

European Commission  
Competition Directorate-General  
Place Madou, Madouplein 1  
1210 Saint-Josse-ten-Noode  
Belgium

Riga, 16 April 2018

Re: State Aid SA.43140 (2015/NN)

Dear Sir or Madam,

In view of State Aid SA.43140 (2015/NN) regarding Latvia's Support to renewable energy and CHP, we have noted that aid to the TEC-2 CHP plants is outside the scope of this decision and Latvia has committed to notifying aid to the TEC-2 power plant individually. We as the main opposition party (*the New Conservative Party*) to the current Coalition government in upcoming Parliamentary elections of 6 October are worried that the Government is due to notify the European Commission in coming weeks or months a TEC-2 support scheme that we consider detrimental to the interests of wider public.

The Government has proposed a scheme whereby the state-owned "Latvenergo" will continue receiving generous subsidies for the installed electricity capacity of TEC-2 (832.3 MW) up until late 2028 (11 years). Altogether, this will sum up to around 700 million euro to be paid as part of the Mandatory Procurement Component (MPC) by ordinary consumers and taxpayers. As you well know, the Government has used the security of supply argument to justify these subsidies, as TEC-2 are gas-powered and have no relation to renewable energy generation what so ever. We believe the security of supply argument is misused to conceal the expensive and corrupt re-construction of TEC-2 (around 600 million euro) and to continue generating income to the state budget through "Latvenergo" profits and dividends. In effect, MPC subsidies to "Latvenergo" are like a tax on consumers.

Your state aid decision SA.43140 (2015/NN), referring to the formal complainants, rightly states that there is no objective need for the TEC-2 CHP plant to fully ensure Latvia's total electricity consumption, especially considering electricity connections to neighbouring countries. Therefore, continued support to this plant will be disproportionately expensive for the final electricity consumers financing the scheme. As you know, MPC is a very controversial issue in Latvia and many blame the previous Governments for setting up and running a corrupt and expensive support scheme that benefits very few. It is, therefore, no surprise that local policymakers put the aid measure in question into effect, in breach of Article 108(3) of the Treaty on the Functioning of the European Union.

We, therefore, kindly ask you to consider this issue closely and abstain from making any decisions as regards the proposed scheme by the Government. Our aim is to submit a new notification to DG COMP, whereby no state aid will be provided to TEC-2 CHP plants.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'Jānis Bordāns', with a stylized flourish at the end.

Jānis Bordāns  
Chairman of the Board