Republic of Latvia

Cabinet

Regulation No. 312

Adopted 19 April 2011

Procedures for the Supply of Energy Users and Sale of Heating Fuel During Declared Energy Crisis and in Case of Endangerment to the State

[19 February 2013]

Issued pursuant to

Section 64, Paragraph one and Section 73 of the Energy Law and
Section 9, Clause 7, Sub-clause “a” of the Mobilisation Law

[19 February 2013]

I. General Provisions

1. This Regulation prescribes the procedures, by which energy users shall be supplied with energy during a declared State or local energy crisis, and the procedures, by which the energy supply merchants, merchants ensuring and providing the emergency stocks service and merchants to which licences have been issued in accordance with the procedures laid down in laws and regulations for the performance of entrepreneurial activities related to fuel (hereinafter – fuel merchants) shall sell heating fuel owned by them upon request from State or local government energy crisis centre.

1.¹ The procedures laid down in this Regulation shall be applied for the provision of the National Armed Forces, the State Fire and Rescue Service, the State Police, the State Border Guard, the Emergency Medical Assistance Service and the civil protection bodies to be mobilised with gas and electricity also in case of endangerment to the State.

[19 February 2013]

2. A draft decision on the level of a State energy crisis shall be prepared by the State Energy Crisis Centre, but on the level of a local energy crisis – the energy crisis centre of the relevant local government. The relevant draft decision shall be prepared by complying with specific circumstances of energy supply:

2.1. first level energy crisis – capability of ensuring the supply of energy is reduced by 7-12% of the daily (average) energy consumption;

2.2. second level energy crisis – capability of ensuring the supply of energy is reduced by 12-17% of the daily (average) energy consumption;

2.3. third level energy crisis – capability of ensuring the supply of energy is reduced by more than 17% of the daily (average) energy consumption.
3. In order to determine the appropriate level of a State or local energy crisis, the State Energy Crisis Centre and local government energy crisis centres shall take into account the estimated duration of the energy crisis, as well as evaluate the possibilities of diversification (substitution) of energy and heating fuel.

II. Groups of Energy Users

4. Three groups of energy users shall be determined during an energy crisis:
   4.1. first group – hospitals, emergency services, telecommunications centres, the Emergency Medical Assistance Service, the State Fire and Rescue Service, the National Armed Forces, the State Police, the State Border Guard, institutions of direct administration, water supply and sewage stations, objects of energy supply merchants, railway, airports, bus stations (the distance of bus itineraries (routes) in one direction exceeds 50 km), ports, deprivation of liberty institutions, State security institutions, State limited liability company “Latvian Environment, Geology and Meteorology Centre”, responsible keepers of the State material fuel reserves (at sites for storage of State material reserve resources), civil protection bodies to be mobilised (hereinafter – energy users of the first group);
   4.2. second group – schools, pre-school educational institutions, outpatient medical treatment institutions, food and agricultural product production facilities, public transport (within the meaning of this Regulation – public transport of any type in cities and local government territories, if the distance of transport itinerary (route) in one direction does not exceed 50 km), food supply transport, industrial objects the discontinuation of the technological process of which may cause accidents, damage to equipment or destruction of manufactured production in large amounts, State and local government institutions not included in the first group, households (hereinafter – energy users of the second group); and
   4.3. third group – energy users not included in the first and second group (hereinafter – energy users of the third group).

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5. When drawing up the lists referred to in Paragraphs 9 and 14 of this Regulation, the technical capability to restrict the energy supply of a particular energy user shall be taken into account depending on the configuration of networks and systems and the territorial location of the particular object.

III. Restrictions on Energy Consumption

6. If the first level energy crisis is declared:
   6.1. the energy consumption for the energy users of the first group shall not be restricted;
   6.2. restrictions of energy consumption for the energy users of the second and third groups shall be determined in an amount not exceeding 20% of the daily (average) energy consumption.

7. If a second level energy crisis has been declared:
   7.1. for the energy users of the first group restrictions on energy consumption shall be determined in an amount not exceeding 20% of the daily (average) energy consumption;
   7.2. restrictions of energy consumption for the energy users of the second group shall be determined in an amount not exceeding 40% of the daily (average) energy consumption;
   7.3. restrictions of energy consumption for the energy users of the third group shall be determined in an amount of up to 100% of the daily (average) energy consumption.

8. If the third level energy crisis has been declared:
8.1. for the energy users of the first group restrictions on energy consumption shall be determined in an amount not exceeding 40% of the daily (average) energy consumption, however, the energy supply may not be discontinued, thus ensuring the performance of the basic functions of the energy users of this group;

8.2. restrictions of energy consumption for the energy users of the second group shall be determined in an amount not exceeding 80% of the daily (average) energy consumption;

8.3. restrictions of energy consumption for the energy users of the third group shall be determined in an amount of up to 100% of the daily (average) energy consumption.

IV. Gas and Electricity Supply

9. The licensed gas and electricity distribution system operators, taking into consideration the classification of energy users referred to in Sub-paragraphs 4.1 and 4.2 of this Regulation and in co-ordination with local governments, shall compile a list of energy users of the first and second groups for the restriction on energy supply (hereinafter – lists of energy users) and develop procedures for the restriction and discontinuation of electricity and gas supply if an energy crisis is declared. The documents referred to shall be submitted to the Ministry of Economics. The Ministry of Economics shall prepare them for approval in the Cabinet.

10. The licensed gas and electricity distribution system operators shall indicate those energy users who own sources of electricity production reserves with a capacity above 200 kW in a separate group in the list of energy users.

11. Each year by 1 September the licensed gas and electricity distribution system operators shall review the list of energy users and, if necessary, prepare and submit to the Ministry of Economics proposals regarding updates to the list of energy users, as well as the procedures for the restriction and discontinuation of electricity and gas supply.

12. Technical measures for the restriction or discontinuation of electricity and gas supply shall be taken by a licensed gas and electricity distribution system operator in the zone of operation of the licence thereof.

V. Heat Supply

13. Only a local energy crisis may be announced in relation to the heat energy supply.

14. Energy supply merchants who perform heat supply (hereinafter – energy supply merchants), taking into consideration the classification referred to in Sup-paragraphs 4.1 and 4.2 of this Regulation and in co-ordination with a local government, shall compile lists of heat energy users of the first and second group for the restriction of the heat energy supply and develop procedures for the restriction and discontinuation of heat energy supply if an energy crisis is declared. The documents referred to shall be submitted for approval to the local government, in the administrative territory of which the heat supply is ensured by them.

15. Energy supply merchants shall indicate those heat energy users who own sources of heat production reserves with a capacity above 300 kW in a separate group in the list of heat energy users.

16. Each year by 1 September the energy supply merchants shall review and, if necessary, update the lists of heat energy users and the procedures for the restriction and discontinuation of heat supply, as well as submit the updated documents for approval to the local government, in the administrative territory of which they ensure the heat supply.
17. The local government shall review and each year by 1 October approve the lists of heat energy users and the procedures for the restriction and discontinuation of heat energy supply for a case if a local energy crisis is declared.

18. The documents approved by the local government referred to in Paragraph 17 of this Regulation shall be binding on the energy crisis centre of the relevant local government after the declaration of a local energy crisis.

19. If a local energy crisis is declared, the technical measures for the restriction or discontinuation of heat supply in the relevant territory shall be taken by an energy supply merchant who performs heat supply.

VI. Procedures for the Use of Heating Fuel Emergency Stocks and Emergency Oil Stocks of Energy Supply Merchants

20. During a local energy crisis a draft decision on the use of the heating fuel emergency stocks of energy supply merchants shall be prepared by the energy crisis centre of the relevant local government.

21. Taking into consideration the level of energy crisis, an energy supply merchant shall inform the local government or the Minister for Economics regarding the necessity to use the heating fuel emergency stocks and the emergency oil stocks and substantiate the necessity of the use.

22. During a State energy crisis the State Energy Crisis Centre or the local government energy crisis centre, taking into consideration the specific circumstances of the crisis, shall prepare a draft decision on the specification of the ways of use of the heating fuel emergency stocks and the emergency oil stocks for energy supply merchants:
   22.1. to substitute promptly one type of heating fuel with another;
   22.2. to allow the energy supply merchant to commence the use of the heating fuel emergency stocks and the emergency oil stocks;
   22.3. to reduce the consumption of heating fuel;
   22.4. to discontinue the use of a particular heating fuel;
   22.5. to sell a specific amount of the heating fuel emergency stocks to the energy supply merchants indicated by the State Energy Crisis Centre;
   22.6. to allow moving of petroleum products (fuel) from the storage site of the oil (fuel) emergency stocks directly to the site of the national or local energy crisis declared.

23. Taking into consideration the circumstances of a local energy crisis declared, the local government shall inform the Minister for Economics regarding the necessity to use the emergency oil stocks and substantiate the necessity of the use.

24. Taking into consideration the specific circumstances of a crisis, the State Energy Crisis Centre shall prepare a draft decision on the use of the emergency oil stocks, allowing the fuel merchants to move petroleum products (fuel) from the storage site of the oil (fuel) emergency stocks directly to the site of the State or local energy crisis declared.

25. If, during a State or local energy crisis, it is necessary to use the petroleum product (fuel) emergency stocks and to move petroleum products (fuel) to licensed places of fuel retail trade, the State Energy Crisis Centre shall prepare a draft decision on the permission for merchants, which store the oil (fuel) emergency stocks, or other merchants, which sell fuel, to supply
petroleum products (fuel) from the storage site thereof directly to such licensed places of fuel retail trade, which are located as close to the place of energy crisis as possible.

VII. Purchase and Sale of Heating Fuel and Emergency Oil Stocks

26. A draft decision on the sale of heating fuel (also reserve and emergency oil stocks) owned by energy supply merchants and fuel merchants during a State energy crisis shall be prepared by the State Energy Crisis Centre on the basis of the legal act, by which the State energy crisis has been declared.

27. If an energy crisis has been declared, the State Energy Crisis Centre may prepare a draft decision, specifying a duty for energy supply and fuel merchants to perform the following activities with heating fuel owned by them:
   27.1. to sell in free circulation;
   27.2. to sell at a fixed pre-crisis price;
   27.3. to sell at a specific price, fixed in the procurement voucher issued by the State Energy Crisis Centre;
   27.4. to sell to a legal person indicated by the State Energy Crisis Centre;
   27.5. to sell the emergency oil stocks at a specific price to the purchaser fixed in the procurement voucher issued by the State Energy Crisis Centre in conformity with the conditions included in procurement contracts entered into by and between the recipient of the service (the Ministry of Economics) and the provider of the service (merchant) as a result of open tenders referred to in Section 72, Paragraph two of the Energy Law. Taking into consideration the circumstances of the particular crisis, the State Energy Crisis Centre shall issue as many procurement vouchers as necessary.

28. The State Energy Crisis Centre shall prepare a draft decision on the duty of energy supply merchants to sell heating fuel owned by them for fixed pre-crisis price only if the increase in the market price may significantly affect the economic stability of the State. The decision on the application of a fixed pre-crisis price shall be published in the official gazette *Latvijas Vēstnesis*. [19 February 2013]

29. The State Energy Crisis Centre shall prepare a draft decision on the duty of energy supply merchants to sell heating fuel owned by them at a fixed pre-crisis price on the basis of the average market price of the relevant type of heating fuel in the previous calendar month prior to the moment when the possible crisis became known in such a way as might have affected the market price of the relevant heating fuel.

30. A procurement voucher shall be a document issued to a particular legal or natural person by the State Energy Crisis Centre, which ensures the possibility of selling or purchasing a certain amount of different types of heating fuel (including the oil (fuel) emergency stocks) during a State energy crisis declared. The procurement voucher shall be completed in accordance with Annex to this Regulation. The procurement voucher shall be approved by the Minister for Economics.

31. When selling heating fuel, except the oil (fuel) emergency stocks, the State Energy Crisis Centre or the legal person specified by the State Energy Crisis Centre and the energy supply merchant shall draw up a purchasing and selling deed, specifying the following therein:
   31.1. the legal act, by which the State energy crisis has been declared, and the decision on the purchasing or selling the heating fuel;
31.2. the name and licence number of the seller – an energy supply merchant or fuel merchant;
31.3. the type and amount of the heating fuel intended for sale;
31.4. the officials of the purchaser and seller with the right to sign;
31.5. the name and registration number in the Enterprise Register of the legal person, from which a specific amount of heating fuel is purchased or to which it is sold;
31.6. the performance deadline of the decision;
31.7. the procedures by which payment for the heating fuel sold shall be made; and
31.8. other circumstances and information, which are significant in each particular case.

32. The decision referred to in Paragraph 20 of this Regulation shall be taken by the relevant local government.

33. The decision referred to in Paragraphs 2 and 22 of this Regulation shall be taken by the Cabinet or the relevant local government, taking into consideration the circumstances of the specific crisis.

34. The decisions referred to in Paragraphs 24, 25, 26, 27, 28, 29 and Sub-paragraph 31.1 of this Regulation shall be taken by the Cabinet.

VIII. Closing Provision


Prime Minister V. Dombrovskis
Minister for Economics A. Kampars
PROCUREMENT VOUCHER*
No.____

1. The type of heating fuel (indicate the precise name of the heating fuel, for example, coal, peat) ____________

2. Quantity of heating fuel (indicate the precise quantity in numbers and measuring units) ______________

3. General procedures for payment for the heating fuel sold:

3.1. This procurement voucher ensures and guarantees that the SELLER will sell

(indicate the precise name of the heating fuel and quantity of the heating fuel in numbers and measuring units)

and the PURCHASER will purchase

(indicate the precise name of the heating fuel and quantity of the heating fuel in numbers and measuring units)

3.2. the SELLER undertakes to sell the heating fuel referred to in Sub-clause 3.1 in the quantity indicated for the total purchase sum _________ EUR (sum in words), including value added tax rate;

3.3. the PURCHASER undertakes to purchase the heating fuel referred to in Sub-clause 3.1 in the quantity indicated for the total purchase sum _________ EUR (sum in words), including value added tax rate;

3.4. the SELLER and the PURCHASER shall draw up a heating fuel purchase and sale deed** or shall enter into a heating fuel purchase and sale contract***.

4. The procurement voucher shall enter into effect on the day of approval thereof.
5. In case of purchasing and selling the emergency oil stocks, the State Energy Crisis Centre shall delegate the PURCHASER to make payment (the performer of the payment shall be the purchaser of petroleum products indicated in the requisites in this procurement voucher, i.e., the energy user referred to in Sub-paragraphs 4.1 and 4.2 of Cabinet Regulation No. 312 of 19 April 2011, Procedures for the Supply of Energy Users and Sale of Heating Fuel during Declared Energy Crisis, (hereinafter – Regulation), for example, the State Fire-fighting and Rescue Service, hospital, the State Police) for the supplied amount of petroleum products not later than within 48 hours after the issue of the procurement voucher to the SELLER. The day when the procurement voucher was approved shall be deemed the day of issue of the procurement voucher.

6. Other information (complete in special cases upon the request of the seller or purchaser)

7. Legal address and requisites of the seller and purchaser

SELLER****

(name of the legal person)

(legal address)

Treasurer or bank

Registration No.

Code

Account

Position of the official with the right to sign

given name, surname

20

Place for a seal

PURCHASER****

(name of the legal person)

(legal address)

Treasurer or bank

Registration No.

Code

Account

Position of the official with the right to sign

given name, surname

20

Place for a seal

Notes.

1. * Only the clauses of the procurement voucher needed in each particular case shall be completed.
2. ** The minimum requirements for a heating fuel purchase and sale deed are indicated in Paragraph 31 of Regulation.
3. *** A standard contract of commercial practice service may be used as a heating fuel purchase and sale contract. The minimum requirements to be included in the contract are indicated in Paragraph 31 of Regulation.
4. **** If the seller and purchaser are natural persons, the given name, surname, personal identity number, address of the actual place of residence shall be indicated in the requisites.

Minister for Economics

A. Kampars