



PUBLIC
UTILITIES
COMMISSION
OF LATVIA

ANNUAL REPORT

2023



SATURS

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A MESSAGE FROM THE CHAIR



Alda Ozola,
Chair of the PUC

Thoughtful and well-judged action with a view to the future is especially important at times when the world finds itself confronted by inevitable changes. In 2023, the Public Utilities Commission (PUC) made several important decisions based on the need to facilitate changes in a number of realms that are of major importance to the national economy and the population as a whole. The PUC continued to oversee public utilities enterprises, ensuring the successful functioning of the market and fair competition in the interests of users, as well as undertaking new functions, confirming the essential role of regulation in socioeconomic processes.

Last year, the tense geopolitical situation and resultant economic fluctuations significantly affected the costs of regulated services, as a result of which the PUC had to make difficult but necessary decisions, in addition to joining policy makers in finding the most favorable solutions for the public.

Reflecting the awareness that only an informed citizen can make the most favorable, knowledge-based decisions, in 2023, the PUC placed significant emphasis on educating the public, explaining the decision-making process related to regulation through the media, as well as preparing a number of manuals that make the process of choosing a public service provider simpler and easier for households. In particular, this was necessary, in light of the increase in general costs caused by high inflation, as well as the fluctuating prices of energy resources, which significantly increased the price of several public services, and the impact was also felt in the costs of heat supply and water management services. Due to the fact that the natural gas market was fully opened from May 1, all households had to choose the most suitable commercial offer for them. PUC tirelessly explained the aspects to take into consideration when selecting a natural gas supplier. We also continued to educate the public about way in which to reduce household electricity bills.

The PUC is an independent institution, and its decisions can be appealed in court. We were pleased that at the end of several important legal proceedings, the judgments went in our favor. This confirms the validity of the PUC's decisions even in those cases where they may seem inappropriate to some section of society. In the middle of 2023, by approving new tariffs for the services of electricity distribution and transmission system operators, household expenses for these services also increased, which caused widespread and negative resonance within society. In cooperation with policy makers, the PUC creates complex solutions to reduce the impact of tariffs on households, including by making amendments to the tariff calculation methodologies, which allow future tariffs to be reviewed faster, in accordance with the current economic forecasts of the most important macroeconomic indicators. Opportunities were also found in the state budget to provide fixed-term support to households.

With the principles of sustainable operation in mind, for the fourth year in a row, the PUC participated in the Sustainability Index assessment conducted by the Institute of Corporate Responsibility and Sustainability, winning the high gold category for the second year in a row. In July, PUC joined the Mission Zero initiative, stressing that a safe working environment, employee health, safety and well-being in general form a responsible and

sustainable society. In November, for the first time ever, as an employer open to diversity the PUC took part in and won a bronze medal in the Strength in Diversity evaluation organized by the Society Integration Foundation in recognition of its positive work in introducing the principles of diversity and its determination in creating an inclusive working environment on the road to excellence.

In its work, the PUC continues to implement the PUC's operational strategy for 2022-2026, whose main goals for the corresponding five year period are responsible and targeted regulatory practices, a sustainable and efficient market and infrastructure, as well as high user literacy to empower users to exercise their rights effectively and derive the maximum benefit from the market. During the first two years since its entry into force, the full or partial fulfillment of the operational goals of the strategy has already reached 40%. In order to examine the progress of its implementation, PUC Advisory Council meetings were also convened four times in 2023.

The PUC is an independent organization and by law must undergo an independent performance evaluation every three years. Therefore, last year the Organisation for Economic Co-operation and Development (OECD) started the third **evaluation of the development** of the PUC development, the recommendations of which will be a tool for developing and implementing PUC's further development plans.

PUC actively continued **international cooperation**, participating in over 250 working meetings, plenary sessions, forums, regional and high-level meetings of 25 international organizations and regional groups in 2023. Our work was appreciated accordingly – PUC representatives continued to hold important positions in several organizations. I continued to fulfill the duties of Vice-President of the Council of European Energy Regulators (CEER) and Member of the Presidium of the Energy Regulators Regional Association (ERRA), including representing both of these organizations at the World Forum on Energy Regulation. Our experts held the position of the Head of the CEER Work Program Development Committee, Vice-Chair of the ERRA Natural Gas Markets and Economic Regulation Committee, as well as fulfilling the duties of a member of the Finance Committee. PUC representatives also actively worked in international working groups of sector regulators, providing important opinions for further development of regulatory practice.

When weighing up last year in terms of regulated sectors, it should be stressed that each of them faced certain challenges. In the **energy sector**, even though the prices of energy resources began to stabilize after Russia's full-scale invasion of Ukraine in 2022, total costs increased, which was also reflected in public service bills. Therefore, the PUC's task was to carefully evaluate the submitted tariff projects and the issues related to them, which is why we made amendments to several tariff calculation methodologies. In 2023, we approved a 10-year development plan for both natural gas distribution and transmission system operators and electricity distribution and transmission system operators, ensuring that their activities are focused on energy security in the Baltic region.

Last year, in the **electronic communications** sector, special attention was paid to the evaluation of the European Union (EU) regulatory acts adopted in 2022 in order to implement them in Latvia. The monitoring of the limited national resource – the radio frequency spectrum – continued, the rights to use limited radio frequency bands were redistributed, as part of the process of which the PUC held an auction, as a result of which EUR 550,000 was deposited into the Latvian state budget. The PUC continued to promote

the provision of high-quality electronic communications to citizens, including the collection of data on Internet availability in Latvia and the monitoring of electronic communications companies in connection with the terms of service contract, as well as working diligently to combat numbering fraud. Voice communication quality measurements also continued, and last year over 160,000 measurements were conducted in mobile and fixed networks. Our experts continued to keep track of how the **postal sector** is developing and changing, where parcel lockers are playing an increasingly dominant role over conventional postal services. We are sure that changes will also be necessary in the regulation of the universal postal service, which is one of the jobs for 2025.

Since significant changes were made to the methodology for calculating tariffs for **water management sector** services back in 2022, last year a growing number of companies took the opportunity to submit self-determined tariff calculations, where only electricity costs changed. Considering the industry's proposals and the needs identified within the regulation of companies, we also approved new amendments to the methodology last year. With the improvement of the legal framework, the PUC assumed new essential functions for the full supervision of regulated services last year. The PUC was also actively involved in the improvement of the regulatory framework of the **waste management sector** and adaptation to the amendments to the Law on Waste Management. Meanwhile, in the **deposit packaging management sector**, for the first time the PUC evaluated the deposit system membership fee project for seven different types of packaging, which was previously determined based on preliminary forecasts.

Regulated sectors have a significant role to play in regard to various economic and national economic processes, and in 2024 they also expect inevitable changes and challenges. In recognition of its role as an independent institution, the PUC will continue to perform its duties with a high sense of responsibility, fulfilling its mission to reliably balance the interests of users and companies, promoting efficient and economically sound provision of public services and fair competition in regulated sectors.

Yours sincerely,
ALDA OZOLA,
Chair of the PUC





TERMS AND ABBREVIATIONS

ACER – Agency for the Cooperation of Energy Regulators
AS – Joint Stock Company
AST – AS Augstsprieguma tīkls
BEREC – Body of European Regulators for Electronic Communications
CBG – AS Conexus Baltic Grid
CEER – Council of European Energy Regulators
CSB – Central Statistical Bureau
DIO – SIA Depozīta Iepakojuma Operators
DSO – deposit system operator
NRT – Natural Resources Tax
EC – European Commission
ERGP – The European Regulators Group for Postal Services
EU – European Union
ECC – The Electronic Communications Committee
HHI – Herfindahl–Hirschman Index
GDP – gross domestic product
IRG – Independent Regulators Group
km – kilometers
KPI – key performance indicator
LMT – Latvijas Mobilais Telefons SIA
M2M (Machine-to-machine) – sending and receiving real time information between hardware that is connected to the internet
MHz – megahertz

min – minute
MWh – megawatt hour
NARUC – National Association of Regulatory Utility Commissioners
No – number
OECD – Organisation for Economic Co-operation and Development
POLQA – Perceptual Objective Listening Quality Analysis
VAT – value added tax
SAIDI – System Average Interruption Duration Index
SAIFI – System Average Interruption Frequency Index
SIA – Limited Liability Company
PUC – The Public Utilities Commission
ST – AS Sadales tīkls
t – ton
TTF – Title Transfer Facility – natural gas exchange in the Netherlands
UPS – universal postal service
VoLTE – voice over Long-Term Evolution – voice communications service, providing outstanding quality of voice communications and a fast connection
WAREG – Association of European Water Regulators
5G – fifth generation mobile communications technology



ABOUT THE PUC

The Public Utilities Commission is an independent state institution that monitors the activities of public service providers (regulated companies) and the quality of the services they provide, evaluating and approving various tariffs, as well as overseeing the development of the market. The PUC takes care to ensure that members of the public have the opportunity to receive continuous, safe and high-quality public services at an economically reasonable price, while businesses have the opportunity to develop their operations under conditions of fair competition.

PUC is also a member of over 20 international organizations, participating in making important decisions internationally, including consolidating Latvia's position in important issues of regulated sectors.

The activities of public service providers are monitored in **eight** public service sectors – natural gas, electricity, district heating, water management, electronic communications, postal services, packaging deposit and municipal waste disposal.

Promoting the well-being of public service users in changing market conditions, as well as the impact of the European Green Deal and digitization on the development of regulated sectors are among the most important challenges. Accordingly, the PUC is guided in its work by the operational strategy for 2022-2026, which was approved in 2022.

It emphasizes **professionalism, cooperation, responsibility and development** as core values.

The **strategic goals** set in this PUC's operational cycle are high user literacy to empower users to use their rights effectively and derive the maximum benefit from the market, sustainable and efficient market and infrastructure, responsible and targeted regulatory practice.

For each goal, the three most important tasks are set, as well as certain performance indicators, which enable evaluation of the fulfilment of the overall goals and the impact of the operations on the market.

VISION

Every resident and company is entitled to public services that contribute to their welfare, and service providers evolve in an efficient, sustainable and reliable market.

MISSION

To ensure high-quality public services at economically reasonable prices, promoting efficient provision of services and competition in the regulated sectors.

The operation of the PUC is financed from the revenue of the state fee for the regulation of public services. All public service providers in the regulated sectors pay the state fee to provide for the operation of the PUC.

ESTABLISHMENT
YEAR OF THE
AUTHORITY

2001

TOTAL NO.
OF EMPLOYEES

114

BUDGET

6.4 mil. EUR

Actual
revenue

6.2 mil. EUR

Actual
expenditures



THE PUC'S TEAM

DECISION-MAKING AUTHORITY

The Board is the decision-making body of the PUC and includes the Chair and four Board members. The Chair and each Board member have a subordinate consultative employee –an advisor who performs the function of an advisor on matters related to the regulated sectors.

The Chair and Board members are appointed for a term of office that is no shorter than five and no longer than seven years, thus ensuring adequate rotation. A Board member, including the Chair, can be reappointed only once.

The Board adopts decisions by voting. A decision is adopted if at least three Board members vote for it. Applicants for the positions of the Chair and Board members are selected by the Cabinet of Ministers in an open competition, but are appointed by the Saeima (Parliament).



Alda Ozola, Chair of the Board

Chair of the PUC Board from 2021. Previously, since 2013, she performed the duties of the Deputy State Secretary of the Ministry of Environmental Protection and Regional Development. She has also served as a board member of the state AS Vides investīciju fonds and the port of Mērsrags. Before that, she was the head of several non-governmental environmental organizations in Latvia, and also worked internationally.

Term of office: until July 1, 2028.



Intars Birziņš, Commissioner

The PUC Commissioner for the second term. From January 28 to July 1, 2021, he was the acting Chairman of the PUC. Before taking up duties at the PUC, he worked for the Competition Council, managing the work of the Analytical Department for many years. He also worked for the State Revenue Service.

Term of office: until July 1, 2027.



Imants Mantiņš, Commissioner

The PUC Commissioner for the second term. He previously provided consultations on business management and investment issues. He was a member of the board of the state AS Latvijas Pasts. He was a member of the council of the state AS Latvijas gaisa satiksme and the municipal SIA Rīgas satiksme, as well as fulfilled the duties of both the board and the council member of the state AS Privatizācijas aģentūra.

Term of office: until July 1, 2026.



Rota Šņuka, Commissioner

The PUC Commissioner for the second term. Previously, she worked for many years in the Ministry of Economics with matters of energy, European Union affairs and international relations. She gained extensive experience by participating in various EU-funded and international projects.

Term of office: until July 1, 2027.



Anna Upena, Commissioner

The PUC Commissioner for the first term. Prior to that, she mainly worked at the Ministry of Economics and was an advisor at the Permanent Representation of the Republic of Latvia in the EU. She chaired Latvia's presidency of the EU Council in Brussels on the matters of economic development. She was the deputy head of the association Latvijas būvuzņēmēju partnerība.

Term of office: until July 1, 2026.

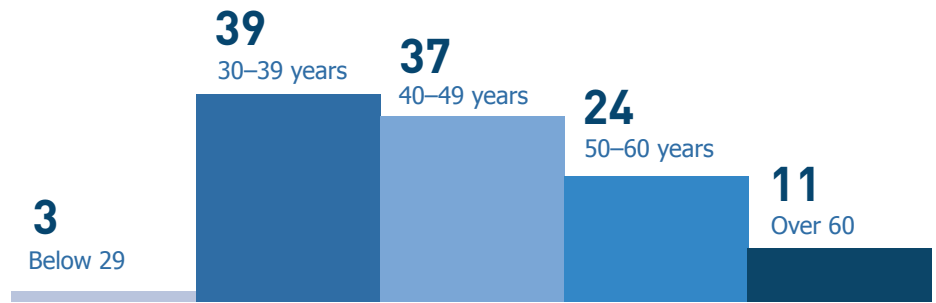
EXECUTIVE BODY

The executive body is subordinated to the Board and performs the functions of the Board's secretariat and experts, preparing documents for consideration at the Board meetings; it also implements the decisions adopted by the Board and the issued administrative acts.

The executive body consists of the executive director, six departments, including corresponding structural units for each regulated sector. PUC employees are high-level experts in their field, who continuously improve their knowledge by means of individual training and courses in Latvia and internationally, as well as in the exchange of daily experience with various institutions.

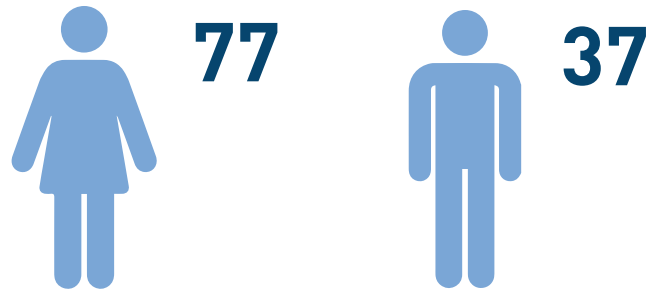
As of December 31, 2023, the PUC had **114** employees. Over the course of the year, the team has been joined by **17** employees, while **13** have embarked on new professional challenges.

AGE*



*Average age: ~47

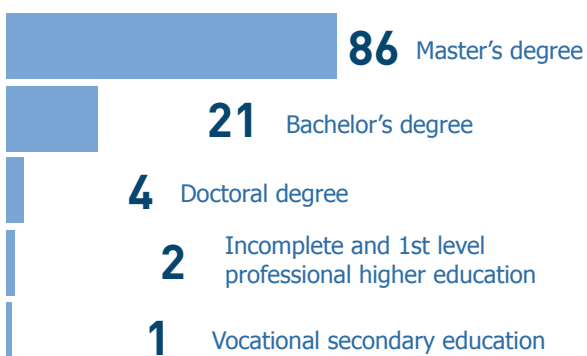
GENDER



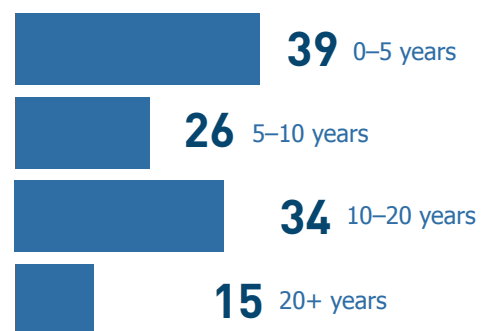
DISTRIBUTION OF TRADES



EDUCATION LEVEL



EMPLOYMENT DURATION AT PUC





THE PUC'S KEY PERFORMANCE INDICATORS

THE PUC'S KEY PERFORMANCE INDICATORS 2023

NUMBER OF REGULATED SECTOR

8



REGISTER OF COMPANIES

522

Total (December 31, 2023)

+ 73 New

- 82 Excluded



52 Board meetings

MEETINGS

4 Advisory Council meetings



11 824 Documents received

RECORD KEEPING

474 Applications by individuals

164 Decisions adopted

LEGAL FRAMEWORK



13 Issued external regulatory acts*

*One regulatory enactment can apply to several sectors



14 Public consultations

LICENSES

+ 6 New

- 7 Cancelled

15 Amended

OPINIONS ON ...

Cabinet of Ministers draft regulations 51

Draft laws 34

Informative reports 16

Cabinet of Ministers draft orders 8

National positions 2

Instructions 2

Draft Cabinet of Ministers' letters 2

SOLVING PROBLEM SITUATIONS



228 Complaints



1 Disputes heard



85 Heard cases of administrative violations

12 Heard cases of non-compliance with requirements

APPROVED TARIFFS

82



Tariffs with full cost evaluation

220



Tariffs set by companies themselves

13



Tariff setting procedures issued and approved

ALLOCATION OF SCARCE RESOURCES



3 Number of companies that have been granted the right to use frequencies



1 Frequency auction

Allocated numbers



5 thou.



37.9 thou.

Cancelled numbers

20 thou.

141.9 thou.

INSPECTIONS AND MEASUREMENTS

INSPECTED FACILITIES THROUGH OPERATIONAL COMPLIANCE CHECKS OF COMPANIES' FACILITIES



55



49



42

VOLTAGE AND POWER SUPPLY QUALITY MEASUREMENTS



46

NO. OF VOICE COMMUNICATIONS SERVICE MEASUREMENTS



In the fixed network
>50 000



On mobile networks
>116 000

INTERNATIONAL COOPERATION

28

Total number of memoranda



242

Participation and expression of opinion in working groups and sub-groups, plenary sessions, forums and high-level meetings

25

Participation in international organizations and regional groups



PUBLIC SERVICE SECTORS IN THE LATVIAN ECONOMY



Edmunds Rudzītis,
Director of Economic
Analysis Department

The growth and trends of the sectors regulated by the PUC develop along with the general trends of the national economy. Companies whose activities are regulated by the PUC represent the sectors of electricity, gas, district heating, water management, electronic communications, postal services, and waste management in which the PUC regulates only one part – the disposal of municipal waste in landfills, as well as the deposit packaging management sector in which the PUC evaluates the setting of a deposit system participation fee and its justification.

In each sector, the proportion of regulated services varies, therefore the published statistical data on the overall performance of the sectors does not always reflect the operating trends of specific regulated companies.

This review will provide a brief overview of the sectors regulated by the PUC in the context of the national economy. It should be emphasized that the 2023 data on the turnover of the regulated sectors will be available to the PUC in 2025.

This is common practice, taking into account the practical aspects of preparing financial statements of regulated companies and their alignment with the planning calendar of the national budget. Therefore, detailed information is provided below regarding the 2022 data of businesses regulated by the PUC, while the information provided by the Central Statistical Bureau (CSB) is for 2023.

GROSS DOMESTIC PRODUCT

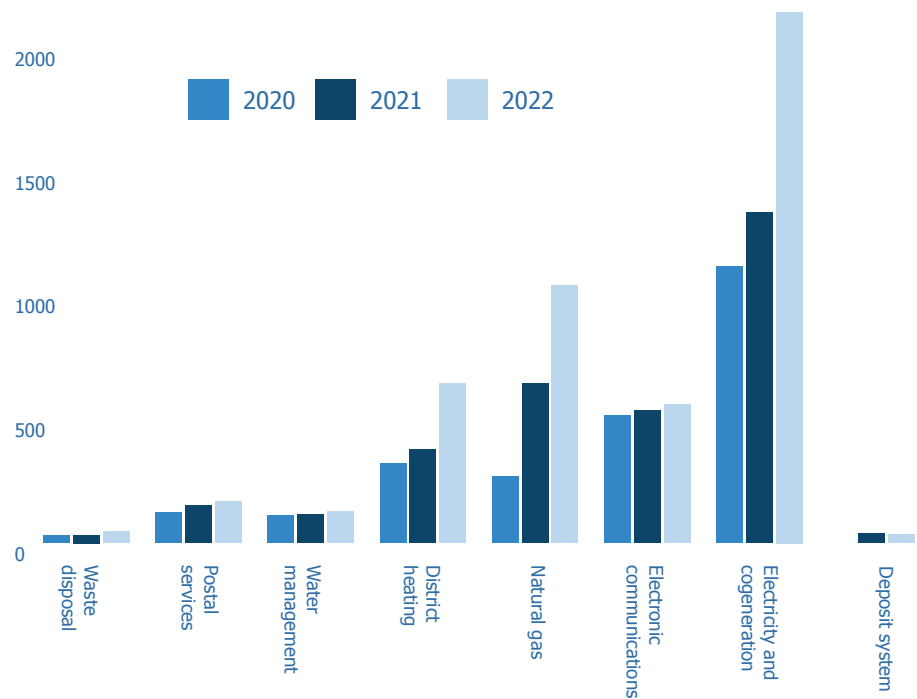
According to the data of the CSB, Gross Domestic Product (GDP) fell by 0.3% in 2023, compared with the previous year. Last year, GDP in current prices reached EUR 40.3 billion. This economic stagnation is mainly attributable to the great uncertainty in the main export markets, with a decline in exports of goods and services, while high inflation and rising interest rates in the financial market limited domestic demand.

The turnover of regulated companies in 2022 was approximately 12% of GDP, which is a significant part of the national economy.

TURNOVER OF REGULATED SECTORS

The net turnover of regulated services, calculated from data provided by regulated companies, was EUR 4,771 million in 2022, which is 48.3% up on in 2021. This increase was mainly determined by the rise in the prices of energy resources – natural gas, electricity and fuel – on the world market, which was affected by the war in Ukraine. Turnover in the waste management sector rose by 46.4%, which is related to a rise in the annual natural resource tax rate for waste disposal, and the rise in the tariffs of SIA Getliņi EKO after the commencement of the use of biologically degradable waste recycling equipment.

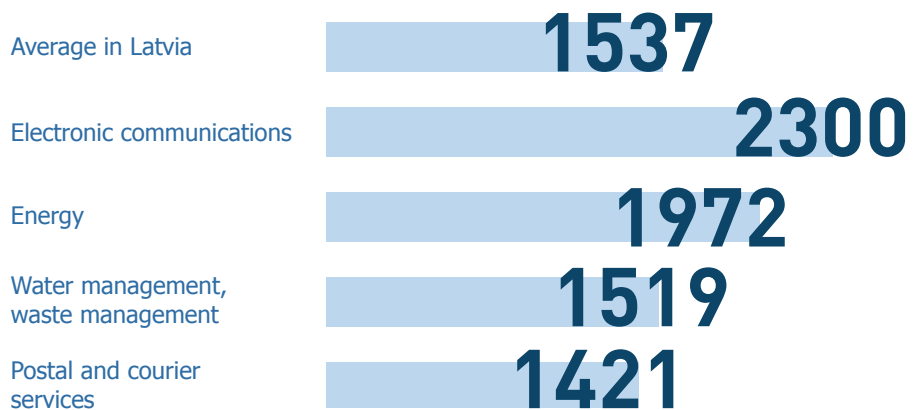
FEE-BASED REVENUE FROM REGULATED SERVICES BY SECTOR (MILLION EUR)



REMUNERATION IN THE REGULATED SECTORS

The high inflation of recent years, the decline in the size of the working age population and the convergence of income with the average level of the European Union countries continued to drive the increase in wages in Latvia and dictated the rapid increase in wages in 2023. The increase in wages in 2023 exceeded the growth rate of consumer prices, which indicates an improvement in the purchasing power of the population compared to 2022. It is expected that wage growth will continue at a more moderate pace in the coming years – both in connection with the increase of the minimum wage from January 1, 2024, and with the labor shortage in the medium term.

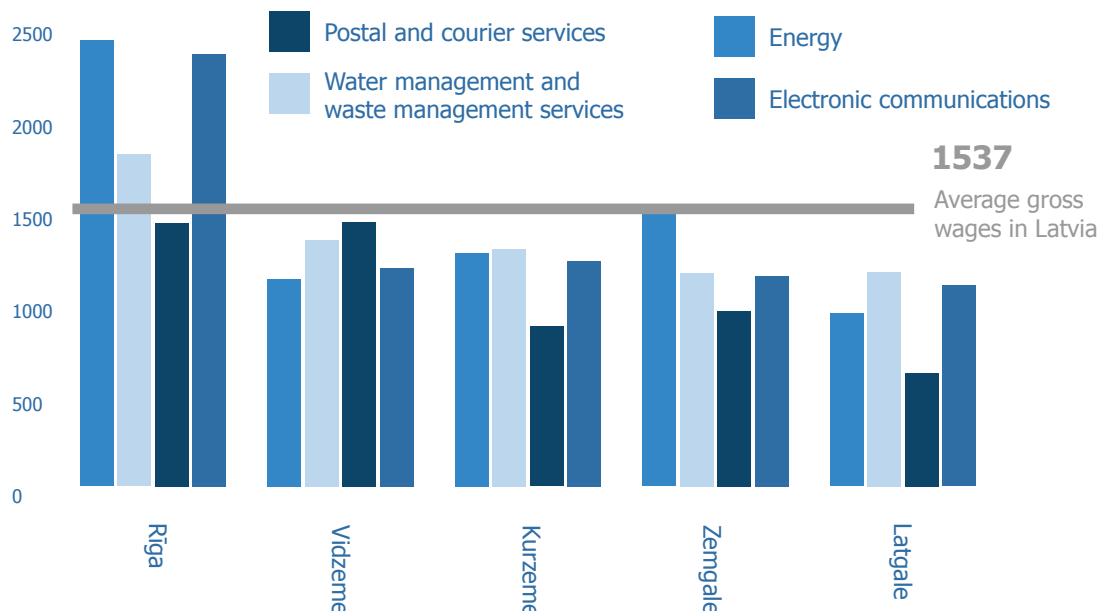
AVERAGE MONTHLY GROSS WAGES IN PUBLIC SERVICE SECTORS IN 2023 (EUR)



According to CSB data, the average wage in Latvia increased by 12% in 2023 compared to 2022. The increase in wages was observed in every sector regulated by the PUC.

Remuneration in public service sectors varies in Latvia's statistical regions – in Kurzeme, Latgale, Pierīga, Rīga, Vidzeme and Zemgale. For example, Latgale still has the lowest wages in the energy, electronic communications, postal and courier sectors. In turn, in the water management and waste management sectors, the lowest remuneration is in Zemgale. According to the available CSB data on the postal and courier sector, Vidzeme still has the highest monthly average gross salary compared to the average salary in the relevant sector in the country and other regions of Latvia.

AVERAGE MONTHLY GROSS WAGES IN PUBLIC SERVICE SECTORS IN STATISTICAL REGIONS IN 2023 (EUR)



IMPACT OF REGULATED PRICES ON INFLATION

According to CSB data, in 2023, services with regulated prices made up 11.5% of all household expenditures (goods and services in the consumer price index basket). The table below includes both public services regulated by the PUC and other regulated services which are not supervised by the PUC. It should be noted that since the opening of the market for households in the energy sector, the prices of natural gas and electricity are no longer included in the CSB administratively monitored and regulated price index.

ADMINISTRATIVELY REGULATED PRICES AND CONSUMER PRICE INDEX IN 2023

	Share in expenditures of residents	Price increase (2023 XII vs 2022 XII)	Inflation component (percentage points)
Public services regulated by the PUC*	7.98%	-14.38%	-1.15
Other regulated services (compensated medication, patient's fee, passport issuance fee, car parking, notary services, passenger transport, pre-school education, etc.)	3.52%	6.47%	0.23
Public services regulated by the PUC and other regulated services, total	11.50%	-8.88%	-0.92
Consumer Price Index (inflation), total	100%	0.60%	0.60

* As a result of the full opening of the natural gas market in 2023, CSB no longer includes natural gas prices in the administratively overseen and regulated price index (just like electricity prices)

Last year, compared to 2022, consumer prices rose by 0.6%, while administratively regulated prices fell by 8.9%, which was facilitated by a 14.4% fall in the prices of public services in the sectors regulated by the PUC. This slowdown in the tempo of rising prices is largely attributable to a reduction in energy prices on global markets, which in turn reduced the inflationary pressure of the prices of other goods and services.

Among the services of industries supervised by the PUC, the most significant price reduction was for natural gas – by 27.1%, heat energy – by 19.7%, electricity – by 12.2%, sewerage services – by 11.6% and water supply – by 3.1%. In turn, a price increase was observed for waste management services – by 14.0% and postal services – by 14.0%.

MARKET CONCENTRATION LEVEL (HHI INDICES)

The market concentration level characterizes both the options of users to choose a service provider and the mutual competition among service providers or market power. If the Herfindahl–Hirschman Index (HHI) value is smaller than 0.18, but larger than 0.1, such a market may be regarded as moderately concentrated. The HHI value above 0.18 indicates that the market is concentrated.

The markets of electronic communications and postal services in 2022 can be assessed as moderately concentrated. The level of market concentration in natural gas trade fell significantly in 2022 as a result of individual large wholesale transactions, however, this market is still considered to be concentrated. The electricity trade market is still considered to be concentrated.

Sector	2018	2019	2020	2021	2022
Electronic communications	0.168	0.168	0.173	0.176	0.177
Postal services	0.232	0.183	0.163	0.134	0.126
Electricity trade	0.406*	0.375	0.275	0.265	0.280
Natural gas trade	0.767	0.594	0.424	0.554	0.250

* The HHI calculation for 2018 and 2019 has been clarified by making a correction for the electricity wholesale revenue share of AS Latvenergo.

SUMMARY

During the second half of last year, inflation fell, which was determined by the fall in energy prices on global markets. The prices of energy resources also decreased in Latvia, which in turn affected the prices of other goods and services, including regulated services. Therefore, the year 2023 also demonstrated the significant impact of the regulated sectors in the context of the national economy.



OVERVIEW OF THE ENERGY SECTOR



Jānis Negribs,
Director of Energy
Department

After the market turmoil in 2022 resulting from Russia's invasion of Ukraine, in 2023 tensions in the energy sector eased as energy prices fell. The mid- and long-term restructuring that started in 2022 continued in the sector, including the strengthening of infrastructure to ensure a stable and continuous energy system. At the same time, the rapid price changes and inflation that started in 2022, affecting the development of the world economy, also impacted other costs included in the tariffs of regulated companies, which are not directly related to buying energy resources.

In the supply of electricity and natural gas, the previous leap in electricity and natural gas prices accumulated in unexpected energy purchase costs to cover technical losses, while the consumption of natural gas decreased, which led to an increase in service tariffs in 2023. Meanwhile, in heat supply, where the impact of fuel prices immediately affected tariffs in 2022, the situation was the opposite – energy resource prices normalized, and service tariffs started to fall in 2023.

NATURAL GAS

In the natural gas sector, the year started with the price of natural gas on the Dutch Title Transfer Facility (TTF) exchange being nearly twice as low compared to the second half of 2022 – in January 2023 it had fallen to an average of 64 EUR/MWh, and in the summer – even to an average of 30 EUR/MWh. Traders mostly buy natural gas according to the TTF exchange price, and therefore users in Latvia are also affected by changes on the exchange.

The decrease in natural gas prices was largely determined by the high filling level of European gas storages. The Inčukalns underground gas storage under the management of AS Conexus Baltic Grid (CBG) plays a strategically important role in promoting energy supply security in Latvia and the region. In February, the PUC found the natural gas storage system service tariff values calculated by CBG to be justified. Thanks to the regulation of the Inčukalns underground gas storage, which is adapted to the changing natural gas market conditions, from May 1, 2023 to April 30, 2024, the service tariffs of the natural gas storage system for four types of products are set to be much lower. Except for individual products, this tariff level will remain in place until 30 April 2025.

The full opening of the natural gas market from May 1 was essential for household users. Although the market was already open from 2017, right up to May 2023 households still had the option to buy natural gas at a regulated tariff as captive consumers or at the market price. Since May 2023, there are no more captive consumers and household users have the option to choose between offers from several companies. According to PUC data, 7.6% of households changed their natural gas trader during the reporting year, which is approximately ten times more compared to 2022.

In July, the PUC approved a new version of the developed methodology for calculating tariffs for the natural gas transmission system service which had been the subject of public

consultation, and in August – the PUC ratified amendments to the methodology for calculating natural gas distribution system service tariffs. Thanks to the changes in both methodologies, the requirements of all energy system service tariff calculation methodologies have been adjusted, ensuring the adaptation of system operators to the previously unprecedented price dynamics in the energy resources market, while at the same time avoiding possible very fast increases in natural gas transmission and distribution system service tariffs.

Accordingly, in October, the PUC approved the evaluated natural gas transmission system service tariffs, which took effect in early December. The main reasons for the rise in the transmission tariff are the drop in natural gas consumption, as well as the predicted decrease in consumption in future. According to the calculations presented by the system operator, the impact on residents' bills is quite negligible – around 1%. The tariff values may be revised in accordance with the permission granted by the regulator CBG to set the tariffs from October 1, 2025. The regulatory period is set until September 30, 2026, at the end of which a new tariff project must be submitted to the PUC for evaluation. In light of the full evaluation of the tariff project, deviations of revenues and expenses of the previous regulatory period according to the methodology are included in the tariff calculation, therefore the indicators of the previous period do not have an impact on the next regulatory period.

In turn, in December, the tariff values of the natural gas distribution system service calculated by AS Gaso, which entered into force at the beginning of 2024, were recognized as justified. With the entry into force of the new tariffs, the distribution system service tariffs for residents rose, but due to the changes in the price of natural gas on the stock exchange, the bills for natural gas are generally lower than a year ago. According to the current PUC decision, the revision of AS Gaso's tariff values due to changes in some of the items included in the tariff calculation is possible on January 1, 2025, while the full revision of the tariff calculation is expected on January 1, 2026. The balance of the regulatory invoice at the end of 2023 was negative due to a significant decrease in natural gas consumption by end users. Considering that the tariff values calculated for 2024 include only a part of the balance of the negative regulatory invoice, the uncompensated part of the balance of the account can be diverted to the calculation of the tariff values for 2025. Accordingly, it is anticipated that from January 1, 2025, the service tariffs of AS Gaso's natural gas distribution system will increase.

The requirements and procedures established by the PUC stipulate that the investment projects planned by the system operators must be clearly linked to the interests of public service users, therefore the natural gas transmission and distribution system operator must submit a 10-year development plan for evaluation by the PUC. The PUC held a public hearing regarding the received plans, evaluated the received proposals and approved both development plans at the end of the year. AS Gaso's natural gas distribution system development plan from 2024 to 2033 provides that the planned amount of investment in capital investment target programs in the next 10 years is EUR 105.34 million, while CBG's natural gas transmission system development plan envisages investments in the amount of EUR 121.14 million.

ELECTRICITY

On the electricity trade exchange Nord Pool, the monthly average prices of electricity normalized, falling in January compared to December 2022 by over two and a half times –

to 99.74 EUR/MWh, in April – even to 65.89 EUR/MWh. However, they did not return to the level of 2021, when they were significantly lower. At the same time, in the summer of 2023, the prices also show the effect of increasing solar generation – in sunny weather, the price of electricity on the stock exchange drops.

In January, the PUC's evaluated and approved capacity reservation charge came into force for electricity producers, who plan to connect a new power generation facility with a capacity greater than 50 kW. The capacity reservation charge of 21.63 EUR/kW was introduced to prevent situations where producers reserve network capacity for a long time without taking actual steps to build a connection, whereas other developers cannot implement their projects due to a lack of system capacity.

In May, after careful evaluation, the PUC, approved the service tariffs of the electricity transmission system operator AS Augstsprieguma tīkls (AST) and the electricity distribution system operator AS Sadales tīkls (ST), which came into force on July 1. The AST and ST tariff projects were submitted due to a major increase in the costs related to the provision of the respective services, which was determined both by the increase in electricity prices, when buying electricity to cover technological losses, and by the increase in several other costs. There were also changes in the tariff structure of ST related to the division of tariffs for households and legal users, assuming that both groups of users pay the same tariff for connection of the same capacity. At the same time, the tariff structure was brought closer into line with the cost structure, due to which the share of allowed revenues covered by the fixed part of the tariff increased. As household payments for electricity distribution system services increased, the new tariffs created a negative resonance. PUC actively sought to explain the issues related to tariff changes to the public, as well as joined the government and system operators in looking for solutions to reduce the impact of tariffs on households. The solutions were complex, opportunities were found in the state budget for term support for household users. At the same time, the PUC made amendments to the methodology for calculating tariffs for electricity transmission system services and electricity distribution system services, providing solutions for accelerated revision and reduction of tariff values, including the latest macroeconomic and electricity wholesale price forecasts.

AST and ST service tariff values were revised in December and entered into force in January 2024. The next revision of AST and ST tariff values, due to changes in some of the cost items included in the tariff calculation, is possible from January 1, 2025. In turn, a full revision of the tariff calculation is expected for AST on January 1, 2026, and for ST – on January 1, 2028. Taking into account the accelerated review of tariff values in January 2024 – the revenue/expenditure deviations predicted in the tariff did occur in practice, while the expected changes related to the macroeconomic assessment have already been included in the calculation of tariff values. Therefore, this obligation of the regulatory invoice does not affect the revision of the next tariff values in January 2025.

In light of the requirements and procedures established by the PUC, both the distribution system operator and the transmission system operator must submit a 10-year development plan to the PUC for evaluation. AST's 10-year development plan was approved by the PUC following its evaluation in October. It includes projects with a total value of EUR 509.84 million, which the transmission system operator plans to implement from 2024 to 2033. Part of the project costs are covered by EU co-financing. The PUC concluded that AST is purposefully progressing towards increasing the reliability of electricity supply in the Baltic region, making it possible to successfully continue work on the synchronization of the electricity grids of the Baltic States with the rest of Europe.

In December, the PUC approved the 10-year development plan for ST. This envisions that in the period from 2024 to 2033, the amount of capital investments in distribution system assets will reach EUR 1,320 million. According to the plan, until 2034, ST will make significant investments in the reconstruction of power lines, renovating power lines with a length of 17,000 km, as well as rebuilding 27 substations. In order to improve the quality of services, ST plans to take actions aimed at reducing the number of damage to power lines, and reducing the duration and frequency of unplanned outages.

HEATING SUPPLY

The fall in the price of energy resources, particularly the decrease in the record high price of natural gas on the stock exchange, is also a positive signal for centralized heating service end users. However, the decrease in tariffs is not always immediate, because district heating utilities tend to buy heating fuel timely for the next heating season, and the price may be fixed. In the 2022/2023 heating season, tariffs were still relatively high. Although the price of fuel in the market decreased, the changes in tariffs in Latvia were different and ended up in the bills of end users with a delay of a few months. A significant decrease in tariffs was observed at the beginning of the 2023/2024 heating season, with the average heat energy tariff continuing to drop every month. During the reporting year, the lowest district heating tariff was 51.44 EUR/MWh, while the highest was 270.12 EUR/MWh. However, extremely high tariffs exceeding the limit of 300.00 EUR/MWh were no longer observed, and whereas previously the tariff limit of 100.00 EUR/MWh was exceeded by half of the regulated companies, at the start of the 2023/2024 heating season about 20% of businesses had such tariffs.

During the reporting year, the PUC made a total of 243 decisions on district heating tariff changes, and for some utilities, they changed several times. For comparison, 171 decisions were made in 2022, and 54 decisions in 2021. The largest heat supply company is AS Rīgas Siltums, whose tariff changed three times during the reporting year – from April 1, the tariff was 165.32 EUR/MWh, from May 15 – 91.26 EUR/MWh, and from October 1 – 87.57 EUR/MWh. On the other hand, from June 1, 2024, the tariff is 82.63 EUR/MWh. The PUC is also evaluating a tariff project with a full cost evaluation, which foresees another tariff reduction, possibly by the beginning of the 2024/2025 heating season.

SUMMARY

The changes in external conditions after Russia's invasion of Ukraine have created quite a few challenges in the energy sector, connected to both the independence of energy supply and the safe, continuous operation of systems, including restructuring of infrastructure and supply chains, as well as the rapid increase in prices of energy resources and tariff issues of energy supply service providers. As Russia continues to actively wage war in Ukraine, the uncertainty of future price forecasts for energy resources remains high. However, the task of the PUC remains unchanged – to monitor the fair commercial practices of regulated companies and the determination of economically justified tariffs, to promote the development of the industry, including by coordinating its activities in accordance with the EU's common direction, as well as to inform the public about user rights and PUC work.



NATURAL GAS 2023

REGISTER OF COMPANIES



TRADERS

37

Total
(December 31, 2023)

+ 9 New

- 5 Excluded

LEGAL FRAMEWORK



5 External regulatory enactments issued



4 Public consultations

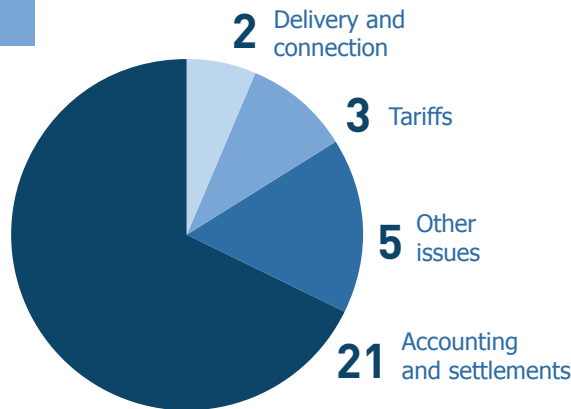
SOLVING PROBLEM SITUATIONS



31

Complaints

TYPES OF COMPLAINTS



1

Dispute instigated

TARIFFS*

*Natural gas distribution, transmission and storage tariffs



1

System operator's tariff approved with full evaluation of expenditures

2

Approved tariffs set by system operators themselves

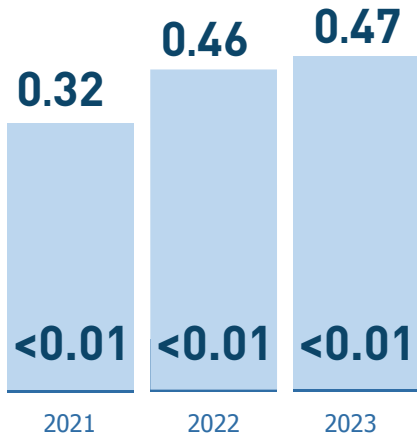
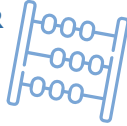


Indications on comparisons against the year 2022

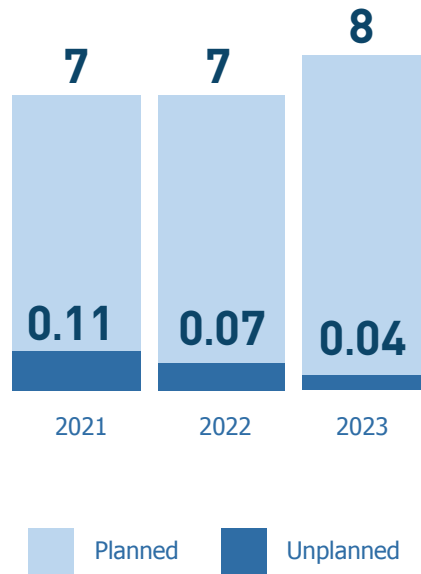
MEASUREMENTS OF SERVICE QUALITY



SAIFI: AVERAGE NUMBER OF NATURAL GAS SUPPLY INTERRUPTIONS PER CUSTOMER



SAIDI: AVERAGE DURATION (MIN) OF NATURAL GAS SUPPLY INTERRUPTIONS PER CUSTOMER



OPERATIONAL COMPLIANCE CHECKS



2 Inspected companies

0 Number of non-compliances found

42 Inspected facilities

0 Number of non-compliances eliminated



ELECTRICITY 2023

REGISTER OF COMPANIES



TRADERS

43

Total
(December 31, 2023)

+ 9 New

- 10 Excluded

AGGREGATORS

1

Total
(December 31, 2023)

+ 0 New

- 2 Excluded

PRODUCERS

73

Total
(December 31, 2023)

+ 20 New

- 6 Excluded

LEGAL FRAMEWORK



4 Issued external regulatory acts



2 Public consultations

LICENCES

+ 1 New

- 0 Cancelled

1 Amended

SOLVING PROBLEM SITUATIONS



Complaints

79 ⁺³⁵

12

Proceedings for non-compliance with requirements

TYPES OF COMPLAINTS

21 Accounting and settlements

12 Change of service provider

6 Terms of contract

6 Quality

23 Tariffs

5 Other issues

6 Delivery and connection

TARIFFS*



3 System operator's tariff approved with full evaluation of expenditures

3 Approved tariffs set by system operators themselves

*Electricity distribution and transmission tariffs



Indications on comparisons against the year 2022

OPERATIONAL COMPLIANCE CHECKS



23 Inspected companies

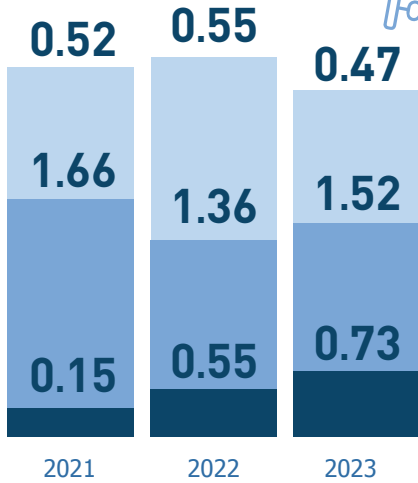
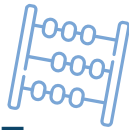
48 Number of non-compliances found

49 Inspected facilities

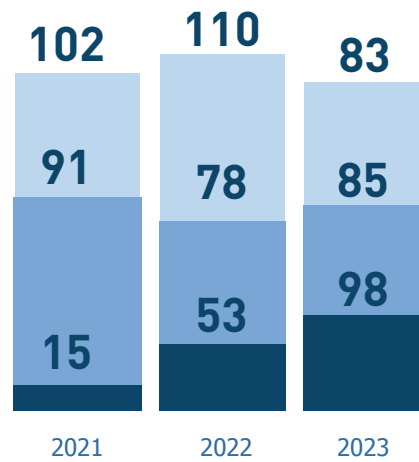
19 Number of non-compliances eliminated

MEASUREMENTS OF SERVICE QUALITY

SAIFI: AVERAGE NUMBER OF POWER OUTAGES PER CUSTOMER PER YEAR



SAIDI: AVERAGE DURATION OF POWER OUTAGES (MIN) PER CUSTOMER PER YEAR



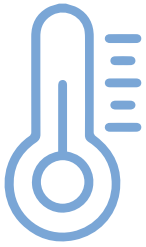
Unplanned in emergency circumstances
 Unplanned under normal circumstances
 Planned



46 Measurements of voltage and power supply quality

117 Users were granted a reduced distribution tariff for inadequate quality in 2023

456 Users received a reduced distribution tariff for inadequate quality (total number as of December 31, 2023)



DISTRICT HEATING 2023

REGISTER OF COMPANIES



PRODUCERS

87

Total
(December 31, 2023)

+ 6 New

- 14 Excluded

TRADERS

63

Total
(December 31, 2023)

+ 3 New

- 8 Excluded

LEGAL FRAMEWORK



LICENCES

+ 5 New

- 7 Cancelled

14 Amended

SOLVING PROBLEM SITUATIONS



13 Complaints

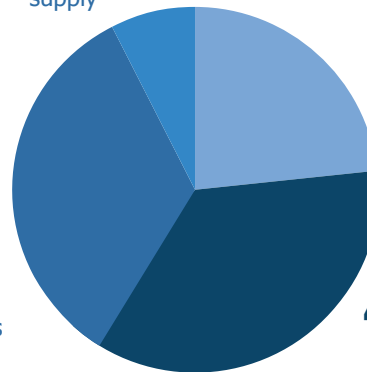
TYPES OF COMPLAINTS

1 Service supply

3 Accounting and settlements

5 Other issues

4 Tariffs



OPERATIONAL COMPLIANCE CHECKS



25 Inspected companies

55 Inspected facilities

15 Number of non-compliances found

6 Number of non-compliances eliminated

**TARIFFS
(VAT EXCLUDED)**

189 Approved tariffs set by the companies themselves



54 Approved tariffs of companies with full cost evaluation

3 Issued tariff application procedures

HIGHEST IN THE COUNTRY

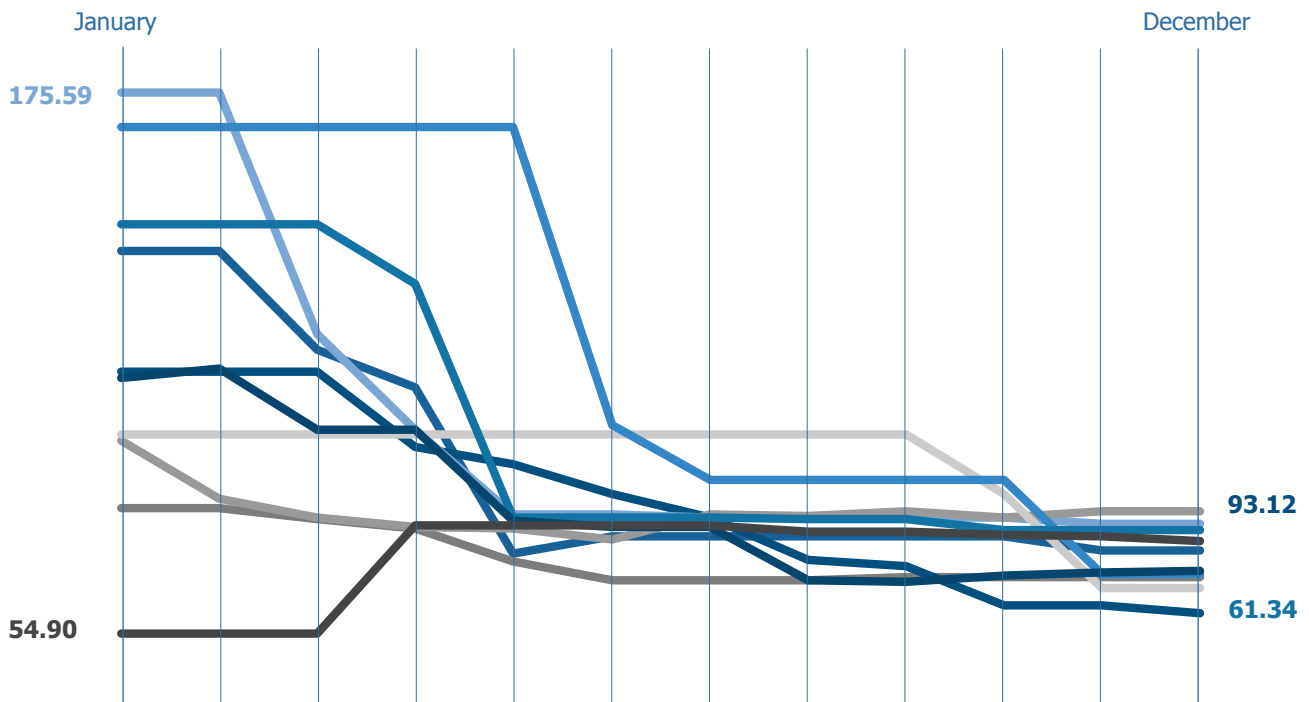
270.12 EUR/MWh
Piņķi

LOWEST IN THE COUNTRY

51.44 EUR/MWh
Krāslava

DISTRICT HEATING TARIFFS IN LATVIA'S STATE CITIES, EUR/MWH (VAT EXCLUDED)

- DAUGAVPILS
- JELGAVA
- JĒKABPILS
- JŪRMALA
- LIEPĀJA
- OGRE
- RĒZEKNE
- RĪGA
- VALMIERA
- VENTSPILS



AVERAGE VALUE OF ALL PUC REGULATED COMPANIES' DISTRICT HEATING TARIFFS, EUR/MWH (VAT EXCLUDED)

January average

130.27 EUR/MWh

December average

89.60 EUR/MWh



OVERVIEW OF THE ELECTRONIC COMMUNICATIONS AND POSTAL SECTOR



Ivars Tauniņš,
Director of Electronic
Communications and Post
Department

In addition to the typical duties of the Electronic Communications and Post Department, during the reporting year, particular attention was paid to monitoring the 25 regulatory acts approved by the PUC in 2022, which were issued in accordance with EU norms. In other words, assessing whether any further improvements are necessary for the precise adaptation of relevant regulatory acts in Latvia. Various aspects for improvement were ascertained, which will be worked on in the coming period. The postal industry continued to be affected by the changing habits of end users, and discussions on changes in the European postal regulation are ongoing.

ELECTRONIC COMMUNICATIONS

In January, the PUC approved a Market Analysis Report on Wholesale Level Termination in the Fixed Network for the Electronic Communications Sector. The PUC maintained the status of considerable influence on the market for 30 electronic communications companies, determining significant influence and imposed obligations on six

companies, and canceled the obligations and status of significant influence on the market previously applied to 13 companies. Such market analysis has been conducted for the seventh time.

In order to ensure the full use of Latvia's limited national resource – the radio frequency spectrum – the PUC has a mandate to monitor limited radio frequency bands intended for commercial activity. The right to use PUC can be granted, extended or canceled, as well as allow their transfer, lease or joint use, by first carefully evaluating these processes, including their impact on competition.

During the reporting year, the PUC adopted several decisions on the right to use limited radio frequency bands. One of the most extensive evaluation cases was the decision made in February regarding permission for SIA Bite Latvija and SIA Unistars to jointly use the 1.8 GHz and 3.6 GHz radio frequency bands to promote the development of the mobile, especially 5G, electronic communications network in Latvia. The situation was peculiar in that the capital shares of SIA Unistars are fully owned by SIA Bite Latvija, and although in the sense of the Competition Law both companies are considered to be one market participant, pursuant to the Electronic Communications Law, they are two separate electronic communications companies. In July, the PUC adopted a decision by which the rights to use limited radio frequency bands in the 28 GHz, 10.5 GHz and 3.6 GHz ranges previously granted to SIA Telia Latvija were transferred to SIA Tet. Given that SIA Tet acquired SIA Telia Latvija in 2022, as well as carefully evaluating the impact on competition and the impact on existing end users, the decision envisioned a departure from the prohibition stipulated in the Law on Electronic Communications – to transfer limited bands of the radio frequency spectrum, if they were not originally acquired for a fee, thereby guaranteeing continuity of services for end users.

In November, the PUC held an auction for the allocation of rights to use a limited radio frequency band in the 3.6 GHz frequency range. With the highest bid, the right to use the

3750-3775 MHz band was awarded to Latvijas Mobilais Telefons SIA, while the right to use the 3775-3800 MHz band – SIA Tele2. Both mobile operators have been granted the right to use frequencies for 20 years, while the auction proceeds in the amount of EUR 550,000 have been deposited into the state budget in 2024. Accordingly, since 2010 PUC has already organized 14 radio frequency auctions.

In order to reinforce a uniform approach regarding how to distinguish the regulation of the use of a shared limited radio frequency band from the shared use of active infrastructure, the PUC developed the guidelines for the shared use of a limited radio frequency band and active infrastructure and approved them in October.

In response to the European Commission (EC) decision, the PUC approved amendments to the National Numbering Plan in April. These updates included the addition of a new short number series, designated as 116XXX. The introduced telephone number – 116016 – is the EU's single helpline number for women who have suffered violence. Accordingly, the Numbering Plan now includes six numbers used to provide EU harmonized services of electronic communications with social value.

In the middle of the reporting year, for the first time the PUC began to collect data on the availability of internet services within the territory of Latvia. The data analysis is still ongoing on the availability of the service on the mobile network, but the first compilation, which focuses on the availability of the Internet on the fixed network, has been completed. According to data provided by electronic communications companies, fixed internet service is available in Latvia to 80% of all households, and 62% of households can provide internet service using optics.

Monitoring of electronic communications companies has also begun in connection with the requirements of the EC Commission Implementing Regulation and PUC guidelines introduced at the end of 2022, which determine the need to provide customers with a summary of the service contract. It is designed to present information about the terms and conditions of the contract available in an easy-to-understand, comparable and summarized form, thus making it easier for the end user to make a choice about the most suitable service offer.

One of the challenges in the field of electronic communications that the PUC has paid special attention to is numbering fraud. This is a topical subject throughout Europe, and countries are looking for solutions to protect citizens, companies and electronic communications companies. In solving issues, PUC cooperates both with companies, and regulators in other countries, and – equally importantly – in boosting the involvement and knowledge and awareness of other responsible institutions and users.

The monitoring of the quality of voice communication services in Latvia was also continued, with over 116,000 measurements being made in the mobile network, and over 50,000 measurements in the fixed network. Overall, it was concluded that the quality values declared by the operators correspond to the results of the measurements conducted by the PUC. For the most part, end users have access to excellent or good quality voice communication services, both in the fixed network and in the network of mobile operators. At the same time, all mobile operators now provide the fourth network generation VoLTE technology, which has helped to improve the quality of voice communications in the country as a whole, providing a much shorter connection time and excellent quality speech

transmission. However, in order to take full advantage of VoLTE technology, both end users must be located in a location where this technology is available, as well as use compatible terminals.

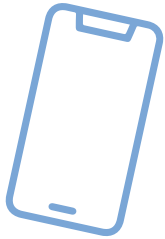
POST

Meanwhile, in the postal sector, in October the PUC approved the net costs of the obligations of the universal postal service (UPS) for the year 2022 calculated by the state AS Latvijas Pasts in the amount of EUR 3.67 million for compensation from the state budget. It is the PUC's responsibility to ensure that only reasonable losses are included in the calculation of the net cost of UPS's liabilities. In other words, to receive compensation, AS Latvijas Pasts must prove that it is subject to an unfair burden and that the fulfillment of UPS's obligations causes losses. After evaluating the supporting documents, the PUC concluded that the losses are mainly attributable to a fall in the number of shipments included in the UPS.

The PUC is assessing how UPS and other postal services, especially parcel services, are developing in Latvia. The postal environment globally is changing along with user habits, while the classic letter has become a minority service. Extensive discussions on the development of the postal industry and UPS issues are also taking place in Europe. The EC has started to revise the current international postal regulation of 2008, which was strongly called for by the European Regulators Group for Postal Services (ERGP). To review the regulation, the EC has engaged a consultant, who must submit his report in 2024.

SUMMARY

Looking ahead to 2024, it is worth noting that the plenary meeting of BEREC and the European Independent Regulators Group (IRG) organized by the PUC in cooperation with the European Regulators for Electronic Communications (BEREC), which is the biggest EU regulatory cooperation platform in the electronic communications sector, will take place in the summer. It will discuss issues of user protection and market development, as well as regulatory issues. Meanwhile, in the postal sector, the monitoring of the provision of UPS will continue, along with the assessment of aspects of the provision of this service. In light of the fact that the proportion of UPS in the basket of services provided by AS Latvijas Pasts is shrinking and these services are being used by fewer and fewer users, the tariffs for these services are increasing accordingly. It is planned that the PUC will prepare and submit proposals to the Ministry of Transport regarding the scope of postal services that should be included in UPS.



ELECTRONIC COMMUNICATIONS 2023

REGISTER OF COMPANIES



207

Total
(December 31, 2023)

+ 9 New **- 22** Excluded

LEGAL FRAMEWORK



2 Issued external regulatory acts



5 Public consultations

SOLVING PROBLEM SITUATIONS

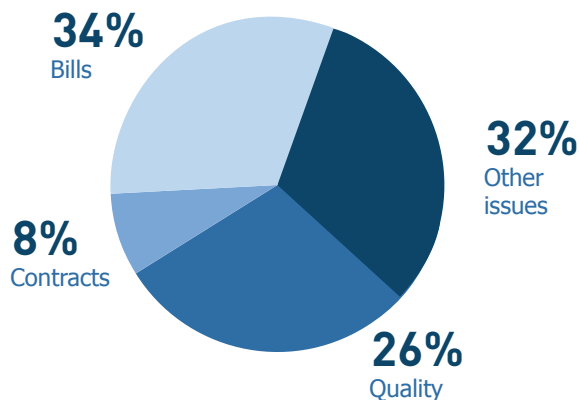


38 ^{+12%}
Complaints



131 ^{+5%}
Phone consultations

TYPES OF COMPLAINTS



70

Cases of administrative violations



17

Applications of companies about numbering fraud

MEASUREMENTS OF SERVICE QUALITY



In the fixed network
>50 000



On mobile network
>116 000

VOICE SPEECH TRANSMISSION QUALITY (ON A 5-POINT SCALE)*



4.20 LMT

4.16 TELE2

4.06 BITE Latvija



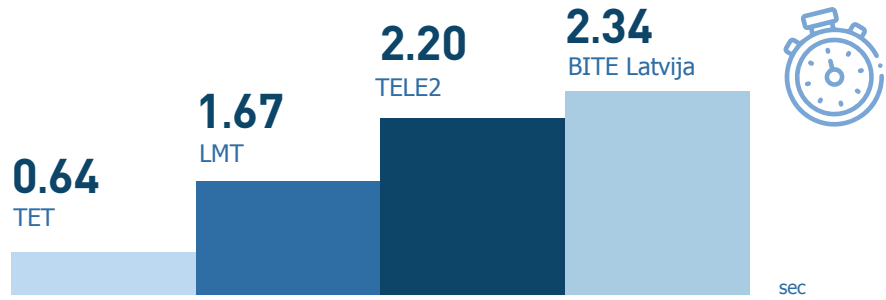
4.31 TET

*Using the POLQA algorithm



Indications on comparisons against the year 2022

**AVERAGE CALL SET-UP
TIME IN FIXED AND
MOBILE NETWORKS
(IN SECONDS)**



**ALLOCATION OF
SCARCE RESOURCES**



3

No. of companies awarded limited radio frequency band usage rights



1

Auctions

Allocated numbers



5 thou.

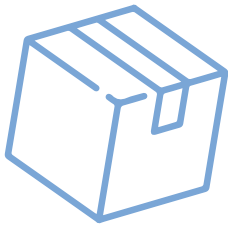
Cancelled numbers

20 thou.



37.9 thou.

141.9 thou.



POSTAL SERVICES 2023

REGISTER OF COMPANIES



60

Total
(December 31, 2023)

+ 4 New

- 6 Excluded

SOLVING PROBLEM SITUATIONS



24 ⁺¹⁰
Complaints



29 ⁻⁵⁵
Phone consultations

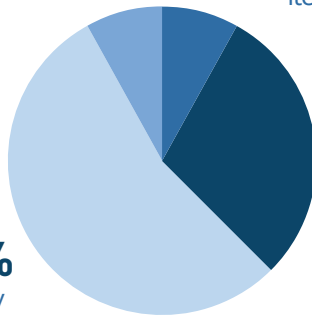
TYPES OF COMPLAINTS

8%
Lost items

8%
Damaged items

29%
Various reasons

54%
Delivery of items



14

Cases of administrative violations

TARIFFS



New tariffs for UPS, which are provided by State AS Latvijas Pasts, were not approved



Indications on comparisons against the year 2022



OVERVIEW OF THE WATER, DEPOSIT SYSTEM AND WASTE MANAGEMENT SECTOR



Dace Čodare-Plaude,
Acting as Director of Water,
Deposit System and Waste
Management Department

Global economic events and rapid price changes, along with the drop in prices at the Nord Pool electricity exchange in 2023, have also impacted the merchants regulated by the Water, Deposit System and Waste Management Department. At the same time, all sectors under the department's supervision were impacted by the increase in costs caused by inflation, as well as new EU and national level requirements for ensuring environmental quality and safe public services.

Bearing in mind the numerous changes in the organization of services, the regulatory framework of the industry and the need to adapt to other factors affecting the industry, the PUC plays an important role in providing consultations and explanations to both service providers, municipalities and state institutions, as well as service users.

WATER MANAGEMENT

The most positive decrease in the price of electricity was felt by the water management sector, which uses electricity to operate technological equipment. Taking into account the amendments made in 2022 in the methodology for calculating tariffs for water management services, which was introduced by the PUC in response to the dynamic conditions in the energy market, during the reporting year, water management service providers actively took the opportunity to set tariffs themselves, changing only the electricity costs.

PUC received self-determined tariffs from 30 companies for evaluation. Of these, tariffs fell in 23 cases, and rose in five cases, but the evaluation of the calculation and justification of two self-determined tariffs continued in 2024. The PUC regularly follows the fluctuations of electricity prices and their impact on water management service tariffs, in order to promptly draw the attention of companies to the need to calculate and reduce water management service tariffs.

At the same time, there were also significant changes in other costs of providing public water management services, which are necessary for ensuring continuous, safe and high-quality services. Therefore, the PUC evaluated 27 tariff projects, in which all costs and volumes related to the provision of services were reviewed. Of these, 18 tariff projects were approved during the reporting year, while the evaluation of nine tariff projects continued in 2024. In most cases, the approved tariffs were higher than the current ones. The increase in costs was caused by both the expansion of the service provision area and a general increase in prices in the country, which also affects outsourcing, remuneration and material costs, as well as other factors.

In connection with the aforementioned changes in the methodology for calculating tariffs for water management services, in the case of tariffs with full cost evaluation, two tariff projects were regularly approved simultaneously for businesses during the reporting year – fixed (for a period of one or two years, which includes unforeseen costs or revenue) and open-ended tariffs (do not include unforeseen costs or revenue, come into force after fixed tariffs). The company is obliged to reduce the costs included in the proposed tariff draft by unforeseen revenue and is entitled to increase the costs included in the proposed tariff due to unforeseen expenditures, if such have arisen. Unforeseen costs and revenue for companies

arise in connection with changes in payments for buying electricity, fuel, district heating and natural gas, as well as the purchase of water management services from other businesses.

The mechanism established by the PUC enables users to be compensated for overpayments if the actual costs were lower, but for companies to recover economically justified costs if they were higher than stipulated in the current tariffs between tariff evaluation periods.

In order to find answers to the question of what to do in order to have sufficient funds available for the implementation of investment projects in the water management sector, and for users to have high-quality, continuous and safe services in the future, PUC organized a seminar for businesses in November Challenges securing Funding in the Water Management Industry. During the seminar, representatives of the Financial Industry Association, while AS Kredītinformācijas Birojs talked about credit ratings in the water management sector.

In December, new amendments to the methodology for calculating tariffs for water management services were ratified. The amendments provide for the possibility to promptly update the capital costs in the tariffs, facilitate the timely review of the tariffs according to the current costs and support the implementation of energy efficiency improvement and energy neutrality promotion measures. Other improvements were also introduced in the methodology, taking the industry's proposals into account along with the needs identified within the regulation of companies.

The impact of the administrative-territorial reform was still felt in the sector – out of 15 changes made in the register of water management service providers during the reporting year, in 12 cases they were related to the reorganization of water management service providers, adding them to other regulated service providers.

WASTE MANAGEMENT

In the waste management industry, in which the PUC solely regulates the disposal of household waste in landfills, during the reporting year, the PUC approved six tariffs for the disposal of household waste at several rates of natural resource tax (NRT) for disposal of household waste in landfills.

In five cases, the costs of providing the regulated service rose both due to the investments made and changes in the technological processes, due to which it is possible in the long term to reduce the amount of waste buried in the landfill and return the waste to the economic circulation more efficiently, and as a result of the increase in specialized transport equipment, equipment operation and other costs, which was facilitated by the price rise in the country. In turn, in one case, the tariff decreased because the company, engaging an external service provider, had found a solution to transfer the waste fuel material separated from unsorted household waste for further regeneration, which to date had been buried in a waste landfill.

In addition, taking into account the amendments to the Natural Resources Tax Law (NRT Law) adopted by the Saeima in December, which determine the increase of the NRT rate from January 1, 2024, in the reporting year, the tariff application procedures for all 10 regulated companies were approved from January 2024. According to the NRT Law, the NRT rate, which was 95 EUR/t in 2023, was increased to 110 EUR/t in 2024, 120 EUR/t in 2025 and 130 EUR/t from January 1, 2026. As a consequence of the increase in the NRT rate, all tariffs for the regulated service have increased from 2024.

DEPOSIT SYSTEM

In the deposit packaging management sector, over the course of the reporting year, the PUC evaluated the first deposit systems membership fee project submitted by the deposit system operator (DSO) for seven different types of packaging, which came into effect on April 1 after ratification by the PUC. This is a fee that deposit packers pay to the deposit systems operator for providing the deposit system service.

From February 1, 2022, when the deposit system entered service, until the moment when the deposit systems membership fees approved by the PUC came into force, the DSO applied the deposit systems membership fee estimates to drink packers, which were calculated by the regulated company SIA Depozīta Iepakojuma Operators (DIO) in 2020 after applying for a DSO position in the competition organized by the State Environmental Service.

In 2023, DIO had engaged an auditor who performed an audit of the deposit packaging management fee. After the audit, a precise calculation of the packaging management fee model was developed, which allows for a speedy response to changes in resource prices and for companies involved in the deposit system to compensate their costs more accurately based on the type of place where the deposit is accepted.

SUMMARY

Despite the changes and challenges it faces, the Water, Deposit System and Waste Management Department continues to work to defend the interests of users and promote the development of public service providers. In 2024, it is anticipated that an important challenge for the water management industry will be sound adaptation of the sector's regulatory framework and practical work organization to the existing and upcoming requirements of EU directives and the Sewage Sludge Management Plan for 2024-2027. In the waste management sector, the implementation of the State Waste Management Plan for 2021-2028 will continue in practice, including adjusting the industry regulation for which the PUC is responsible and approving the appropriate tariffs for the regulated service. Furthermore, in the deposit packaging management sector, the PUC has planned to make amendments to the methodological regulation of deposit system membership fees in 2024, deposit systems membership fees will also be revised, taking into account changes in the cost of providing services and the amount of packaging returned to the deposit system.



WATER MANAGEMENT 2023

REGISTER OF COMPANIES



59

Total
(December 31, 2023)

+ 3 New

- 4 Excluded

LEGAL FRAMEWORK



1 Issued external regulatory acts



2 Public consultations

SOLVING PROBLEM SITUATIONS



35

Applications/questions

+5 ↑



44

Consultations

+4 ↑

TYPES OF APPLICATIONS/ QUESTIONS

34%

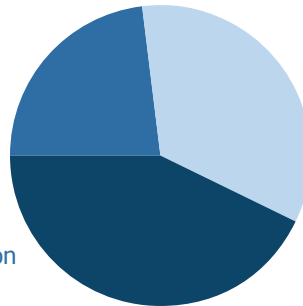
Submitted tariff proposals

23%

Other issues

43%

Application of tariffs



1

Cases of administrative violations

TARIFFS (VAT EXCLUDED)



HIGHEST IN THE COUNTRY

5.14*

 EUR/m³

Ventspils District

LOWEST IN THE COUNTRY

1.43*

 EUR/m³

Babīte and Sala Parish

2.90*

 EUR/m³

Average water management tariff

-6% ↓



Approved self-set tariffs of companies

28

Approved tariffs of companies with full cost evaluation

18

*Including the tariff for both water supply, and sewerage services. Data as of December 31, 2023



Indications on comparisons against the year 2022



MUNICIPAL WASTE DISPOSAL

2023

REGISTER OF COMPANIES



10

Total
(December 31, 2023)

SOLVING PROBLEM SITUATIONS



10

Phone consultations



7

Applications

+2

BREAKDOWN OF APPLICATIONS AND CONSULTATIONS

2

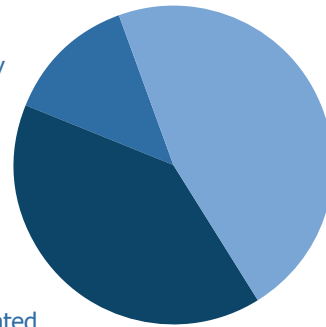
regarding PUC partly regulated sectors

9

regarding PUC non-regulated sectors

6

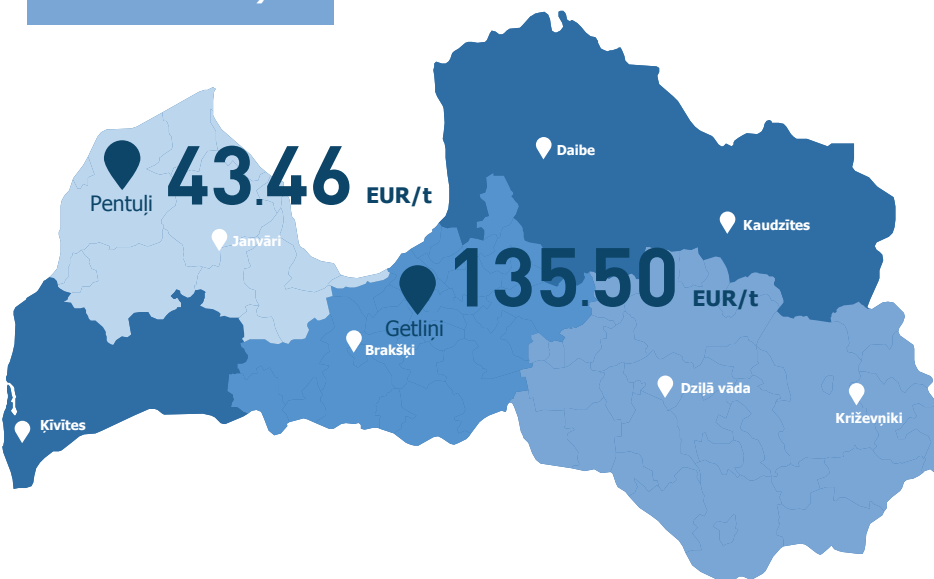
regarding PUC regulated sectors



TARIFFS (NRT INCLUDED, VAT EXCLUDED)

HIGHEST AND LOWEST (31.12.2023)

at the NRT rate of 95.00 EUR/t



Companies whose tariff setting procedures for 2024–2026 have been approved

10

Companies' tariffs approved with full evaluation of expenditures

6



Indications on comparisons against the year 2022



DEPOSIT SYSTEM 2023

REGISTER OF COMPANIES



1

Total
(December 31, 2023)

SOLVING PROBLEM SITUATIONS



1 Applications
-5

MEMBERSHIP FEE* (EUR)



*From 1 April 2023

0.0068
PET (transparent)

0.0252
PET (colored)

0
Metal (Al)

0.0343
Metal (Fe)

0.0429
Glass (disposable)

0.0858
Glass (reusable – universal design)

0.0199
Glass (reusable – individual design)



Indications on comparisons against the year 2022



INTERNATIONAL COOPERATION



Lija Makare,
Head of International Relations

In 2023, the PUC continued its active international cooperation, participating in the work of 25 international organisations and regional groups and taking part in over 250 working meetings, plenary sessions, forums, regional and high-level meetings. PUC representatives have held important positions in several international organisations, which is also an appreciation of the PUC's contribution to the work of these organisations. PUC Chair Alda Ozola fulfilled the duties of Vice-President of the Council of European Energy Regulators (CEER) and a Member of the ERRA Presidium. The PUC's experts held the positions of the Head of the CEER Work Program Development Committee, as the Vice-Chair of the Natural Gas Markets and Economic Regulation Committee, as well as a member of the Finance Committee of the Energy Regulators Regional Association (ERRA).

PUC Chair Alda Ozola and Board Member Rota Šņuka, representing CEER and ERRA, spoke at the World Forum on Energy Regulation in August. Alda Ozola spoke at the plenary session Building the Next-Generation Mix of Energy Resources

and in the panel discussion Developing the Game Rules for Cross-Border Integration, taking into account the experience of the Baltic region in the electricity and gas markets. Rota Šņuka, on the other hand, participated in the panel discussion The Dynamics of Water and Energy Regulation Interdependency, sharing her experience as a multisector regulator. Finally, the OECD started the third assessment of the PUC's development, whose recommendations will be instrumental in elaborating and implementing PUC's further development plans.

ELECTRONIC COMMUNICATIONS

The PUC was represented in 12 BEREC working groups and three ad hoc groups, continually participating in expressing the common opinion of BEREC. For instance, the regulators made proposals on the Gigabit infrastructure proposal, which foresees that the regulators will be a body to resolve disputes, on BEREC's responsibilities in overseeing 5G stemming from the European Digital Decade path program for 2030, as well as the exchange of practical experience of the regulators in relation to the EU Digital Service Act. Even though regulators are not primarily responsible for the implementation of digital regulations, the involvement of regulators in resolving certain issues is possible, for instance, in the context of obtaining quick and accurate information and sharing it with other institutions.

The PUC has long contributed to the work of the European Electronic Communications Committee (ECC) in analyzing and solving the technical issues of the industry and also fulfills the duties of the Vice-Chair of the ECC Number Portability Service and Switching Working Group. Work on numbering cloud services, numbering fraud, identification conditions for alphanumeric text messages and other issues continued, providing comments and proposals.

At the annual BaltReg regional meeting of Estonian, Latvian and Lithuanian regulators of electronic communications and postal experts, which took place in September in Liepāja, the regulators discussed the implementation of the European Electronic Communications Code

and the progress of the Gigabit Infrastructure Act, the protection of end users against the use of incorrect numbering and numbering fraud, the status of 5G in the Baltics, as well as sharing their experience of overseeing the electronic communications market.

In the context of regional cooperation, also noteworthy is the cooperation between Nordic and Baltic regulators, annually collecting and collating statistics about electronic communications services in the Nordic and Baltic electronic communications market.

The PUC's involvement and support continued in the EU program EU4Digital events. In addition, mutual experience regarding the latest developments in broadband was shared at the second seminar organized by the PUC and Egypt's communications regulators.

POSTAL SERVICES

The EC began work on the revision of the existing 2008 postal regulation, which was strongly advocated by the ERGP. To review the regulation, the EC has engaged a consultant, who must submit his report in 2024. The first step in this review process is to look at the development of the postal industry from a 10-20-year perspective – outlining the industry's developmental trends, what will be the volume of UPS, what should be in the UPS basket, what are the delivery quality parameters, including its frequency, and how to reflect the parcel lockers network service in the next regulation. Among other things, the regulators believed it was necessary to first define what a postal service is. In this process, the PUC also gave its assessment and recommendations. The revised directive will be a step towards digitalization of the industry, reflecting actual changes in the postal sector and its relevance to future needs.

At the aforementioned annual BaltReg meeting, postal regulators also focused on forthcoming changes to UPS and other proposals for the creation of new regulation of the postal industry, as well as the regulators' work in monitoring the postal market overall.

ENERGY

The PUC played an active role in the work of 25 working groups of the Agency for the Cooperation of Energy Regulators (ACER) and 23 working groups of CEER, as well as the EC Electricity and Gas interregional groups, the Regional Gas Market working group and ERRA. In recent years, the work of European regulators has been significantly impacted by changes in the energy sector – a set of new directives, regulations, network codes, as well as guidelines and the resulting new duties of regulators. Therefore, the discussions of the regulators continued about a new electricity market design, especially its long-term operation, about challenges for the electricity and gas infrastructure, for instance, with the increasing integration of renewable energy resources into the existing networks, the impact of the development of the hydrogen infrastructure and other important issues. Also worth highlighting is the repeated participation of the PUC in the preparation of the benchmarking report on the efficiency of electricity and gas transmission system operators, in which the majority of CEER regulators and the transmission system operators of the countries they represent played a role.

During the annual Baltic Electricity and Gas Market Forums, which were held in Lithuania in May 2023 on a rotating basis, the regulators of the Baltic States, Finland, Poland and Sweden, along with market stakeholders discussed the current affairs of the electricity and natural gas market. Topics discussed included an overview of the electricity market structure

proposal, a detailed presentation of the transmission system operators on the development of the Baltic balancing market and synchronization with continental Europe, as well as an overview of the decarbonization package of the hydrogen and gas market, regional gas supply security, and an evaluation by gas suppliers regarding the perspectives of the joint Baltic and Finnish gas market.

In turn, during the regulators' seminar on the heat supply industry held during these forums, an in-depth exchange of experience on changes in the industry regarding fuel and heat energy costs, energy efficiency and weighted average cost of capital was valuable.

The PUC has always enjoyed close and varied bilateral cooperation with regulators from other countries. At the invitation of the National Association of Regulatory Utility Commissioners (NARUC) of the United States, in June PUC presented the Armenian energy regulator with the PUC's eight-year experience in measuring the quality of electricity distribution services.

WATER MANAGEMENT AND WASTE MANAGEMENT

The PUC, as a member of the Association of European Water Regulators (WAREG), took part in the drafting of WAREG's opinion on the revision of the Urban Wastewater Treatment Directive. Even though the directive does not directly apply to regulators, the PUC assessed how it will affect the provision of public water management services. The compliance with the requirements of the directive will lead to additional costs, while the costs of service providers may affect tariffs. WAREG also focuses on constant exchange of experience on regulatory practices in different countries. The discussion on the practice of applying key performance indicators (KPI) was especially topical. Although this practice varies between WAREG member states, similar approaches can be found both in terms of the types of KPIs and whether and how they are used in tariff project evaluation and service provider monitoring processes. Bearing in mind the requirements of the current directive regarding the quality of drinking water, the exchange of information on the water loss assessment approach and water loss values in the countries represented by WAREG members was also relevant. The PUC shared its experience of using an online platform to enter and process information from service providers.

The regulators of the three Baltic States met in May at the Baltic Water Forum, where the main issues were the impact of the energy crisis on the costs of water management services in the region and more broadly in Europe, the use of KPIs in evaluating the efficiency of service providers and KPIs as part of a strategy to stimulate the development of water supply and sewerage infrastructure, along with opportunities to attract investments in the water management sector. The exchange of information between the regulators of the Baltic States also takes place outside of official meetings. For instance, the PUC shared its experience and recommendations on how to inform users about water management services using interactive tools with its Lithuanian colleagues.

Meanwhile, the waste management regulators of the EU member states decided to cooperate with the EC in several working meetings, introducing the competences of the regulators in different member states, including the appropriate economic incentives to reduce the generation of waste, prepare it for reuse, recycling or regeneration.

THE IMPACT OF INTERNATIONAL COOPERATION ON THE FUTURE DEVELOPMENT OF THE PUC

International cooperation of regulators is the most effective way to identify changes in the regulatory environment, share experience and reach common conclusions to improve the regulatory environment. These increasingly rapid changes in industry regulations are challenging for every regulator, therefore the recommendations of the OECD's third assessment of PUC's development and progress, which will be available in the OECD's final report, will be of vital importance to the PUC.



COMMUNICATION TO THE PUBLIC



Ieva Lazdiņa,

Public Relations
Manager

Džeina Šteinberga,

Public Relations
Manager

One of the main communication goals of the PUC is to educate the public about the issues of the regulated sectors that are important to it, and which affect the well-being of households. In the reporting year, we explained various complex processes in a way that is understandable to the public, promoting both understanding of developments in regulated sectors, and providing practical advice and recommendations on the judicious use of services provided by PUC regulated sectors.

With a view to promoting user awareness, in 2023 the PUC published approximately 190 press releases for the media. Parallel to this, in over 180 cases, written answers to journalists' questions were prepared, interviews were given, as well as participation in various informative programs took place. The media paid increased attention to energy sector issues

– district heating, electricity and natural gas, but comparatively less to issues related to electronic communications, post, deposit system packaging and the waste management sectors.

The PUC actively explained current events in regulated sectors and developments important to the public. For instance, the natural gas market for households was fully opened from May 1. We talked about the upcoming changes in the media well beforehand, while in April we published a guide for households with advice on choosing the most appropriate natural gas dealer and product, as well as provided answers to the most frequently asked questions regarding the changes. Secondly, as the heating season approaches and during the reason, we reminded and encouraged households to make sensible choices when buying natural gas. We explained what the natural gas exchange is and how it impacts the population in Latvia, thereby also promoting understanding of how the natural gas price is formed.

We continued the communication started in 2022 about changes in electricity distribution and transmission tariffs. In the middle of the reporting year, after approving new tariffs for the services of electricity distribution and transmission system operators, household expenses for these services also rose, generating widespread dissatisfaction in society. One of the biggest challenges was to explain to the public the validity of the PUC's decisions, as well as to communicate about the changes initiated by policy-makers in several laws to support households.

At the same time as explaining the tariff changes, the PUC continued to educate citizens about the factors influencing the electricity service bill – we offered advice on how to reduce your electricity bill and what to take into account in regard to the changes in distribution service tariffs from July 1, and how to choose the most appropriate electricity trader and product. In order to make it easier for households to keep track of the amount of electricity consumed and to demonstrate the appropriate state support for compensating the distribution tariff on the bill, we invited residents to reconsider the choice of paying for electricity with a balanced payment. Bearing in mind that the data collected by the PUC from electricity traders showed that a large number of households fixed high electricity prices for a long time, we encouraged households to evaluate the possibilities of switching contracts.

We also explained what the electricity exchange is and how it works, thus fostering understanding of how the price of electricity is formed.

Complementing the quarterly PUC interactive energy industry indicators, we continued to provide detailed commentary on electricity market developments along with interactive data infographics. At the end of the year, we introduced a weekly review of energy resource price trends in world stock exchanges. The review can be viewed on the PUC website and is a useful source of information for residents who need to choose the most advantageous and appropriate offer from electricity and natural gas dealers.

We also continued to publish both industry data and provide useful advice to users in other regulated sectors. For example, in the water management sector, we explained how sewerage and water supply service tariffs are assessed. In the telecommunications sector, we urged citizens to be particularly careful of phone scammers during the holidays. In light of the increased interest, in the district heating sector, the PUC published a monthly summary of the current tariffs for the next month, and we also produced visual material with the final district heating tariffs determined by the PUC in various settlements. We explained how the assessment of tariff projects submitted by district heating service providers proceeds until the tariffs are approved. In the postal sector, we encouraged timely processing of postal items and provided recommendations on how to avoid various unpleasant surprises when sending/receiving postal items. During the reporting year, we actively communicated about the PUC's activities in cooperation with international organizations and working groups.

In August, traditionally celebrating the PUC's Independence Day, we organized an anniversary conference, which this time was dedicated to digitization. Among the invited speakers were representatives of the Fiscal Discipline Council, AS Augstsprieguma tīkls, SIA Depozīta Iepakojuma Operators, VAS Latvijas Pasts, Latvijas Mobilais Telefons SIA, AS Sadales tīkls, Consumer Rights Protection Centre, Latvijas Banka, SIA Tilde and SIA Franklin Covey Latvia.

Maintaining its standard practice, four meetings of the Consultative Council were held, in which the PUC spoke and joined representatives of 12 different organizations, ministries and industry associations in discussing the PUC's accomplishments and current events.

For the fourth consecutive year, PUC participated in the Sustainability Index assessment of the Institute of Corporate Sustainability and Responsibility, winning the gold category for the second year in a row. In July, PUC joined the social initiative Mission Zero, and in November, it won the bronze award of the Strength in Diversity evaluation organized by the Society Integration Foundation.

In addition to their daily work, PUC department experts continued to create various interactive and explanatory visual materials and reports (on industry data, service quality, user complaints, etc.), among which several interactive maps were maintained and regularly renewed. For example, heat energy tariff map, submitted water management service tariff map, approved water management service tariff map and household waste disposal service tariff map. Anyone interested also has the option to contact PUC experts through the call center.

In future, the focus of the PUC's public relations will continue to be on educating the public, so that users can make the most appropriate choices for their household and receive quality services at an economically reasonable price. We will continue active communication with other interested parties, explaining the PUC's decisions and the rationale for them.



**PROGRESS
FULFILLING THE
PUC OPERATIONAL
STRATEGY FOR
2022–2026**

At the start of 2022, the PUC Council approved the PUC Operational Strategy for 2022-2026 (Strategy). It was developed taking into account the PUC's mission to provide quality public services at economically reasonable prices, promoting efficient delivery of services and competition in regulated sectors. The strategy is based on the vision that every member of the public and business has access to public services that contribute to their welfare, and service providers develop in an effective, sustainable and reliable market, as well as on PUC values – professionalism, cooperation, responsibility and development.

The main goals of the strategy for the five year period are responsible and targeted regulatory practice, sustainable and efficient market and infrastructure, along with high user literacy to effectively use their rights and derive the maximum benefit from the market.

By implementing tasks corresponding to the set goals, the PUC has responsibly and comprehensively promoted measures that meet the development needs of all regulated sectors. During the first two years of the strategy's implementation, full or partial fulfillment of the strategy's operational goals has already reached 40%.

46% of goals related to **responsible and goal-oriented regulation practice** have been fulfilled. For many years, one of the most important external evaluations of the PUC's activity is the OECD evaluation, which was started in the reporting period and will be completed in 2024. Internal audit work has also been improved. Updated data sources of each KPI indicator and the latest values corresponding to them. In line with the Strategy, the principle of zero bureaucracy has been introduced. The PUC's work processes and employee workloads were evaluated, including the possibility of resource optimization, improved and developed employee evaluation system. A set of measures have been taken for the development of regulation in various sectors, including an improved regulatory framework in the electronic communications sector and the development of several guidelines, a revised regulatory framework in the waste management and water management sectors, an improvement in the efficiency of regulatory enforcement supervision in the energy sector, along with other measures taken to promote responsible and targeted regulation practices.

40% of goals related to a **sustainable market and infrastructure** have been fulfilled. By holding industry public consultations, competition in the markets is fostered, while by making the necessary amendments to the tariff methodologies, conditions are created for economically justified and development-oriented business activities in order to provide users with affordable and high-quality services.

14% of goals related to the **high ability of users to exercise their rights effectively and obtain the maximum benefit from the market**. In order to educate members of the public and businesses about the principles of market operation and regulated services, the PUC has continuously and consistently published timely, perceptible and easily accessible market information according to the specifics of each regulated sector, especially promoting the provision of user literacy, which would facilitate their ability to make informed decisions. At the same time, in order to improve the understanding of the PUC's responsibilities and competencies, informative materials have been developed that explain the PUC's role not only in relation to ratification of tariffs, but also in other processes of importance to the public.

The tasks to be fulfilled for the implementation of the strategy are determined in accordance with the annual PUC Action Plan. Accordingly, taking into account the goals set out in the Strategy, during the future reporting period PUC will focus on measures to improve regulation in all regulated sectors, promotion of a unified and integrated Baltic natural gas and electricity market, as well as fostering user literacy.



FINANCING AND SPENDING

In 2023, the PUC carried out its activities in a separate budget program approved by the law On the State Budget for 2023 and the Budget Framework for 2023, 2024 and 2025. The PUC's operations are financed by the fees for public utilities regulation; the fees are paid by regulated companies. In the reporting year, the state fee in the regulated sectors was 0.2% of the net turnover of the relevant public service provided by the regulated company in 2021. Companies which started providing public services in 2023 calculated the state fee from the company's planned net turnover of the relevant type of public service in the first year of operation.

The PUC's planned expenditures in 2023 were EUR 6,623,089. Actual spending amounted to EUR 6,201,824, which was 93.60% of the planned spending in the reporting year.

In accordance with the law¹, the actual balance of financing funds, which in the relevant calendar year exceeds the costs necessary to ensure the operation of the PUC, is credited to the PUC account in the Treasury – state fee accruals. The accumulated funds can be used to ensure the operation of the PUC in the following periods in accordance with the PUC budget approved in accordance with the Law on the state budget. The total accumulated balance of financial assets on December 31, 2023 was EUR 1,322,535.

The PUC was involved in the EU-funded programs for regulators, in which, within the framework of cooperation with several regulators, by sharing experience in the implementation of EU regulatory acts, support is provided for strengthening the regulatory capacity of one of the regulators. Two projects were concluded in the reporting year. One of the projects was Strengthening the regulatory capacity of Israel in the field of telecommunications, with a focus on service provision over networks owned and operated by others². In this project, planned funding in 2023 amounted to EUR 4,927. Of this amount, EUR 2,446 was actually spent. Unused funds in the amount of EUR 2,481 were reimbursed to the funder of the project; respectively, the balance of financial resources on December 31, 2023 was EUR 0.00.

In turn, in regard to the second implemented project – Strengthening the regulatory capacity of the Ukrainian national regulatory authority in the telecommunications sector with a focus on market access and service quality monitoring system³. Within the framework of this project, in accordance with the original planned expenditures, EUR 22,576 were actually spent. The balance of financial resources on December 31, 2023 was EUR 0.00.

In total, during the reporting year, PUC concluded 60 economic activity contracts, including agreements attached to contracts, as well as organized two public procurements in accordance with the procedures specified in the Law on Public Procurement.

The PUC's financial statement was prepared in conformity with Cabinet regulations⁴ and was submitted to the Treasury of 19 February 2024. An opinion without objections regarding the financial statements was issued by the sworn auditors' company SIA A. Kursītes auditorfirma⁵. The financial statement is available in the Public Annual Reports section of the Treasury website.

¹ On Regulators of Public Utilities, Section 31, Paragraph seven

² No. IL 13 ENPI-TE 01 16 (IL/13)

³ No. UA 18 ENI TE 01 19

⁴ Regulation No. 652 of September 28, 2021, Procedures for Preparing an Annual Report

⁵ Sworn auditors' commercial company License No. 20

FINANCIAL RESOURCE	PREVIOUS YEAR (ACTUAL NUMBERS)*	IN THE REPORTING YEAR (EUR)	
		APPROVED BY LAW	ACTUAL NUMBERS*
Revenues	5 064 879	6 495 586	6 401 509
Fee based services and other income	5 046 964	6 495 586	6 401 509
Other previously unclassified revenue earmarked for special purposes (EU project No IL 13 ENPI-TE 01 16 (IL/13), Israel)	19 617	0	0
Other previously unclassified revenue earmarked for special purposes (EU project No UA 18 ENI TE 01 19, Ukraine)	(1 702)	0	0
Expenditure	5 322 795	6 623 089	6 201 824
Administrative costs	5 140 721	6 295 586	5 949 852
International cooperation	31 525	150 000	141 729
Other previously unclassified revenue earmarked for special purposes (EU project No IL 13 ENPI-TE 01 16 (IL/13), Israel)	17 798	4 927	2 446
Other previously unclassified revenue earmarked for special purposes (EU project No UA 18 ENI TE 01 19, Ukraine)	40 612	22 576	22 576
Capital investments	92 139	150 000	85 221

* In accordance with the cash flow principle



AUDITORS' REPORT

SIA "A.KURSĪTES AUDITORFIRMA"

Vienotais reģistrācijas Nr.45402005304
Raiņa iela 13-2, Madona, LV-4801, tālrunis: +371 29 48 38 13, fakss: 648-60497, e-pasts: anita.kursite@inbox.lv

NEATKARĪGU REVIDENTU ZIŅOJUMS

*Dokumenta datums ir tā
elektroniskās parakstīšanas laiks*

Nr. 19.02./2024

Latvijas Republikas Saeimai

Sabiedrisko pakalpojumu regulēšanas komisijas padomes priekšsēdētājam Aldai Ozolai

Mūsu atzinums par finanšu pārskatu

Esam veikuši **Sabiedrisko pakalpojumu regulēšanas komisijas** (turpmāk tekstā "SPRK") pievienotajā gada pārskatā ietvertā finanšu pārskata revīziju. Pievienotais finanšu pārskats ietver:

- pārskatu par finansiālo stāvokli 2023. gada 31. decembrī (balance),
- pārskatu par darbības finansiālajiem rezultātiem, kas noslēdzās 2023. gada 31. decembrī;
- pašu kapitāla izmaiņu pārskatu, kas noslēdzās 2023. gada 31. decembrī;
- naudas plūsmas pārskatu par gadu, kas noslēdzās 2023. gada 31. decembrī, kā arī
- finanšu pārskata pielikumu, tai skaitā, finanšu pārskata posteņu skaidrojumu, grāmatvedības uzskaites principu aprakstu, gada pārskata sagatavošanas principu aprakstu un finanšu instrumentu risku pārvaldīšanas aprakstu.

Mūsaprāt, pievienotais finanšu pārskats sniedz patiesu un skaidru priekšstatu par **Sabiedrisko pakalpojumu regulēšanas komisijas** finansiālo stāvokli 2023. gada 31. decembrī un par tās darbības finanšu rezultātiem un naudas plūsmu gadā, kas noslēdzās 2023. gada 31. decembrī, saskaņā ar LR Ministru Kabineta 2021. gada 28. septembra noteikumiem Nr. 652 „Gada pārskata sagatavošanas kārtība”.

Atzinuma pamatojums

Atbilstoši Latvijas Republikas Revīzijas pakalpojumu likumam ("Revīzijas pakalpojumu likums"), mēs veicām revīziju, ievērojot Latvijā atzītos starptautiskos publiskā sektora revīzijas standartus (turpmāk - ISSAI). Mūsu pienākumi, kas noteikti šajos standartos, tālāk izklāstīti mūsu ziņojuma sadaļā "Revidenta atbildība par finanšu pārskata revīziju".

Mēs esam neatkarīgi no SPRK saskaņā ar Starptautiskās Grāmatvežu ētikas standartu padomes izstrādātā Starptautiskā Profesionālu grāmatvežu ētikas kodeksa (tostarp Starptautisko Neatkarības standartu) prasībām un Revīzijas pakalpojumu likumā iekļautajām neatkarības prasībām, kas ir piemērojamas mūsu veiktajai finanšu pārskata revīzijai. Mēs esam ievērojuši arī Revīzijas pakalpojumu likumā un Starptautiskā Profesionālu grāmatvežu ētikas kodeksā (tostarp Starptautiskajos Neatkarības standartos) noteiktos pārējos profesionālās ētikas principus un objektivitātes prasības.

Mēs uzskatām, ka mūsu iegūtie revīzijas pierādījumi dod pietiekamu un atbilstošu pamatojumu mūsu atzinumam .

Ziņošana par citu informāciju

Vadība ir atbildīga par citu informāciju. Citu informācija ietver:

- vadības ziņojumu, kas sniegts e-Pārskatu sistēmā sadaļā Dokumenti "Vadības ziņojums";
- budžeta izpildes pārskatu, kas sniegts . e-Pārskatu sistēmā sadaļā Dokumenti "Budžeta izpildes skaidrojums";

Cita informācija neietver finanšu pārskatu un mūsu revidentu ziņojumu par šo finanšu pārskatu. Mūsu atzinums par finanšu pārskatu neattiecas uz šo citu informāciju, un mēs nesniedzam par to nekāda veida apliecinājumu, izņemot to, kā norādīts mūsu ziņojuma sadaļā "*Citas ziņošanas prasības saskaņā ar Latvijas Republikas tiesību aktu prasībām*".

Saistībā ar finanšu pārskata revīziju mūsu pienākums ir iepazīties ar citu informāciju un, to darot, izvērtēt, vai šī cita informācija būtiski neatšķiras no finanšu pārskata vai no mūsu revīzijas gaitā iegūtajām zināšanām un vai tā nesatur cita veida būtiskas neatbilstības.

Ja, pamatojoties uz veikto darbu un ņemot vērā revīzijas laikā gūtās zināšanas un izpratni par SPRK un tās darbības vidi, mēs secinām, ka citā informācijā ir būtiskas neatbilstības, mūsu pienākums ir par to ziņot. Mūsu uzmanības lokā nav nonākuši nekādi apstākļi, par kuriem šajā sakarā būtu jāziņo.

Citas ziņošanas prasības saskaņā ar LR tiesību aktu prasībām

Saskaņā ar Revīzijas pakalpojumu likumu, mūsu pienākums ir arī izvērtēt, vai vadības ziņojums ir sagatavots saskaņā ar LR Ministru Kabineta 2021. gada 28.septembra noteikumiem Nr. 652 „Gada pārskata sagatavošanas kārtība” prasībām. Pamatojoties vienīgi uz mūsu revīzijas ietvaros veiktajām procedūrām, mūsaprāt:

- vadības ziņojumā par pārskata gadu, par kuru ir sagatavots finanšu pārskats, sniegtā informācija atbilst finanšu pārskatam, un
- vadības ziņojums ir sagatavots saskaņā ar LR Ministru Kabineta 2021. gada 28.septembra noteikumiem Nr. 652 „Gada pārskata sagatavošanas kārtība” prasībām.

Vadības un personu, kurām uzticēta pārvalde, atbildība par finanšu pārskatu

Vadība ir atbildīga par tāda finanšu pārskata, kas sniedz patiesu un skaidru priekšstatu, sagatavošanu saskaņā ar LR Ministru Kabineta 2021. gada 28.septembra noteikumiem Nr. 652 „Gada pārskata sagatavošanas kārtība”, kā arī par tādas iekšējās kontroles sistēmas uzturēšanu, kāda saskaņā ar vadības viedokli ir nepieciešama, lai būtu iespējams sagatavot finanšu pārskatu, kas nesatur ne krāpšanas, ne kļūdas dēļ izraisītas būtiskas neatbilstības.

Sagatavojot finanšu pārskatu, vadības pienākums ir izvērtēt SPRK spēju turpināt darbību, pēc nepieciešamības sniedzot informāciju par apstākļiem, kas saistīti ar SPRK spēju turpināt darbību un darbības turpināšanas principa piemērošanu, ja vien vadība neplāno SPRK likvidāciju vai tās darbības izbeigšanu, vai arī tai nav citas reālas alternatīvas kā SPRK likvidācija vai darbības izbeigšana.

Personas, kurām uzticēta SPRK pārvalde, ir atbildīgas par SPRK finanšu pārskata sagatavošanas procesa uzraudzību.

Revidenta atbildība par finanšu pārskata revīziju

Mūsu mērķis ir iegūt pietiekamu pārliecību par to, ka finanšu pārskats kopumā nesatur kļūdas vai krāpšanas dēļ izraisītas būtiskas neatbilstības, un sniegt revidentu ziņojumu, kurā izteikts atzinums. Pietiekama pārliecība ir augsta līmeņa pārliecība, bet tā negarantē, ka revīzijā, kas veikta saskaņā ar ISSAI, vienmēr tiks atklāta būtiska neatbilstība, ja tāda pastāv. Neatbilstības var rasties krāpšanas vai kļūdas dēļ, un tās ir uzskatāmas par būtiskām, ja var pamatoti uzskatīt, ka tās katra atsevišķi vai visas kopā varētu ietekmēt saimnieciskos lēmumus, ko lietotāji pieņem, balstoties uz šo finanšu pārskatu.

Veicot revīziju saskaņā ar ISSAI, visa revīzijas procesa gaitā mēs izdarām profesionālus spriedumus un saglabājam profesionālo skepticismu. Mēs arī:

- identificējam un izvērtējam riskus, ka finanšu pārskatā varētu būt krāpšanas vai kļūdas dēļ izraisītas būtiskas neatbilstības, izstrādājam un veicam revīzijas procedūras šo risku mazināšanai, kā arī iegūstam revīzijas pierādījumus, kas sniedz pietiekamu un atbilstošu pamatojumu mūsu atzinumam. Risks, ka netiks atklātas būtiskas neatbilstības krāpšanas dēļ, ir augstāks nekā risks, ka netiks atklātas kļūdas izraisītas neatbilstības, jo krāpšana var ietvert slepenas norunas, dokumentu viltošanu, informācijas neuzrādīšanu ar nodomu, informācijas nepatiesu atspoguļošanu vai iekšējās kontroles pārkāpumus;

- iegūstam izpratni par iekšējo kontroli, kas ir būtiska revīzijas veikšanai, lai izstrādātu konkrētajiem apstākļiem atbilstošas revīzijas procedūras, bet nevis, lai sniegtu atzinumu par SPRK iekšējās kontroles efektivitāti;
- izvērtējam pielietoto grāmatvedības politiku atbilstību un grāmatvedības aplēšu un attiecīgās vadības uzrādītās informācijas pamatotību;
- izdarām secinājumu par vadības piemērotā darbības turpināšanas principa atbilstību, un, pamatojoties uz iegūtajiem revīzijas pierādījumiem, par to, vai pastāv būtiska nenoteiktība attiecībā uz notikumiem vai apstākļiem, kas var radīt nozīmīgas šaubas par SPRK spēju turpināt darbību. Ja mēs secinām, ka būtiska nenoteiktība pastāv, revidentu ziņojumā tiek vērsta uzmanība uz finanšu pārskatā sniegto informāciju par šiem apstākļiem, vai, ja šāda informācija nav sniegta, mēs sniedzam modificētu atzinumu. Mūsu secinājumi ir pamatoti ar revīzijas pierādījumiem, kas iegūti līdz revidentu ziņojuma datumam. Tomēr nākotnes notikumu vai apstākļu ietekmē SPRK savu darbību var pārtraukt;
- izvērtējam vispārēju finanšu pārskata struktūru un saturu, ieskaitot atklāto informāciju un skaidrojumus pielikumā, un to, vai finanšu pārskats patiesi atspoguļo pārskata pamatā esošos darījumus un notikumus;
- iegūstam pietiekamus un atbilstošus revīzijas pierādījumus par SPRK finanšu informāciju ar mērķi sniegt atzinumu pa finanšu pārskatu. Mēs esam atbildīgi par SPRK revīzijas vadību, pārraudzību un veikšanu. Mēs paliekam pilnībā atbildīgi par mūsu revidentu atzinumu.

Personām, kurām uzticēta SPRK pārvalde, mēs cita starpā sniedzam informāciju par plānoto revīzijas apjomu un laiku, kā arī par svarīgiem revīzijas novērojumiem, tajā skaitā par būtiskiem iekšējās kontroles trūkumiem, kurus mēs identificējam revīzijas laikā.

SIA "A.Kursītes auditorfirmas"
(sabiedrības licence nr. 20.)
valdes locekle, zvērināta revidente

*Šis dokuments ir elektroniski parakstīts ar
drošu elektronisko parakstu un satur laika
zīmogu*

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