

APPROVED
at the Public Utilities Commission's
Board meeting of 26 January 2018
(Protocol No 4, 9p)

The Public Utilities Commission's Operational Strategy 2018–2021

CONTENTS

- 1. Mission and vision**Kļūda! Grāmatzīme nav definēta.
- 2. Regulatory environment and the Regulator's functions**Kļūda!
Grāmatzīme nav definēta.
- 3. Sector development**Kļūda! Grāmatzīme nav definēta.
 - 3.1. Electronic communications**Kļūda! Grāmatzīme nav definēta.
 - 3.2. Postal services**Kļūda! Grāmatzīme nav definēta.
 - 3.3. Energy**Kļūda! Grāmatzīme nav definēta.
 - 3.3.1. ElectricityKļūda! Grāmatzīme nav definēta.
 - 3.3.2. Natural gasKļūda! Grāmatzīme nav definēta.
 - 3.3.3. Thermal energyKļūda! Grāmatzīme nav definēta.
 - 3.4. Water management**Kļūda! Grāmatzīme nav definēta.
 - 3.5. Municipal waste management**Kļūda! Grāmatzīme nav definēta.
- 4. The Regulator's strategic priorities**Kļūda! Grāmatzīme nav definēta.
 - 4.1. Service availability and security**Kļūda! Grāmatzīme nav definēta.
 - 4.2. Economically justified prices**Kļūda! Grāmatzīme nav definēta.
 - 4.3. Appropriate quality**Kļūda! Grāmatzīme nav definēta.
- 5. Improving the efficiency of the Regulator**Kļūda! Grāmatzīme nav definēta.

1. Mission and vision

Mission

To independently and reliably ensure the balancing of the interests of service users and providers by promoting the development of public services.

Vision

One of the most reliable and open public authorities.

Strategic objective

To ensure the availability of public services of appropriate quality at economically justified prices.

2. Regulatory environment and the Regulator's functions

The establishment and operation of the Public Utilities Commission (hereinafter – the Regulator) is determined by the Law "On Regulators of Public Utilities", which defines that the Regulator performs regulatory functions at the state level in the following sectors:



The purpose of this Law is to ensure the opportunity to receive continuous, safe and high-quality public services whose tariffs (prices) correspond to economically justified costs, as well as to promote development and economically justified competition in the regulated sectors by determining public service regulation procedures and legal relations for the provision of public services.

In its activities, the Regulator takes into account the regulatory framework at the European Union (hereinafter - EU) level - delegated regulations, directives, recommendations of the European Parliament, the Council of Europe and the European Commission and regulatory enactments issued by the associations of the EU regulators, - regulatory framework at the national level - laws and the Cabinet of Ministers regulations -, as well as legislative acts issued by the Regulator.

The law defines the functions to be performed by the Regulator in all sectors of regulated public services. The functions specified by law for the Regulator are as follows:

- protect the interests of users and promote the development of providers of public utilities;
- determine the methodology for calculation of tariffs;
- determine the tariffs if special laws concerning the sectors do not provide for another procedure for determining the tariffs;
- license the provision of public utilities;
- examine disputes in the cases and in accordance with the procedure determined by this law;
- promote competition in the regulated sectors and supervise compliance of the public utilities with the conditions of the license, determined quality and environmental protection requirements, technical specifications, standards, as well as contract provisions;
- at the request of the ministries responsible for the regulated sectors, provide information to them and make recommendations to such ministries on issues regarding the regulation of public utilities;
- inform the public of its activities and also of the activities of providers of public utilities in the provision of public utilities;
- perform other functions determined by special laws of a sector.

3. Sector development

3.1. Electronic communications

After the completion of standardization, the introduction of fifth generation mobile wireless systems (5G) will become a challenge for mobile operators and the Regulator. Mobile users are expected to have access to mobile communications with data rates that are several tens of times higher than those currently available and with relatively low latency. Mobile usage patterns will also change - they will be more widely used in the management of various processes, such as transport and telemedicine, where it will be possible to remotely read patients' health data or perform certain manipulations, as well as used in other sectors. High data rates and low communication delays will ensure a rapid development of the new equipment interconnection segment. The so-called Internet of Things will develop, where the main flow of information will take place between devices and not between people. The Regulator will be responsible for providing equal and transparent access to radio spectrum and numbering for market participants.

Latvian users have access to high-quality electronic communications services at an affordable price. Latvia is one of the leading countries in the world^{1,2}, where optical connections are available at household residences. Other comparable markets in the EU are developing fiber optic services, with an emphasis on fiber-to-the-building connections. In Latvia, there is already infrastructure competition, under which several operators offer their services using the networks at their disposal. Several operators have the infrastructure - cable ducts, wells, masts, towers, etc. - which is not easily substitutable and which may be particularly important for the further development of the sector, strengthening infrastructure competition as well as providing high capacity for the expected increase in data traffic, given the proliferation of 5G services. In order to promote the development of infrastructure built on both the historical network and an efficiently competing one, using asymmetric

¹ OECD, OECD Broadband Portal, OECD Broadband statistics [oecd.org/sti/ict/broadband]
<http://www.oecd.org/sti/broadband/1.10-PctFibreToTotalBroadband-2016-12.xls>.

² Europe's Digital Progress Report: <https://ec.europa.eu/digital-single-market/en/european-digital-progress-report>.

regulation tools, the Regulator will ensure access to electronic communications networks and the availability of related services in the market.

There is an increasing emphasis in the market on content services provided via the Internet, such as television services, with less emphasis on Internet provision. As the demand for services provided via the Internet (Skype, WhatsApp, Netflix, Spotify, etc.) grows, so does their market power. Consumers can request such popular content services as a mandatory part of the service, therefore such services may be inevitably necessary for Latvian companies in order to operate in the market. The business model of such non-regulated service providers may have a significant impact on the motivation of regulated infrastructure holders and their ability to make effective investments in the further development of their networks.

The Regulator will monitor the development of new business models in the traditional electronic communications services' network ecosystem, encouraging changes in the regulatory framework of the sector, where necessary, and will respond to changes in the market to ensure a level playing field for all market participants.

3.2. Postal services

High-quality postal services (at least the universal postal service) must be available to all users throughout the territory of the Republic of Latvia, regardless of their geographical location at an affordable price. The task of the Regulator is to supervise the provision of postal services, in particular the universal postal service provided in Latvia by the state joint-stock company "Latvijas Pasts" according to tariffs approved by the Regulator. In Latvia in 2018, the Regulator will have to review the services included in the universal postal service basket and develop solutions for determining the universal postal service provider after 2019.

In the postal sector, the Regulator protects not only the interests of customers, but also promotes competition. In the postal sector, competition needs to be developed by facilitating access to the universal postal service provider's network, which would also allow other operators to provide postal services efficiently.

The development of the digital economy will open up even more opportunities to buy goods and services over the Internet. In order to better exploit the potential of e-commerce, it is important to build consumer confidence in cross-border online sales. On 25 May 2016, the European Commission, within the framework of the Digital Single Market Strategy, unveiled a plan to support e-commerce, which aims to prevent geo-blocking, reduce cross-border mail delivery prices and increase delivery efficiency by enhancing customer trust.

The European Regulators Group for Postal Services (ERGP) has developed the EU regulators' mid-term (2017-2019) operational strategy, which aims to facilitate the provision of a sustainable universal postal service, to promote the competitiveness of the European Union single postal market and to ensure the protection of service users, including the supervision of the quality of postal services. Following the adoption of the regulation on cross-border parcel delivery service, the Regulator will supervise the cross-border market and examine price offers and the extent to which they are cost-based. As a result, users will have high-quality cross-border parcel delivery at affordable prices.

3.3. Energy

The EU-level target for energy and climate is to gradually reduce greenhouse gas emissions (GHGs) by 80-95% compared to 1990, with a 20% reduction in GHGs by 2020 and a 40% reduction by 2030. The target is also to be achieved by increasing energy volumes obtained from renewable sources, as well as improving energy efficiency. In addition, the share of electricity interconnections

must be set at 15%, i.e. so that 15% of the electricity generated within the EU could be transmitted to other EU countries.

3.3.1. Electricity

In the electricity sector, the EU aims to create a single and efficient electricity market. The new electricity market design, to be agreed upon in 2018, aims to be able to absorb more renewable energy, improve cross-border flows, strengthen competition in the market and improve consumer participation.

The instruments for the operation of such a single electricity market are contained in the EU legislation, including electricity network codes.

With the development of the EU internal electricity market, it is planned that by 2025 the Baltic electricity market will be synchronized with the electricity network of the Continental Europe. Integration is evolving, both by agreeing on common inter-regional conditions for market coupling and by improving the infrastructure of transmission systems.

Supervision of electricity market participants, including system operators, as well as approval of terms and conditions for their operation is one of the main tasks of the Regulator, which must be performed together with other EU regulators under the conditions of an integrated electricity market. Working together at the regional level in the near future will provide an opportunity for several power exchanges in the Baltic States to compete.

Regarding the EU infrastructure development, the main goal is to ensure sufficient transmission system capacity, including the strengthening of electricity transmission capacity through the Baltic States for the transmission of electricity from Northern to Central Europe. The third list of projects of common interest³ includes a separate group of projects for the synchronization of the Baltic electricity networks with the European continental electricity network in order to ensure its full integration into the EU internal electricity market, higher security of electricity supply and system operation. It is expected that in 2019 the third stage of the Kurzeme Ring will be put into operation, while in 2020 - within the framework of the third Estonia-Latvia interconnection, power lines will be built between Kilingi-Nõmme in Estonia and Riga TEC-2, as well as an internal power transmission line between Riga TEC-2 and Riga HPP. The Regulator will continue to work on the supervision of transmission system investments, both by assessing the 10-year development plan and by adopting decisions on individual investment projects of common interest and their financing, including cross-border cost allocation, and at the same time assessing their impact on transmission service tariffs.

The Regulator will continue to monitor the independence of the electricity transmission system operator. In order to ensure greater independence of the transmission system operator and to efficiently prevent any conflicts of interest between producers, suppliers, the electricity system owner and the electricity transmission system operator, the transfer of ownership of assets to the electricity transmission system operator would be necessary.

Regarding the provision of the electricity distribution system service, the goal is to ensure a competitive price level, including among the Baltic States. The Regulator will annually evaluate the distribution system tariffs and improve the tariff calculation methodology, including the evaluation of the regulatory asset base contained therein. In order to ensure an appropriate level of prices, investments and quality of services, regulatory methods that motivate merchants to operate efficiently should be introduced in the regulatory framework. An increasing tariff could encourage the

³ https://ec.europa.eu/energy/sites/ener/files/documents/annex_to_pci_list_final_2017_en.pdf.

development of dispersed consumption infrastructure, which is likely to make network costs more expensive for the remaining customers who would continue to use the network infrastructure.

As the supply of the electricity market develops, it is necessary to ensure the introduction of smart grids and meters, as well as the functioning of the supply/demand service.

3.3.2. Natural gas

In the natural gas sector, the key is to create a single European market, as well as to ensure the security of supply and reduce geopolitical risks, which can be achieved by diversifying supply routes, supply sources and creating opportunities to choose between several natural gas suppliers. With the opening of the gas market in Latvia, global challenges, such as changes in global demand and prices pegged to the power exchange, are having an increasing impact on the national market. Considering that in Latvia approximately 70% of the total natural gas volume is consumed in the transformation sector, including electricity generation, the interaction of these sectors must be taken into account. As the market becomes more difficult to predict, short-term products will dominate the market in the future. As a transit country, Latvia will continue to benefit from an increase in transit flows, which could be achieved by setting a competitive price at the external borders of the country, which would simultaneously allow more efficient use of the Incukalns underground gas storage. When reviewing natural gas prices, including transmission, storage and distribution system charges, it will be important to consider alternative options so that price increases do not lead to a rapid replacement of natural gas by other energy sources.

In the natural gas sector, the Regulator's responsibilities also include monitoring the independence of the natural gas transmission system operator and the distribution system operator. Timely completion of the unbundling of the combined natural gas transmission and storage system operator is one of the preconditions for the Regulator to certify the combined natural gas transmission and storage system operator.

The opening of the Latvian natural gas market on April 3, 2017 allowed the establishment of a liquid regional natural gas market. Preconditions such as the transition to energy units of measurement, the introduction of a transmission entry/exit system, the setting of appropriate tariffs and the application of common principles for balancing natural gas flows contribute to the harmonization of the natural gas market in the region. With the construction of the natural gas connection between Estonia and Finland (Balticconnector) and the liberalization of the natural gas market in Finland, it will be possible to engage in efficient natural gas trade throughout the Baltic region, including Finland, already in 2020. Until then, the regulators in the Baltic States and Finland must agree on the most appropriate method for setting uniform tariffs, as well as the best way to load the existing infrastructure. It is expected that the natural gas infrastructure connection between Poland and Lithuania (GIPL) will be completed in 2022, which will not only physically expand natural gas supply opportunities, creating more competition between suppliers, but will also allow Latvia and other Baltic countries to join other EU trading platforms. In turn, the Incukalns underground gas storage facility will be both an opportunity to develop, given that the storage service will also be available to Finnish and Polish traders, and a challenge, as it will have to compete with natural gas storage facilities in Poland.

3.3.3. Thermal energy

One of the European Union's key objectives is to reduce greenhouse gas emissions. In order to ensure a rational use and management of energy resources in Latvia, as well as to promote

sustainable economic development and limit climate change, the Energy Efficiency Law was adopted in 2016; the obligations imposed by the Law will also affect companies working in the district heating sector. Public funding of 337 million EUR has been allocated to increase energy efficiency in state, municipal and residential buildings within the framework of the EU structural funds for 2014–2020. With the gradual introduction of energy efficiency measures and an increase in energy efficiency, the demand for thermal energy will decrease. At the same time, district heating companies have to compete with alternative types of heat supply by offering high-quality service, competitive price and service in the required volume and quality. Merchants should also consider providing additional services, such as cooling. It will be a challenge for the Regulator to develop an appropriate tariff setting methodology that will facilitate both users' needs and sector development.

An additional challenge in the district heating sector is the opening of the natural gas market. Heat supply companies must not only enter into the most economically viable natural gas contract, but also apply the natural gas market price for heat supply tariffs. With the opening of the natural gas market, companies can be given an opportunity to apply an economically justified fuel (natural gas) price to the tariff so that heat supply companies can adapt to the new situation, when the price of purchased natural gas is individually determined by applying an appropriate monitoring mechanism.

In order to reduce the administrative burden for both heat supply companies and the Regulator, as well as to motivate heat supply companies to constantly improve operational efficiency, work has been started on the gradual introduction of cost benchmarks to be included in tariffs.

Tariffs for heat supply services in certain populated areas, where heat and electricity in cogeneration plants is produced simultaneously, are subsidized from the payments by all electricity users for the consumed electricity; these payments to heat supply companies are ensured by the mandatory procurement of electricity. In 2017, the right to receive the support for mandatory electricity procurement expired for two regulated biomass cogeneration plants with a total capacity of 1.6 MW and 26 regulated natural gas cogeneration plants with a total capacity of 29.925 MW. Considering that a large part of the heat produced in cogeneration plants is transferred to district heating systems, the subsidized thermal energy is no longer supplied for electricity generation after the cessation of support, which results in higher district heating tariffs for users.

3.4. Water management

Centralized water services must be continuous and safe for health and their provision must balance between environmental protection, the sustainable use of natural resources and the economic interests of the society. In order to achieve these goals - to improve the quality of drinking water, reduce the risks of environmental pollution and ensure the sustainability of services - since 2000, the support of the EU funds has been and still is intensively used for the installation and renewal of infrastructure. However, there are many systems and parts of systems where buildings, equipment and engineering networks were installed in the 1960-1980s, because the investments made so far, which were largely attracted from EU funds, were insufficient. As a result, the water supply and sewerage infrastructure is becoming increasingly obsolete and will continue to require significant investments for renewal. At present, the depreciation calculations of fixed assets of tariff proposals do not include depreciation costs for the part of fixed assets co-financed by EU funds, therefore it is expected that in the near future the renovation of equipment created with the support of EU funds will also require extensive financing.

In recent years, several public water management service providers have merged and municipal water management systems have been transferred to water management service providers to ensure that water management services are provided by one service provider within one

municipality. However, there are still municipalities in Latvia where services are provided by several service providers or a local government. Mergers of companies contribute to the reduction of administrative costs and allow more efficient management of water systems. Unified system maintenance is essential in places where the systems of several service providers are interconnected. The Regulator will continue to support mergers of public service providers within one administrative territory and will continue to promote the calculation of the same, equalized tariff for all users of one merchant in several separate centralized systems.

One of the factors causing a rise in tariffs is a decrease in the consumption of the service, which is related to the more economical use of water after the installation of commercial metering devices and the increase in tariffs for water management services. Therefore, it is very important to promote the establishment of new connections in order to increase the total amount of services consumed, which in turn would reduce the cost of the service per one cubic meter. Local government funding is an important contribution to the establishment of connections. Under the Law on Water Management Services, some local governments already offer co-financing for the connection of real estates to centralized water supply systems or centralized sewerage systems.

Water losses in water supply engineering networks have a significant impact on the sustainable use of natural resources and the costs of providing services. In order to use natural resources responsibly and reduce costs, the Regulator will promote the reduction of water losses in water supply engineering networks to an economically and technically justified level.

3.5. Municipal waste management

In the municipal waste management sector, the Regulator regulates the provision of unsorted municipal waste disposal services at municipal waste landfill sites (hereinafter - municipal waste disposal service).

Reducing the disposal of municipal waste and promoting the implementation of the circular economy in practice is one of the main goals of the national policy in the waste management sector in the 2013–2020 planning period. Therefore, with the development of separate waste collection and local waste recycling opportunities, as well as preventing the generation of waste at the point of origin, the amount of municipal waste accepted for disposal at landfills will decrease every year.

Meanwhile, the national climate policy imposes an obligation to reduce greenhouse gas emissions, which in the waste management sector arise mainly from the direct disposal of waste on land through the anaerobic digestion of biodegradable waste and from non-recoverable resources. Therefore, 10 out of 11 municipal landfill operators in Latvia have received EU co-financing for the purchase of sorting lines to ensure the preparation of unsorted municipal waste for disposal and to separate recyclable materials and biodegradable waste for further processing and recovery. According to the requirements of the EU Directive 1999/31/EC on the landfill of waste, by 2020 only 35% of the amount of biodegradable waste disposed of in 1995 must be disposed of at landfills, and at least 50% of the paper, metal, plastic and glass in the municipal waste must be prepared for reuse and recycling.

Compliance with EU waste management requirements is associated with a significant inflow of investments into the sector and the attraction of companies' own financial resources. Therefore, any investment project to improve the quality of the service provided is also associated with an increase in costs, which explains the increase in municipal waste disposal service tariffs approved in recent years. The increase in the tariff is also explained by the changes in the natural resources tax on municipal waste disposal, which is 35 EUR/t from 2018 and will reach 50 EUR/t in 2020. In accordance with the Waste Management Law, from 1 January 2018, the natural resources tax for municipal waste disposal

must be included in the calculation of the municipal waste disposal service tariff in accordance with the calculation methodology approved by the Regulator. In order not to facilitate a significant increase in the tariff for the municipal waste disposal service in the future, an efficient use of the existing infrastructure and resources will be of great importance. Government action will play an important role in assessing the efficiency and future development potential (sustainability) of existing waste management regions and carrying out optimization measures. The development of regional waste management centers and the treatment, recycling of other non-regulated waste streams and extraction of products with higher market value on the basis of the landfill infrastructure would also reduce the cost burden on the public service.

Municipal waste landfills often use unregulated outsourcing services, including leasing fixed assets and purchasing waste sorting services or other waste treatment related services, the price of which significantly affects the tariff. In order to ensure the protection of the interests of public service users, all costs and revenues that are included in the tariff for the municipal waste disposal service must be available for evaluation. Costs or revenues shall be assessed regardless of whether they are incurred by the landfill operator or another legal entity involved in at least one of the stages of the technological process of the municipal waste disposal service by providing an outsourcing service. To ensure economically justified tariffs, such regulatory and tariff evaluation principles must be developed that increase the motivation and responsibility of waste disposal companies for the compliance of the price of the purchased service with the economically justified price.

4. The Regulator's strategic priorities

In order to move towards the implementation of the Regulator's mission and vision and to use the Regulator's limited resources as efficiently as possible, when setting strategic priorities, the Regulator performed an assessment of all its functions, analysis of the current situation and identification of problems.

Based on the assessment of the external environment, its functions and internal resources, the Regulator determined the strategic priorities for 2018–2021, for the implementation of which resources will be allocated.

The functions of the Regulator can be divided into three priority directions, which cover all the multi-sector functions of the Regulator and meet the interests of public service users.



The task of the Regulator is to ensure the availability of public services, the availability of infrastructure to public service providers in all regulated sectors, the correspondence of public service tariffs/prices to their economic value, as well as to promote competition, transparency, and availability of information. The established priorities need to be balanced, as too much emphasis on one of them could jeopardize the achievement of other directions and goals. In line with this strategy, the Regulator defines clear, comprehensible and balanced priorities aimed at economically reasonable prices, wide availability of services and appropriate quality of services.

In order to provide regular, transparent and comparable information on the level of competition in the regulated public service sectors, the Regulator annually calculates and publishes the level of market concentration in the electronic communications and postal, energy, water management and municipal waste management sectors using the Herfindahl-Hirschman Index (HHI).

4.1. Service availability and security

- 1) Improved availability of services, ensuring economic justification and promoting the development of services.
- 2) Facilitated entry of merchants into the market by reviewing unnecessary barriers for regulatory enactments issued by the Regulator and encouraging appropriate improvements in market rules set by other institutions.
- 3) Improved ability of merchants to provide services to users by ensuring non-discriminatory and simplified access to infrastructure for merchants by regularly evaluating the conditions of use and access to the infrastructure.
- 4) To provide users with the opportunity to choose an appropriate service provider, identifying possible shortcomings and encouraging appropriate improvements in market rules.
- 5) Service development according to user demand, monitoring the neutrality of system operators.

4.2. Economically justified prices

- 1) More efficient use of resources:
 - improving the assessment of the economic justification of the costs included in the tariff proposals. Cost comparison methods, market reference prices and other methods that allow the identification of inefficient use of resources in the provision of public services will be used to assess the justification of costs;
 - creating economic and legal incentives for merchants to provide more efficient and higher quality services, including appropriate economic incentives and motives in tariff methodologies in a way that simultaneously benefits both users and companies;
 - creating a space of economic activity accessible to merchants;
 - evaluating and reviewing the allocation of costs between different types of services and user groups, as well as reviewing tariff structures in order to reduce the potential for cross-subsidies and to avoid incorrect economic signals regarding service choice and efficient use of infrastructure.

- 2) To bring prices closer to actual, economically justified costs, making it possible to introduce a more flexible approach in certain cases by applying new tariffs.
- 3) Inclusion of only economically justified capital costs in tariffs, including the value of eligible assets in the regulatory asset base and determining a reasonable return on capital.
- 4) Qualitative involvement of users in the Regulator's tariff decision-making processes, ensuring the availability of information to the public.
- 5) Optimized infrastructure costs by facilitating cooperation between networks and infrastructure managers regarding access to infrastructure, as well as promoting optimal infrastructure management.
- 6) Competitive prices, regional market development and increasing liquidity, promoting active and unrestricted trade within the European single market, including continuing work on the creation of a single natural gas market area between the Baltic States and Finland.

4.3. Appropriate quality

- 1) Efficient competition by providing to the public clear, easily accessible, objective information on the quality of services provided by specific merchants.
- 2) Improving existing service quality requirements and implementing new ones.
- 3) Improving new economic and legal incentives and creating new ones.
- 4) Providing users with opportunities to receive a service within a reasonable timeline at appropriate costs - by regularly evaluating and adjusting the conditions for receiving public services.

5. Improving the efficiency of the Regulator

In order to implement strategic priorities, the Regulator will follow such basic principles as **stability**, **predictability** and **transparency** in its activities.

In order to ensure constructive feedback from stakeholders, the Regulator will ensure effective external cooperation and communication by listening to proposals on improving the operation of the Regulator and regulated sectors.

During the implementation of the strategy, the Regulator will achieve the following improvements:

- 1) improved co-operation between market participants and reduced possibility of uncertainties and disputes by explaining to market participants (users and merchants) their rights and obligations in open market conditions;
- 2) improved understanding of market participants about the operation of the market and possible violations by publishing information related to market analysis and promoting the involvement of market participants in the identification and prevention of violations;
- 3) ensuring the exchange of information between market participants by developing the role of the Regulator as a market communicator;
- 4) improved access of market participants to information by performing continuous acquisition, processing and analysis of market data;

- 5) increased efficiency of the market surveillance system in the electronic communications sector by developing the Regulator's service quality control systems;
- 6) eliminating violations in the electricity, natural gas, electronic communications and postal markets by adopting positive practices and cooperating with regulators and agencies of other countries, as well as providing the Regulator with access to market information, including the databases of the Agency for the Cooperation of Energy Regulators (ACER) and the Body of European Regulators for Electronic Communications (BEREC);
- 7) reduced administrative burden for public service providers in regulatory matters by introducing more efficient information exchange tools;
- 8) qualitative involvement of users and market participants in the decision-making processes of the Regulator;
- 9) effective communication with market participants - by developing a communication strategy and improving the functionality of the Regulator's website;
- 10) ensuring that information on the possibilities to receive public services is easily accessible to users, as well as comparing the prices of public service providers;
- 11) common understanding of employees about the goals, mission and vision of the organization when implementing internal communication activities;
- 12) improvement and development of employees' competencies by studying the most modern regulatory methodologies, including attending meetings of the Council of European Energy Regulators (CEER) and the Regional Association of Energy Regulators (ERRA), Florence School of Regulation (the areas of energy and communications), regularly participating in working groups and seminars, as well as improving communication, personnel management, administration, technical and IT skills;
- 13) adopting best and latest practices in regulatory and market surveillance issues by improving international cooperation with specialized EU institutions, such as ACER, BEREC, CEER, the European Postal Regulators Group (ERGP), etc.;
- 14) improving the functionality of the Regulator's IT system and reducing medium-term costs by gradually integrating separate IT systems into one, as well as developing new analytical modules for market monitoring and analysis.

The Regulator's annual action plan, as well as the individual goals and tasks of structural units and employees are subject to the Regulator's strategy. The implementation of the established priority directions shall ensure the achievement of the strategic goal.

Chairman

R. Irklis