

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

- 10 May 2001 [shall come into force from 1 June 2001];
- 27 September 2001 [shall come into force from 19 October 2001];
- 2 December 2004 [shall come into force from 4 January 2005];
- 8 December 2005 [shall come into force from 14 December 2005];
- 26 October 2006 [shall come into force from 22 November 2006];
- 14 June 2007 [shall come into force from 15 July 2007];
- 13 December 2007 [shall come into force from 1 January 2008];
- 12 December 2008 [shall come into force from 1 January 2009];
- 11 June 2009 [shall come into force from 14 July 2009];
- 22 October 2009 [shall come into force from 18 November 2009];
- 1 December 2009 [shall come into force from 1 January 2010];
- 14 July 2011 [shall come into force from 11 August 2011];
- 12 September 2013 [shall come into force from 1 January 2014];
- 25 September 2014 [shall come into force from 22 October 2014];
- 25 February 2016 [shall come into force from 10 March 2016];
- 22 November 2017 [shall come into force from 1 January 2018];
- 30 January 2020 [shall come into force from 25 February 2020];
- 13 February 2020 [shall come into force from 11 March 2020].

If a whole or part of a section has been amended, the date of the amending law appears in square brackets at the end of the section. If a whole section, paragraph or clause has been deleted, the date of the deletion appears in square brackets beside the deleted section, paragraph or clause.

The *Saeima*<sup>1</sup> has adopted and  
the President has proclaimed the following law:

# On Regulators of Public Utilities

## Chapter I General Provisions

### Section 1. Purpose of this Law

The purpose of this Law is to ensure the possibility to receive continuous, safe and qualitative public utilities whose tariffs (prices) conform to economically substantiated costs, and also to promote development and economically substantiated competition in regulated sectors, determining the procedures for the regulation of public utilities and the legal relations in the provision of public utilities.

### Section 2. Scope of Application of this Law

(1) This Law prescribes the general procedure for the regulation of public utilities and basic principles for the development and operation of the regulatory system.

(2) The State shall regulate the provision of public utilities as a commercial activity in the following sectors (hereinafter - the regulated sectors):

- 1) energy;
- 2) electronic communications;
- 3) postal services;
- 4) [25 February 2016];

- 5) municipal waste management;
- 6) water management;
- 7) deposit packaging management.

(3) [11 June 2009]

(4) The Cabinet shall determine the types of public utilities in the regulated sectors whose provision requires regulation.

(5) [14 June 2007]

*[2 December 2004; 26 October 2006; 14 June 2007; 11 June 2009; 25 February 2016; 30 January 2020 / Clause 7 of Paragraph two shall come into force on 1 July 2020 / See Paragraph 29 of Transitional Provisions]*

### **Section 3. Regulated Public Utilities**

Manufacture of goods, provision of services and infrastructure (the complex of engineering structures or engineering solutions, as well as the complex of resources related to the use thereof necessary for the manufacture of goods or provision of services) services in the regulated sectors according to the special laws and regulations of the sectors (hereinafter - the public utilities) are the regulated public utilities whose provision shall be regulated in accordance with this Law.

[11 June 2009]

### **Section 4. Providers of Public Utilities and Users of Public Utilities**

(1) A provider of public utilities is a merchant which provides public utilities in the regulated sectors in a particular territory and whose activities in the provision of public utilities are regulated in accordance with this Law.

(2) Users of public utilities (hereinafter - the users) are natural or legal persons who receive the public utilities from the providers of public utilities.

[27 September 2001; 2 December 2004]

### **Section 5. Basic Principles for the Regulation of Public Utilities**

Public utilities shall be regulated by a Public Utilities Regulatory Authority established in accordance with this Law which shall operate independently and autonomously in fulfilling the functions determined in this Law, when taking decisions and issuing administrative acts in order to protect the interests of users and to promote the development of providers of public utilities in accordance with the principles of justice, transparency, neutrality, equality and proportionality.

## **Chapter II Public Utilities Regulatory Authority - the Regulator**

### **Section 6. Public Utilities Regulatory Authority**

(1) Public utilities in the regulated sectors shall be regulated by the Public Utilities Commission (hereinafter - the Regulator).

(2) The Regulator shall independently fulfil the functions delegated thereto by law and, within the scope of its competence, shall independently take decisions and issue administrative acts binding upon specific providers and users of public utilities.

(3) The State Civil Service Law shall not apply to the Regulator.

[27 September 2001; 11 June 2009; 14 July 2011]

### **Section 7. Regulator**

(1) The Regulator shall supervise the compliance with this Law and compliance with special laws and regulations of the regulated sectors in the provision of public utilities in the regulated sectors.

(2) The Regulator shall be institutionally and functionally independent, full-fledged, autonomous body governed by public law and unassisted in the implementation of its budget approved by law.

(3) The decision-making body of the Regulator shall be a Council. The Council shall, on behalf of the Regulator, take decisions and issue administrative acts binding upon specific providers and users of public utilities. The Council

shall determine in the by-laws the right of an official of the Regulator to take a decision on behalf of the Regulator and the scope of competence of such official.

(4) The *Saeima* shall, upon a recommendation of the Cabinet, appoint the Chairperson of the Regulator who shall also be the Chairperson of the Council (hereinafter - the Chairperson) and four members of the Council. A member of the Council, including the Chairperson, may be reappointed to the office only once.

(4<sup>1</sup>) The Cabinet shall select the candidates for the office of the Chairperson and a member of the Council through an open competition procedure. The selection of applicants shall be conducted by the commission for the selection of candidates and assessment of their conformity that shall be headed by the Director of the State Chancellery. This commission shall be composed of the Director of the State Chancellery, the Minister for Economics, the Minister for Finance, the Minister for Transport, the Minister for Environmental Protection and Regional Development or a representative delegated by the respective minister. Representatives of associations which have been invited by the State Chancellery shall also participate in the meetings of the commission for the selection of applicants and assessment of their conformity in the capacity of an advisors. The State Chancellery shall fulfil the functions of the Secretariat of the commission for the selection of candidates and assessment of their conformity.

(4<sup>2</sup>) The Cabinet shall determine:

- 1) the conditions and procedures for the application of candidates;
- 2) the criteria for the selection of candidates and the procedures for assessing them;
- 3) the procedures for the establishment, operation and decision-taking of the commission for the selection of candidates and assessment of their conformity.

(4<sup>3</sup>) The Chairperson and a member of the Council shall be appointed to office by ensuring appropriate rotation so that in a period of 12 calendar months the term of office would end for not more than two members of the Council or the Chairperson and one member of the Council (hereinafter - the appropriate rotation).

(4<sup>4</sup>) The Chairperson and a member of the Council shall be appointed to office for a period of five years, except in the case referred to in Paragraph 4.<sup>5</sup> of this Section.

(4<sup>5</sup>) If, upon appointing the Chairperson or a member of the Council to office for the term specified in Paragraph 4.<sup>4</sup> of this Section, appropriate rotation cannot be ensured, the Chairperson or a member of the Council shall be appointed to office for a term of office which is not less than five years, but does not exceed seven years, ensuring appropriate rotation.

(5) If the term of office of the Chairperson or a member of the Council for some reason expires before the end of the determined term of office, the *Saeima* shall, upon a recommendation of the Cabinet, appoint another Chairperson or member of the Council to office, ensuring appropriate rotation.

(6) The Regulator is a derived legal person governed by public law. The Regulator has its own property, an independent balance sheet and an account with the Treasury.

*[10 May 2001; 2 December 2004; 11 June 2009; 14 July 2011; 13 February 2020; 30 January 2020 / Amendments to Paragraph three shall come into force on 1 July 2020 / See Paragraph 28 of Transitional Provisions]*

## **Section 8. Regulator in the Regulated Sectors of Local Governments**

[11 June 2009]

### **Section 9. Functions of the Regulator**

(1) The Regulator shall fulfil the following functions:

- 1) protect the interests of the users and promote the development of the providers of public utilities;
- 2) determine the methodology for calculating and setting tariffs or the upper limit of tariffs, and also the procedures for applying tariffs or the upper limit of tariffs, unless special laws of the sector provide for other tariff setting principles;
- 3) set tariffs or the upper limit of tariffs, unless special laws of the sector provide for other tariff setting principles;
- 4) licence the provision of public utilities or register the provider of public utilities;
- 5) examine disputes in the cases and in accordance with the procedures laid down in this Law;
- 6) promote competition in the regulated sectors and supervise conformity of the public utilities to the conditions of the licence, provisions of the general authorisation, specific quality requirements, technical provisions, standards, as well as contract provisions;

7) upon a request of the ministries responsible for the regulated sectors, provide information thereto and make recommendations to such ministries on issues regarding the regulation of public utilities;

8) inform the public of its activities and also of the activities of the providers of public utilities in the provision of public utilities;

9) fulfil other functions specified in special laws of the sector;

10) [14 July 2011];

11) [14 July 2011].

(2) The Regulator shall, within the scope of its competence, take decisions independently and issue administrative acts binding upon specific providers and users of public utilities.

(3) The Regulator shall ensure the protection of the information at its disposal regarding the providers of public utilities and their activities.

[11 June 2009; 14 July 2011; 25 September 2014; 13 February 2020]

### **Section 10. Rights of the Regulator**

(1) When fulfilling the functions determined by law, the Regulator is entitled to request and receive, without hindrance and free of charge, from the providers and users of public utilities, from the State and local government institutions and also from officials, the information required for the performance of these tasks, regardless of its secrecy classification level.

(2) The Chairperson of the Regulator may take part in the meetings of the committee of the Cabinet. The Regulator shall submit draft laws and regulations for examination to the Cabinet via the member of the Cabinet who is politically responsible for the relevant field, sector or sub-sector. Authorities, which submit draft laws and regulations related to the regulation of public utilities to the Cabinet, shall also submit them to the Regulator for agreement thereupon.

(3) The Regulator shall examine submissions and complaints concerning the provision of public utilities.

(4) [30 January 2020 / See Paragraph 28 of Transitional Provisions]

(4<sup>1</sup>) Cases of violations in electricity and natural gas supply shall be examined by the Council or an official of the Regulator appointed by the Chairperson in accordance with the Energy Law and the Electricity Market Law.

(5) [11 June 2009]

(6) [11 June 2009]

(7) The Regulator shall determine the quality requirements for the provision of public utilities and the procedures for determining the compensation if a provider of public utilities has not ensured such quality of public utilities which meets the specific requirements. The Regulator shall determine economic or legal obligations or incentives to a provider of public utilities that promote the provision of public utilities in accordance with the determined quality requirements.

[2 December 2004; 11 June 2009; 14 July 2011; 30 January 2020; 13 February 2020]

### **Section 11. Independence of the Regulator**

(1) The Regulator shall be independent in the fulfilment of the functions specified in law.

(2) The Regulator shall not, when fulfilling its functions, be subordinated to the State or local government authorities.

(3) [11 June 2009]

(4) An administrative act of the Regulator issued in accordance with this Law, or an actual action of the Regulator may be appealed to a Regional Administrative Court. The Regional Administrative Court shall examine the case as a court of first instance in the composition of three judges. A judgement of the court may be appealed by submitting appeal in cassation.

(5) The submission of an application to a court for revocation, recognition as not in effect or null and void of the administrative act issued by the Regulator shall not suspend the operation of such administrative act.

[10 May 2001; 11 June 2009; 14 July 2011]

### **Section 12. Responsibility of the Regulator**

(1) The Regulator shall be responsible for the lawfulness of its activities.

(2) Losses caused by an unlawful decision or an unlawful administrative act of the Regulator shall be compensated in accordance with the procedures laid down in laws and regulations.

[2 December 2004]

### **Section 13. Transparency of the Activities of the Regulator**

(1) Decisions taken by the Regulator shall be public and be published in accordance with the procedures laid down in this Law.

(2) The Regulator shall provide information to the State and local government institutions and authorities, as well as make recommendations to the users, and take other measures to ensure transparency of its activities, to explain the action of the providers of public utilities and to monitor the attitude of the public to such.

### **Section 14. Supervision of the Activities of the Regulator**

(1) The Regulator shall, once a year by 1 July, submit to the *Saeima* a written report on its activities in the previous year and a full financial statement audited by a sworn auditor. This information shall be published on the website of the Regulator.

(2) [11 June 2009]

(3) The Regulator shall, each year, submit to the *Saeima* a report on the implementation of the budget of the Regulator approved by the law on the State budget for the current year and the activities of the Regulator.

(4) The Regulator shall, every three years, perform an independent assessment of the activities thereof and publish it on the website of the Regulator.

[2 December 2004; 11 June 2009; 14 July 2011; 22 November 2017]

### **Section 15. Protection of the Rights of Consumers in the Regulated Sectors**

(1) The Regulator shall co-operate with the associations for consumer rights protection established in accordance with the procedures laid down in the Consumer Rights Protection Law and protect consumer rights in the regulated sectors, as well as co-operate with the supervisory and control institutions for consumer rights protection.

(2) A representative from the Consumer Rights Protection Centre or another competent and authorised State institution within whose jurisdiction is the supervision and control of the consumer rights protection in the relevant regulated sector is entitled to take part in the meeting of the Regulator in the capacity of an advisor if issues regarding the provision or ensuring of public utilities in the relevant regulated sector are examined at the meeting of the Regulator.

[11 June 2009]

### **Section 15.<sup>1</sup> Consultative Authority of Local Governments**

[14 July 2011]

### **Section 15.<sup>2</sup> Advisory Council**

(1) The Regulator shall establish the Advisory Council which shall be comprised of the representatives of the Ministry of Economics, the Ministry of Finance, the Ministry of Transport, the Ministry of Environmental Protection and Regional Development, the Competition Council, the Consumer Rights Protection Centre and, where necessary, other institutions and also the associations and foundations representing the interests of consumers, providers of public utilities, local governments and social partners.

(2) The Advisory Council shall have the following tasks:

1) to ensure, in the broadest sense possible, public consultations on the operational strategy of the Regulator by providing recommendations regarding the strategic work directions of the Regulator and by examining the progress of the implementation of the strategy of the Regulator and work improvement possibilities;

2) to promote the provision of recommendations in matters related to policy-making and implementation thereof, and preparation of the relevant laws and regulations or planning documents in the regulated sectors.

(3) The decisions taken by the Advisory Council are purely advisory in nature.

[13 February 2020]

## Chapter III

# Licensing of Public Utilities and Registration of Providers of Public Utilities

[25 September 2014]

### Section 16. Licence for Public Utilities

(1) A licence for public utilities (hereinafter - the licence) gives a provider of public utilities the right to assume simultaneously similar obligations with respect to a number of users in the territory determined in the licence (hereinafter - the territorial area of the licence) and determines the obligation of the provider of public utilities to provide such users with public utilities of a specified quality and quantity for the tariffs determined.

(2) The Cabinet shall determine the procedures by which the Regulator shall license the provision of public utilities and the regulated sector merchants, as well as the procedures for submitting an application for the licence if such is not laid down in the special laws of the sectors.

(3) If it is provided for in the special laws and regulation of the regulated sectors, the Regulator shall issue the licence for a specified period to the provider of public utilities and the regulated sector merchants, indicating the types of public utilities therein.

(4) The Regulator shall publish the decisions to issue licences, cancel (revoke) licences granted, to refuse to grant the licence, as well as on the amendments to the conditions of the licence if such apply to the type of a public utility, term of validity of the licence or territorial area of the licence on the website thereof within 30 days from taking the relevant decision.

(5) The Regulator shall supervise the fulfilment of licence conditions and the conformity of public utilities with the licence conditions.

(6) [11 June 2009]

[2 December 2004; 11 June 2009; 14 July 2001; 25 September 2014]

### Section 17. Conditions of the Licence

(1) The type of public utility, the term of validity of the licence, the territorial area of the licence as a geographical territory, the possibilities for amendment and cancellation (revocation) of the licence, as well as the special conditions provided for by special laws and regulations of the regulated sector shall be specified in the licence.

(2) Conditions of the licence shall be objectively justified, fair, equal and public.

[2 December 2004]

### Section 18. Amendments to the Conditions of the Licence, Cancellation (Revocation) and Suspension of Validity of the Licence

(1) A substantiated proposal to make amendments to the conditions of the licence issued or to cancel (revoke) the licence shall be submitted by a provider of public utilities to the Regulator in accordance with the procedures stipulated by the Cabinet.

(2) The Regulator shall amend the conditions of the licence issued if:

1) amendments to the laws and regulations concerning the type of regulated public utilities have come into force;

2) economically substantiated provision of public utilities cannot be ensured in another way in the territorial area of the licence;

3) a provider of public utilities has submitted a substantiated proposal;

4) amendments to the conditions of the licence for users will improve the continuity, safety and quality of a public utilities service without negatively affecting the costs of a public utilities service, continuity, safety and quality of such service in respect of other users in the respective territorial area of the licence.

(3) The Regulator shall cancel (revoke) the licence issued to a provider of public utilities if the provider of public utilities:

1) fails to comply with or violates the conditions of the licence issued to it;

2) fails to comply with or violates the requirements for providing the public utilities laid down in laws and regulations;

3) has been excluded from the Commercial Register;

4) has submitted a substantiated proposal;

5) within 12 months from the day of issue of the licence has not commenced provision of public utilities (if the commencement date for the provision of public utilities has not been determined in the licence).

(4) The Regulator shall give a provider of public utilities a written warning notice on the amendments to the conditions of the licence at least 30 days in advance. In the case determined in Paragraph two, Clause 3 of this Section, the Regulator shall determine a warning time period.

(5) The Regulator shall give a provider of public utilities a written warning notice on the cancellation (revocation) of the licence at least three months in advance. In the cases determined in Paragraph three, Clauses 3, 4 and 5 of this Section, as well as when cancelling (revoking) the licence in accordance with the Administrative Procedure Law, the Regulator shall determine a warning time period.

(6) [25 September 2014]

(7) The Regulator shall suspend the validity of the licence issued if there are justified suspicions of the fact that the provider of public utilities fails to comply with or violates the conditions of the licence issued thereto or the requirements for the provision of public utilities laid down in laws and regulations, or if the operation of the provider of public utilities has been suspended.

(8) The time period restrictions for the revocation of a lawful administrative act specified in the Administrative Procedure Law shall not be applied when making amendments to the licence or cancelling (revoking) the licence in accordance with this Law.

(9) The Regulator shall take the decision to issue the licence, to cancel (revoke) the licence granted, to refuse to grant the licence, on amendments to the conditions of the licence or to suspend or renew the operation of the licence within the time period laid down in the Administrative Procedure Law. A submission for the issuing of the licence, cancellation (revocation) of the licence granted, amendments to the conditions of the licence or renewal of the operation of the licence shall be considered as submitted on the day when the Regulator has received all the documents indicated in laws and regulations and all the necessary information.

[2 December 2004; 11 June 2009; 14 July 2011; 25 September 2014; 13 February 2020]

## **Section 18.<sup>1</sup> Registration of the Providers of Public Utilities**

(1) A provider of public utilities, whose operation must be regulated, but the special laws and regulations of regulated sectors do not provide for licensing or other registration, has the right to commence the provision of public utilities, if it has been registered with the register or list of providers of public services (hereinafter - the register) in accordance with the procedures laid down in this Law or special laws and regulations of regulated sectors.

(2) The Regulator shall determine the provisions of the general authorisation of the provision of a public utility (hereinafter - the provisions of the general authorisation), which are binding to all registered providers of public utilities whose operation must be regulated and which do not need the licence in accordance with the special laws and regulations of the regulated sectors.

(3) The Regulator shall establish the register and ensure public access thereto.

(4) The Regulator shall determine the following in the provisions of the general authorisation, if the special laws and regulations of the regulated sectors do not provide other procedures for registration:

1) the information to be included in the register;

2) the requirements for registration to be brought forward for a provider of public utilities, and the procedures, by which the provider of public utilities shall send a notification on registration (hereinafter - the notification on registration) or a notification on termination of activity;

3) the information to be included in the notification on registration or notification on termination of activity;

4) the procedures by which a provider of public utilities shall be excluded from the register and re-registered;

5) the procedures by which the Regulator shall inform the submitter of the notification on registration of the time period within which it will be registered, regarding the right to commence the provision of public utilities, if the decision of the Regulator to refuse to register the submitter of the notification on registration has not been received within the prescribed period, and regarding the possibilities to appeal the respective decision of the Regulator;

6) the requirements and conditions for the provision of public utilities.

(5) If within one month from the day of receipt of the notification on registration the Regulator has not informed the submitter of the notification in writing of the refusal to register it, it shall be deemed that the provider of public utilities

has been registered. The notification on registration shall be deemed to have been received on the day when the Regulator has received all the information indicated in the provisions of the general authorisation.

(6) A provider of public utilities may terminate the provision of the public utility, if it, in accordance with the procedures laid down in laws and regulations, has sent a notification on termination of activity to the Regulator and has been excluded from the register.

(7) The Regulator shall exclude a provider of public utilities from the register in the following cases:

1) the Regulator has received a notification of the provider of public utilities on the discontinuation of the provision of public utilities;

2) the operation of the provider of public utilities has been suspended;

3) the provider of public utilities has been excluded from the Commercial Register;

4) [30 January 2020 / See Paragraph 28 of Transitional Provisions];

4<sup>1</sup>) the operation of the provider of public utilities has been terminated on the basis of a court ruling or the decision of the tax administration or the Commercial Register Office;

5) in other cases referred to in the special laws and regulations of the regulated sectors.

(8) If a provider of public utilities has been excluded from the register in accordance with Paragraph seven, Clause 4 of this Section, it has the right to recommence the provision of public utilities not earlier than one year after the day of exclusion, if it has eliminated the violation for which it was excluded from the register, has sent a new notification on registration to the Regulator in accordance with the procedures laid down in laws and regulations and has been re-registered in accordance with the procedures laid down in this Law.

[25 September 2014; 30 January 2020; 13 February 2020]

## Chapter IV Setting of Tariffs

### Section 19. Procedures for Tariff Setting

(1) Providers of public utilities shall calculate tariffs for public utilities in the regulated sectors in accordance with the methodology determined for tariff calculation and, upon their initiative or request of the Regulator, submit to the Regulator drafts of the calculated tariffs together with a substantiation of the costs making up the tariffs referred to in the draft tariff calculation.

(2) The Regulator shall evaluate the draft tariffs submitted by a provider of public utilities and calculated in accordance with specific procedures and a substantiation of the costs making up the tariffs referred to in the draft tariff calculation within 90 days from the receipt thereof. If the Regulator determines that the draft tariffs have been calculated incorrectly or the costs making up the tariffs referred to in the draft tariff calculation are not substantiated, the Regulator may request the provider of public utilities to recalculate the draft tariffs or reject the draft tariffs.

(2<sup>1</sup>) A provider of public utilities shall recalculate the draft tariffs within the time period specified by the Regulator which may not be less than five working days.

(3) [11 June 2009]

(4) [14 July 2011]

(5) The Regulator is entitled to request additional information or documents if the draft calculated tariffs submitted by a provider of public utilities and documents substantiating the costs making up the tariffs do not contain sufficient information to approve or reject objectively the draft calculated tariffs. The provider of public utilities shall submit the additional information or documents requested by the Regulator within the time period specified by the Regulator which may not be less than 10 days.

(6) If necessary, the Regulator shall invite representatives of the relevant provider of public utilities and of the Consumer Rights Protection Centre, representatives of the associations for consumer rights protection established in accordance with the procedures laid down in the Consumer Rights Protection Law or independent experts to evaluate draft tariffs or provide explanations.

(7) The Regulator shall approve or reject the evaluated draft tariffs within 30 days from their examination.

(7<sup>1</sup>) In order to achieve the objective laid down in Section 20, Paragraph one of this Law, the Regulator may,



according to the methodology for calculating and setting tariffs or the upper limit of tariffs and also the procedures for applying tariffs or the upper limit of tariffs, change the draft tariffs of a provider of public utilities, if in the process of evaluating the draft tariffs in accordance with the procedures and within the time period laid down in Paragraph five of this Section the provider of public utilities fails to provide additional information to the Regulator on the justification of the costs forming the tariffs or if any of the costs forming the tariffs are economically unjustified, and the Regulator can certify that during the evaluation of the draft tariffs in any other legal way.

(8) [11 June 2009]

(9) If the evaluated draft tariffs are rejected, the Regulator shall provide a substantiated rejection to the provider of public utilities within 10 days from the date of taking the relevant decision.

(10) If the draft tariffs are approved, the Regulator shall notify the provider of public utilities thereof within 10 days.

(11) [11 June 2009]

(12) [11 June 2009]

(13) The time period for the recalculation of the draft tariffs and time period for the submission of additional information or documents requested by the Regulator shall not be included within the time period for the evaluation of the draft tariffs determined in Paragraph two of this Section.

(14) A provider of public utilities may set tariffs itself in the cases referred to in the special laws and regulations of the sector.

[10 May 2001; 2 December 2004; 11 June 2009; 14 July 2011; 13 February 2020]

## **Section 20. Tariff Levels**

(1) Tariffs shall be set at such levels so that the tariff payments made by users would cover economically substantiated costs of public utilities and ensure profitability of the public utilities, unless the special laws and regulations of the sector provide for other tariff setting principles. If factors that influence tariffs are changing, for example, profitability, the Regulator may propose a review of tariffs and request that a provider of public utilities submits draft tariffs together with a substantiation of the costs making up the tariffs within a determined time period.

(2) The Regulator may approve the total costs necessary for the provision of public utilities or total permitted revenue of a provider of public utilities in accordance with the methodology for calculating and setting tariffs or the upper limit of tariffs and also the procedures for applying tariffs or the upper limit of tariffs, unless the special laws of the sector provide for other tariff setting principles.

[13 February 2020]

## **Section 21. Transparency of Tariffs**

(1) The Regulator shall publish the determined methodology for calculating and setting tariffs or the upper limit of tariffs and also the procedures for applying tariffs or the upper limit of tariffs in the official gazette *Latvijas Vēstnesis* and on its website within 10 days after determination thereof.

(2) The Regulator shall determine the procedures by which the users may familiarise themselves with the draft tariffs submitted by the providers of public utilities, and submit their proposals and recommendations to the Regulator and the provider of public utilities. The abovementioned procedures shall be published in the official gazette *Latvijas Vēstnesis* within 10 days from the determination thereof.

(3) A provider of public utilities shall publish information regarding the calculated draft tariffs in the official gazette *Latvijas Vēstnesis* and on its website, if any, within 10 days from submitting the draft to the Regulator, as well as submit it to the Regulator for the publication on the website of the Regulator. If the draft tariffs of a provider of public utilities apply to users of a certain administrative territory, the provider of public utilities shall send the information regarding the calculated draft tariffs to the relevant local government for informing the inhabitants and publishing on its website.

(4) The Regulator shall publish the decision by which a tariff is determined in the official gazette *Latvijas Vēstnesis* within 10 days following its taking. If the set tariff applies to users of a certain administrative territory, the Regulator shall send the decision by which the tariff is set to the relevant local government for informing the inhabitants and publishing on its website.

(5) The approved tariffs shall enter into effect not earlier than on the thirtieth day following their publication.

(6) The submission of an application to court for the revocation, recognition as not in effect or null and void of an administrative act issued by the Regulator and by which a tariff has been approved, shall not suspend the validity of such administrative act.

(7) The Regulator shall, when determining the procedures referred to in Paragraph two of this Section, assign a provider of public utilities an obligation, when publishing the information regarding the submitted draft tariffs, to specify therein the changes proposed, the comparison of the tariffs in effect and the tariffs proposed (increase or decrease), the date of coming into effect of the proposed tariffs and substantiation for the changes in tariffs if in accordance with the Freedom of Information Law the information included in the draft tariffs and substantiation of the costs making up the tariffs is generally accessible.

[11 June 2009; 14 July 2011; 25 September 2014; 13 February 2020]

## **Chapter V**

### **Activities of the Providers of Public Utilities**

#### **Section 22. Continuity, Safety and Quality of the Provision of Public Utilities**

(1) Providers of public utilities shall ensure the possibility to receive continuous public utilities.

(2) Providers of public utilities shall ensure compliance with the requirements for the safety of public utilities determined for the relevant regulated sector and the conformity of employee qualification.

(3) Providers of public utilities shall ensure that the quality of public utilities conforms to technical specifications, standards and contract conditions. If during any period a provider of public utilities cannot ensure such quality of public utilities which conforms to technical specifications, standards and contract conditions, the provider of public utilities shall compensate the losses caused to the user in accordance with the contract conditions or the requirements of laws and regulations.

(4) Providers of public utilities shall use and promote the introduction of effective, economic and safe technologies and working methods to ensure and improve the quality of public utilities.

(5) A provider of public utilities may, in accordance with the procedures specified by the Cabinet, discontinue the provision of public utilities to those users who have not paid for the public utilities received or have not met other obligations with respect to the provider of public utilities.

[14 July 2011; 13 February 2020]

#### **Section 23. Restructuring and Termination of the Activities of a Provider of Public Utilities**

[11 June 2009]

#### **Section 24. Demand for the Public Utilities**

(1) A provider of public utilities shall ensure public utilities in the territorial area of the licence upon a reasoned request of users and other persons if the financial capabilities and technical capabilities of the facilities or infrastructure of such provider of utilities so permit.

(2) A provider of public utilities shall examine the demand for public utilities, evaluate the substantiation thereof and the costs necessary for providing the requested public utilities, and not later than within 30 days following the receipt of a registered request, notify the requester of the initiation of provision of the public utilities.

(3) If the provision of the relevant public utilities is not possible, a provider of public utilities shall, within 30 days from the receipt of a registered request, provide a substantiated written refusal to the requester and notify the Regulator thereof.

(4) A provider of public utilities may come to an agreement with the requester that the requester will cover supplementary costs related to the initiation of provision of the public utilities.

[2 December 2004]

#### **Section 25. Provision of Information**

(1) A provider of public utilities shall, within the time period and in accordance with the procedures stipulated by the Regulator, submit to the Regulator the information requested by the Regulator.

(2) A provider of public utilities shall provide the Regulator free access to all information regarding the public utilities and the necessary information regarding other types of commercial activities, as well as the opportunity for the Regulator to familiarise itself with the accounting documents of the provider of public utilities.

(3) A provider of public utilities shall ensure the opportunity for the Regulator to carry out the inspection and control required for the fulfilment of the public utility regulatory functions, as well as an opportunity to access the equipment and measuring instruments, complying with the safety requirements.

(4) A provider of public utilities shall ensure the provision of a reply to written submissions and complaints of users within 15 days following the receipt of a submission or complaint. If additional examination or significant additional information is necessary for the examination of a submission or complaint, the provider of public utilities shall ensure provision of a reply within 30 days following the receipt of a submission or complaint.

(5) A provider of public utilities is entitled to dismiss a submission or complaint without examination applying the provisions of the Law on Submissions, as well as in a case when a submission or complaint is not directly related to the service of the provider of public utilities.

(6) A provider of public services shall inform a user regarding the submission or complaint dismissed without examination in writing within 15 days substantiating the decision thereof.

[2 December 2004; 14 July 2011]

#### **Section 26. Division of Types of Public Utilities**

(1) A provider of public utilities may simultaneously provide public utilities of several types in the regulated sector.

(2) The accounting of a provider of public utilities shall include separate accounts in respect of each type of public utility. The referred to accounts shall be separated from the total accounting.

(3) For the fulfilment of the functions laid down in the law, the Regulator may set forth requirements to a provider of public utilities for keeping the accounts and organising of costs, the value of fixed assets and investments.

[2 December 2004; 11 June 2009; 13 February 2020]

#### **Section 27. Other Types of Activities of a Provider of Public Utilities**

(1) A provider of public utilities may, outside the regulated sectors, perform commercial activities, which shall, in accordance with the procedures laid down in Section 26 of this Law, be separated from the activities of the provision of public utilities.

(2) A provider of public utilities has no right to use the revenues from the tariffs to cover the costs related to its commercial activities or other types of activities that are not directly related to the provision of public utilities, including sponsorship, donations or charity. The restriction referred to in this Section shall not apply to the cases when the provider of public utilities uses the revenues from the tariffs as donations to associations, foundations and religious organisations or the institutions thereof registered in the Republic of Latvia to which the status of a public benefit organisation has been granted in accordance with the Public Benefit Organisation Law. The amount of donations shall not be included in the costs substantiating the tariffs.

[27 September 2001; 2 December 2004; 8 December 2005; 22 October 2009]

#### **Section 28. Take-Over of the Territorial Area of the Licence of a Provider of Public Utilities**

(1) The Regulator shall take a decision on the necessity to take over the territorial area of the licence of a provider of public utilities:

1) if the licence of the provider of public utilities is to be cancelled (revoked);

2) if the term of validity of the licence of the provider of public utilities expires in six months and the provider of utilities does not wish to continue the provision of such public utilities for which a new licence is required;

3) if the provider of public utilities for some reason is unable to ensure continuous, safe and qualitative public utilities.

(2) If the Regulator takes the decision to take over the territorial area of the licence of a provider of public utilities, the Regulator shall, within 10 working days, notify the responsible ministry of the relevant regulated sector or the relevant local government thereof. The responsible ministry of the relevant regulated sector or the local government in whose territory the provider of public utilities is located shall temporarily appoint a person responsible for the public utilities determined in the licence of the provider of public utilities in order to take the measures to encourage merchants to take over the provision of public utilities in the territorial area of the licence.

(3) In order to ensure the realisation of the activities determined in this Section, the person responsible for the public utilities determined in the licence of a provider of public utilities shall inform the Regulator or the local government of the performance of his or her tasks and is entitled to choose the methods for tendering, competition or selection of candidates.

[2 December 2004]

# Financing the Activities of the Regulator

## Section 29. Financing the Activities of the Regulator

(1) The activities of the Regulator shall be financed from revenue which has been obtained by collecting the State duty for the regulation of public utilities (hereinafter - the State duty) and by collecting payments for the utilities provided by the Regulator, which have been specified in other laws and regulations.

(2) The amount of the fee for the utilities provided by the Regulator and the procedures for payment shall be determined in other laws and regulations, taking into account the administrative costs of the Regulator and the expenses necessary for the provision of the relevant utility.

[22 November 2017]

## Section 30. Payers and Use of the State Duty

(1) To ensure the regulation of public utilities, all providers of public utilities in the regulated sectors shall pay the State duty.

(2) The State duty in the regulated sectors shall be paid into the State budget and deposited to the account of the Regulator in the Treasury. The State duty paid in the regulated sectors shall be used only for ensuring the activities of the Regulator.

(3) [11 June 2009]

(4) [14 July 2011]

(5) A provider of public utilities shall not be refunded the paid State duty in the following cases:

1) the licence issued to the provider of public utilities has been cancelled or suspended;

2) the provider of public utilities has been excluded from the register or a note has been made in the register on suspending the activity of the provider of public utilities;

3) regulation of the public utility has been terminated.

[2 December 2004; 13 December 2007; 11 June 2009; 14 July 2011; 25 September 2014; 22 November 2017]

## Section 31. Amount and Procedures for the Payment of the State Duty

(1) The annual rate of the State duty shall be 0,2 per cent of the net turnover of the public utilities provided by the merchant in the calendar year before last, but not less than EUR 200 in the calendar year.

(2) The State duty paid by a merchant for each type of public utility in the regulated sector shall not exceed the amount of the rate specified in Paragraph one of this Section of the total net turnover of the public utilities provided by the merchant in the calendar year before last, but shall not be less than EUR 200 in the calendar year.

(3) The amount of the State duty payable in the calendar year shall be divided into four equal parts. The merchant shall pay the first part until 10 January, the second part until 10 April, the third part until 10 July and the fourth part until 10 October.

(4) The amount of the State duty payable in the calendar year may be adjusted when making the last payment in the calendar year.

(5) A merchant which commences the provision of public utilities shall pay the State duty for the first year of activity from the planned net turnover of the public utility of the relevant type in the first year of activity but not less than EUR 200 in the calendar year. The merchant shall pay the State duty for the second year of activity from the net turnover of the public utilities provided by the merchant in the preceding calendar year, but not less than EUR 200 in the calendar year.

(6) If a merchant who has commenced providing public utilities has paid the State duty for the first year of activity in accordance with Paragraph five of this Section, which is not less than EUR 200 in a calendar year but is less than the rate specified in Paragraph one of this Section, it shall pay the remainder of the amount of the State duty by 30 January of the following year.

(7) If the State duty paid in the relevant calendar year exceeds the costs necessary for ensuring the activities of the Regulator, the amount that exceeds the costs necessary for ensuring the activities of the Regulator shall be deposited to the account of the Regulator in the State duty stocks in the Treasury (hereinafter - the stocks) and used for ensuring the activities of the Regulator in the subsequent periods in accordance with the budget of the Regulator approved by the law on the State budget.

(8) The amount of stocks in the account of the Regulator in the Treasury at the end of the year shall not exceed 25 per cent of the actual amount of State duty revenue of the Regulator of the financial year before last.

(9) If the actual amount of stocks in the account of the Regulator at the end of the year exceeds 25 per cent of the actual amount of State duty revenue of the Regulator of the financial year before last, the amount of the State duty to be paid in the following year in the amount of the actual excess of the accrual in proportion to the State duty paid in the respective year shall be reduced to the provider of public utilities which has paid the State duty for the respective calendar year.

(10) The State duty shall be administered by the Regulator in accordance with the law On Taxes and Duties.

(11) If a merchant has not paid the State duty within the time period specified in Paragraphs three, four and six of this Section, the late payment charge shall be calculated for it in accordance with the law On Taxes and Duties.

(12) The Regulator shall refund the amount of the State duty incorrectly paid from its budget within a period of 15 days after receipt of a substantiated submission of the payer of the State duty by the Regulator.

(13) The State duty shall be paid into the account of the Regulator in the Treasury through the intermediation of such a provider of payment services which has the rights to provide payment services within the meaning of the Law on Payment Services and Electronic Money.

[22 November 2017]

## **Chapter VII Examination of Disputes**

*[14 July 2011 / New wording of this Chapter shall come into force on 30 September 2011. See Paragraph 26 of Transitional Provisions]*

### **Section 32. Out-of-Court Examination of Disputes**

(1) The Regulator shall, as an out-of-court instance, examine disputes between a provider and user of public utilities or between providers of public utilities regarding their rights and obligations arising from this Law or special laws and regulations of the regulated sector (hereinafter - the dispute).

(2) Prior to applying to the Regulator with a submission in which the examination of the dispute is requested, the parties involved therein shall take the measures for the settlement of the dispute in the form of amicable agreement.

(3) A provider and user of public utilities have the right to settle the dispute in court in accordance with the procedures laid down by the Civil Procedure Law without applying to the Regulator with a submission for the examination of the dispute.

(4) A provider and user of public utilities shall lose the right to apply to the Regulator if he or she has used the right determined in Paragraph three of this Section or three years have passed since the date of arising of the subject of the dispute.

(5) The Regulator shall apply the procedures laid down in this Law when examining the dispute.

(6) The dispute between a provider and user of public utilities or between providers of public utilities regarding losses, payment documents or collection of debt shall be examined by court in accordance with the procedures laid down in the Civil Procedure Law.

[25 September 2014]

### **Section 33. Submission for the Examination of the Dispute**

(1) For the Regulator to be able to examine disputes in accordance with the procedures laid down in this Law, a provider or user of public utilities shall lodge a submission in writing to the Regulator for the examination of the dispute.

(2) A provider or user of public utilities shall specify the following information in a submission for the examination of the dispute:

1) a submitter (for a natural person - given name, surname, place of residence or other information which helps to identify a person; for a legal person - firm name, registration number and legal address);

2) a defendant (for a natural person - given name, surname, place of residence or other information which helps to identify a person; for a legal person - firm name, registration number and legal address);

3) other participants to the matter or interested persons;

4) subject of the dispute and claim of the submitter;

5) evidence which attests that measures for the settlement of the dispute in the form of amicable agreement have been taken.

(3) A submitter shall attach written materials to a submission for the examination of the dispute and other evidence which substantiates arising of the dispute and subject of the dispute and proves the measures taken for the settlement of the dispute in the form of amicable agreement.

#### **Section 34. Representation of the Parties**

(1) Natural persons shall conduct their matter in the examination of the dispute by themselves or through the intermediation of authorised representatives.

(2) Matters of legal persons in the examination of the dispute shall be conducted by their officials who are acting within the scope of the powers granted by law, articles of association or by-law, or by other representatives authorised by legal persons.

(3) The parties involved in the dispute may invite advocates for the provision of legal assistance during the proceedings for the examination of the dispute.

(4) Representation of natural persons shall be formalised with a notarially certified power of attorney. The person represented may express the authorisation to a representative as an oral notification at the meeting where the dispute is examined and a record shall be made thereon in the minutes of the meeting where the dispute is examined.

(5) Representation of legal persons shall be formalised with a written power of attorney or documents attesting to the right of an official to represent the legal person without special authorisation.

(6) Authorisation of an advocate to provide legal assistance shall be confirmed by a retainer. If the advocate acts as an authorised representative of a party involved in the dispute, such authorisation shall be confirmed by a written power of attorney.

(7) A representative has the right to perform all procedural actions on behalf of the person represented. If the matter of a natural person is conducted through the intermediation of an authorised representative, the Regulator's notifications and documents shall be sent only to the representative.

(8) All procedural actions performed by a representative in accordance with the power of attorney issued to him or her are binding upon the person represented.

(9) A person represented may, at any time, revoke the authorisation given to his or her representative, informing the Regulator in writing thereof. Oral notification regarding the revocation of the authorisation may be given at the meeting where the dispute is examined and a record shall be made thereon in the minutes of the meeting where the dispute is examined.

(10) A representative has the right to withdraw from the conducting of a matter, informing the Regulator and the person represented in writing thereof.

#### **Section 35. Evaluation of the Submission for the Examination of the Dispute**

(1) The Regulator shall, not later than within 30 days from the day when a submission for the examination of the dispute has been received, evaluate the submission, the written materials attached thereto and other evidence which substantiate the initiation of the dispute, the subject of the dispute and prove the measures taken for the settlement of the dispute in the form of amicable agreement and take one of the following activities:

1) in the cases determined in Paragraph two of this Section shall not examine the dispute and shall provide a reply to the submission for the examination of the dispute;

2) shall take the decision to initiate examination of the dispute.

(2) If the compliance with at least one of the following conditions has been established, the Regulator shall not examine the dispute and in accordance with the Law on Submissions shall provide a reply to the submission for the examination of the dispute which is signed by the Chairperson of the Regulator:

1) there is no basis for the initiation of the examination of the dispute in accordance with this Law or special laws and regulations of the regulated sector;

2) a submitter has not submitted a certification that the possibilities to settle the dispute in the form of amicable agreement have been used. A written complaint or claim sent or submitted to a defendant and the reply thereof, if any, may be such a certification.

(3) The Regulator shall specify the following information in the decision to initiate examination of the dispute:

1) a submitter (for a natural person - given name, surname, place of residence or other information which helps to identify a person; for a legal person - firm name, registration number and legal address), a representative thereof and the basis for representation;

2) a defendant (for a natural person - given name, surname, place of residence or other information which helps to identify a person; for a legal person - firm name, registration number and legal address), a representative thereof and the basis for representation;

3) subject of the dispute and claim of the submitter;

4) evidence of the submitter regarding the measures taken for the settlement of the dispute in the form of amicable agreement;

5) finding that the dispute on the merits shall be examined in the Regulator;

6) substantiation of the decision;

7) legal norms applied (Section of the regulatory enactment, the Paragraph, Clause and Sub-paragraph thereof).

(4) The decision to initiate examination of the dispute shall enter into effect on the day of taking thereof and may not be appealed.

(5) The Regulator shall send the decision of the Regulator to initiate examination of the dispute to the participants of the matter within five working days following the taking thereof.

### **Section 35.<sup>1</sup> Time Period for the Examination of the Dispute**

The Regulator shall evaluate the dispute on the merits, determine the facts that are necessary in order to take the decision and examine the dispute within three months from the day of taking the decision to initiate examination of the dispute.

### **Section 35.<sup>2</sup> Proceedings for the Examination of the Dispute**

(1) The Council of the Regulator shall take all decisions on the matter of examination of the dispute in accordance with the procedures laid down in this Law.

(2) The dispute shall be examined at a council meeting. Meetings for the examination of the dispute shall be open. In certain cases, when examining issues of confidential nature, the dispute shall be examined in a closed meeting upon a written substantiated request of the parties involved in the dispute.

(3) The Regulator shall invite the parties involved in a dispute or representatives thereof to a meeting in writing, specifying the time and place of the meeting, in order to listen to the explanations and objections.

(4) A provider and a user of public utilities involved in the dispute shall implement the procedural rights thereof in the form of competition. Both parties involved in the dispute have equal rights to express their opinion and defend their rights.

(5) A competition shall take place by providing explanations by the parties involved in the dispute, submitting evidence, applications addressed to the Regulator, participating in the listening to the experts, verification and assessment of other evidence, in a meeting for the examination of the dispute and take other procedural activities in accordance with the procedures laid down in this Chapter.

(6) During the examination of the dispute, the Regulator or any of the parties involved in the dispute may invite an expert for the provision of the opinion.

(7) If the Regulator or any of the parties involved in the dispute wishes to invite an expert or take other activities the purpose of which is acquisition of evidence, the expenses shall be covered respectively by the Regulator or by that party involved in the dispute which has initiated such activities.

(8) The dispute shall be examined in the official language.

(9) The parties involved in the dispute shall submit the documents in foreign languages by attaching a translation in the official language certified in accordance with specific procedures.

(10) The parties involved in the dispute or representatives thereof who are not fluent in the official language shall ensure the assistance of the interpreter by themselves.

(11) The minutes of the meeting for the examination of the dispute and decisions taken by the Regulator shall be prepared in writing in the official language.

(12) The Regulator may examine the dispute without the presence of the parties involved in the dispute or representatives thereof only on the basis of the submitted written or other evidence if the documents present in the case are sufficient and if the parties involved in the dispute or representatives thereof have not objected to it when submitting the written evidence.

(13) The Regulator may examine the dispute without the presence of the parties involved in the dispute or the representatives thereof at the meeting if the parties involved in the dispute or the representatives thereof have not arrived to the meeting for the examination of the dispute.

(14) If any of the parties involved in the dispute or the representatives thereof warn the Regulator of not arriving to the meeting for the examination of the dispute, the Regulator may, taking into account the information regarding the reasons for not arriving provided by the party involved in the dispute or the representative thereof, suspend examination of the dispute.

(15) During examination of the dispute the Regulator shall, prior to taking the decision to examine the dispute, offer the parties involved in the dispute to agree on amicable agreement.

(16) The Regulator shall terminate the proceedings for the examination of the dispute, if the submitter revokes a submission for the examination of the dispute.

[25 September 2014; 13 February 2020]

### **Section 35.<sup>3</sup> Amicable Agreement**

(1) If during examination of the dispute the parties involved in the dispute enter into an amicable agreement, the Regulator shall terminate proceedings for the examination of the dispute.

(2) [13 February 2020]

(3) [13 February 2020]

(4) If the Regulator has terminated the proceedings for the examination of the dispute in accordance with Paragraph one of this Section, the parties involved in the dispute have no right to re-submit to the Regulator the submission for the examination of a dispute regarding the same subject on the same grounds.

[13 February 2020]

### **Section 35.<sup>4</sup> Decision to Examine the Dispute**

(1) The Regulator shall take a decision in the matter regarding examination of the dispute and determine the procedures and deadlines for the execution thereof.

(2) The Regulator shall send the decision to examine the dispute to the parties involved in the dispute within five working days following the taking thereof.

(3) The Regulator shall indicate the following information in the decision to examine the dispute:

1) name and address of the Regulator;

2) a submitter (for a natural person - given name, surname, place of residence or other information which helps to identify a person; for a legal person - firm name, registration number and legal address), a representative thereof and the basis for representation;

3) a defendant (for a natural person - given name, surname, place of residence or other information which helps to identify a person; for a legal person - firm name, registration number and legal address), a representative thereof and the basis for representation;

4) claim of the submitter;

5) opinions and arguments of the parties involved in the dispute, if any, and evidence;

6) opinions of experts, if any;

7) finding of facts established on the basis of evidence when examining the dispute;

8) substantiation of the decision;

9) legal norms applied (Section of the law or regulation, Paragraph, Clause and Sub-paragraph thereof);

10) ruling of the Regulator which includes a legal obligation assigned to the addressee, the procedure and deadline for the enforcement of the ruling and the procedures for entering into effect of the decision;



11) where, in what time period and in accordance with what procedures a participant in the case is entitled to apply to court.

(4) If the party involved in the dispute is not satisfied with the decision of the Regulator to examine the dispute, he or she is entitled to apply to court or arbitration in accordance with the procedures laid down in the Civil Procedure Law within 30 days from the day when the decision to examine the dispute has been taken and the court or arbitration shall examine such case on the merits.

(5) If the party involved in the dispute is not satisfied with the decision of the Regulator to examine the dispute and within the time period referred to in Paragraph four of this Section in accordance with the procedures laid down in the Civil Procedure Law has applied to an arbitration, but the arbitration has taken the decision to terminate the proceedings or recognised that the dispute is not subjected to the arbitration, the party involved in the dispute which is not satisfied with the decision of the Regulator is entitled to apply to court in accordance with the procedures laid down in the Civil Procedure Law within 30 days from the day of entering into effect of the decision of the arbitration.

(6) The decision of the Regulator to examine the dispute shall enter into legal effect on the day when:

1) the time period referred to in Paragraphs four and five of this Section expires if neither of the parties involved in the dispute has submitted the relevant statement of claim regarding the subject of the dispute to court or arbitration;

2) the time period referred to in Paragraphs four and five of this Section expires if the relevant statement of claim regarding the subject of the dispute has been submitted within this time period but the decision to refuse to accept the statement of claim has entered into effect;

3) the time period referred to in Paragraphs four and five of this Section expires if the relevant statement of claim regarding the subject of the dispute has been submitted within this time period but the decision to consider the statement of claim as not submitted and return to the claimant has entered into effect;

4) the decision of the court by which the claim has been dismissed without examination has entered into effect, except the case when the claim has been dismissed without examination because the dispute in the matter of the claim between the same parties involved in the dispute, regarding the same subject and on the same basis is under examination of the same or another court;

5) the decision of the court by which legal proceedings have been terminated has entered into effect, except the case when legal proceedings have been terminated because a judgment of the court made in the dispute between the same parties involved in the dispute, regarding the same subject and on the same basis has entered into effect; the parties have entered into an amicable agreement and the court has confirmed it or the parties have agreed regarding the transfer of the dispute for the examination to the arbitration in accordance with the procedures laid down in the law;

6) the decision of the arbitration to terminate the arbitration proceedings has entered into effect because the claimant has revoked his or her claim and the defendant does not object against it or the parties agree on the termination of the dispute in the form of amicable agreement.

(7) If the party involved in the dispute submits a statement of claim to court or arbitration in accordance with the procedures laid down in Paragraph four of this Section regarding the subject of the dispute which concerns a part of the decision of the Regulator, the decision of the Regulator in the part regarding which a statement of claim is not submitted to court or arbitration shall enter into effect when the deadline determined in Paragraph four of this Section has terminated.

(8) A party involved in the dispute, as well as a legal successor thereof following the entering into legal effect of the decision of the Regulator to examine the dispute is not entitled to lodge a submission to the Regulator anew regarding the same subject on the same basis.

(9) A decision of the Regulator to examine the dispute which has entered into legal effect shall be mandatory for the parties involved in the dispute.

(10) The parties involved in the dispute shall not prove anew the facts established by the decision of the Regulator which has entered into legal effect to examine the dispute in the same matter when another matter is being examined at the Regulator regarding the examination of another dispute in which the same parties involved in the dispute participate.

(11) The execution of the decision of the Regulator to examine the dispute shall be ensured within amount and time periods determined in the decision.

(12) If the decision of the Regulator to examine a dispute is not executed voluntarily the interested party involved in the dispute shall be entitled to apply to court with an application for the issuing of a writ of execution for the forced execution of the decision of the Regulator on the examination of the dispute.

## Chapter VIII

### Composition and Activities of the Regulator

#### Section 36. Composition of the Regulator

(1) The Regulator shall consist of a Council composed of a Chairperson and four members appointed in accordance with the procedures laid down in this Law, and an executive body subordinated to the Council and which fulfils the functions of its secretariat and experts in order to prepare issues and documents for examination at the council meetings and to implement decisions taken and administrative acts issued by the Council.

(2) [25 February 2016]

(3) [25 February 2016]

[10 May 2001; 2 December 2004; 11 June 2009; 25 February 2016]

#### Section 37. Candidates for the Council Membership

In order to be appointed as a council member, a candidate must be a citizen of the Republic of Latvia who has a relevant higher education, whose knowledge and experience ensure performance of the tasks determined by this Law and who complies with the requirements of the law On Official Secret that shall be fulfilled in order to receive a special permit for access to official secrets.

[11 June 2009]

#### Section 38. Restrictions for Council Members and Candidates

(1) Council members or candidates for such position may not be persons:

1) who are or have been participants (members) of organisations prohibited by the laws of the Republic of Latvia, by decisions of the Supreme Council or by court rulings following the prohibition of such organisations;

2) who have been convicted of the commission of an intentional criminal offence;

3) who have previously committed a crime but have been released from serving the sentence in connection with the expiration of a limitation period, amnesty or clemency;

4) against whom a criminal prosecution has been initiated for an intentional criminal offence;

5) who have been recognised as non-complying with the requirements of the law On Official Secret which must be fulfilled in order to receive a special permit for access to official secrets.

(2) Restrictions for a council member with respect to commercial activities, earning of income, combination of offices and performance of work, as well as other restrictions and duties related thereto, insofar as they are not laid down in this Law, shall be laid down in the law On Prevention of Conflict of Interest in Activities of Public Officials.

(3) A council member may not be a member of the *Saeima* or a local government council or hold elected offices in the management of political organisations or parties.

(4) Following the termination of the term of office the restrictions for a council member with respect to commercial activities, earning of income, combination of offices and performance of work, as well as other restrictions and obligations related thereto, shall be laid down in the law On Prevention of Conflict of Interest in Activities of Public Officials.

[2 December 2004; 11 June 2009; 14 July 2011]

#### Section 39. Assuming Office as a Council Member

A council member shall assume office and take up his or her duties of office starting with the date determined when appointing him or her to office. A council member, upon his or her appointment to office until the date when he or she takes up his or her duties of office, shall prevent all the restrictions laid down in law with respect to council members.

#### Section 40. Dismissal or Removal from Office of a Council Member

(1) A council member during his or her term of office shall not be removed, except in cases specified in this Law.

(2) The *Saeima* shall, upon recommendation of the Cabinet, remove a council member from office prior to the expiry of his or her term of office only in the following cases:

1) a submission for resignation from office has been received from the relevant person;

2) the relevant person due to illness or some other reason has not been able to perform his or her duties of office for more than six successive months;

3) a restriction determined in Section 38 of this Law has been found to be or has become applicable.

(3) A council member shall be provided a justification for his or her removal from the office, and upon request of the council member it is published in the official gazette *Latvijas Vēstnesis*.

[25 September 2014]

#### **Section 41. Chairperson of the Council**

(1) The Chairperson of the Council shall also be a council member and shall be responsible for the fulfilment of the functions of the Regulator specified in law.

(2) The Chairperson shall:

1) manage and organise the work of the Regulator and represent the Regulator;

2) chair the council meetings;

3) be a manager of the financial resources of the Regulator and provide the Council with quarterly information with respect to implementation of the budget;

4) give direct instructions to the employees of the executive body.

(3) During the absence of the Chairperson, his or her duties shall be fulfilled by a council member designated by the Chairperson but in the absence of such designation, by the council member previously designated by the Chairperson.

(4) Specific duties of the Chairperson may be fulfilled by a council member designated by the Chairperson.

(5) The Chairperson has the right to issue instructions to council members only with respect to organisational matters pertaining to the fulfilment of the duties of office.

[2 December 2004]

#### **Section 42. Convening and Lawfulness of a Council Meeting**

(1) Council meetings shall be convened and chaired by the Chairperson.

(2) The Chairperson shall convene a council meeting if at least three council members request it.

(3) The Council is entitled to take decisions if at least three council members participate in the meeting.

(4) The time and agenda of a council meeting shall be announced according to procedures stipulated by the Council.

(5) Copies of the documents regarding the issues to be examined at a council meeting shall be appended to the agenda.

(6) Minutes of the council meetings shall be kept in writing. All council members who participated in the meeting shall sign the minutes of the meeting.

[2 December 2004]

#### **Section 43. Taking Council Decisions**

(1) The Council shall take decisions by voting and the Chairperson shall sign the decisions.

(2) The decision shall be taken, if at least three council members vote for it.

(3) Voting shall be open and the results of the voting shall be recorded in the minutes, specifying the vote of each council member separately for each issue examined at the meeting and with an entry "for" or "against".

(4) When signing the minutes of a meeting, council members may record their views regarding the issues under examination or make a note regarding the appending of a written substantiation of their views to the minutes.

[14 July 2011; 25 September 2014]

#### **Section 44. Organisation and Structure of the Work of the Regulator**

(1) The Council shall determine the procedures for organising the internal work of the Regulator and the structure of the executive body.

(2) The Council shall approve the by-law that regulates the activities of the Regulator, work organisation of the executive body and procedure for the appointment of heads of units, and determine the procedures for preparing draft decisions and other documents proposed for examination at a council meeting.

(3) [2 December 2004]

(4) A council member may have a consulting employee (hereinafter - the adviser). The Regulator shall enter into an employment contract with the adviser for the term of office of the relevant council member. Upon proposals of such council member the Regulator may give a notice on employment contract with the adviser at any time, without indicating the reasons for giving a notice. After termination of the employment contract the adviser has the right to receive a benefit in the amount of one monthly wage. Its shall not apply to cases when the adviser continues work with the Regulator in another office.

[10 May 2001; 2 December 2004; 11 June 2009; 25 September 2014]

#### **Section 45. Restrictions on Providing Information**

(1) A Chairperson, council members and employees of the executive body, as well as the persons invited to the activities of the Regulator, are prohibited from divulging publicly the data or other restricted information related to the performance of the functions of the Regulator that in the course of fulfilling the duties of the office or in another way has become known to them regarding the activities of the providers of public utilities or their commercial activities in general, except for specific cases specified in laws and regulations.

(2) Council members and employees of the executive body, as well as the persons invited to the activities of the Regulator are only entitled to divulge information that in the course of performing the duties of the office has become known to them regarding the activities of the providers of public utilities or their commercial activities in general if such information is public in accordance with the Freedom of Information Law.

(3) The Regulator shall determine the status of restricted access to information or any part thereof received from a provider of public utilities, if the provider of public utilities clearly indicates the relevant documents and a justification for the determination of such status.

(4) If the provider of public utilities has not fulfilled the requirements laid down in Paragraph three of this Section or the proposal to assign the status of restricted access information to the particular information is unjustified, the Regulator shall notify the provider of public utilities thereof.

(5) If the provider of public utilities does not eliminate the deficiencies indicated in the notification referred to in Paragraph four of this Section within seven days from the day when the notification of the Regulator was received, the Regulator may refuse to determine the status of restricted access to the information submitted by the provider of public utilities, notifying the provider of public utilities thereof.

(6) The Regulator may request that the provider of public utilities, for the information received from which the status of restricted access must be determined, submits a general report which does not include restricted access information.

[10 May 2001, 2 December 2004; 25 September 2014]

#### **Section 46. Remuneration of the Council Members and Employees of the Executive Body**

Remuneration of the council members and employees of the executive body shall be determined in accordance with the Law on Remuneration of Officials and Employees of State and Local Government Authorities.

[1 December 2009]

#### **Section 47. Legal Protection and Service Identification Documents of the Council Members and Employees of the Executive Body**

(1) Persons guilty of influencing council members or employees of the executive body or of preventing them from the exercise of their rights determined by law, of their defamation or injuring their dignity, or committing threats or violence against them or committing a threat to their life in connection with the performance of official duties shall be held liable in accordance with procedures laid down in law.

(2) Council members and employees of the executive body shall have service identification documents which must be produced when fulfilling official duties.

## **Chapter IX Administrative Offences in the Field of the Provision of Regulated Public Utilities and Competence in the Administrative Offence Proceedings**

[30 January 2020 / Chapter shall come into force on 1 July 2020. See Paragraph 28 of Transitional Provisions]

#### **Section 48. Administrative Offences in the Field of the Provision of Regulated Public Utilities**

(1) For the provision of regulated public utilities without the licence for public utilities, registration or sending of the registration notification, a warning shall be issued to or a fine from fourteen to four hundred units of fine shall be imposed on a natural person or a board member and with or without deprivation of the right of the board member to hold specific positions for a period of up to five years.

(2) For the violation of the conditions of the licence of regulated public utilities or the provisions of the general authorisation, a warning shall be issued or a fine from fifty-six to four thousand units of fine shall be imposed on a legal person.

(3) For the violation of the conditions of the licence of regulated public utilities or the provisions of general authorisation, if the violation has affected the rights of users to receive regulated public utilities, a fine up to 10 per cent of the net turnover in the previous reporting year in the respective regulated sector shall be imposed on a legal person.

(4) For a failure to fulfil an obligation or requirements in respect of the application of a tariff or a deposit system membership fee or the submission of draft tariffs or draft deposit system membership fee to the Regulator, a warning shall be issued or a fine from fifty-six to four thousand units of fine shall be imposed on a legal person.

(5) For a failure to fulfil an obligation or requirements in respect of the application of a tariff or the submission of draft tariffs to the Regulator, if the violation has affected the rights of users to receive regulated public utilities, a fine up to 10 per cent of the net turnover in the previous reporting year in the respective regulated sector shall be imposed on a legal person.

(6) For a failure to arrange separate accounting record-keeping for each type of regulated public utilities, a warning shall be issued or a fine from fifty-six to four thousand units of fine shall be imposed on a legal person.

[30 January 2020 / Section shall come into force on 1 July 2020. See Paragraph 28 of Transitional Provisions]

#### **Section 49. Competence in the Process of Administrative Violations**

(1) The Regulator shall conduct the administrative offence proceedings in respect of the violations referred to in Section 48 of this Law in accordance with the competence specified in Paragraph two of this Section.

(2) The Regulator shall impose an administrative punishment in the field of heating supply, disposal of municipal waste, water management and deposit packaging management for the administrative offences referred to in Section 48 of this Law. The Regulator shall impose an administrative punishment in the field of electronic communications and postal services for the administrative offences referred to in Section 48, Paragraphs one and six of this Law.

[30 January 2020 / Section shall come into force on 1 July 2020. See Paragraph 28 of Transitional Provisions]

### **Transitional Provisions**

1. Until 1 July 2001, the Cabinet shall:

- 1) determine the types of public utilities requiring regulation in the State regulated sectors;
- 2) submit to the *Saeima* proposals regarding the candidates to the office of council members of the Public Utilities Commission in accordance with the procedures laid down in Section 7 of this Law;
- 3) issue the regulations provided for by this Law.

2. The Public Utilities Commission shall commence its activities on 1 September 2001 and until 1 October 2001 shall take over the functions of regulation of public utilities in the relevant State regulated sectors from the Energy Supply Regulatory Commission, the Railway Administration and the Ministry of Transport.

3. By 1 October 2001, the Public Utilities Commission shall take over the regulation of telecommunications from the Telecommunication Tariff Council and shall be the legal successor as regards the limited liability company Lattelekom. The Public Utilities Commission shall regulate telecommunications in accordance with the law On Telecommunications adopted on 4 May 1993 until the moment when the abovementioned law is repealed.

4. By 1 June 2002, local governments shall ensure the establishment of local government utility regulators or the entering into an agreement with the Commission regarding the regulation of public utilities in the administrative territory of the relevant local government. Until establishment of the local government regulator or the entering into an agreement, the functions of a local government regulator, except for the function determined in Section 9, Paragraph one, Clause 5 of this Law, shall be fulfilled by the council of the relevant local government.

[27 September 2001]

5. Licences which have been issued by another authority or authority prior to the coming into force of this Law, shall remain valid until the expiry of the validity of the relevant licence.

6. Those tariffs which in accordance with this Law are treated as tariffs for public utilities but are determined in accordance with other regulatory enactments and are in effect on the day when this Law comes into force, shall remain in effect until the expiry of the term determined for such or until the moment when the tariffs for public utilities determined in accordance with this Law enter into effect.

7. Section 10, Paragraph four of this Law shall come into force following the relevant amendments have been made to the Administrative Violations Code.

8. The new wording of Section 2, Paragraph three, Clause 1 of this Law (regarding the right of the local government regulator to regulate disposal of municipal waste in waste landfill sites and dumps) shall come into force on 1 January 2007.

[26 October 2006]

9. [14 July 2011]

10. If an application regarding an administrative act on approval of a tariff issued by a local government regulator has been submitted to court and thus the operation of such instrument is suspended in accordance with Section 185, Paragraph one of the Administrative Procedure Law, the operation of the relevant administrative act shall be renewed on 1 December 2006. Following 1 December 2006 the operation of such administrative act may be asked to be suspended in accordance with the procedures laid down in law.

[26 October 2006]

11. In 2009, the remuneration (salary, bonuses, etc.) determined in accordance with this Law shall be determined in accordance with the law On Remuneration of Officials and Employees of State and Local Government Authorities in 2009.

[12 December 2008]

12. Until 1 November 2009 the Public Utilities Commission shall take over the regulation functions in the relevant local government regulated sectors from the local government regulators or local government city or municipality councils (rural territory councils).

[11 June 2009]

13. The term of office of the chairperson of a local government regulator shall be in effect until 31 December 2009, but the term of office of council members - until 31 October 2009 regardless of the expiry of the determined term of office. Chairpersons of local government regulators shall transfer the matters related to regulation of public utilities to the Public Utilities Commission until 31 October 2009.

[11 June 2009]

14. Until the day when the methodology in the sector of energy, municipal waste management and water management developed by the Public Utilities Commission enters into effect, the Cabinet Regulation No 281 of 26 June 2001, Tariff Calculation Methodology for Public Utilities in Local Government Regulated Sectors shall be applied.

[11 June 2009]

15. Licences issued by a local government regulator prior to the coming into force of the amendments to the law regarding the liquidation of local government regulators, shall be valid until the end of the term of validity thereof.

[11 June 2009]

16. [14 July 2011]

17. If an application has been submitted to Administrative Regional Court regarding an administrative act of the Regulator issued until 31 October 2009, the decision regarding the submitted application shall be taken, as well as the administrative matter shall be examined and the court adjudication in such matter shall be taken and appealed in accordance with the Administrative Procedure Law.

[11 June 2009]

18. Amendment to Section 37 and Section 38, Paragraph one, Clause 5 of this Law, which set out the requirements and determine restrictions for the council members and their candidates in relation to the compliance with the law On Official Secret, shall not apply to those council members who have been appointed prior to coming into

force of the relevant amendments.

[11 June 2009]

19. Local government city or municipality council (rural territory council) or municipality council which is a legal successor of the relevant local government city or municipality council (rural territory council), local government authorities, finances, property and obligations shall, until 31 December 2009, liquidate the local government regulator which regulates the provision of public utilities in the administrative territory of the relevant local government establishing the liquidation commission of a local government regulator in accordance with the procedures laid down in laws and regulations.

[11 June 2009]

20. If a local government regulator has been established by several local governments, the local government city or municipality councils (rural territory councils) or municipality councils which are legal successors of the relevant local government city or municipality councils (rural territory councils), local government authorities, finances, property and obligations shall, prior to the liquidation, agree regarding the conditions thereof.

[11 June 2009]

21. A liquidation commission of a local government regulator shall, until 31 December 2009, ensure that the audited report for 2009 of the relevant local government regulator and the closing balance sheet of the activities of the institution as on 31 October 2009 are developed and submitted to the relevant local government city or municipality council (rural territory council). A chairperson and a chief accountant of the local government regulator shall be authorised to sign the audited report for 2009 of the relevant local government regulator and the closing balance sheet of the activities of the institution until 31 December 2009.

[11 June 2009]

22. The activities of the liquidation commission of a local government regulator shall be financed from the budget of the relevant local government regulator. The State duty for 2009 regarding the regulation of public utilities in the local government regulated sectors shall be paid in full amount into the budget of the relevant local government and assigned to the account of the local government regulator.

[11 June 2009]

23. The Cabinet shall, until 1 September 2009 in accordance with the provisions of Section 9, Paragraph one, Clauses 10 and 11 of this Law, submit to the *Saeima* relevant amendments to the Energy Law and law On Safety of Hydrotechnical Structures of Hydroelectric Power Stations.

[11 June 2009]

24. Deletion of Section 9, Paragraph one, Clauses 10 and 11 of this Law shall come into force on 1 July 2012.

[14 July 2011]

25. The Regulator shall examine the disputes whose examination has been initiated until the time when the amendments to Sections 32-35 of this Law came into force and take a decision in the matter regarding the settling of the dispute in accordance with the procedures laid down in this Law which were in force until the time when amendments to Sections 32-35 of this Law came into force. A decision of the Regulator in the matter regarding the settling of the dispute which has been initiated until the time when the amendments to Sections 32-35 of this Law came into force may be appealed to the Regional Administrative Court. The Regional Administrative Court shall examine the case as a court of first instance in the composition of three judges. A judgement of the court may be appealed by submitting appeal in cassation.

[14 July 2011]

26. New wording of Chapter VII, Examination of Disputes, of this Law shall come into force concurrently with the relevant amendments to the Civil Procedure Law.

[14 July 2011]

27. If the State duty paid until 1 January 2018 exceeds the costs necessary to ensure the activities of the Regulator in 2017, the amount that exceeds the costs necessary for ensuring the activities of the Regulator shall, in 2018, be transferred to the stocks referred to in Section 31, Paragraph seven of this Law and used for ensuring the activities of the Regulator in the subsequent periods in accordance with the budget of the Regulator approved by the law on the State budget.

[22 November 2017]

28. Amendments to this Law in respect of supplementing Section 7, Paragraph three, deletion of Section 10,

Paragraph four and Section 18.<sup>1</sup>, Paragraph seven, Clause 4 and also Chapter IX shall come into force concurrently with the Law on Administrative Liability.

[30 January 2020]

29. Section 2, Paragraph two, Clause 7 of this Law shall come into force on 1 July 2020.

[30 January 2020]

30. The Cabinet shall issue amendments to Cabinet Regulation No. 1227 of 27 October 2009, Regulations Regarding Types of Regulated Public Utilities, by 31 March 2020, prescribing the type of service which is required to be regulated in the field of deposit packaging management.

[30 January 2020]

31. For the purpose of introducing appropriate rotation of the Chairperson and members of the Council:

1) the powers of the Chairperson and members of the Council appointed to office by the *Saeima* in 2016, regardless of the term of office specified in the authorisation, shall be valid until 1 July 2021;

2) in 2021, the *Saeima*, upon recommendation of the Cabinet, shall appoint to office as follows:

a) the Chairperson - for seven years;

b) two members of the Council - for six years;

c) two members of the Council - for five years.

[13 February 2020]

32. The Cabinet shall issue the regulations provided for in Section 7, Paragraph 4.<sup>2</sup> of this Law by 1 July 2020. Cabinet Regulation No. 59 of 6 February 2001, Competition Regulations for Candidates to the Office of the Officials of the Public Utilities Commission, shall be applicable by the date of coming into force thereof, insofar as it is not in contradiction to this Law.

[13 February 2020]

## Informative Reference to European Union Directives

[14 July 2011]

This Law contains legal norms arising from:

1) Directive 2009/72/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in electricity and repealing Directive 2003/54/EC (Text with EEA relevance);

2) Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC (Text with EEA relevance);

3) Directive 2009/136/EC of the European Parliament and of the Council of 25 November 2009 amending Directive 2002/22/EC on universal service and users' rights relating to electronic communications networks and services, Directive 2002/58/EC concerning the processing of personal data and the protection of privacy in the electronic communications sector and Regulation (EC) No 2006/2004 on cooperation between national authorities responsible for the enforcement of consumer protection laws (Text with EEA relevance);

4) Directive 2009/140/EC of the European Parliament and of the Council of 25 November 2009 amending Directives 2002/21/EC on a common regulatory framework for electronic communications networks and services, 2002/19/EC on access to, and interconnection of, electronic communications networks and associated facilities, and 2002/20/EC on the authorisation of electronic communications networks and services (Text with EEA relevance);

5) Directive 2002/21/EC of the European Parliament and of the Council of 7 March 2002 on a common regulatory framework for electronic communications networks and services (Framework Directive).

This Law shall come into force on 1 June 2001 but Section 7, Paragraph four and Sections 37 and 38 on 1 March 2001.

This Law has been adopted by the *Saeima* on 19 October 2000.

President V. Vīķe-Freiberga



Rīga, 7 November 2000

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<sup>1</sup> The Parliament of the Republic of Latvia

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