1400	5	14	10

¹ 10%, if Subparagraph 55.2 of the Regulation is applied to the wind power station

Table 9

Benchmarks applicable to hydroelectric power stations

Installed electric capacity P_{el}	Number of working hours per year d_t (h)	Specific investment I_{ip} (EUR/kW _{el})	Number of employees A (eligible workload)	Operating costs I_M (% of the total investment)	Other operational costs I_O (% of the total investment)
Does not exceed 0.5 MW	2500	2500	0.4	1.5	2.1
More than 0.5 MW, but does not exceed 1 MW	2500	2000	0.4	1.5	2.3
More than 1 MW, but does not exceed 5 MW	2500	1500	1.8	1.5	2.4

”

36. This regulation shall take effect on the first day of the following full calendar month after the European Commission has adopted a decision on compliance of the state aid conditions with the European Union's internal market conditions within the framework of the State Aid Scheme SA.43140 (2015/NN) "Aid to Electricity Producers".

37. After the European Commission has adopted a decision on compliance of the state aid conditions with the European Union's internal market conditions within the framework of the State Aid Scheme SA.43140 (2015/NN) "Aid to Electricity Producers", the Ministry shall send a corresponding notice for publication in the official publication "Latvijas Vēstnesis".

Prime Minister

M. Kučinskis