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# Objective

The objective of the Procedures is to establish the procedure for the acceptance of services received, goods purchased or construction and repair works carried out by contractors under the HPP and the CHPP Technical Management, as well as the form and content of the documents necessary for implementation, the sequence and procedure for their execution.

# Abbreviations and explanations

**Works** – construction or repair works and goods procured by contractors under HPP and CHPP Technical Management.

**Services** – design, survey, construction supervision, expertise, author supervision, scientific research, investigation, maintenance, consultancy and SMA services for the CHPP power units provided by contractors under HPP and CHPP Technical Management.

**Form No. 2** – deed of works actually executed and payable, which shall serve as a supporting document for the invoicing of the amount indicated and for mutual settlements but shall not be considered as a document of handover -takeover of the works.

**Regulations** – “Regulations on the Rights of Employees of Latvenergo AS to Deal with the Company’s Resources”.

**Project Manager** – the person responsible for the performance of the agreement as specified in the agreements.

**Technical Supervisor** – an employee designated by the HPP/CHPP Technical Director (specified in the Agreements or designated by a separate order) or an outsourced contractual service provider to carry out technical supervision and control of the works executed by the contractors

**Construction Supervisor -** a certified construction specialist in the relevant field of activity, appointed by a separate order of the Technical Director of the HPP/CHPP, or a contracted construction company registered in the relevant field of activity or a certified construction specialist in the relevant field of activity, performing construction supervision of the works, in accordance with the regulatory enactments governing the construction process.

**Author's Supervisor –** construction specialist or construction merchant who has concluded a written contract on author supervision or performs author supervision at his own choice.

**NOP059** - Regulation "Conversion of Latvenergo AS source document into DIGI electronic source document"

**TOPS** - Management system of technical objects

**TU** – The Technical Unit of the HPP or CHPP Technical Management.

**HTSS** – Hydrotechnical Structures Service of the HPP Technical Management.

**LIVS** – register of contracts.

**DIGI** – a system in which DIGI's electronic source documents are electronically stored and which ensures the processing (designation, endorsement, approval) and traceability of these documents.

# Acceptance of the completed stages of the Works

* 1. The scope and cost of the Works completed during the reporting period shall be verified by a Milestone Certificate or Form No. 2.
	2. Form No. 2 shall be drawn up by the Contractors and submitted to the Project Manager by a mutually agreed date in accordance with the form set out in Annex 1. Form No. 2 shall be drawn up and is submitted signed with a secure electronic signature.
	3. The Project Manager shall be responsible for ensuring that Form No. 2 and the Milestone Certificates are agreed and processed in a timely manner. Form No. 2 shall be agreed within 5 business days of receipt, or a reasoned refusal shall be given to the Contractor.
	4. Form No. 2 or the Milestone Certificate shall be initially revised agreed upon confirming it by signing on the LIVS in following order:
* the technical supervisor(s) and/or performer of supervision of the construction workresponsible for the conformity of the works included in Form No. 2 with the scope and technical requirements of the works completed.
* Financial analyst of the Generation Financial Planning and Control Unit, who controls the financial compliance with the contract.
	1. After completion of the coordination in the LIVS system, the Project Manager designated by Latvenergo AS shall sign this document on behalf of Latvenergo AS with a secure electronic signature.
	2. The works shall be handed over by the contractor to the person authorised by the agreement and accepted by the Project Manager, who shall be responsible for verifying that the works conform to the scope of the works and to the agreement.
	3. After Form No. 2 or the Milestone Certificate has been agreed by LIVS, it shall be sent to the Contractor and, accordingly, to the Head of HPP or CHPP, Head of Technical Unit or Head of HTSS. The Project Manager verifies the compliance of the invoice submitted by the contractor with cost-substantiating documents and contract conditions and submits it in DIGI to the financial analyst of the Generation Financial Planning and Control Unit, who draws up the document in accordance with NOP059 regulations and submits it for approval.

Invoices shall be agreed by endorsement in DIGI by:

* the Project Manager who confirms the conformity of the invoice with Form No. 2, the Milestone Certificate and the agreement;
* the Project Manager’s direct manager.
	1. In accordance with the Regulations, the invoice shall be approved by the decision-maker.
	2. Financial analyst of the Generation Financial Planning and Control Unit ensures the progress of invoices, monitors the timely recording of the invoice in Oracle EBS.
	3. In the case that the duties of the Project Manager or technical supervision, construction supervision or consultancy Services are performed by an outsourced service provider, Form No. 2 shall be agreed by the outsourced service provider and Latvenergo AS employees in accordance with Paragraph 3.4. and the Work shall be accepted by the Latvenergo AS Project Manager. The invoice shall be agreed by Latvenergo AS employees in accordance with Paragraph 3.8.
	4. For individual projects, other procedures for the Milestone acceptance of the works and agreement of financial documents may be established and approved by a project management commission (committee).

# Acceptance of completed service milestones if the stage handover-takeover deed or Form No. 2 is not used to certify quantities and costs.

* 1. Performed Services may be accepted in milestones by approval of the invoice, including delivery invoices, and Cost supporting documents such as progress report, reports, timesheets, service milestone certificates, etc. Where the provisions of the agreement provide for the submission of Form No. 2 for the performed services, the provisions of Paragraph 3 shall apply to the acceptance of the services.
	2. Invoices and cost supporting documents shall be submitted by the Contractors to the Project Manager by a mutually agreed deadline.
	3. The responsibility of the Project Manager is to ensure that supporting documents are agreed and processed in a timely manner. The cost supporting documents shall be agreed within 5 business days of receipt or a reasoned refusal shall be given to the Contractor.
	4. Consultancy services may be accepted and paid for as piecework on completion of the Terms of Reference, or in interim stages, according to the resources consumed during the period, supported by progress reports. Progress reports are informative material to enable the Project Manager and the Technical Supervisor to assess the progress of the Service. The progress report shall include: a description of the work completed, progress against the schedule (not applicable to piecework), an overview of the specialist resources used and planned, a list of planned activities for the next period, factors causing delay of work, an overview of potential risks.
	5. The cost supporting documents (progress reports, milestone certificates, etc., in accordance with the agreement) shall be approved by endorsement by:
* the Technical Supervisor, who certifies the conformity of the information contained in the documents with the technical requirements of the agreement (if a technical supervisor has been appointed to monitor the execution of the agreement);
* the Project Manager, who certifies the conformity of the information contained in the documents with the provisions of the agreement.
* Financial analyst of the Generation Financial Planning and Control Unit, who inspects that the cost supporting documents comply with the agreement.
	1. After the cost supporting documents (progress reports, handover certificates, etc., in accordance with the contract) have been agreed, it shall be sent to the Contractor and to Head of HPP or CHPP, Head of Technical Unit or Head of HTSS., as appropriate. The Project Manager checks the conformity of the invoice submitted by the Contractor with the supporting documents and the provisions of the agreement and submits it in DIGI to the financial analyst of Generation Financial Planning and Control Unit, who draws up the document in accordance with NOP059 regulations and submits it for endorsement.
	2. Invoices are approved by endorsement in DIGI:
* the Project Manager, who confirms the conformity of the invoice with the supporting documents and the provisions of the agreement.
* The Project Manager's direct manager;
* Generation Projects Director (if the implementation of contractual works is performed by the project manager of the production project's function
	1. The invoice shall be approved by the decision-maker in accordance with the Regulations.
	2. The financial analyst of Generation Financial Planning and Control Unit ensures the process of invoices and cost supporting documents, monitors the timely registration of the invoice in Oracle EBS.
	3. In the case if the project manager’s duties are performed by an outsourced service provider, the cost supporting documents shall be agreed between the outsourced service provider and Latvenergo AS employees in accordance with Paragraph 5. The invoice shall be agreed by Latvenergo AS employees in accordance with Clause 4.7.
	4. For individual projects, other procedures for acceptance of service milestones and agreement of financial documents may be established and approved by a project management commission (committee).

# Taking over of the completed Works

#####  **Inspections of the completed Works**

* + 1. In the case of installation of new equipment or appliance, reconstruction works or maintenance at the HPP or CHPP sites, inspection programme shall be drawn up prior to acceptance of the equipment. The inspection programme shall include equipment inspections in accordance with the requirements of the Latvian national standard series LVS1082 “Technical requirements for Electrical equipment operation and maintenance”.
		2. The inspection programme shall be drawn up by the Contractor together with the Employer in accordance with the procedures set out in the regulations of Latvenergo AS; in accordance with the sample set out in Annex 2 the Project Manager shall organise the process of coordination and approval of the inspection programme. The inspection programme shall be approved by the HPP or CHPP Technical Director.
		3. The project manager is responsible for the preparation of the Trial operation (overall) programme of inspections and the coordination of the execution of the planned measures. It is the responsibility of the project manager to monitor the progress of inspections and to ensure that the persons responsible for the inspection programme coordinate and record the performance of the measure under their responsibility. Supervision of the technical side and quality control of execution, as well as operational activities with the equipment, are the competence of the respective responsible persons.
		4. The Trial operation in accordance with the requirements of the Latvian national standard series LVS1082 “Technical requirements for Electrical equipment operation and maintenance” may only be started after all the inspections or commissioning works are completed prior to Trial operation according to the commissioning programme, has been started. Before starting the Trial operation, the Project Manager shall convene a handover-takeover commission in accordance with Paragraph 5.2.2, which shall decide on the authorisation to start the Trial operation in accordance with the sample set out in Annex 3.
		5. The progress of the Trial operation shall be documented.
		6. If defects in the equipment are found during the Trial operation, a note shall be made in the deed, recording the time and reasons for stopping the Trial operation and the due dates for rectification.
		7. After the defects have been rectified, the Trial operation shall be restarted in full or comply with the requirements of the Latvian national standards series LVS 1082 LVS1082 “Technical requirements for Electrical equipment operation and maintenance” by making an entry in Trial operation programme.
		8. The Trial operation programme shall include details of the time when the Trial operation was successfully completed.
		9. The Trial operation programme and the deed on readiness for operation prior to the start of the Trial operation shall be drawn up in 1 copy to be attached to the agreement As-Built documentation.
		10. Temporary commissioning is also allowed, in accordance with the requirements and conditions of the Latvian national standards series LVS 1082 “Technical requirements for Electrical equipment operation and maintenance”

## Acceptance of the construction works, repairs and goods supplied in connection therewith

* + 1. After completion of all related works as specified in the Contract or its Annexes (completion of necessary inspections, preparation and coordination of as-built documentation, etc.), the received works are accepted by preparing and mutually signing the handover-takeover deed, in accordance with the form specified in Annex No. 5. The Project Manager is responsible for the preparation of the deed.
		2. The construction works, repairs and goods supplied in connection therewith shall be accepted by a handover -takeover commission composed as follows:

Chair of the commission:

* the HPP or CHPP Technical Director (depending on the ownership of the site);

Members of the commission:

* Head of HPP or CHPP (depending on the location of the site) ;
* Head of HTSS (for HPP buildings and hydrotechnical structures);
* Generation Projects Director (if the agreement works are carried out by the Project Manager of the Generation Projects);
* Direct manager of the Project Manager
* Project Manager;
* Technical Supervisor(s) and/or Construction Supervisor;
* Head of HPP or CHPP Technical Unit or his/her nominee (depending on the location of the site);
* Environmental Engineer, if the implemented Service is included in the Environmental Programme.
* Author's supervision if the works are supervised by an author.

The decision-maker shall have the right to change or supplement the composition of the handover -takeover commission by a separate order.

* + 1. Responsibility of the project manager is organization of handover- takeover commission on time. The commission shall be organized no later than 5 business days after the submission of the As-Built documentation, the successful completion of the commissioning (if applicable) and the receipt of the Contractor’s representative written notification of completion of the works.

Separate Agreements may provide other procedures for the submission and handover-takeover of the As-Built documentation.

* + 1. The task of the handover -takeover commission shall be to verify that:
* the works have been carried out to the scope and to the quality specified in the design, the work description, the technical specifications and the agreement;
* the necessary inspections and measurements have been carried out;
* the work areas are clean and tidy; and surplus materials, waste and equipment have been removed;
* all the necessary safety equipment, safety fencing, signs and markings have been installed;
* the training of personnel (if applicable) has been carried out;
* any deviations from the design, regulations, work descriptions and technical specifications identified during the execution of the works have been agreed and indicated in the As-Built documentation, how they have affected the safety, service life, scope and quality of the works;
* the comments and objections raised by Technical supervisors or Supervisor of the construction work during the execution of the provided services concerning the scope and quality of the works have been satisfactorily resolved;
* the operating instructions (if specified as applicable) have been drawn up;
* all the documents required by the agreement have been submitted;
* the opinions have been obtained from of all the institutions that have issued the technical regulations and of the independent experts, if required;
* all the spare parts, assembly, adjustment and testing devices required by the agreement have been received;
* the requirements and provisions of the laws and regulations are met.
	+ 1. The agreement works shall be accepted after the construction, repair works or establishment of the utilities, installation, building or structure by signing Handover -takeover deed of agreement works in accordance with the form set out in Annex 4. The Project Manager shall be responsible for its preparation.
		2. In case if the acceptance of the contractual works is accompanied by the taking over of the utilities, equipment, buildings and structures, a Handover -takeover deed shall be drawn up in accordance with the form set out in Annex 5. The Project Manager of the Employer shall be responsible for its preparation.
		3. If the Handover-takeover commission has found substantial defects, according to the Latvian national standards series LVS 1082 “Technical requirements for Electrical equipment operation and maintenance”, or regulatory requirements, or if the Trial operation programme has not been fulfilled, the handover of objects must not take place.

In such cases, the contractor shall issue a list of defects and unconformities signed by an authorised representative of the contractor and the employer's project manager. After the notification by the contractor that the defects and unconformities have been rectified, a reconvened Handover-takeover commission shall be convened.

* + 1. By coordinating the Handover-takeover deed, the commission shall be responsible for the performance of the tasks set out in Paragraph 5.2.4.
		2. The Handover-takeover deed is prepared in electronic form, which the commission agrees by LIVS, and then the deed is sent to the Contractor's responsible person or Project Manager for electronic signature. The Handover-takeover deed shall be attached to the As-Built documentation of the contract.
		3. The Project Manager shall submit a Handover -takeover deed to the Financial Analyst of the Generation Financial Planning and Control Unit.
		4. In cases where the type of Service is construction works, the taking over of the structures shall be carried out in accordance with the regulatory enactments regulating construction.

The certificate for readiness of the structure (object) taking over may only be issued after the works have been accepted by the Latvenergo AS Handover -takeover commission in accordance with described procedure in Paragraph 5.2.

In cases when, in accordance with the regulatory enactments governing construction, the relevant construction process does not require construction design documentation, the object can be put into operation in accordance with Paragraph 5.2.

* + 1. In cases when it is necessary to start commercial operation of utilities, equipment or an individual unit after its reconstruction, (not applicable for construction works), but the project and/or Agreement implementation is in progress, the unit shall be commissioned in accordance with the provisions of Paragraph 5.1 and the taking over shall be done by convening the commission referred to in Paragraph 5.2.2. and by preparing and signing a technical deed on the acceptance of the utility, appliance or individual units after repair, in accordance with the form set out in Annex 11.
		2. For works or services, the value of which does not exceed EUR 15,000.00 (fifteen thousand euros) and there is no contract for the execution of works or services, the fact of execution shall be certified by the endorsements and signatures of the persons responsible (such as the head of the department organising the receipt of the service) on the supporting documents for the costs.

## Acceptance of maintenance and maintenance repair work on utilities and equipment

* + 1. After the completion of the maintenance and/or maintenance repair work on the utilities and equipment, buildings or structures, the As-Built documentation shall be prepared and submitted. Maintenance and maintenance repair works shall be accepted upon completion of the works, including all necessary inspections, approval of the As-Built documentation, by means of a taking over deed signed by both Parties on the acceptance after maintenance repair and/or maintenance.
		2. The deed shall be signed by the Technical Supervisor on the part of the Employer.
		3. Utilities and equipment, maintenance and maintenance repair works, which are managed by the TOPS electronic system (i.e. the Contractor works in TOPS) throughout the execution cycle, shall be accepted according to the TOPS workflow in TOPS.

The acceptance deed of the equipment (individual units) after repair can be generated in the TOPS system and as a report represents the actions performed by the parties in the TOPS system.

* + 1. The completion of maintenance and maintenance repair work agreements at the end of the defined maintenance or maintenance repair work period shall be accepted by a Handover -takeover commission composed of the following:

Chair of the commission:

* the HPP or CHPP Technical Director (depending on the ownership of the site);

Members of the commission:

* the HPP or CHPP Head of Generation Facility (depending on the location of the site);
* Generation Projects Director (if the agreement works are carried out by the Project Manager of the Generation Projects);
* Project Manager,
* Technical Supervisor(s),
* Head of HPP or CHPP Technical Unit or his/her nominee (depending on the location of the site).
	+ 1. For works or services, the value of which does not exceed EUR 15,000.00 (fifteen thousand euros) and there is no contract for the execution of works or services, the fact of execution shall be certified by the endorsements and signatures of the persons responsible (such as the head of the department organising the receipt of the service) on the supporting documents for the costs.

## Acceptance of services received

* + 1. Services shall be accepted by a Handover -takeover commission composed as follows:

Chair of the commission:

* the HPP or CHPP Technical Director (depending on the ownership of the site);

 Members of the commission:

* Head of HPP or CHPP (depending on the location of the site) ;
* Head of HTSS (for HPP buildings and hydrotechnical structures);
* Generation Projects Director (if the agreement works are carried out by the Project Manager of the Generation Projects);
* Direct manager of the Project Manager;
* Project Manager;
* Technical Supervisor(s) and/or construction supervisor;
* Head of HPP or CHPP Technical Unit or his/her nominee (by object location);

The decision-maker shall have the right to change or supplement the composition of the handover -takeover commission by a separate order.

* + 1. It is the responsibility of the project manager to organize the Handover - takeover commission in time. The project manager is responsible for drawing up the handover – takeover deed.
		2. The Handover-takeover deed shall be drawn up electronically and agreed in LIVS. After completion of coordination in the LIVS system, the project manager appointed by AS Latvenergo coordinates these documents on behalf of AS Latvenergo with a secure electronic signature.
		3. The Project Manager submits the handover-takeover deed to the financial analyst of the Generation Financial Planning and Control Unit.

## Acceptance of the outstanding works

* 1. 1. In exceptional cases where, at the time of acceptance of the works, certain works provided for in the Agreement but which do not affect the operation of the utility, installation, structure or building have not been completed, a list of outstanding works (Punch list) may be drawn up, listing the outstanding works and their completion dates in a deed for outstanding works in accordance with the form set out in Annex 6.
		2. The outstanding works deed is drawn up electronically and coordinated with LIVS. After completion of coordination in the LIVS system, the Project Manager coordinates these documents on behalf of AS Latvenergo with a secure electronic signature.
		3. The project manager, in cooperation with the technical supervisor appointed for the project, shall supervise and follow up the execution of the outstanding works.
		4. Upon completion of the outstanding works, an outstanding work acceptance deed shall be drawn up in accordance with the form set out in Annex 7. outstanding work acceptance deed is drawn up electronically and coordinated with LIVS. After completion of coordination in the LIVS system, the Project Manager coordinates these documents on behalf of AS Latvenergo with a secure electronic signature.

## Acceptance of the works carried out during the warranty period

* + 1. If defects are detected during the warranty period, the responsible HPP or CHPP unit shall draw up a document in ELDIS addressed to the Generation Projects unit, indicating imperfections and/or defects detected, as well as information about the Contract to which they should apply, if possible, the cause of the defect and the corrective action required.
		2. The Project Manager shall organise the execution of the warranty works by agreeing with the contractor on the deadlines for the execution of the works.
		3. After the warranty work has been fully executed and approval has been received, a Deed for rectification of defects during the warranty period shall be drawn up in accordance with the form set out in Annex 8. The Project Manager shall be responsible for the preparation of the deed.
		4. The deed for rectification of defects during the warranty period shall be drawn up electronically and/or coordinated in ELDIS. After completion of coordination in the ELDIS, the Project Manager coordinates these documents on behalf of AS Latvenergo with a secure electronic signature.

## 5.7. Approval of completion of the agreement works and/or performance of the Agreement obligations

5.7.1. In cases where the provisions of the agreement so provide, after the fulfilment of all the obligations provided for in the agreement, except for the guaranteed obligations, an act of performance of the Contract works is drawn up in accordance with the form specified in Appendix No. 9, which certifies that all the obligations of the contract, except for the guaranteed obligations, have been fulfilled. The deed of completion of the agreement works shall be drawn up electronically and coordinated in LIVS. After completion of coordination in the LIVS system, the Project Manager coordinates these documents on behalf of AS Latvenergo with a secure electronic signature. The Project Manager shall be responsible for the preparation of the deed.

5.7.2. After the end of the warranty period specified in the contract and acceptance of all the reported warranty defects, if the conditions of the contract provide for it, a contract performance act is drawn up in accordance with the form specified in Appendix No. 10, which certifies that all contract obligations have been fulfilled. The deed on the fulfilment of contractual obligations is prepared electronically and coordinated in LIVS. After completion of coordination in the LIVS system, the Project Manager coordinates these documents on behalf of AS Latvenergo with a secure electronic signature. The Project Manager shall be responsible for the preparation of the deed.

##  5.8. Coordination of invoices for advances and deferred payments

* + 1. The invoices for advance and deferred payments may not be accompanied by cost supporting documents. The Project Manager checks the compliance of the advance invoice submitted by the Contractor with the terms of the contract and submits it in DIGI to the financial analyst of the Generation Financial Planning and Control Unit, who draws up the document in accordance with NOP059 regulations and submits it for endorsement.
		2. Invoices shall be agreed by endorsement by:
* the Project Manager, who certifies the conformity of the information contained in the documents with the provisions of the agreement.
* The Direct Manager of Project Manager
* Generation Projects Director (if the agreement works are carried out by the Project Manager of the Generation Projects);
	+ 1. The invoice is approved by the decision-maker in accordance with the Regulations.
		2. The financial analyst of the Generation Financial Planning and Control Unit ensures the processing of invoices, monitors the timely recording of the invoice in Oracle EBS.
		3. In the case if the project manager’s duties are performed by an outsourced service provider, the invoice shall be agreed between the outsourced service provider and Latvenergo AS employees in accordance with Paragraph 5.8.2.

# Annexes:

Annex 1 – Monthly Work Handover -takeover Deed (Form No. 2)

Annex 2 – Commissioning programme

Annex 3 – Deed on readiness for operation of the equipment/structure prior to the start of the Trial operation

Annex 4 – Agreement Work Handover -takeover Deed

Annex 5 – Agreement Work Handover and - takeover Deed with taking over of the object

Annex 6 – Outstanding Works Deed

Annex 7 – Outstanding Work Handover - takeover Deed

Annex 8 – Deed for rectification of defects during the warranty period

Annex 9 – Deed of Completion of the Agreement Works

Annex 10 – Deed on Performance of Agreement Obligations