

## Research RES LEGAL - Support system

Country: Latvia

### 1. Overview of support system

<b>Overview of support system</b>	In the Republic of Latvia, renewable electricity generation is incentivised through a complex support system based on a feed-in tariff.
<b>Support schemes</b>	The Latvian government promotes the generation of electricity from renewable sources through a feed-in tariff, which also includes elements of a quota system and tenders. The Latvian government has decided that a certain percentage of the total energy consumption of all Latvian final consumers shall be from renewable sources. This percentage varies according to the source of energy. The producers of electricity from certain energy sources are obliged to participate in tenders to obtain the right to sell electricity at a guaranteed price until the percentage set by the government is reached.
<b>Promoted technologies</b>	In general, the feed-in tariff applies to all renewable electricity generation technologies except for geothermal generation.
<b>Statutory provisions</b>	<ul style="list-style-type: none"><li>○ Electricity Market Law (Elektroenerģijas tirgus likums, 82 5/25/2005)</li><li>○ Regulation no. 262 (Noteikumi par elektroenerģijas ražošanu, izmantojot atjaunojamos energoresursus, un cenu noteikšanas kārtību - Regulations Regarding the Production of Electricity Using Renewable Sources and the Procedures for the Determination of the Price)</li></ul>

## 2. Basic information on legal sources

<b>Name of legal source (original language)</b>	Elektroenerģijas tirgus likums, 82 5/25/2005	Ministru kabineta noteikumi Nr. 262	
<b>Full name</b>		Noteikumi par elektroenerģijas ražošanu, izmantojot atjaunojamos energoresursus, un cenu noteikšanas kartību	
<b>Name of legal source (English)</b>	Electricity Market Law	Regulations Regarding the Production of Electricity Using Renewable Sources and the Procedures for the Determination of the Price	
<b>Abbreviated form</b>	Electricity Market Law	Regulation no. 262	
<b>Entry into force</b>	08.06.2005	16.03.2010	
<b>Last amended on</b>	01.01.2009	20.04.2010	
<b>Future amendments</b>			
<b>Purpose</b>	Establishing a market for electricity.	Substantiating the provisions of the Electricity Market Law regarding the generation of electricity from renewable sources.	.
<b>Relevance for renewable energy</b>	Provisions on the promotion of renewable energy systems and their connection to the grid.	This regulation substantiates the requirements for support for electricity from renewable sources.	
<b>Link to full text of legal source (original language)</b>	<a href="http://www.likumi.lv/doc.php?id=108834">http://www.likumi.lv/doc.php?id=108834</a>	<a href="http://www.likumi.lv/doc.php?id=207458&amp;from=off">http://www.likumi.lv/doc.php?id=207458&amp;from=off</a>	
<b>Link to full text of legal source (English)</b>	<a href="http://sprk.gov.lv/index.php?id=4353&amp;sadala=192">http://sprk.gov.lv/index.php?id=4353&amp;sadala=192</a> Please note: The English translation does not provide information on the latest amendment of the Act.	<a href="http://www.vvc.gov.lv/export/sites/default/docs/LRTA/MK_Noteikumi/Cab_Reg_No_262_-_Production_of_Electricity_Using_Renewable_Energy_Resources_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_Resources_and_Determination_of_the_Price.doc</a>	

### 3. Further information

Institution (name)	Website	Name of contact person (optional)	Telephone number (head office)	E-mail (optional)
<b>Latvijas Republikas Ekonomikas Ministrija (EM) – Ministry of Economics</b>	<a href="http://www.em.gov.lv/em/2nd/?lng=en&amp;cat=3&amp;lng=en">http://www.em.gov.lv/em/2nd/?lng=en&amp;cat=3&amp;lng=en</a>		+371 670 13 173	
<b>Institute of Physical Energetics (FEI) – Research institute</b>	<a href="http://www.innovation.lv/fei/">http://www.innovation.lv/fei/</a>		+371 675 52 011	fei@edi.lv
<b>Sabiedrisko pakalpojumu regulēšanas komisija (SPRK) – Public Utilities Commission (PUC), regulatory authority</b>	<a href="http://sprk.gov.lv/?setl=2&amp;PHPSESSID=77a72473d8dce013b0e4ff8e91b39a14">http://sprk.gov.lv/?setl=2&amp;PHPSESSID=77a72473d8dce013b0e4ff8e91b39a14</a>		+371 670 97 200	sprk@sprk.gov.lv

#### 4. Support schemes

##### 4.1. Subsidy (name of means of promotion)

<b>Abbreviated form of legal source(s)</b>		
<b>Country-specific support system</b>		
<b>Promoted technologies</b>	<b>General information</b>	
	<b>Wind energy</b>	
	<b>Solar energy</b>	
	<b>Geothermal energy</b>	
	<b>Biogas</b>	
	<b>Biomass</b>	
	<b>Hydro-electricity</b>	
<b>Amount</b>		
<b>Beneficiaries</b>		
<b>Procedure</b>	<b>Procedure</b>	
	<b>Competent authority</b>	
<b>Flexibility Mechanism</b>		
<b>Funding</b>	<b>State</b>	
	<b>Consumers</b>	
	<b>System operator</b>	
	<b>Grid operator</b>	
	<b>Distribution mechanism</b>	

#### 4.2. Loan (Name of support scheme)

<b>Abbreviated form of legal source(s)</b>		
<b>Country-specific support system</b>		
<b>Promoted technologies</b>	<b>General information</b>	
	<b>Wind energy</b>	
	<b>Solar energy</b>	
	<b>Geothermal energy</b>	
	<b>Biogas</b>	
	<b>Biomass</b>	
<b>Hydro-electricity</b>		
<b>Amount</b>		
<b>Beneficiaries</b>		
<b>Procedure</b>	<b>Procedure</b>	
	<b>Competent authority</b>	
<b>Flexibility Mechanism</b>		
<b>Funding</b>	<b>State</b>	
	<b>Consumers</b>	
	<b>Grid operator</b>	
	<b>System operator</b>	
	<b>Distribution mechanism</b>	

#### 4.3. Feed-in tariff

<b>Abbreviated form of legal source(s)</b>	<ul style="list-style-type: none"> <li>• Electricity Market Act</li> <li>• Regulation no. 262</li> </ul>	
<b>Country-specific support system</b>	<p>The Latvian government has set a certain percentage of final energy consumption that shall be from renewable sources. This percentage differs for every source of energy and was initially applicable until the end of 2010. The government has also set percentages for the following 10 years (§ 29 par. 2, 3 Electricity Market Law; no. 2 Regulation no. 262). According to the Ministry of Economics, electricity producers may apply for the right to sell electricity at a guaranteed price until the percentage set by the government is reached. The producers of electricity from certain energy sources are obliged to participate in a competition to obtain this right.</p>	
<b>Promoted technologies</b>	<b>General information</b>	In general, all renewable electricity generation technologies are eligible, except for geothermal generation. However, certain technologies are subject to output or capacity restrictions.
	<b>Wind energy</b>	Up to 3,500 full load hours are eligible (§ 29 par. 1 Electricity Market Law; no. 3.4., 3.5. 5.2 Regulation no. 262).
	<b>Solar energy</b>	Up to 8,000 full load hours are eligible (§ 29 par. 1 Electricity Market Law; no. 3.6, 5.3 Regulation no. 262).
	<b>Geothermal energy</b>	
	<b>Biogas</b>	Up to 8,000 full load hours are eligible (§ 29 par. 1 Electricity Market Law; no. 3.2, 5.3 Regulation no. 262).
	<b>Biomass</b>	Up to 8,000 full load hours are eligible (§ 29 par. 1 Electricity Market Law; no. 3.3, 5.3 Regulation no. 262).
	<b>Hydro-electricity</b>	Up to 5,000 h full load hours per year and system capacities of up to 5 MW are eligible (§ 29 par. 1 and 7 Electricity Market Law; no. 3.1, 5.1 Regulation no. 262).
<b>Amount</b>	<b>General information</b>	The tariffs for electricity from renewable sources is calculated according to formulas prescribed by the Regulation. These formulas are based on the price of natural gas, the exchange rate between the Latvian Lat and the Euro, and a certain coefficient depending on the system size (no. 37 Annex 8 Regulation no. 262). The factors on which the formulas are based vary according to the technology used.
	<b>Wind energy</b>	
	<b>Solar energy</b>	
	<b>Geothermal energy</b>	
	<b>Biogas</b>	
	<b>Biomass</b>	
	<b>Hydro-electricity</b>	
<b>Degression</b>	<b>General information</b>	As the tariffs are linked to the price of natural gas and the exchange rate between the Lat and the Euro, they are subject to fluctuations (no. 37 Regulation no. 262).
	<b>Wind energy</b>	
	<b>Solar energy</b>	

	<b>Geothermal energy</b>	
	<b>Biogas</b>	
	<b>Biomass</b>	
	<b>Hydro-electricity</b>	
<b>Cap</b>	<p>The annual payment for a given system ends when the system has reached the number of full load hours specified for the generation technology employed. The following numbers of full load hours apply (no. 5.3 Regulation no. 262):</p> <ul style="list-style-type: none"> <li>- wind energy: 3,500 full load hours,</li> <li>- solar energy: 8,000 full load hours,</li> <li>- biogas: 8,000 full load hours,</li> <li>- biomass: 8,000 full load hours,</li> <li>- hydro-electricity: 5,000 full load hours.</li> </ul>	
<b>Eligibility period</b>	<p>According to the Ministry of Economics, systems operators may sell all electricity at a guaranteed price once they have obtained the right to sell electricity.</p> <ul style="list-style-type: none"> <li>• Solar installations. The tariff for solar installations is calculated according to a uniform formula and will apply for 20 years (no. 37.13 Regulation no. 262).</li> <li>• Other systems. The tariff for all other systems decreases after a period of 10 years. The reduced tariff is paid for a further 10 years (no. 37 Regulation no. 262).</li> </ul>	
<b>Beneficiaries</b>	<p>Entitled party: The following persons may participate in the tenders for the right to sell electricity from renewable sources:</p> <ul style="list-style-type: none"> <li>- sellers who own the system (4.1 Regulation no. 262);</li> <li>- sellers who plan to upgrade a system (4.2 Regulation no. 262);</li> <li>- sellers who plan to install a system (4.3 Regulation no. 262).</li> </ul> <p>The obligated person is the so-called public trader, who has certain statutory obligations (§§ 1 par. 2 no. 16; 33 par. 2 no. 3 Electricity Market Law).</p>	
<b>Procedure</b>	<p>Procedure</p>	<p>System operators must adhere to the following procedure to obtain the right to sell electricity:</p> <p>The operators of biomass, biogas, solar energy or wind energy systems must take part in tenders:</p> <ul style="list-style-type: none"> <li>• Every year in October, the Ministry of Economics invites tenders to supply the amount of electricity necessary to meet the government's targets (no. 16, 17 Regulation no. 262).</li> <li>• Eligible system operators are required to submit an application to participate (no. 14 Regulation no. 262). The application requirements differ for every technology (no. 18-20 Regulation no. 262).</li> <li>• A committee checks the applications against a published set of criteria (no. 28-34 Regulation no. 262).</li> <li>• Successful tenderers will be notified by 31 November of the same year (no. 36 Regulation no. 262).</li> </ul> <p>Hydro-electricity:</p>

		<ul style="list-style-type: none"> <li>System operators shall apply to the Ministry of Economics for the right to participate in the sales system until the set amount is reached (no. 7 Regulation no. 262).</li> <li>The Ministry of Economics shall assess whether an application meets the requirements specified by law within one month after the application has been submitted (no. 10, 11 Regulation no. 262).</li> <li>The Ministry of Economics assigns the above-mentioned right to those who meet all requirements (no. 12 Regulation no. 262).</li> </ul>
	<b>Competent authority</b>	The Ministry of Economics monitors the producers and may revoke the right to sell in case of violation of the legal provisions (no. 47, 49 Regulation no. 262).
<b>Flexibility Mechanism</b>		
<b>Funding</b>	<b>State</b>	
	<b>Consumers</b>	The costs are borne by the consumers (no. 59 Regulation no. 262).
	<b>Grid operator</b>	
	<b>System operator</b>	
	<b>Distribution mechanism</b>	<p>The regulatory authority determines the procedure according to which the costs of the support scheme are calculated and approves the costs incurred by the public trader (no. 59.1 Regulation no. 262).</p> <p>The electricity consumers pay electricity charges based on their level of consumption to the grid operator or directly to the public trader (no. 59.2, 59.3 Regulation no. 262).</p> <p>The grid operators pass the charges received on to the public trader (no. 59.1 Regulation no. 262).</p>

4.4. Premium Tariff (name of support scheme)

Abbreviated form of legal source(s)		
Country-specific support system		
Promoted technologies	General information	
	Wind energy	
	Solar energy	
	Geothermal energy	
	Biogas	
	Biomass	
	Hydro-electricity	
Amount	General information	
	Wind energy	
	Solar energy	
	Geothermal energy	
	Biogas	
	Biomass	
	Hydro-electricity	
Degression	General information	
	Wind energy	
	Solar energy	
	Geothermal energy	
	Biogas	
	Biomass	
	Hydro-electricity	
Cap		
Eligibility period		
Beneficiaries		
Procedure	Procedure	
	Competent authority	

Flexibility Mechanism		
Funding	State	
	Consumers	
	Grid operator	
	System operator	
	Distribution mechanism	

4.4. Quota system (name of support scheme)

<b>Abbreviated form of legal source(s)</b>		
<b>Country-specific support system</b>		
<b>Promoted technologies</b>	<b>General information</b>	
	<b>Wind energy</b>	
	<b>Solar energy</b>	
	<b>Geothermal energy</b>	
	<b>Biogas</b>	
	<b>Biomass</b>	
	<b>Hydro-electricity</b>	
<b>Amount</b>	<b>Amount of quota and period of application</b>	
	<b>Adjustment of quotas</b>	
	<b>Number of certificates according to technology</b>	
	<b>Minimum price per certificate</b>	
	<b>Fees and penalty charges</b>	
<b>International applicability</b>	<b>International certificate trade</b>	
	<b>Flexibility Mechanism</b>	
<b>Beneficiaries</b>		
<b>Procedure</b>	<b>Procedure</b>	
	<b>Competent authority</b>	
<b>Funding</b>	<b>State</b>	

	<b>Consumers</b>	
	<b>Grid operator</b>	
	<b>System operator</b>	
	<b>Distribution mechanism</b>	

4.5. Tax regulation mechanisms (name of support scheme)

Abbreviated form of legal source(s)		
Country-specific support system		
Promoted technologies	General information	
	Wind energy	
	Solar energy	
	Geothermal energy	
	Biogas	
	Biomass	
	Hydro-electricity	
Amount		
Beneficiaries		
Procedure	Procedure	
	Competent authority	
Flexibility Mechanism		
Funding	State	
	Consumers	
	Grid operator	
	System operator	
	Distribution mechanism	