

# Monitoring of Energy Legislation

**APRIL 2024** 

The most important legislative changes and interesting news

## **MONITORING / April 2024**

See the most important news in the field of Slovak energy legislation for the month of April 2024.

RONI has published the planned scope of changes of the upcoming price decrees in the energy sector. In the electric energy industry, the methodology of TPS and TSS, as well as the amount of the G-component, are to be changed significantly.

RONI also submitted drafts of the electricity market rules and gas market rules to the interdepartmental comment procedure.

You can read more about these and many other interesting news in this **monitoring for the** month of April 2024.

We wish you a pleasant reading!

Pavol Poláček, Managing Partner

#### 1. WHAT HAS CHANGED?

ELECTRIC ENERGY AND GAS INDUSTRY		
Act no. <b>309/2009</b> Coll. on the support of RES	no	
Act no. <b>250/2012</b> Coll. on Regulation	no	
Act no. <b>251/2012</b> Coll. on Energy	no	
Act no. <b>321/2014</b> Coll. on energy efficiency	no	
Act no. <b>609/2007</b> Coll. on excise duty on electricity, coal and natural gas	no	
Act no. <b>555/2005</b> Coll. on energy efficiency of buildings	no	
RONI Decree no. <b>490/2009</b> Coll., laying down details on the support of RES	no	
RONI Decree no. <b>92/2023</b> Coll., laying down the conditions of the tender procedure for the provision of electricity storage facility services	no	
RONI Decree no. <b>107/2023</b> Coll., establishing price regulation of electricity supply	no	
RONI Decree no. <b>207/2023</b> Coll., establishing the rules for the functioning of the nternal electricity market	no	
RONI Decree no. <b>208/2023</b> Coll., establishing the rules for the functioning of the nternal natural gas market	no	
RONI Decree no. <b>230/2023</b> Coll., establishing the content requirements of the distribution system development plan	no	
RONI Decree no. <b>285/2012</b> Coll., establishing price regulation for the supply of natural gas to small businesses	no	
RONI Decree no. <b>450/2022</b> Coll., establishing price regulation in natural gas industry	no	
RONI Decree no. <b>18/2017</b> Coll., establishing price regulation in the electric energy and some conditions for the performance of regulated activities in the electric energy ndustry	no	
RONI Decree no. <b>370/2023</b> Coll., establishing price regulation in the field of supporting electricity production and some related conditions for the performance of regulated activities	no	
RONI Decree no. <b>246/2023</b> Coll., establishing price regulation of selected regulated activities in the electric energy industry and some conditions for the performance of selected regulated activities in the electric energy industry	no	
RONI Decree no. <b>278/2012</b> Coll., establishing quality standards for gas storage, gas transportation, gas distribution and gas supply	no	
RONI Decree no. <b>236/2016</b> Coll., establishing quality standards for electricity transmission, electricity distribution and electricity supply	no	
RONI Decree no. <b>2/2013</b> Coll., establishing procedures and measures regarding data storage, form and content of stored data	no	
RONI Decree no. <b>3/2013</b> Coll., establishing the method, scope and structure of providing measured data on consumption at the take-off point of the electricity consumer and their storage	no	
RONI Decree no. <b>4/2013</b> Coll., establishing the method, scope and structure of providing measured data on consumption at the take-off point of the gas customer and their storage	no	

RONI Decree no. <b>284/2012</b> Coll. on the rules for the sale of electricity in the form of auctions	no
RONI Decree no. <b>212/2005</b> Coll., establishing the application form for the issuance of a permit	no
Decree of the Ministry of Economy of the Slovak Republic no. <b>599/2009</b> Coll., implementing certain provisions of the Act on the support of RES	no
Decree of the Ministry of Economy of the Slovak Republic no. <b>270/2012</b> Coll. on professional competence for carrying out business activities in the energy sector	no
Decree of the Ministry of Economy of the Slovak Republic no. <b>416/2012</b> Coll., establishing the details of the procedure for applying restrictive measures in a state of emergency and measures aimed at eliminating the state of emergency in the electric energy industry	no
Decree of the Ministry of Economy of the Slovak Republic no. <b>106/2019</b> Coll., establishing the list of authorized industries, the scope and structure of the administration and the method of providing compensation to entrepreneurs	no
Decree of the Ministry of Economy of the Slovak Republic no. <b>202/2019</b> Coll., establishing the conditions for participation in the auction for the selection of the electricity purchaser and determining the amount of the electricity purchaser's remuneration	no

THERMAL ENERGY	
Act no. <b>657/2004</b> Coll., on thermal energy	no
RONI Decree no. <b>312/2022</b> Coll., establishing price regulation in thermal energy	no
RONI Decree no. <b>277/2012</b> Coll., establishing heat supply quality standards	no
RONI Decree no. <b>328/2005</b> Coll., determining the method of verifying the economic efficiency of the operation of the heating facilities system, the energy efficiency indicators of heat production and heat distribution facilities, the normative indicators of heat consumption, the range of economically justified costs for the verification of the economic efficiency of the operation of the heating facilities system and the method of payment of these costs	no
RONI Decree no. <b>283/2010</b> Coll., establishing the range of economically justified costs caused by disconnection of the consumer from the supplier's heating facilities system and the method of their calculation	no
Decree of the Ministry of Economy of the Slovak Republic no. <b>151/2005</b> Coll., establishing the procedure for preventing the occurrence and removing the consequences of a state of emergency in the thermal energy industry	no
Decree of the Ministry of Economy of the Slovak Republic no. <b>152/2005</b> Coll. on the specified time and on the specified quality of heat supply for the end consumer	no
Decree of the Ministry of Economy of the Slovak Republic no. <b>15/2016</b> Coll., establishing the method of calculating the annual heat production in the production of electricity	no
Decree of the Ministry of Economy of the Slovak Republic no. <b>503/2022</b> Coll., establishing the temperature of hot water at the take-off point and the rules for budgeting costs for the amount of heat supplied in hot water, costs for the amount of heat supplied for heating, costs for the amount of heat supplied or the amount of heat produced in a decentralized heat source and economically justified costs for heat produced in a decentralized heat source	no

Decree of the Ministry of Economy of the Slovak Republic no. <b>308/2016</b> Coll. establishing the procedure for calculating the primary energy factor of the centralized heat supply system	no
Decree of the Ministry of Economy of the Slovak Republic no. <b>14/2016</b> Coll., establishing technical requirements for thermal insulation of heat and hot water distribution systems	no

**Note:** In our monitoring of energy legislation, we monitor for you the changes to the above-mentioned legal regulations, which were published in the Collection of Laws of the Slovak Republic last month. In the month of March 2024, **no change** to any of the afore mentioned legal regulations was published in the Collection of Laws of the Slovak Republic.

#### 2. YOU MIGHT BE INTERESTED

# ■ A change in the energy regulations is being prepared related to ensuring operation during extraordinary circumstances

On 3 May 2024, the National Council of the Slovak Republic (hereinafter referred to as the "NC SR") received a government proposal for an act amending Act no. 250/2012 Coll. on regulation in network industries, as amended (hereinafter referred to as the "Regulation Act"), and amending Act no. 657/2004 Coll. on Thermal Energy (hereinafter referred to as the "Thermal Energy Act") and Act no. 251/2012 Coll. on Energy and on amendments to certain laws (hereinafter referred to as the "Energy Act").

The aim of the draft law is to amend selected provisions of the Regulation Act, the Thermal Energy Act and the Energy Act in such a way that, in times of extraordinary circumstances, emergency operation of facilities necessary for the performance of regulated activities, emergency operation of a system of thermal facilities or parts thereof can be ensured in a defined area.

The amendment of the above-mentioned acts should also ensure the continuity of the operation of such facilities. In the event of their shutdown and long-term suspension of operation, they could be damaged, which would result in a limitation or suspension of supply.

Moreover, the following changes are proposed:

- extension of the competence of the Regulatory Office for Network Industries (hereinafter referred to as "RONI"),
- specification of cases of extraordinary regulation carried out by RONI,
- supplementing the reasons for amending and annulling the decisions of RONI issued to a regulated entity whose license to carry out business in the energy or thermal energy sector was revoked, and
- regulation of rights and obligations of concerned market participants.

The draft law is proposed to be effective on the date of its promulgation.

The status of the current legislative process, which is currently in the first reading stage, can be followed at **this link**.

# ■ RONI published the proposed wording of price decrees in the electric power, gas and thermal energy industries

On 6 May 2024, draft of RONI decrees regulating price regulation in the energy sector were published in the electronic collection of laws of the Slovak Republic.

The changes concern the following legal regulations:

- RONI Decree, establishing the price regulation of regulated activities in the gas industry and some conditions for the performance of regulated activities in the gas industry (hereinafter referred to as the "price decree in the gas industry") (the decree in question should repeal: Decree no. 450/2022 Coll., establishing price regulation of gas supply and Decree no. 451/2022 Coll., establishing price regulation of selected regulated activities in the gas industry and some conditions for the performance of selected regulated activities in the gas industry)
- RONI Decree establishing price regulation in the electric energy industry and some conditions for the performance of regulated activities in the electric energy industry (hereinafter referred to as the "price decree in the electric energy industry") (the decree in question should repeal: Decree no. 107/2023 Coll., establishing price regulation of electricity supply, Decree no. 246/2023 Coll., establishing price regulation of selected regulated activities in the electric energy industry, Decree no. 370/2023 Coll. on price regulation in the field of supporting electricity production and some related conditions for the performance of regulated activities), and
- RONI decree amending and supplementing Decree no. 312/2022 Coll., establishing price regulation in the thermal energy industry (hereinafter referred to as the "price decree in the thermal energy industry").

The status of the current legislative process, including the accompanying documentation for the draft of the new **price decree in the gas industry**, which is currently at the stage of the interdepartmental comment procedure, can be followed at this link.

The status of the current legislative process, including the accompanying documentation for the draft of the new **price decree in the electric energy industry**, which is currently at the stage of the interdepartmental comment procedure, can be followed at this link.

The status of the current legislative process, including the accompanying documentation for the proposal to change the **price decree in thermal energy industry**, which is currently at the stage of the interdepartmental comment procedure, can be followed <u>at this link</u>.

All the above-mentioned draft decrees were according to Art. 13 (7) of the Legislative Rules of the Government of the Slovak Republic submitted to the shortened interdepartmental comment procedure for the purpose of preventing significant economic damage on the gas, electricity and heat market.

# ■ RONI published the proposed wording of the amendment to the electricity market rules and the amendment to the gas market rules

On 6 May 2024, an amendment to the RONI Decree no. 207/2023 Coll., establishing the rules for the functioning of the internal electricity market, the content requirements of the operating rules of the system operator, the organizer of the short-term electricity market

and the scope of commercial conditions that are part of the operating rules of the system operator as amended by Decree no. 492/2023 Coll. (hereinafter referred to as "electricity market rules") and the amendment to RONI Decree no. 208/2023 Coll., establishing the rules for the functioning of the internal gas market, the content of the operating rules of system operator and storage operator's operating rules and the scope of commercial conditions that are part of the system operator's operating rules as amended by Decree no. 491/2023 Coll. (hereinafter referred to as "gas market rules"), were published in the electronic collection of laws of the Slovak Republic.

We informed you more about the upcoming changes to the electricity market rules and the gas market rules in the **monitoring for the month of March 2024.** 

The status of the current legislative process, including the accompanying documentation for the amendment to the **electricity market rules**, which is currently in the stage of the interdepartmental comment procedure, can be monitored at this link.

The status of the current legislative process, including the accompanying documentation for the amendment to the **gas market rules**, which is currently in the stage of the interdepartmental comment procedure, can be monitored at this link.

Both the draft electricity market rules and the draft gas market rules were submitted to a shortened interdepartmental comment procedure in order to prevent significant economic damage to the electricity and gas market.

# ■ Changes to trading with emission quotas are coming, will they also affect you?

On 3 May 2024, the last update of the draft law was published in the electronic collection of laws of the Slovak Republic, which is to amend Act no. 414/2012 Coll. on trading with emission quotas and on the amendment of certain acts as amended (hereinafter referred to as the "**Trading with emission quotas Act**") and at the same time Act No. 587/2004 Coll. on the environmental fund and on the amendment of certain acts, as amended. The proposer of the draft law is the Ministry of the Environment of the Slovak Republic (hereinafter referred to as "**Ministry of the Environment of the Slovak Republic**").

According to the explanatory report to the draft law, the main instrument for reducing greenhouse gas emissions in large industrial facilities is the European greenhouse gas emission quota trading system (hereinafter referred to as the "**EU ETS**"). The European Union, including its member states, have made a legislative commitment to reduce the level of greenhouse gas emissions after deducting their removal by at least 55% by the year 2030 compared to the reference year 1990.

The EU ETS is to be extended to include the maritime transport sector, while a new trading system with emission quotas is to be introduced for the buildings sector, the road transport sector and other sectors, in which a 42% reduction in emissions compared to the year 2005 is to be achieved by the year 2030.

The aim of the proposed law is to regulate:

- new basic terms,
- changes in the free allocation, specifically the gradual cancellation of the free allocation in aviation,
- use of proceeds from auctions,
- validity of emission quotas,
- low carbon mechanisms,
- obligations of the Ministry of the Environment of the Slovak Republic and to cancel the obligations of district offices.

# The priority of the proposed amendment is primarily to introduce a new trading system with greenhouse gas emission quotas.

The state of the current legislative process, which is currently in the stage of the interdepartmental comment procedure, can be monitored at this link.

#### Call for selection of expert evaluators

On 19 April 2024, at the website of the Ministry of Economy of the Slovak Republic (hereinafter referred to as "Ministry of Economy of the Slovak Republic") a call was announced for the selection of expert evaluators of applications for the provision of a non-repayable financial contribution, for the evaluation area: research/development, for measure: 8.1.2 of the Slovakia 2021–2027 Program.

The Ministry of the Economy of the Slovak Republic, as the intermediary body for the Slovakia 2021-2027 Program, announces the call in question for the purpose of carrying out a expert evaluation of applications for a non-repayable financial contribution.

You can find the call for the selection of expert evaluators at this link.

You will learn more about the call HERE.

# ■ The information system for registering applications for vouchers in the Green Households project is open again

On 29 April 2024, the Slovak Innovation and Energy Agency (hereinafter referred to as "**SIEA**") published information that the updated Green Household information system is back in operation after the introduction of new functionalities.

At the same time, SIEA stated that in the next phase, the activation of applications by contractors and the issuing of vouchers will be gradually launched. The sum of 151.6 million EUR is allocated in the project until the year 2029 for equipment for the use of renewable energy sources.

In the new system, households have a longer time to choose a equipment. When filling out the application, they no longer have to indicate a specific type of equipment, but just choose the type and installed power. The production type of the equipment is specified by the

contractors only after its installation in the application for reimbursement of the voucher. Households can edit their applications until the vouchers are issued.

Contributions from this project can be used for photovoltaic systems, heat pumps, solar collectors, biomass boilers and wind turbines that were installed after 30 October 2023.

You will find out more information about the topic **HERE**.

# ■ RONI promises that the amendment of price decrees will result in lower energy prices and better system stability

On 19 April 2024, RONI published information on the content of the upcoming price decrees in the energy sector on its website. According to RONI, the aim of the price decrees is to bring a reduction in the prices of electricity, gas and heat for Slovak households and stability for other market participants.

RONI intends to amend the following price decrees with effect from 1 July 2024:

- RONI Decree no. 246/2023 Coll., establishing price regulation of selected regulated activities in the electric energy industry and some conditions for the performance of selected regulated activities in the electric energy industry;
- RONI Decree no. 450/2022 Coll., establishing price regulation of gas supply;
- RONI Decree no. 312/2022 Coll., establishing price regulation in thermal energy.

#### The new price decree in the electric energy industry should mainly bring:

- a change in the scope and structure of eligible costs, regulation of the method of determining RAB and depreciation,
- regulation of input parameters forming the resulting tariffs for transmission, distribution and supply of electricity,
- a change in the methodology of applying TPS and TSS,
- increase in payment for reserved capacity,
- higher transparency of regulation,
- fair and non-discriminatory setting and redistribution of costs and revenues between individual market participants.

#### The new price decree in the gas industry should mainly bring:

- specification of economically justified costs and specification of price calculations of regulated activities in the gas industry, which assumes a positive impact for end consumers of gas,
- a stable and predictable environment in the field of regulation, both for regulated entities and for all categories of gas consumers in Slovakia.

#### The amendment to the price decree in the thermal energy industry should bring:

• mitigating the negative effects of high inflation on the amount of fixed payments for heat to all consumers.

- a positive effect on the price of heat,
- an exact way of dividing joint costs in the production of heat and cold in one facility, e.g., heat pump, which will bring an increase in fairness and transparency of payments for both commodities for their consumers.

You can read more about the topic from RONI's point of view **HERE**.

# ■ The revised REMIT regulation imposes new obligations on market participants

On 25 April 2024, RONI informed market participants about their obligations in connection with the revised REMIT regulation via its website.

Following the changes to the regulation, new data fields for the notification of algorithmic trading and direct electronic access were inserted into the system of the national register of market participants CEREMP, in order to enable market participants to fulfill their obligations.

The revised provisions of the REMIT regulation entered into force on 7 May 2024, by which date the concerned market participants must have fulfilled the following notification obligations:

- notification of algorithmic trading (notification that algorithmic trading is carried out on organized markets according to Art. 5a (2) of Regulation no. 1227/2011, which was amended and supplemented by Regulation no. 2024/1106");
- notification of direct electronic access (DEA), (notification that direct electronic access is provided on organized markets pursuant to Art. 5a (3) of Regulation no. 1227/2011, which was amended and supplemented by Regulation no. 2024/1106);
- notification of DEA sub-delegation (notification of the fact that, as a DEA provider, I allow my clients to sub-delegate access to their clients).

At the same time, RONI points out that the above-stated information must be provided at the end of the 1st part of the registration form of a market participant in CEREMP. At the same time, this information will not be displayed in the public European register of market participants.

You can read more about this topic **HERE**.

# SSE informs about the possibility to receive a contribution from the Green for Businesses program

On 5 April 2024, information about the national program "Green for Businesses" appeared on the website of Stredoslovenská energetika (SSE), the aim of which is to support the use of renewable resources in businesses. SSE informs that through the pilot project, micro, small and medium-sized enterprises will be able to receive a financial contribution in the form of a voucher for the installation of equipment for the use of renewable energy sources, as well as for the preparation of energy audits.

SSE informs in more detail that the vouchers will be able to cover 35% of the total eligible costs, with the possibility of a bonus of 5%, if the energy audit confirms that at least 90% of the energy produced in each of the supported equipment will be consumed in the company. An additional 5% will be available for equipment with minimal air pollution. **The maximum contribution amount will be 70,000 EUR per company**. The maximum price per unit of installed power will also be determined to ensure the economical use of expenses.

#### The subject of support will be:

- equipment for the production of heat/cold or electricity, specifically photovoltaic panels, heat pumps, solar collectors and wind turbines, but also energy accumulators in the form of battery storage (35-45%, max 70,000 EUR),
- eligible costs are also the costs of preparing an energy audit (45%, max. 2,500 EUR).

Eligible applicants for the Green for Businesses contribution are micro, small and mediumsized businesses in accordance with the EC regulation. These include companies that employ less than 250 employees and have an annual turnover of no more than 50 million EUR or a maximum balance sheet amount of 43 million EUR.

According to information from SSE, the call is currently in the preparation stage, and although it is not yet possible to apply for vouchers, SIEA is already announcing its launch in the 2nd quarter of 2024. **The submission of an energy audit by a company is a mandatory part of an application for a contribution from the Green for businesses project.** 

Learn more about the topic **HERE**.

#### Assessment of the public consultation on changes to the operating rules of OKTE, a.s.

On 12 April 2024, the company OKTE, a.s. informed that from 22 March 2024 to 9 April 2024, a public consultation took place on the prepared operating rules of the short-term electricity market organizer.

OKTE, a.s. stated that 2 concerned market participants participated in the public consultation and a total of 2 comments were raised, none of which were accepted.

The text of the received comments together with the statement of OKTE, a.s. is available **HERE**.

You can read more detailed information **HERE**.

#### Announcement of the LIFE 2024 call

On 18 April 2024, the Ministry of the Environment of the Slovak Republic informed on its website about the announcement of a call for grant applications under the environment and climate protection LIFE 2021-2027 program, which was announced by the European Commission with a total allocation of 571 million EUR.

According to the Ministry, the call is announced separately for individual areas of support and types of projects.

The call concerns the so-called standard action projects, action grants, strategic integrated projects, strategic nature protection projects, technical assistance projects, operational grants and preparatory projects to support ad hoc legislative and political priorities (PLP).

You can read more about the call HERE.

■ Call of the Ministry of the Environment of the Slovak Republic to submit proposals for the decarbonization of industry

On 12 April 2024, the Ministry of the Environment of the Slovak Republic announced on its website that as part of the upcoming call no. 2 for the decarbonization of industry from the funds of the Recovery and Resilience Plan of the Slovak Republic, it invites industrial entities involved in the EU ETS greenhouse gas emission quota trading system to submit proposals for setting up the call based on the Scheme of State Aid for the Decarbonization of Industry from the Recovery and Resilience Plan to the e-mail address <a href="mailto:dekarbonizacia@enviro.gov.sk">dekarbonizacia@enviro.gov.sk</a>.

You can read more detailed information **HERE**.

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