**Table of contents:**

[1. General issues – purpose, scope 1](#_Toc139985730)

[2. Terminology and abbreviations 2](#_Toc139985731)

[3. Types of building designs (categories) 2](#_Toc139985732)

[4. Approval of building designs 4](#_Toc139985733)

[5. Special conditions 6](#_Toc139985734)

[6. Liability 7](#_Toc139985735)

# General issues – purpose, scope

The Procedure “On Building design Approval at Latvenergo AS” (hereinafter referred to as – Procedure) has been developed:

to ensure a unified and efficient procedure for real estate owner consent in relation to construction initiated by Latvenergo Group companies or third parties on real estate of Latvenergo AS, as well as on real estate owned by the State in the person of the Ministry of Economics, which is necessary for the commercial activities of Latvenergo Group companies;

to minimise the risks of property owner's unauthorised construction, placement, renovation or reconstruction of a building ;

to assess and determine possible compensation to third parties for the use of the real estate.

The Procedure determines the basic principles of approval of Building Design affecting the real estate of Latvenergo AS or the property in possession/use (on the basis of a power of attorney), in accordance with the Construction Law, the Energy Law, the Protection Zone Law and the laws and regulations issued on their basis, Civil Law, the Law On Prevention of Squandering of the Financial Resources and Property of a Public Person, the “Regulations on Employees Rights of Latvenergo AS to Deal with the Company’s Resources” and other external and internal laws and regulations.

The Procedure is binding for the Information Technology and Telecommunications, CHPP Technical Management, HPP Technical Management, Wind and Solar Park Development, Services Technical Support, Electric Vehicle Charging Network Development of Latvenergo AS with respect to the development, renovation/reconstruction, demolition or restriction of real estate owned, possessed or used (on the basis of a power of attorney).

# Terminology and abbreviations

***2.1. Terminology***

**Encumbrance** – an encumbrance on a real estate object – an area (part) of a land unit or a structure (part thereof), where a restriction (limitation) of the right of use or economic activity has been established or an easement has been established pursuant to the laws and regulations, a contract or court decision;

**Structure** – a tangible thing (building or civil engineering structure) connected with the land or the bed resulting from construction works;

**Building Design** – a set of information containing graphical, textual and other information on the construction plan, including the characteristics of the structure or its accessories;

**Power supply object** – buildings, civil engineering structures, equipment, installations, lines, networks intended for the production, transmission, distribution of electricity or charging of electric vehicles;

**Real estate** – land units, parts of land units, structures (including transport structures, hydraulic structures, communication towers, chimneys, etc.) owned, possessed or used by Latvenergo AS;

**REMU** – Real Estate Management Unit.

***2.2. Abbreviations in the diagrams***

BD – Building Design;

BIS – Construction Information System (https://bis.gov.lv/);

LE – Latvenergo AS;

MoE – Ministry of Economics;

RE – real estate subject to approval;

DA – design order for the building design;

TR – technical regulations for the development of the building design.

# Types of building designs (categories)

Building designs submitted to Latvenergo AS for approval are divided into several categories, depending on the employer and the ownership/jurisdiction of the real estate.

3.1. Division by ownership/jurisdiction of the real estate to be covered by the approval:

3.1.1. Real estate owned by Latvenergo AS – ownership of land and/or structures;

3.1.2. real estate belonging to/owned by the State (represented by Latvenergo AS on the basis of a power of attorney) in the person of the Ministry of Economics.



Diagram 1. Diagram of the approvals of Latvenergo AS as the owner or holder/user of the real estate (on the basis of a power of attorney).

3.2. Division by owner of the structure to be designed:

* + 1. Latvenergo AS;
    2. Subsidiary of Latvenergo AS;
    3. third parties;
    4. shared ownership.

3.3. Division by type of construction:

* + 1. construction, renovation/reconstruction or demolition of Latvenergo AS structures;
    2. construction, renovation/reconstruction or demolition of power supply facilities of Latvenergo AS subsidiary Sadales tīkls AS;
    3. construction, renovation/reconstruction or demolition of power supply facilities of third parties;
    4. construction, renovation/reconstruction or demolition of other types of third party structures (e.g., installation of water supply, sewerage, communication infrastructure facilities).



Diagram 2. Subdivision diagram for building designs.

# Approval of building designs

4.1. Building designs submitted to Latvenergo AS for approval shall be registered in the Document Management System by the responsible person of the Document Management, document type – *Design for approval*, and transferred to the **REMU** for execution.

* 1. Latvenergo AS, as the owner/holder/user of the real estate, reviews and approves the Building Design only after the responsible employees or authorised persons within their competence – respectively in the Information Technology and Telecommunications, CHPP Technical Management, HPP Technical Management, Wind and Solar Park Development, Services Technical Support, Electric Vehicle Charging Network Development, have assessed and approved the technical solution of the Building Design (incl. by BIS approval).
  2. The approval of Building Designs is carried out on behalf of the owner/holder/user of the real estate by an authorised employee of Latvenergo AS in accordance with a report prepared by the REMU in the Document Management System.
  3. The Building Design approval report shall be prepared no later than within 5 business days from the date of registration of the Building Design in the Document Management System of Latvenergo AS, if the responsible employees or authorised persons of Latvenergo Group companies have assessed and approved the technical solution of the Building Design.
  4. The Building Design approval report shall be addressed to the director/authorised person of the Division and, after registration in the Document Management System, shall be submitted for resolution. In accordance with the resolution of the director of the Division, the Building Design approval report shall be forwarded to the REMU for execution.
  5. If the Building Design lacks the necessary approvals as per Paragraph 4.2 or the necessary files for the assessment of the Building Design have not been submitted, the submitter shall be informed within 3 business days (from the date of registration) and the preparation of the report shall only commence after the above-mentioned deficiencies have been rectified. The notification of the Building Design submitter shall be recorded. If within 1 month (from the date of informing the Building Design submitter) the necessary approvals have not been submitted, then the Building Design with a cover letter in the possession of Latvenergo AS shall be returned to the submitter without the approval of Latvenergo AS (if the documentation is submitted in paper format).
  6. In the Building Design approval report, the REMU shall include information on:
     1. the employer (owner/user of the structure to be designed);
     2. the type of structure and a brief description of the activities planned in the project that affect the condition and value of the real estate (construction of a new structure, renovation/reconstruction of an existing structure, demolition, creation of an encumbrance);
     3. the ownership of the real estate that will be subject to the approval and the type of approval – approval of the owner (Latvenergo AS) or user/holder (Ministry of Economics of the Republic of Latvia);
     4. technical approvals of the Building Design;
     5. the need to conclude an agreement with the construction initiator on the use of the real estate and the determination of the remuneration;
     6. other information or conditions, if any (e.g., service agreements concluded with the employer, etc.).
  7. The approval of the Building Design on behalf of the owner/holder/user of the real estate shall be carried out by:
     1. making a written note in the technical documentation of the Building Design (paper documentation), indicating the type of approval:
        1. approval of the owner of the real estate;
        2. approval of the user/holder (on behalf of the Ministry of Economics of the Republic of Latvia), accompanied by a copy of the power of attorney.
     2. Signing the letter of approval with a secure electronic signature, enclosing the design file to be approved or the approval report.
  8. If the Building Design is developed for the renovation or reconstruction of a power supply facility located in real estate owned or possessed by Latvenergo AS, without increasing the area occupied by the protection zones, it is not necessary to coordinate it with Latvenergo AS as the owner of the real estate. In these cases, the provision of Section 19 (12) of the Energy Law shall apply, which provides that the energy supply merchant has the right to perform the reconstruction or renewal of any of its objects by notifying the landowner thereof in a timely manner.

 3. Diagram of approval of Building Designs.

# Special conditions

5.1. Pursuant to Section 3 of the Law On Prevention of Squandering of the Financial Resources and Property of a Public Person, financial resources and property shall be managed rationally. Thus, Latvenergo AS shall transfer its real estate part to the owner of the structure to be designed for use for remuneration, except for as specified in Section 51, Paragraph (1) of said Law, when the transfer of capital company property for use without compensation may be considered as expedient – if the owner of the structure is a derived public person or an institution of a public person, another capital company or private person performing public administration tasks delegated to it or providing public person services.

5.2. In cases when the owner of the structure to be designed is:

5.3.1. third parties (natural or legal persons, whose objects or the protective zones caused by them after the implementation of the Building Design will be located in the property of Latvenergo AS and no other type of agreement has been concluded with Latvenergo AS, the services of which include the placement of engineering structures (e.g., communication containers, communication cables, etc.));

5.3.2. shared ownership (e.g., the energy supply facility is/will be owned by Sadales tīkls AS before electricity meter box, after electricity meter box – by a third party);

the extent to which the use of real estate owned by Latvenergo AS, its value, encumbrances and their impact on the adjacent area, accessibility, other factors, shall be assessed.

5.4. In cases when third parties construct new engineering structures (except for power supply facilities), Latvenergo AS shall, prior to the approval of the Building Design, conclude an appropriate agreement on the use of the Real Estate, with the determination of the remuneration. In calculating the remuneration by analogy, the provisions of other laws and regulations or case law may be applied for a one-time fair remuneration to the owner of the Real Estate, which shall be determined as not less than EUR 28 for the total area of land that is restricted and/or no longer used for the commercial activities of Latvenergo Group (where the area of land is calculated in square metres, rounded to the nearest square metre).

5.5. In cases when third parties build new power supply facilities, prior to the approval of the Building Design, one-time remuneration for the use of real estate owned by Latvenergo AS shall be determined in accordance with Cabinet Regulation No. 603 adopted 25.07.2006 “Procedure for Calculation and Payment of Remuneration for Expropriation or Restriction of the Right to Use of Land Property Required for the Installation or Reconstruction of a Power Supply Facility”.

In cases when third parties build new electronic communications facilities, prior to the approval of the Building Design, one-time remuneration for the use of real estate owned by Latvenergo AS shall be determined in accordance with the provisions of the Electronic Communications Law and its subordinate laws and regulations.

5.6. The amount of the remuneration shall be decided in accordance with the “Regulations on the Rights of Employees of Latvenergo AS to Deal with the Company’s Resources” and its subordinate documents.

# Liability

The Real Estate Management of Latvenergo AS is responsible for the implementation and updating of this Procedure.

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