VÝROČNÁ SPRÁVA
ANNUAL REPORT
2017

ÚRSO

ÚRAD PRE REGULÁCIU SIEŤOVÝCH ODVETVÍ
REGULATORY OFFICE FOR NETWORK INDUSTRIES

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CHAIRMAN'S MESSAGE

"With a little exaggeration it can be said that in Slovakia's reality the rule is only then will RONI make good decisions on prices when everyone is equally dissatisfied – end consumer, distributor, or generator. You simply cannot accommodate the requests of only one group, or you could only do it only at the expense of another.

Year 2017 was specific in that in price setting, we had to cope with substantial increase of prices in the energy commodity markets, especially of electricity. Last year, the Office used all regulatory instruments to secure optimal end consumer prices, of course within the boundaries provided for by applicable legislation, and taking into account the legitimate requirements of all market participants.

And we were successful in other things, too.

From the very beginning of their work, RONI's new management took decisions on amending the Office's organisational order, thus making the cooperation across departments significantly more efficient, as well as allowing more transparency and individual responsibility to guide the decision-making process.

For the first time in the Office's history, a roadmap of issuing price decisions in electricity was drafted, thereby making the whole process of price proceedings significantly faster and more transparent. Strengthening of the Office's analytical activities was reflected also in the fundamental re-staffing and organisational re-structuring of the analytical department in the Martin local office.

As already emphasised by RONI's new management upon their taking over, the consequences of sloppiness will not be tolerated. This was also why, in July 2017, draft decrees on price regulation in electricity, water and heat were withdrawn from the legislative process. The reason for this was the need for a more in-depth discussion among market participants affected by the changes, and in particular, for a precise quantification of economic impacts on individual consumer groups.

RONI maintains that this requirement will continue to be applied also in the future, either in the creation of the decrees themselves or in the overall performance of the regulatory tasks in network industries."

prof. Ing. Ľubomír Jahnátek, CSc.
Chairman

REGULATORY BOARD IN 2017

Ing. Jozef Holjenčík, PhD.
chairman of the Regulatory Board and of RONI (until 8 February 2017)

Ing. Radoslav Naništa
vice-chairman
chairman of the Regulatory Board (since 15 August 2017)

Ing. Milan Krajčovič
member
vice-chairman (since 15 August 2017)

Ing. Vladimír Čepko
member (until 14 November 2017)

JUDr. Ing. Ján Hijj, PhD.
member

Ing. Ján Horkovič
member

Ing. Viliam Mikuláš
member (until 21 December 2017)

1. ELECTRICITY

Year 2017 marked the first year of the new 2017-2021 regulatory period. It was characterized by increasing commodity prices on the world electricity exchanges, which affected end-user electricity prices for all customers in 2018. However, this downside had a slightly positive effect as the rise of commodity prices was reflected in a mild decrease in the costs of promotion of renewable electricity sources (hereinafter „RES“) and high-efficiency combined heat and power (hereinafter „HE CHP“) generation.

TEN-YEAR NETWORK DEVELOPMENT PLAN

The responsibility for technical functionality of the transmission system lies with the transmission system operator (hereinafter the “TSO”), which regularly submits network development plans to the Regulatory Office for Network Industries (hereinafter “the Office” or “RONI”) and the Ministry of Economy of the Slovak Republic. The most significant document in this respect is the Ten-Year Network Development Plan (TYNDP), which the TSO submits to the Office for approval. TYNDP includes an assessment of the performance of the previously approved plan and key intentions for the network development to ensure primary objectives of the development of the single electricity market are met and network stability and security are maintained.

The results of the consultation process were published on RONI´s website. Slovenská elektrizačná prenosová sústava, a. s. (hereinafter “SEPS, a. s.”), the Slovak TSO, updated the TYNDP for the 2017 - 2026 period. Information on the outcomes of the consultations, including requirements of the current and potential network users for investments in the transmission system under the 2017 – 2026 TYNDP, were published by the Office on March 22, 2017.

ANCILLARY AND SYSTEM SERVICES

Ancillary services are services the transmission system operator purchases on the open market and with their help, the TSO provides network users with system services necessary to maintain the quality of power supply and secure operational reliability of Slovakia´s power grid. After ancillary services have been activated, balancing electricity can be supplied.

Upon the TSO´s request for a scope of specific types of ancillary services, total planned costs of purchasing all types of ancillary services from certified ancillary service providers were set by the Office for the TSO. The Office also set the maximum tariff for providing primary active power control, secondary active power control, tertiary active power control in EUR per unit of available electric power, and the maximum annual costs of providing remote voltage control, reactive power and black start in EUR. The maximum tariff of offered positive balancing electricity and the minimum tariff of offered negative balancing electricity at the activation of the respective type of ancillary service were also set by the Office.

The price for purchased balancing electricity per unit of electricity volume in EUR was set in a transparent manner on the basis of bid prices of used ancillary service providers´ electricity installations as:

- the highest price of a source providing balancing electricity on a quarter-hourly basis, if the balancing electricity is positive, but not more than the maximum tariff set in RONI price decision in EUR per unit of electricity volume,

- the lowest price of a source providing balancing electricity on a quarter-hourly basis, if the balancing electricity is negative, but not less than the minimum price set in RONI price decision in EUR per unit of electricity volume.

The TSO purchased various types of ancillary services required to secure system services from ancillary services providers. The aim was to achieve minimum costs of securing ancillary services, and the purchases were organised in an open, transparent and non-discriminatory manner towards all providers. The transmission system operator made preferable use of bids from installations within a defined territory while following the principle of purchasing costs minimization.

Technical qualifications of ancillary service providers were demonstrated by a certified measurement as specified in the technical requirements.

Ancillary services provision

Indicator/Year	2015	2016	2017
No. of ancillary service providers	25	24	25
No. of bids submitted by ancillary service providers	3,422	3,635	3,637
No. of contracts concluded with ancillary service providers	32	30	32

Comparison of balancing electricity supplies (MWh)

Type of balancing electricity/year	2016	2017	change 2017/2016 (%)
Primary power control +	6,495	6,680	2.85
Primary power control -	-6,405	-6,679	4.28
Secondary power control +	138,914	175,689	26.47
Secondary power control -	-152,947	-142,358	-6.92
Terciary power control 3 min. +	1,388	5,887	324.14
Terciary power control 3 min. -	-298	-1,072	259.73
Terciary power control 10 min. +	508	2,574	406.69
Terciary power control 10 min. -	-391	-168	-57.03
Terciary power control 15 min. +	531	2,178	310.17
Terciary power control 15 min. -	-528	-1,335	152.84
Terciary power control 30 min. +	-	-	-
Terciary power control 30 min. -	-	-	-
Demand decrease	689	4,459	547.17
Demand increase	0	0	not used
Import of emergency electricity	450	3,300	633.33
Non-guaranteed balancing electricity +	0	50	not used
Non-guaranteed balancing electricity -	0	0	not used
Positive balancing electricity	148,975	200,816	34.80
Negative balancing electricity	-160,570	-151,611	-5.58

The reason for the year-on-year increase in the supply of balancing electricity was imbalance in the power grid of the Slovak Republic in 2017, forcing the TSO to continuously balance the network by activating various types of ancillary services, as the volume of ancillary services purchased had not always been sufficient to balance the grid. The transmission system operator, in case of a need, purchased balancing electricity such as "Import of Emergency Electricity". In view of the year-on-year increase in the supply of balancing electricity, in particular the "Tertiary Power Control 3 Min. +", "Tertiary Power Control 3 Min. -", "Tertiary Power Control 10 min. +", "Demand Decrease" and "Import of Emergency Electricity", we can say that in 2017 there was a larger electricity shortage in the grid as compared to 2016.

ELECTRICITY TRANSMISSION AND DISTRIBUTION

In 2017, "price cap" method was applied in the electricity market in line with the approved regulatory policy for 2017 – 2021. This incentive-based price regulation method gave system operators, provided they behave efficiently and optimize their costs, an opportunity to retain reasonable profits.

In 2017, RONI set network tariffs for the TSO that the operator could apply towards customers connected directly to the transmission system, in the scope of:

- tariff for reserved capacity (€/MW/year),
- tariff for transmitted electricity (€/MWh),
- tariff for transmission losses (€/MWh),
- tariff for system services (€/MWh).

In electricity distribution billing, for electricity customers directly connected to the distribution system at high and extremely high voltage levels, the following network tariffs set by RONI were applied:

- tariff for electricity distribution without losses including electricity transmission – component for reserved capacity (€/MW/month),
- tariff for electricity distribution without losses including electricity transmission – component for distributed electricity (€/MWh),
- tariff for distribution losses (€/MWh),
- tariff for system services (€/MWh).

Price regulation was also applied for local distribution system operators and was carried out by setting a method of calculation of the maximum tariff of electricity supply and the tariff for access to the local distribution system and electricity distribution.

For electricity customers or generators connected directly to the distribution system at low voltage levels, the following network tariffs set by the Office were applied:

- tariff for electricity distribution without losses including electricity transmission – component for reserved capacity (€/A/month),
- tariff for electricity distribution without losses including electricity transmission – component for distributed electricity (€/kWh),
- tariff for distribution losses (€/kWh),
- tariff for system services (€/kWh).

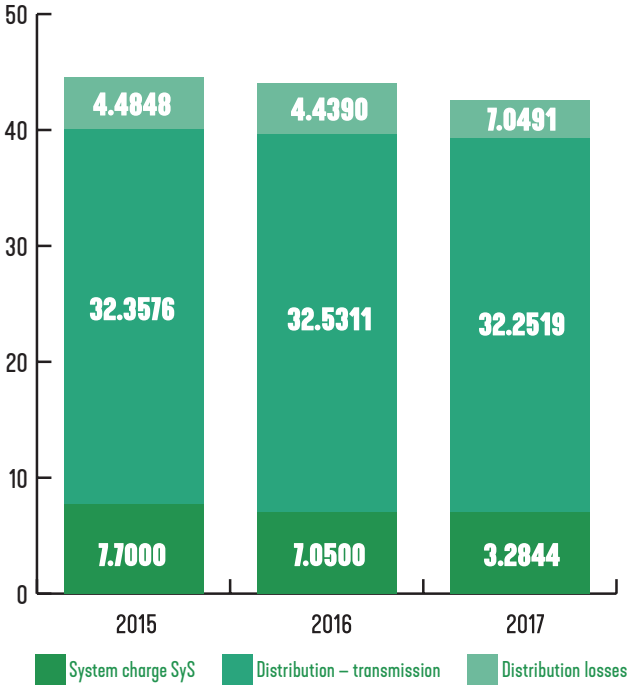
As far as price regulation of the respective activities is concerned, in 2017 RONI made:

- 487 price decisions on access to the transmission system and electricity transmission, access to the distribution system and electricity distribution, grid connection, household and small businesses electricity supply and the last resort electricity supply,
- 69 decisions on electricity price regarding setting the support payment paid to electricity generators using combined heat and power generation technologies,
- 159 decisions on electricity price regarding setting the support payment paid to electricity generators using renewable energy sources.

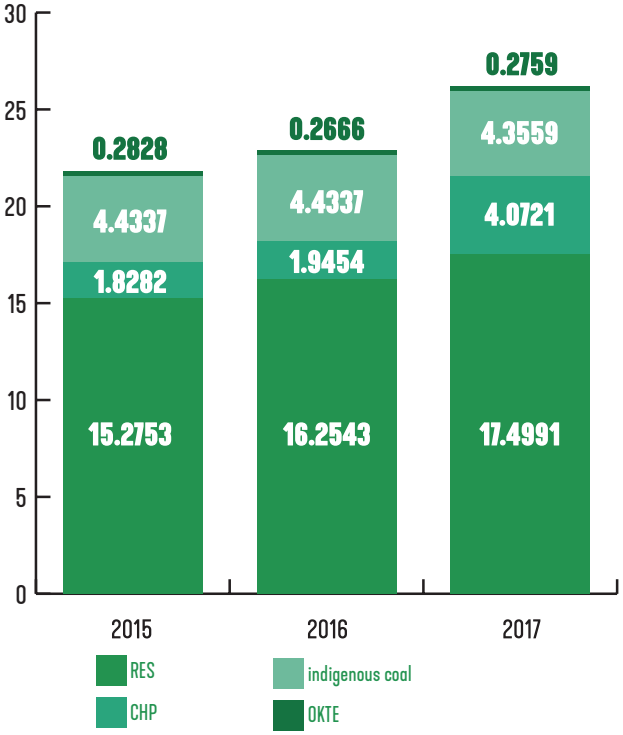
Evolution of network charges for non-household consumers

Regulated charges for industrial customers	2015 v €/MWh	2016 v €/MWh	2017 v €/MWh	change 16/15	change 17/16
System charge SyS	7.7000	7.0500	7.0491	-8.44%	-0.01%
Distribution + transmission	32.3576	32.5311	32.2519	0.54%	-0.86%
Distribution losses	4.4848	4.4390	3.2844	-1.02%	-26.01%
Regulated charges in total	44.5424	44.0201	42.5854	-1.17%	-3.26%

Development and structure of regulated charges in €/MWh



Evolution of system operation tariff components in €/MWh



SYSTEM OPERATION TARIFF

System operation tariff is a fixed price related to a technical unit reflecting proportional part of costs of electricity generation from indigenous coal, renewable energy sources, high-efficiency co-generation, and activities of the short-term electricity market operator (hereinafter as "OKTE, a.s."). The tariff was applied to end-users´ electricity consumption. The Office set fixed prices of electricity generated from renewable energy sources and high-efficiency co-generation, depending on the electricity generation´s technological process, the power generating facility commissioning date, installed capacity and financing method.

GUARANTEES OF ORIGIN OF ELECTRICITY

Guarantees of origin of electricity were issued by RONI based on a request of power generators from renewable energy sources (RES). Guarantees of origin of electricity represent a certificate confirming that the electricity was generated from renewable energy sources.

Issued guarantees of origin of electricity from RES

Year	No.	Electricity volume generated (MWh)	No. of generators
2012	455	3,882,413	194
2013	908	2,147,542	326
2014	802	2,235,047	371
2015	1 924	4,108,046	714
2016	5 570	5,358,174	801
2017	4 484	4,727,379	712

Transferred guarantees of origin of electricity from RES

Year	No.	Electricity volume transferred (MWh)	No. of generators
2012	0	0	0
2013	0	0	0
2014	25	190,401	1
2015	84	690,441	1
2016	27	604,242	1
2017	34	1,187,525	2

Approved guarantees of origin of electricity from RES

Year	No. of approvals	No. of approved guarantees (1 guarantee = MWh)	No. of requesters
2012	0	0	0
2013	0	0	0
2014	2	100	1
2015	160	1,390,884	6
2016	453	3,099,336	8
2017	514	3,412,199	7

Transfer of approved guarantees of origin of electricity from RES

Year	No. of transfers	No. of approved guarantees (1 guarantee = MWh)	No. of requesters
2012	0	0	0
2013	0	0	0
2014	0	0	0
2015	45	110,576	2
2016	146	302,194	5
2017	111	229,855	4

SLOVENSKÁ ELEKTRIZAČNÁ PRENOSOVÁ SÚSTAVA, A.S.

RONI is the responsible authority to approve Slovenská elektrizačná prenosová sústava (SEPS), a.s., the Slovak TSO´s electricity market rules and the operational code, which govern the operator´s capacity allocation and congestion management procedures on cross-border profiles. Throughout 2017, the capacity of cross-border interconnections of Slovakia´s transmission system provided sufficient stability and security of the grid not only in the Slovak Republic, but also in the context of the European Union.

Available resources and investments made by SEPS, a. s.

Roky	2016	2017
Available resources (EUR)	100,669,327	125,073,880
Investments (EUR)	62,133,311	50,456,121
Share (%)	61.72%	40.34%

Available resources consisted of the amount of resources calculated pursuant to RONI price decree in the respective year, allowed profit after taxes and revenues from congestion management fees earmarked for investments. Investments included all resources invested in the development of the network in the given year.

MARKET COUPLING

The market coupling project is a path leading to the creation of the pan-European electricity market. Under the 4M market coupling project (hereinafter "4MMC"), systems have already been implemented that were designed for the target European day-ahead electricity market model. This model of European price coupling sets simultaneously volumes and prices in all the concerned zones based on the marginal pricing principle pursuant to the Agency for the Cooperation of Energy Regulators (ACER) framework guideline on capacity allocation and congestion management in the CEE region.

In 2017, operation, evaluation, clearing and settlement was performed in the short-term day-ahead market including final monthly settlements. OKTE, a. s. reported an increase in the volume of electricity traded on the 4MMC short-term market in 2017 as compared to the previous year. The total annual volume of electricity traded on the 4MMC short-term market reached 13.063 TWh in 2017, up by 3.936 TWh as against 2016.

GCC

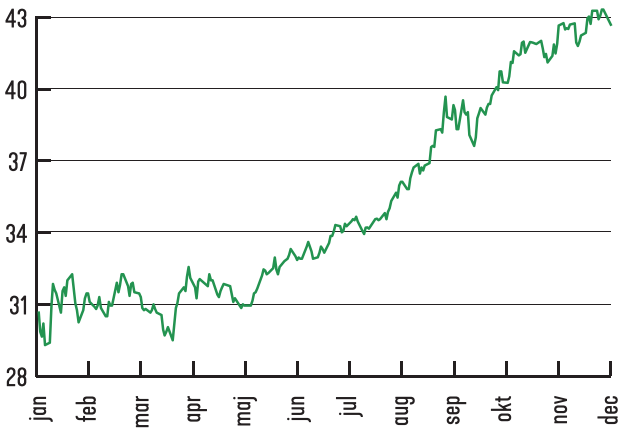
In the context of imbalance evaluation, clearing and settlement, balancing electricity purchased by the TSO under a contract with ancillary service provider or balancing electricity supplier in the GCC system was charged as secondary control balancing electricity at a special price set by the Office. In its price proceeding, the Office determined the ratio in which revenues from GCC implementation would be divided. Part of the revenues was kept by SEPS, a.s. and another part was used for the reduction of the system services tariff. The actual result of balancing electricity purchases in the GCC system in 2017 was a revenue of the transmission system operator of EUR 5,091,416.52.

WHOLESALE MARKET

In the wholesale electricity market, the powers of RONI lie only in creating the legislative framework and monitoring compliance.

Electricity - evolution of the commodity price

PXE Prague, Product: F PXE SK BL CAL-t
period: 01/2017 to 12/2017; average price: 35.31 €/MWh



In 2017, the major electricity market participants in Slovakia were:

- Slovenské elektrárne, a.s. – the most significant producer providing 69.38 % of Slovakia´s power from its own sources in 2017. The company´s generation of 19,444 GWh covered 62.61 % of Slovakia´s electricity demand. The installed capacity of power generating facilities owned by Slovenské elektrárne, a.s. was 4,081 MW.

- promoted generators of electricity from renewable energy sources and high-efficiency cogeneration. For 2017, the estimated volume of electricity produced from RES and HE CHP eligible for the support payment was 2,780 GWh and 2,316 GWh, respectively

- SEPS, a.s. - the sole license holder for electricity transmission and the national transmission system operator, fulfilling also the energy dispatching control tasks (securing an even balance on the defined territory of the Slovak Republic),

- OKTE, a.s. – the short-term electricity market operator as the entity operating and evaluating the short-term electricity market on the territory of the Slovak Republic including imbalance clearing, evaluation and settlement,

- Západoslovenská distribučná, a.s., Stredoslovenská energetika - Distribúcia, a.s., and Východoslovenská distribučná, a.s. – the sole operators of regional distribution systems in the specifically defined territories of Slovakia exceeding 100,000 supply points connected. In addition to the three major DSOs, there were other 157 electricity distribution licence holders running local distribution systems in manufacturing and non-manufacturing company facilities with fewer than 100,000 supply points connected,

- other 439 entities licenced to do business in the electricity market.

RETAIL MARKET

Act No. 250/2012 Coll. on Regulation in Network Industries (hereinafter as "Act 250/2012") introduced price regulation of electricity supply to vulnerable customers - households and small businesses.

In 2017, price regulation of electricity supply was applied to:

- households,
- small businesses,
- the last resort supplier regime.

ELECTRICITY SUPPLY TO HOUSEHOLDS

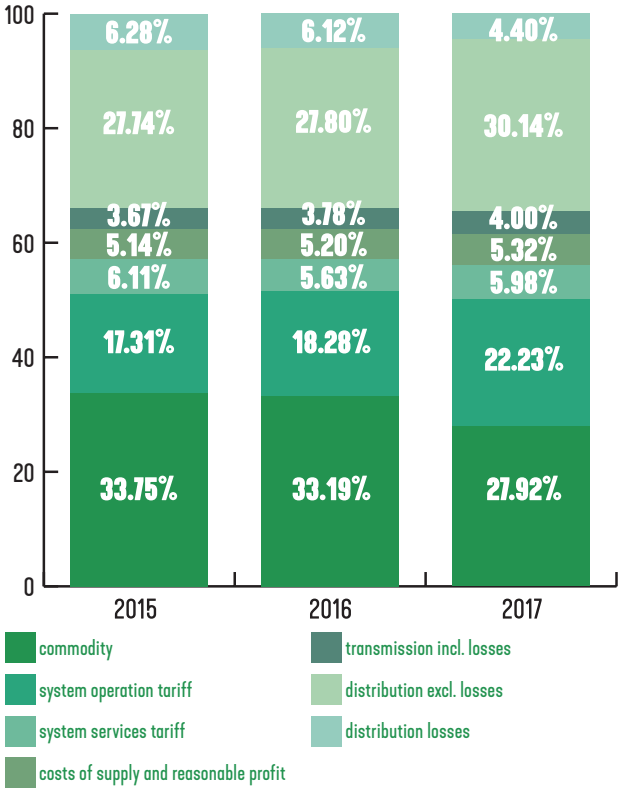
Reference parameters for setting the maximum tariff of electricity supply to households in 2017 were: arithmetic average of daily prices published in the official price list of PXE (POWER EXCHANGE CENTRAL EUROPE) on its website, of the F PXE SK BL Cal-t product for the period between January 1 and June 30, 2016; coefficient in the value of up to 12 % to cover the planned electricity supply diagram for households; and costs of imbalance related to electricity supply to households.

On top of the tariff for electricity supply, electricity suppliers charged a price for electricity distribution including electricity transmission and transmission losses, distribution losses, tariff for system services and system operation tariff pursuant to RONI price decision approving or setting prices for access to the distribution system and electricity distribution for the operator of the distribution system, to which a household electricity consumer was connected.

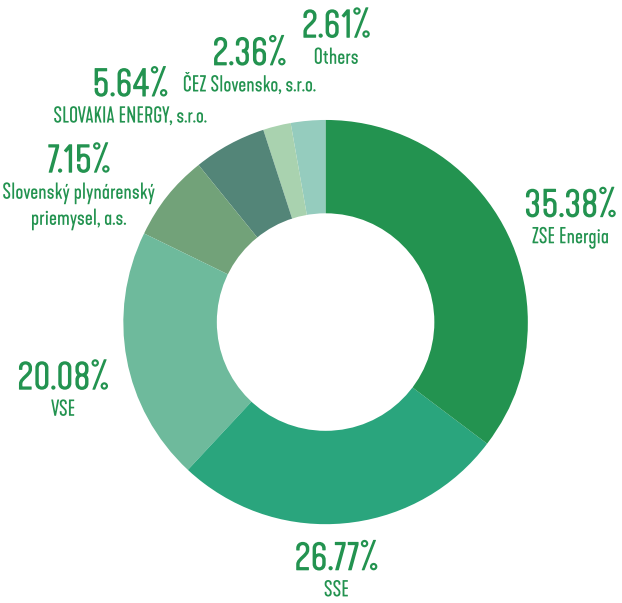
Maximum prices for electricity supplied to households consisted of two components, i.e. monthly fixed payment per supply point and price of electricity consumed in a low or high price band. Price of electricity supplied to households was divided into eight rates.

The Office´s website featured a price calculator to help each consumer, based on their estimated consumption and the price approved by the Office for the particular supplier, to compare bids of different electricity suppliers and choose the most beneficial one.

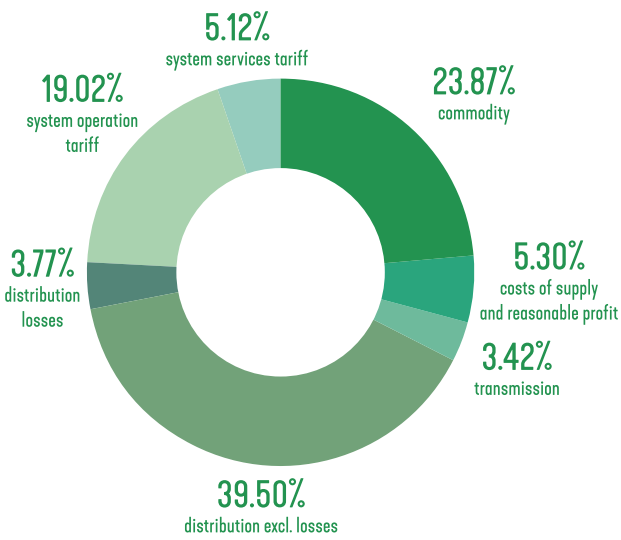
Comparison of breakdown of end-user electricity price for households



Market shares of electricity suppliers to households in 2017



Breakdown of electricity price for small businesses in 2017

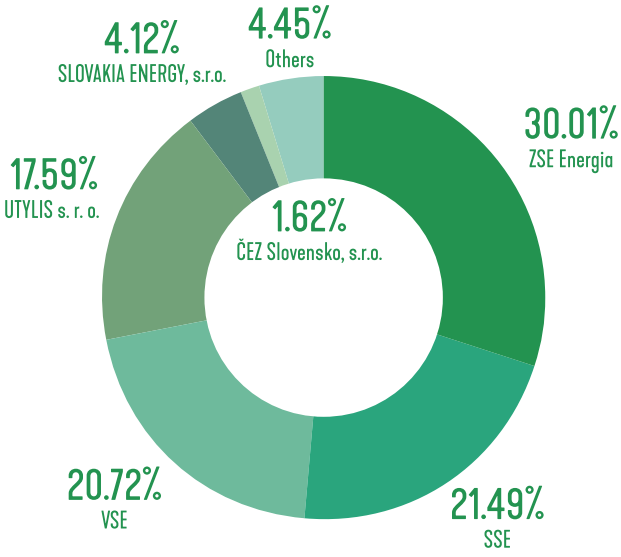


ELECTRICITY SUPPLY TO SMALL BUSINESSES

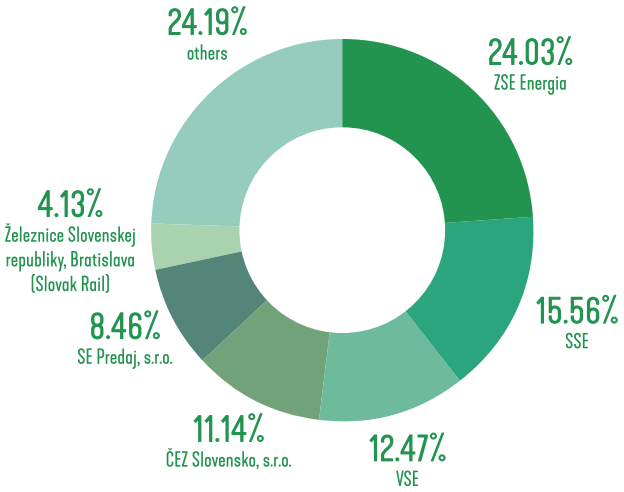
A small business is an end customer with total annual electricity consumption in all of its supply points up to 30,000 kWh for the year preceding the year for which the respective price proposal is submitted. Price of electricity supply to small businesses was divided into eleven rates. In 2017, the Office made 214 price decisions on electricity supply to vulnerable electricity consumers (households and small businesses).

Reference parameters for setting the maximum tariff for electricity supplied to small businesses in 2017 were: arithmetic average of daily prices published in the official price list of PXE (POWER EXCHANGE CENTRAL EUROPE) on its website, of the F PXE SK BL Cal-t product for the period between January 1 and June 30, 2016; coefficient in the value of up to 12 % to cover the planned electricity supply diagram for small businesses; and costs of imbalance related to electricity supply to small businesses.

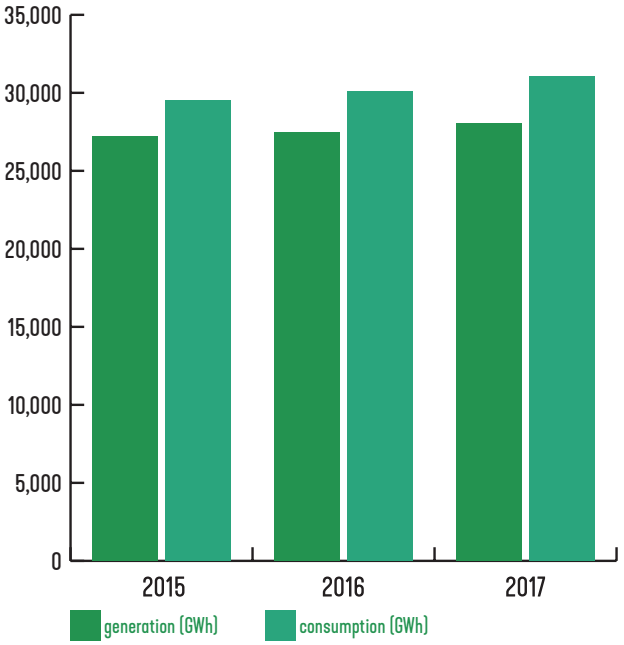
Market shares of electricity suppliers to small businesses in 2017



Market shares of electricity suppliers outside households and small businesses in 2017



Total power generation and consumption based on data provided by SEPS, a.s. (TSO)



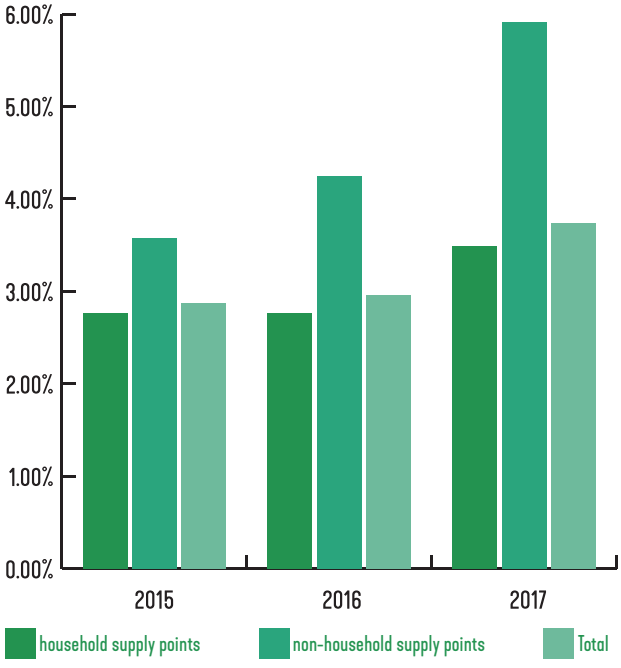
THE LAST RESORT SUPPLIER

The last resort supplier regime was not employed in 2017, which means that electricity suppliers within the defined territories of the distribution system operators Západoslovenská distribučná, a. s., Stredoslovenská energetika - Distribúcia, a. s., and Východoslovenská distribučná, a. s., complied with their obligations according to applicable legislation.

SWITCHING

In assessing the level of electricity market liberalization, a per cent ratio ("switching") is used, which is the share of the number of supply points with a change of electricity supplier, to the total number of supply points in a given year.

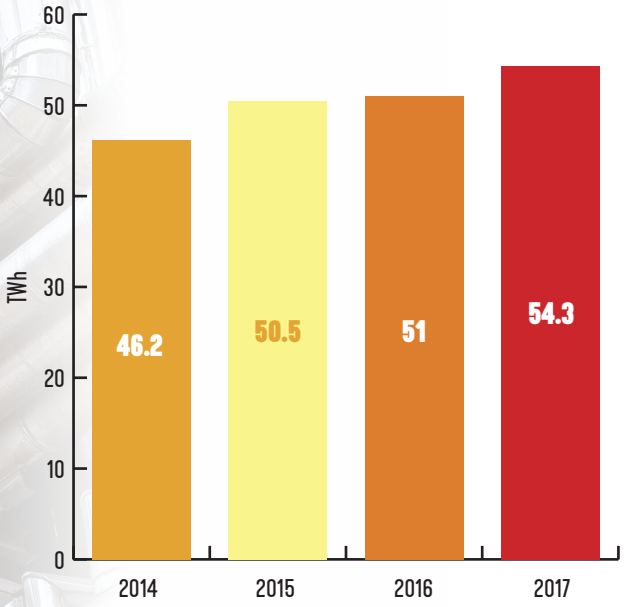
Switching



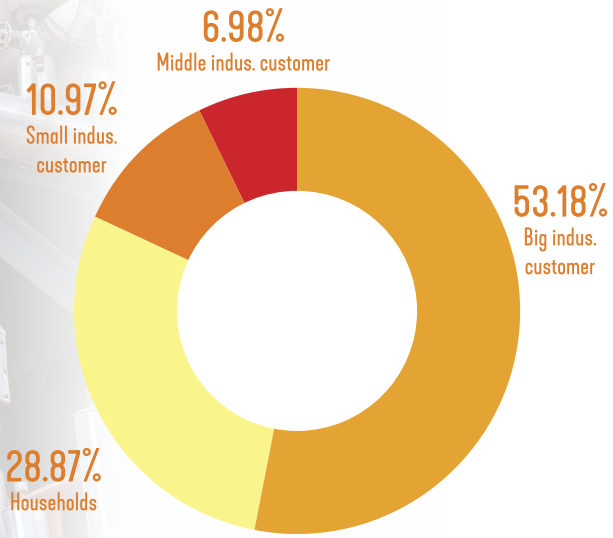
2. GAS

Gas consumption in the Slovak Republic reached 54.3 TWh in 2017, which was about 6.5% more than in 2016. The higher gas consumption was mainly due to the very cold month of January.

Gas consumption in Slovakia in TWh



Gas consumption in 2017 by customer categories



The highest share of gas in the Slovak Republic (53.18%) was traditionally consumed by industrial customers in tariff groups with the annual gas consumption at their supply point exceeding 4,000,000 kWh. The share of households in the total gas consumption in Slovakia was 28.87 %.

GAS MARKET PARTICIPANTS:

- the transmission system operator (eustream, a.s.),
- the distribution system operator on the territory of the Slovak Republic (SPP - distribúcia, a.s.),
- 40 local distribution system operators (DSOs),
- two underground storage operators,
- 28 gas suppliers,
- gas consumers.

REGULATION OF NETWORKS

Following up on the adopted Regulatory Policy for the period 2017 - 2021, the Office published Decree No. 223/2016 Coll. establishing price regulation in the gas sector (hereinafter „Decree No. 223/2016 Coll.").

In 2017, the Office regulated the prices of:

- access to the transmission system and gas transmission
- access to the distribution system and gas distribution
- connection to the transmission and distribution systems,
- provision of ancillary services in gas,
- re-purchase of gas installations

UNBUNDLING

In 2017, the Office made 20 decisions on prior consent to the terms and conditions of provision of services by eustream, a.s. as the independent gas TSO. The Office also closely monitored the obligations of SPP - distribúcia, a.s., the distribution system operator, with respect to the unbundling of activities of the DSO operating in a vertically integrated undertaking and also the contractual obligation of this regulated company, i.e. the obligation to submit any contract between the regulated company and another person, which is a part of the same vertically integrated undertaking, to the Office within 30 days of its conclusion.

TECHNICAL FUNCTIONALITY OF THE NETWORK

Transmission Network

The transmission network is owned by eustream, a.s., the company also operating it. The transmission network is interconnected with the main transmission routes in the Czech Republic, Ukraine, Austria, Hungary and two interconnection points with Ukraine. Gas for international and domestic network users is transported via this transmission network.

The data on technical, available and contracted capacities at all entry/exit points are available on eustream's website.

Capacities at the entry/exit points in 2017

Cross-border point	Capacity [GWh/d]		
	technical	contractual	available
ENTRY Veľké Kapušany	2,080	1,861	219
EXIT Budince	280	280	0
ENTRY Baumgarten	248	40	208
EXIT Baumgarten	1,570	1,466	104
ENTRY Lanžhot	697	287	410
EXIT Lanžhot	400	308	92
ENTRY Veľké Zlievce	0	0	0
EXIT Veľké Zlievce	127	0	127

Domestic point	Capacity [GWh/d]		
	total	contractual	available
domestic ENTRY point	169	31	138
domestic EXIT point	460	163	297

DISTRIBUTION NETWORK

The structure of the distribution network of SPP - distribúcia, a.s. (the DSO):

- total length of the distribution network (as of 31 December 2017) was 33,273 km, of which:
- length of high-pressure gas pipelines was 6,280 km,
- length of mid-pressure and low-pressure gas pipelines was 26,993 km.

No. of supply points and volume of gas distributed by SPP - distribúcia, a.s.

	2015	2016	2017
No. of supply points	1,514,646	1,518,131	1,514,282
Distributed gas in m^3	4,585,031,787	4,715,242,762	4,901,064,256

With the number of supply points slightly decreasing, in 2017 about 180 mil. m^3 more gas was distributed to the supply points connected to the SPP - distribúcia, a.s. distribution network than in 2016, which can be attributed to an extremely cold January.

Investments in the upgrade and reconstruction of the SPP - distribúcia, a.s. distribution network

Investments in mil. €	2015	2016	2017
	40	35.4	26.36

Local distribution networks are distribution networks connected to the distribution network of SPP - distribúcia, a. s., with their operators distributing gas to customers in large corporate premises, industrial parks, shopping centres or residential blocks. In 2017, the Office could report 40 local DSOs distributing gas in 47 local distribution networks in the total volume of 928,798,088 m^3.

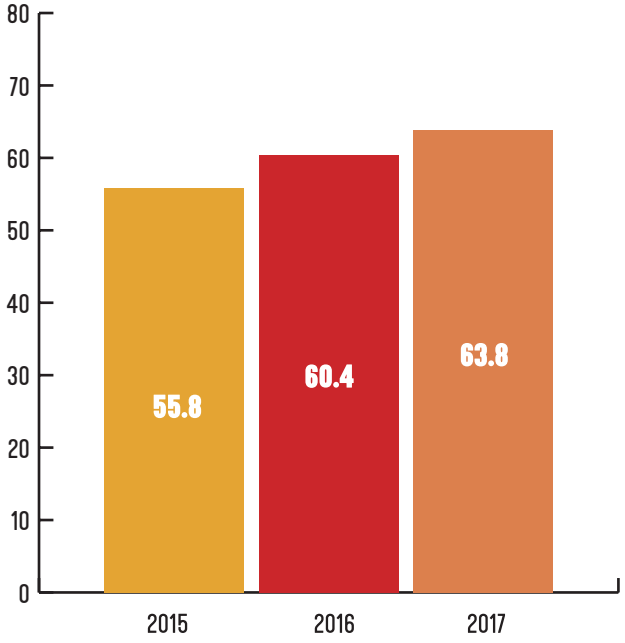
NETWORK BALANCING

In 2017, the greatest need for daily balancing of the distribution system in case of gas shortage was in the volume of 1.9 mil. m^3/day, and in case of gas surplus, of 2.5 mil. m^3/day.

TRANSMISSION SYSTEM OPERATOR - EUSTREAM, A.S.

In 2017, prices of access to the transmission system and gas transmission were regulated by direct setting of a comparable price, i.e. by benchmarking prices of gas transmission in the Slovak Republic with those in other European Union member states. The prices of access to the transmission system and gas transmission were determined in accordance with the procedures set out in Decree No. 223/2016 Coll. by tariffs reflecting the entry-exit tariff system. Tariffs were set for all respective entry and exit points of the transmission network and were equal for all users of the transmission network, i.e. for both foreign and domestic transmission network users, unlike in some other EU countries which distinguish between domestic and transit gas transmission.

Gas transmission in bcm



For the new regulatory period 2017 – 2021 the Office issued for eustream, a.s. two price decisions for access to the transmission system and gas transmission. As for connection to the transmission system, the Office issued no price decision in 2017.

DISTRIBUTION SYSTEM OPERATOR - SPP - DISTRIBÚCIA, A.S.

In accordance with the Regulatory Policy for the new regulatory period 2017-2021, for SPP - distribúcia, a.s. as a regulated company with more than 100,000 supply points connected to its distribution system, "price cap" as the selected method of price regulation of access to the distribution system and gas distribution was applied.

In 2017, the Office issued for SPP - distribúcia, a.s. two price decisions setting the tariffs for access to the distribution system and gas distribution, with the number of tariff groups for gas distribution increasing to 26 in line with Decree No. 223/2016 Coll.

In the year under review, the Office issued for SPP - distribúcia, a.s. a new price decision on connection to the distribution system for the entire regulatory period in line with Decree No. 223/2016 Coll.

LOCAL DISTRIBUTION SYSTEM OPERATORS

RONI Decree No. 223/2016 Coll. allowed local DSOs to choose from three ways of calculation in their price proposal of access to the distribution system and gas distribution:

1. their own proposal of price for access to the distribution network and distribution,

2. by adopting the tariff, where the price for access to the distribution network and gas distribution is the sum of the tariff of the upper distribution network (DSO´s) on entry to the local distribution network; costs of losses and own consumption in the network; operational costs determined as average annual operational costs included in prices in the previous 2012-2016 regulatory period; and reasonable profit,

3. by adopting the tariffs of the upper distribution network (DSO´s), including the terms and conditions of applying respective tariffs without any increase, that is, the customer in the local distribution network is charged the price that would be charged by the DSO (SPP - distribúcia, a.s.), should the customer's supply point in the local distribution network be connected directly to the SPP distribúcia´s distribution network.

For 2017, the Office issued price decisions on access to the distribution network and gas distribution as follows: for 20 local DSOs according to the first method of calculation, for 20 local DSOs according to the second method and for 9 local DSOs a price decision according to the third method of calculation.

The Office issued for 2017 and for the entire 2017-2021 regulatory period, seven price decisions on connection to the local distribution network.

As of 2017, there was no LNG facility operated in the Slovak Republic.

UNDERGROUND GAS STORAGE OPERATORS

Underground gas storage facilities are one of the instruments increasing Slovakia´s energy security. On the territory of the Slovak Republic, underground storage facilities are operated by NAFTA a.s. and POZAGAS a.s. Access to storage and storage of gas in 2017 was not subject to price regulation.

Underground gas storage operators' capacities

Gas storage operator	Technical working volume (in mil. m³/year)			Technical injectability (in mil. m³/day)			Technical deliverability (in mil. m³/day)		
	2015	2016	2017	2015	2016	2017	2015	2016	2017
NAFTA a.s.	2,545	2,734	2,931	31.92	31.92	31.87	38.26	38.26	36.96
POZAGAS a.s.	655	655	655	6.85	6.85	6.85	6.85	6.85	6.85
Total	3,200	3,389	3,586	38.77	38.77	38.72	45.11	45.11	43.81

Utilisation of NAFTA a.s. underground gas storage

Storage users (by country of origin)	in %		
	2015	2016	2017
Slovakia	58.81	50.22	45.15
Russia	0.00	0.00	31.62
Czech Republic	22.30	19.60	9.98
UK	7.50	21.86	2.50
Germany	4.84	6.16	4.08
France	2.42	0.75	0.70
Holland	1.18	0.36	0.35
Norway	1.81	0.00	0.00
Switzerland	1.07	0.95	5.51
Denmark	0.07	0.10	0.11
Total	100.00	100.00	100.00

In 2017, NAFTA a.s. concluded 21 contracts with the underground storage users, of which 3 contracts were for interruptible storage capacity and 18 contracts for firm storage capacity.

Utilisation of POZAGAS a.s. underground gas storage

Storage users (by country of origin)	in %		
	2015	2016	2017
France	51.43	49.33	41.93
Germany	11.91	12.44	10.07
Switzerland	11.58	7.69	10.56
UK	10.04	15.74	15.79
Slovakia	8.46	5.13	4.37
Czech Republic	4.43	9.31	15.58
Holland	2.15	0.00	0.00
Denmark	0.00	0.36	1.70
Total	100.00	100.00	100.00

In 2017, POZAGAS, a.s. concluded 14 contracts with the underground storage users for firm capacity.

NATURAL GAS EXTRACTION

In 2017, about 90 mil. m^3 of gas were extracted from the natural gas deposits of NAFTA, a.s.

CROSS-BORDER COOPERATION

Reverse gas flow to Ukraine

Slovak TSO eustream, a.s. provides the operation of reverse flow through the Budince exit point to Ukraine in the volume of 15.5 bcm/year. In 2017, work on project implementation documentation, including related activities, was carried out in order to increase the reverse gas flow to Ukraine.

The Polish-Slovak gas interconnector

Being part of the North-South gas corridor with the total length of almost 170 km, the Polish-Slovak gas interconnector is a significant link in the transit gas pipeline chain that will connect Eastern Europe from the Polish LNG terminal Świnoujście to the planned Croatian LNG terminal on the island of Krk.

The EU's Innovation and Networks Executive Agency (INEA), GAZ-SYSTEM S.A. and eustream, a.s. signed a grant agreement in December 2017 for construction works for the Poland- Slovakia interconnection pipeline, of which about 106 kilometres will be built in Slovakia´s territory.

The grant agreement will enable the Polish and Slovak TSOs to obtain financial aid from the European Union through the Connecting Europe Facility (CEF) in total volume of € 107.7 million (€ 55.2 million for eustream, a.s. and € 52.5 million for GAZ-SYSTEM S.A.).

The Eastring Project

The Eastring pipeline should pass through Slovakia, Hungary, Romania and Bulgaria to Turkey. Eustream, a.s. is at the stage of developing the pipeline´s feasibility study, for which the company received a grant from the CEF of 50% of justified costs up to 1 million EUR.

TRANSMISSION CAPACITY

The annual capacity of the transmission network is 90 bcm of natural gas. In 2017, eustream, a.s. transmitted 63.8 bcm of gas, of which 3.4 bcm were for Slovakia´s network users and 60.4 bcm for foreign customers, the share of international gas transit thus accounting for 94.7 % of total gas transmission volume.

Transmission network – No. of requests and contracts

Indicator/year	2015	2016	2017
No. of requests for transmission network access	596	2,289	1,418
No. of requests for transmission network connection	0	0	0
No. of concluded contracts on transmission network connection	0	0	0
No. of concluded contracts on gas transmission with firm transmission capacity	561	2,042	994
of which: long-term	8	4	0
yearly	23	27	74
short-term	530	2,011	920
No. of concluded contracts on gas transmission with interruptible capacity	24	233	407
of which: long-term	2	0	3
yearly	0	4	0
short-term	22	229	404
No. of concluded contracts on gas transmission with combined transmission capacity	10	14	17
of which: long-term	0	0	0
yearly	3	1	1
short-term	7	13	16
No. of transmission system users	31	33	33

In 2017, all requests for transmission network access were granted.

Share of network users in the volume of transmitted gas by country of origin

Transmission network domestic users (transmission to the network´ s domestic point)	2015 (%)	2016 (%)	2017 (%)
Slovakia	6.52	4.60	5.30
transmission network transit users			
Russia	66.03	68.10	69.27
Germany	9.10	11.00	5.17
Czech Republic	2.00	1.40	4.73
Italy	0.00	0.30	0.00
Switzerland	0.36	0.30	1.44
UK	0.00	0.00	0.27
Austria	0.00	0.00	0.00
Denmark	0.01	0.00	0.00
France	1.46	0.00	0.02
Luxembourg	0.30	0.30	0.39
Ukraine	14.22	14.00	13.41
Poland	0.00	0.00	0.18
Total	100.00	100.00	100.00

COMPETITION PROMOTION

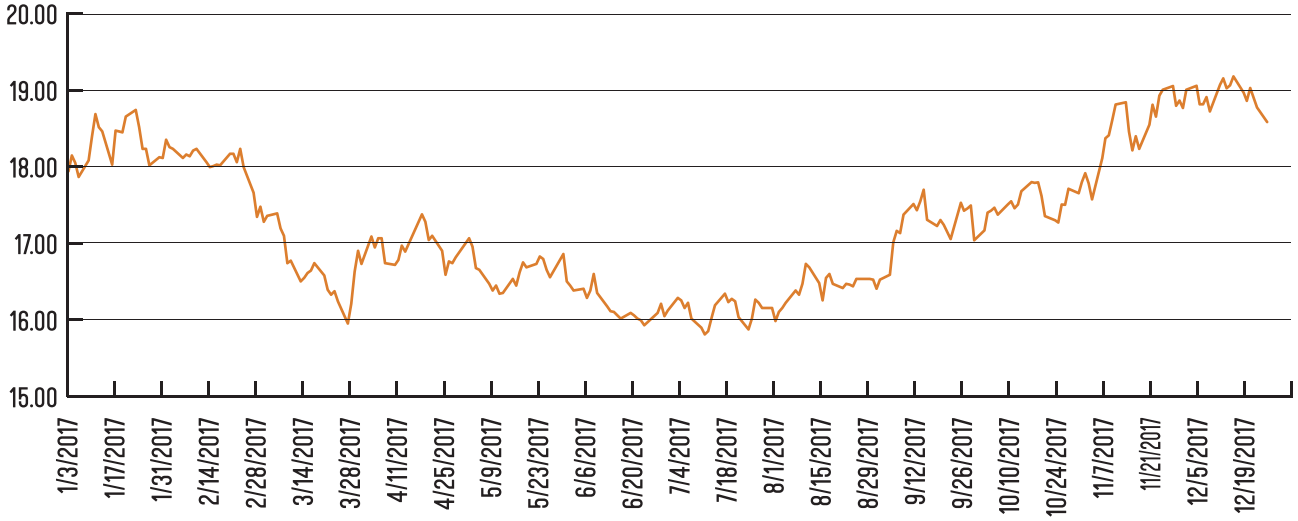
Wholesale market

Wholesale gas market is characterized by:

- gas purchases under long-term contracts,
- gas purchases on commodity exchanges,
- gas purchases from another trader – a gas supplier (14,348 GWh in 2017, which is double the volume of 2016),
- trading at the virtual trading point of eustream, a.s. transmission system in total volume of 221,778 GWh,
- trading, or change in ownership of gas stored in underground storage facilities, where gas ownership was changed in volume of 34,882 GWh.

Gas – evolution of the commodity price at the energy exchange in 2017

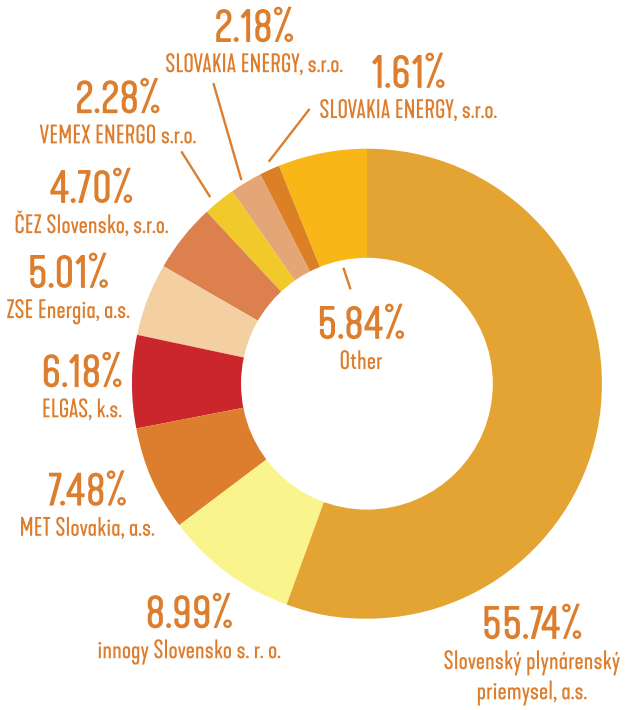
EEX Leipzig, price of gas NCG Cal-t+1
period: 01/2017 to 12/2017; average price: 17,26 €/MWh



RETAIL MARKET

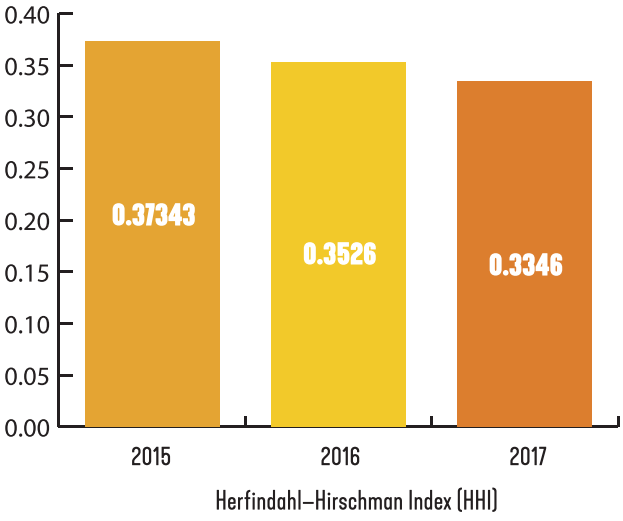
In 2017, there were 28 active gas suppliers in Slovakia´s gas market.

Gas suppliers to end consumers

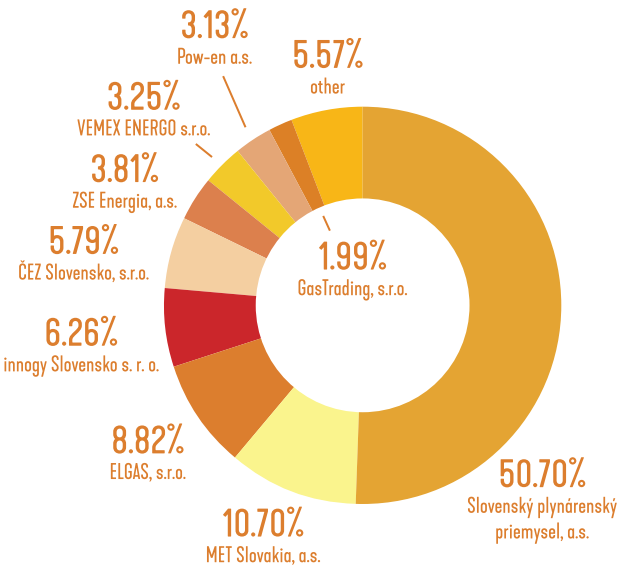


The level of gas market concentration can also be measured by the HHI (Herfindahl-Hirschman Index). The market is considered concentrated if HHI is more than 0.1 and highly concentrated if the value exceeds 0.2. There is a gradual decrease in HHI observed in Slovakia´s gas market, but it can be said that also in 2017 the value stood still well above the high concentration threshold.

Evolution of HHI



Gas suppliers to industrial customers excl. small businesses in 2017



GAS SUPPLY TO VULNERABLE CONSUMERS

In 2017, the Office regulated prices of gas supplies to vulnerable consumers, i.e. households, small businesses and gas supply by the supplier of last resort. On its website, the Office published the list of gas suppliers providing universal service to help household consumers better navigate their supplier selection. Universal service means a service for household gas consumers or small businesses provided by a gas supplier under a combined gas supply contract which includes both gas distribution and gas supply and assumption of liability for imbalance. Gas suppliers providing universal service were obliged to publish the price list of gas supplied under this service on their websites and, at the same time, submit it to the Office. The submitted price lists were used as a basis for loading the data into the online price calculator which allows residential gas consumers to compare the gas supply prices of individual suppliers.

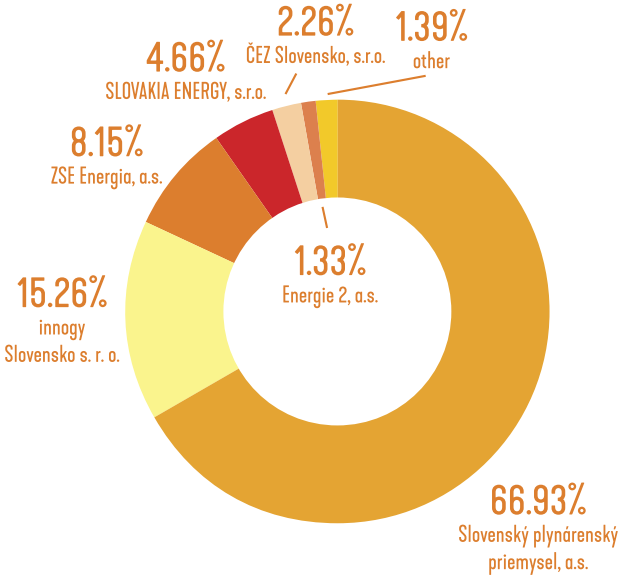
Since the beginning of 2017, the Office has been publishing on its website the development of gas price on the EEX ("European Energy Exchange"), providing consumers a better orientation in gas market prices at monthly intervals.

When calculating the maximum tariffs for the supply of gas to vulnerable consumers such as household gas consumers and small businesses with annual gas consumption of up to 100,000 kWh for the previous year, the price cap method was used in 2017 in accordance with RONI Decree No. 223/2016 Coll., i.e. determining the method of calculating the maximum price (tariff) of gas supply to vulnerable consumers.

Maximum gas supply prices for vulnerable consumers were composed of two parts - maximum fixed monthly rate and maximum rate for the gas supplied. Customer tariffs were divided into six tariff groups 1 to 6, according to the annual gas consumption.

The Office determined the method of calculating the price of gas supply to vulnerable consumers in Decree No. 223/2016 Coll. In 2017, a total of 15 suppliers supplied gas to vulnerable gas consumers - households.

Gas suppliers to households in 2017



For 2017, the Office approved maximum prices of gas supply to vulnerable consumers (households and small businesses) for 15 suppliers with a country-wide coverage with effect over the entire regulatory period, i.e. until the end of 2021.

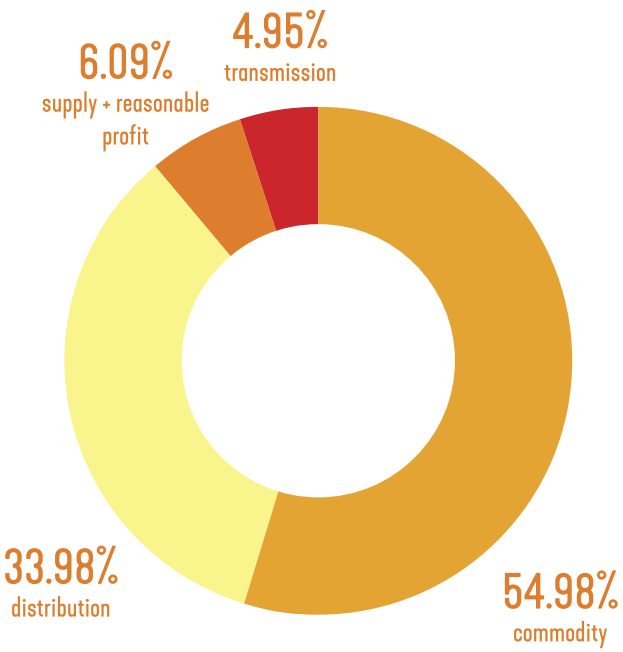
Maximum tariffs of gas supply to households, including network charges

Tariffs (by annual volume of gas consumption in kWh)	Fixed monthly rate (€/month)					Rate for gas consumed (€/kWh)				
	2015 till 31.08.	2015 from 01.09.	2016 from 01.01.	2016 from 04.07.	2017	2015 till 31.08.	2015 from 01.09.	2016 from 01.01.	2016 from 04.07.	2017
1 (up to 2 138 kWh)	1.76	1.76	1.76	1.76	1.96	0.0533	0.0516	0.0501	0.0481	0.0434
2 (above 2 138 up to 18 173 kWh)	4.15	4.15	4.15	4.15	5.76	0.0396	0.0379	0.0364	0.0344	0.0325
3 (above 18 173 up to 42 760 kWh)	6.46	6.46	6.46	6.46	8.64	0.0380	0.0363	0.0348	0.0328	0.0310
4 (above 42 760 up to 69 485 kWh)	6.46	6.46	6.46	6.46	13.36	0.0380	0.0363	0.0348	0.0328	0.0304
5 (above 69 485 up to 85 000 kWh)	0	0	0	0	42.45	0	0	0	0	0.0399
6 (above 85 000 up to 100 000 kWh)	0	0	0	0	51.78	0	0	0	0	0.0398

Average tariffs of gas supply to households in 2017

Tariff / annual gas consumption	Fixed monthly rate (€/month)	Rate for gas consumed (€/kWh)	Average price in tariff (€/kWh)
1 (up to 2 138 kWh)	1.96	0.0434	0.0820
2 (above 2 138 up to 18 173 kWh)	5.76	0.0325	0.0374
3 (above 18 173 up to 42 760 kWh)	8.64	0.0310	0.0346
4 (above 42 760 up to 69 485 kWh)	13.36	0.0304	0.0333
5 (above 69 485 up to 85 000 kWh)	42.45	0.0399	0.0467
6 (above 85 000 up to 100 000 kWh)	51.78	0.0398	0.0466

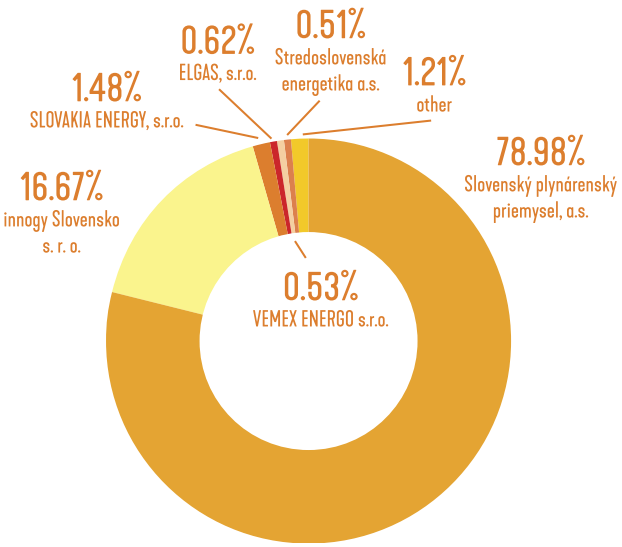
Breakdown of average end consumer price of gas supply to households in 2017 excl. VAT



GAS SUPPLY TO VULNERABLE CONSUMERS – SMALL BUSINESSES

Pursuant to the Regulatory Act, a small business is an end consumer with overall annual gas consumption of up to 100,000 kWh in all its supply points for the previous year and is also considered a vulnerable consumer. For 2017, the Office approved maximum prices for 14 suppliers supplying gas to vulnerable small enterprise consumers with effect over the entire regulatory period, i.e. by the end of 2021. In the same year, 13 suppliers were supplying gas to vulnerable consumers (both households and small businesses).

Gas suppliers to small businesses in 2017



LAST RESORT GAS SUPPLY

Based on RONI decision, the supplier of the last resort also in 2017 was Slovenský plynárenský priemysel, a.s. In that year, the Office received four notifications on the application of the last resort supplier institute where the original gas supplier had lost the ability to supply gas to consumers under the Energy Act.

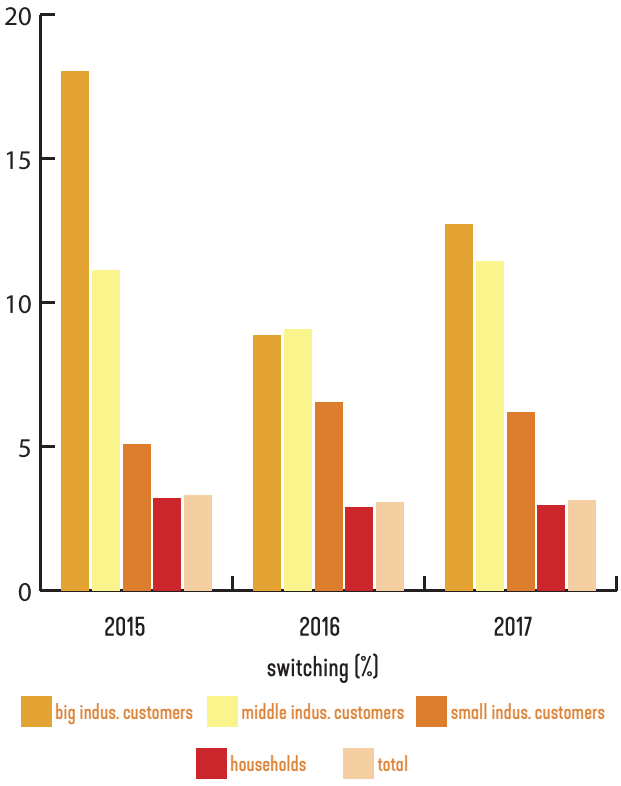
GAS SUPPLY TO OTHER GAS CONSUMERS

Gas supply to gas customers outside vulnerable consumers defined by the Regulatory Act is not subject to price regulation. All 28 gas suppliers were involved in this kind of supply in 2017.

MARKET MONITORING

In the EU, the level of gas market liberalization was measured by means of switching, a percentage coefficient expressing the share of the number of supply points with a gas supplier change to the total number of supply points in the respective year.

Switching



Supply points categories	No. of gas customers who switched their supplier			switching (%)		
	2015	2016	2017	2015	2016	2017
big indus. customers	130	99	93	18.06	8.89	12.72
middle indus. customers	318	318	322	11.14	9.10	11.44
small indus. customers	3,967	5,037	4,743	5.08	6.55	6.21
households	45,827	41,577	43,670	3.21	2.89	2.98
TOTAL	50,242	47,031	48,828	3.33	3.09	3.16

Decisions issued by Gas Regulation Dept. for 2017

Decisions related to price regulation issued for 2017		106
of which	Gas supply to vulnerable consumers – country-wide suppliers	19
	Gas supply to vulnerable consumers - local distribution systems (LDS)	19
	Access to distribution network and gas distribution (LDS - § 11 (1))	20
	Access to distribution network and gas distribution (LDS - § 10 (7))	9
	Access to distribution network and gas distribution (amendment to decision LDS - § 10 (7))	7
	Access to distribution network and gas distribution (LDS - § 10 (6))	19
	Access to distribution network and gas distribution (SPP-D)	1
	Access to distribution network and gas distribution (amendment to decision SPP-D)	1
	Connection to distribution network (SPP-D)	1
	Connection to distribution network (LDS)	7
	Re-purchase of gas installations	1
	Access to transmission network and gas transmission	1
	Access to transmission network and gas transmission (amendment to decision)	1
Terminated price proceedings		1
Suspended price proceedings		3
Letters, e-mails, opinions		55

3. HEAT

In 2017, there were 340 heat suppliers licensed to generate, distribute and supply heat.

Year	2015	2016	2017
No. of regulated entities	352	338	340

87% of suppliers both generated and distributed heat, 13% of suppliers only bought and distributed heat. In 2017, seven suppliers terminated their regulated activity in the heat sector and nine suppliers applied for a license, entering the heat market.

No. of heat suppliers

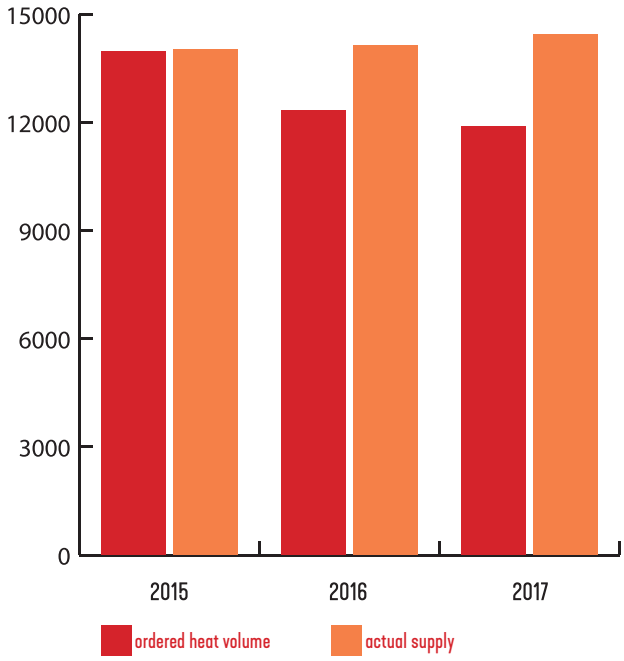
	2015	2016	2017
No. of heat suppliers which terminated their heat generation, distribution and supply	14	17	7
No. of suppliers which began their heat generation, distribution and supply	34	4	9

HEAT SUPPLY

Heat is supplied from district heating systems to about 25,000 supply points for 12,664 end consumers. The ordered heat volume is a contractually agreed volume of heat for the regulatory year t based on the actual heat supply in year t-2, unless the parties agree otherwise. This explains the sinking trend in the ordered heat volume between 2015 and 2017.

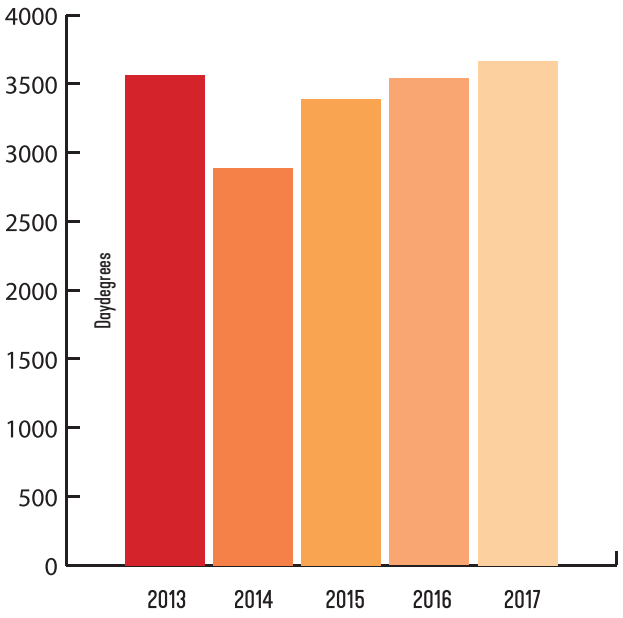
Actual heat supply in 2017 was 14,441 GWh, which is 2.2% more than in 2016. This increase was caused by an increased need for heat supplied for heating, as the number of day-degrees in 2017 was higher by 3.6% than in 2016.

Ordered heat volume and actual supply



Year	Day-degrees [°D]	Actual supply to residential premises [GWh]			Actual supply to non-residential premises [GWh]			Supply to technologies [GWh]	Own consumption [GWh]	Total [GWh]
		heating	hot water	Total	heating	hot water	Total			
2015	3,388	3,210	1,680	4,890	5,248	155	5,507	1,805	1,925	14,023
2016	3,540	3,404	1,690	5,094	5,060	141	5,201	1,891	1,951	14,137
2017	3,667	3,526	1,690	5,216	5,242	141	5,383	1,891	1,951	14,441

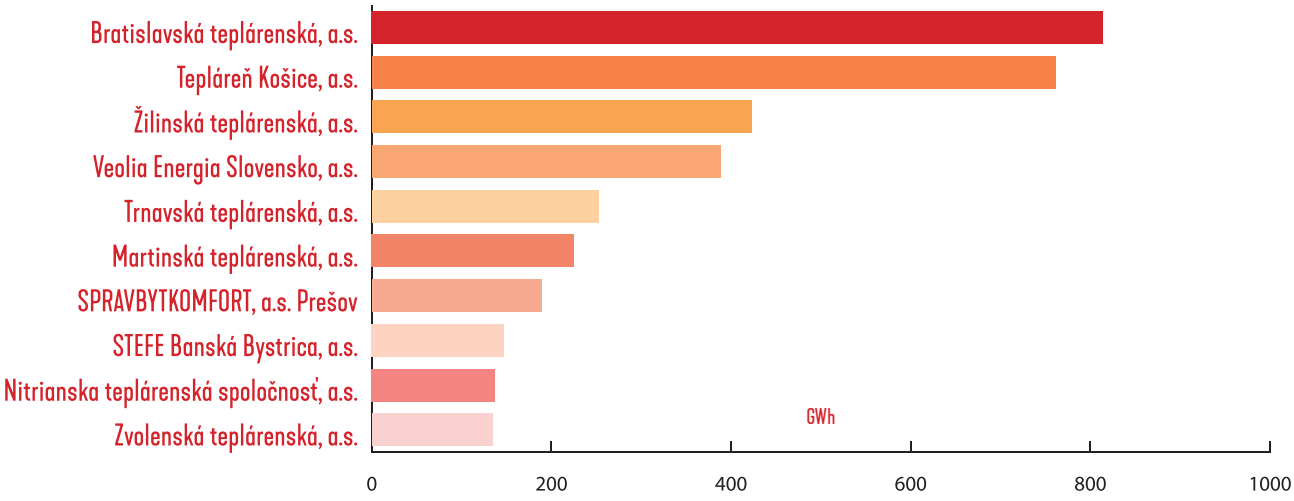
Average values of daydegrees in Slovakia



Source: SHMU

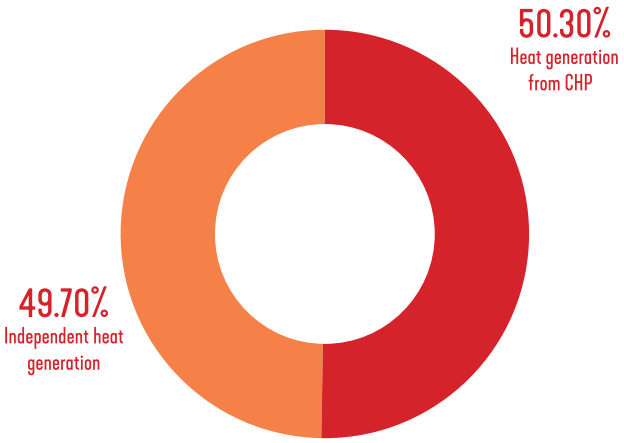
The share of heat supplied for heating and domestic hot water production to total supply in 2017 was 36 %. Consumers outside households consumed 36.8 % of heat, 13.4 % was consumed in technological processes, and the remaining 13.8% was the heat suppliers´ own consumption.

Major heat suppliers

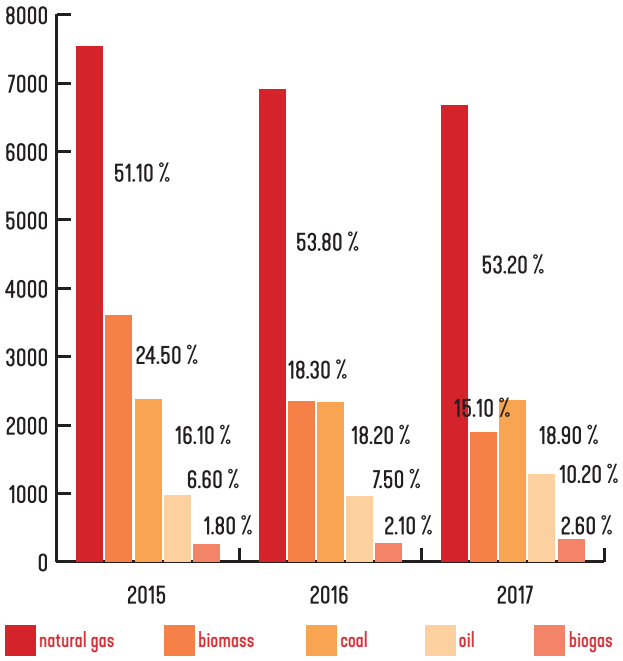


In 2017, 50.3 % of heat was generated in heating systems with combined heat and power generation. Renewable energy sources accounted for 15.6 % of heat supply.

Share of heat generation from CHP in 2017



Share of fuel types in heat generation



FUEL CONSUMPTION

The most used type of fuel for heat generation was natural gas, with 53.2 % share in 2017. The remaining 46.8 % of heat was produced mainly from biomass and coal. Rising shares of fuel oil and biogas have been observed in recent years. The decline in biomass consumption in 2017 was not a general phenomenon as it was caused by the change of the fuel base in only one industrial enterprise.

Year	Natural gas [GWh]	Biomass [ths.t]	Coal [ths. t]	Biogas [GWh]	Fuel oil [ths. t]
2015	9,292	1,710	578	259	97
2016	8,514	1,113	571	275	96
2017	8,141	845	577	326	128

PRICE REGULATION SCOPE AND METHOD

In the regulation of heat prices, the Office followed Decree No. 248/2016 Coll. Heat generation, distribution and supply were subject to regulation and prices were regulated by the set method of calculating the maximum heat tariff based on the cost method modified by some elements of the price cap method.

PRICE LEVEL MONITORING

According to Act No. 250/2012 Coll., price decisions issued for 2017 are valid up to until 31 December 2021 unless the Office, upon the proposal of a regulated company or on its own initiative, approves an amendment to the price decision. As of 1 January 2017, the Office issued 341 price decisions. In the course of 2017, the Office issued additional 41 decisions changing heat prices of suppliers whose economically justified costs changed significantly, or price decisions for new heat suppliers as well as for new locations.

Year	No. of price decisions in total	No. of amended price decisions	No. of approved prices (tariffs)
2015	238	197	542
2016	90	74	105
2017	382	41	757

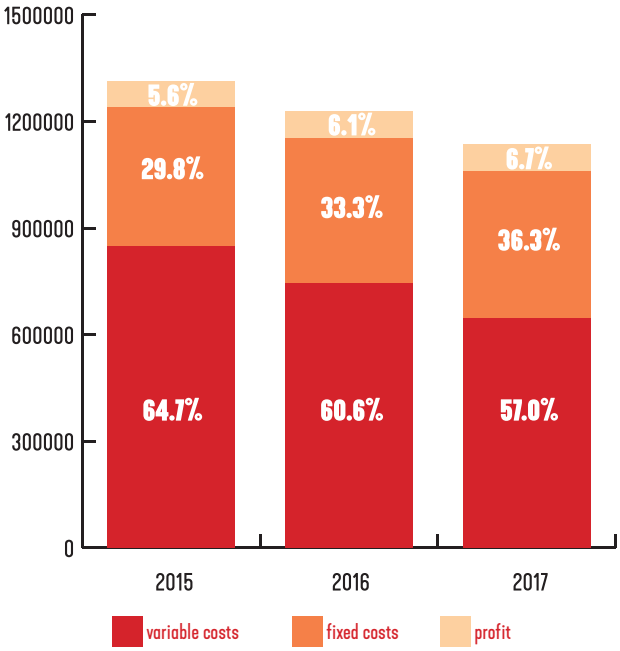
The variable component of the maximum heat tariff averaged 0.0407 EUR/kWh in 2016. The year-on-year decrease of 15% in this component was due to favourable price of natural gas. The average fixed component of the heat price amounted to 186.52 EUR/kW, which is 5.5% more than in 2016. The resulting average heat price in 2017 was 6.5% lower than in 2016.

Year	2015	2016	2017
Variable component €/kWh	0.0482	0.0478	0.0407
Fixed component €/kW	174.59	176.85	186.52
Final heat tariff €/kWh	0.0811	0.0812	0.0759

A year-on-year increase in fixed costs was allowed by the selected method of regulation for the 2017-2021 regulatory period only due to new investments in making generation and distribution of heat more efficient. This option was used in 2017 by 25 suppliers who had planned new investments in heat installation systems of 31.4 mil. €. The other suppliers were not allowed to exceed the amount of fixed costs in the heat price approved in the previous decision. Nevertheless, in many cases, the fixed component of the heat price increased due to the drop of the regulatory consumption indicator. As a result of efficiency measures on the part of heat consumers, in particular thermal insulation, hydraulic heating, partial substitution of heat supplied from district heating systems by their own alternative heat sources (solar collectors, heat pumps), the volume of actual heat supply, i.e. also the regulatory consumption indicator, has been decreasing in the long run.

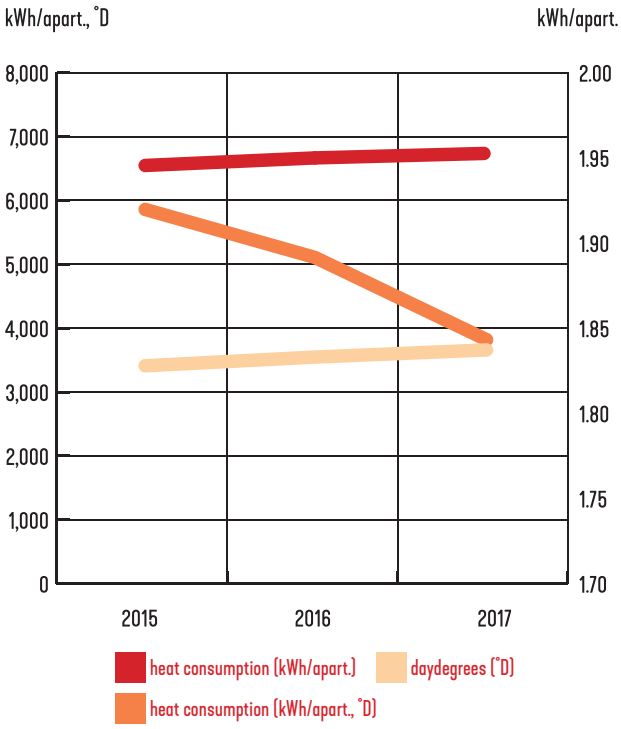
Purpose of investments made	Planned investments in ths. EUR		
	2015	2016	2017
Heat generation installations	28,645	1,636	12,830
Heat distribution installations	10,344	75,425	9,557
Eco-friendly technologies	49,186	5,255	3,942
Planned general overhauls	150	4,727	–
RES construction	499	6,682	5,100
Total	88,824	93,725	31,429

Cost breakdown in heat tariffs



Average heat tariffs in Slovakia's regional districts

Household heat consumption

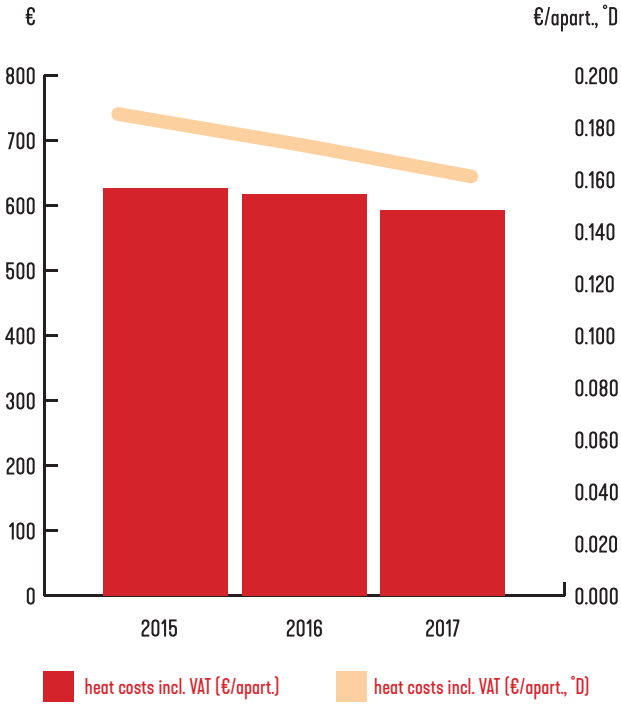


EVOLUTION OF HEAT COSTS

Heat consumption in the monitored sample of 40,000 residential apartments in 2017 was higher by about 1% than in 2016 due to climate conditions. However, given the favourable natural gas price, the households' annual heating and domestic hot water costs were lower by 4.1%.

	2015	2016	2017
Heat consumption per apartment (kWh/apartment)	6,501	6,693	6,761
Costs per apartment incl. VAT (€/apartment)	626	617	592
Day-degrees (°D)	3,388	3,540	3,667
Costs per apartment incl. VAT (€/apartment, °D)	0.185	0.174	0.161
Heat consumption per apartment (kWh/apartment, °D)	1.919	1.891	1.844

Household heat costs



4. WATER

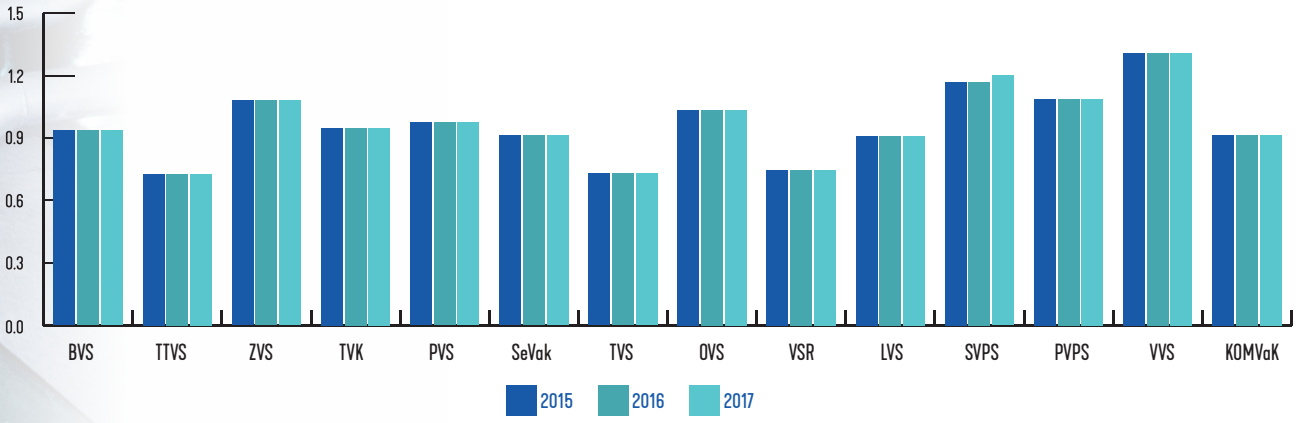
DRINKING AND WASTE WATER

Until 31 December 2017, a total of 650 regulated entities were registered, of which 14 were water utility companies, 123 smaller companies and municipalities operating public water supply systems or public sewers of 1st and 2nd category and 513 small municipalities and parts of cities as owners of public water supply systems or public sewers of 3rd category.

Overview of price decisions issued

	No.		
	2015	2016	2017
Price decisions	10	7	258
Amendments to price decisions	5	3	7
Price approvals	28	10	996
Decisions on proceeding termination	14	3	19
Decisions on proceeding suspension	3	5	43
Decisions on revoking a price decision	2	2	1
Total	62	30	1,324

Evolution of water utility companies tariffs for drinking water production and supply in €/m3 (excl. VAT)



PRICE LEVEL MONITORING

Water prices (tariffs) issued for the 2017-2021 regulatory period were single-component prices and remained at the level of 2016. In 2017, seven proposals were submitted to amend a price decision, of which three were submitted by water utility companies.

Tariffs of drinking water production, distribution and supply through public water supply system – water utility companies (excl. VAT)

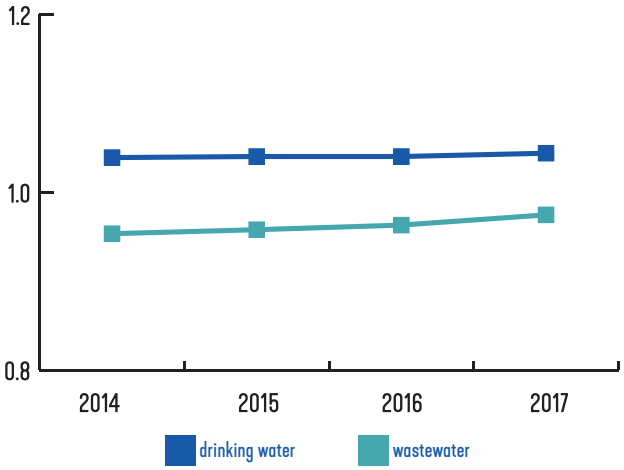
	2015	2016	2017
	€/m³	€/m³	€/m³
Bratislavská vodárenská spoločnosť	0.9359	0.9359	0.9359
Trnavská vodárenská spoločnosť	0.7286	0.7286	0.7286
Západoslovenská vodárenská spoločnosť	1.0802	1.0802	1.0802
Trenčianska VS/ Trenčianske VaK (od 2015)	0.9494	0.9494	0.9494
Považská vodárenská spoločnosť	0.9741	0.9741	0.9741
Severoslovenské vodárne a kanalizácie	0.9126	0.9126	0.9126
Turčianska vodárenská spoločnosť	0.7302	0.7302	0.7302
Oravská vodárenská spoločnosť	1.0353	1.0353	1.0353
Vodárenská spoločnosť Ružomberok	0.7460	0.7460	0.7460
Liptovská vodárenská spoločnosť	0.9102	0.9102	0.9102
Stredoslovenská vodárenská prevádzková spoločnosť	1.1700	1.1700	1.2010
Podtatranská vodárenská prevádzková spoločnosť	1.0884	1.0884	1.0884
Východoslovenská vodárenská spoločnosť	1.3100	1.3100	1.3100
Vodárne a kanalizácie mesta Komárna	0.9162	0.9162	0.9162

Wastewater collection and treatment tariffs of water utility companies (excl. VAT)

	2015	2016	2017
	€/m³	€/m³	€/m³
Bratislavská vodárenská spoločnosť	0.9216	0.9216	0.9216
Trnavská vodárenská spoločnosť	1.0758	1.0758	1.0758
Západoslovenská vodárenská spoločnosť	0.8538	0.8538	0.8918
Trenčianska VS/ Trenčianske VaK (od 2015)	0.9554	0.9554	0.9554
Považská vodárenská spoločnosť	1.0700	1.0700	1.0700
Severoslovenské vodárne a kanalizácie	0.9797	0.9797	1.0483
Turčianska vodárenská spoločnosť	0.9591	0.9591	0.9591
Oravská vodárenská spoločnosť	1.0263	1.0570	1.0570
Vodárenská spoločnosť Ružomberok	0.9603	0.9603	0.9603
Liptovská vodárenská spoločnosť	1.1068	1.1068	1.1068
Stredoslovenská vodárenská prevádzková spoločnosť	1.0983	1.0983	1.1615
Podtatranská vodárenská prevádzková spoločnosť	1.0904	1.0904	1.0904
Východoslovenská vodárenská spoločnosť	0.9000	0.9000	0.9000
Vodárne a kanalizácie mesta Komárna	0.8643	0.8643	0.8643

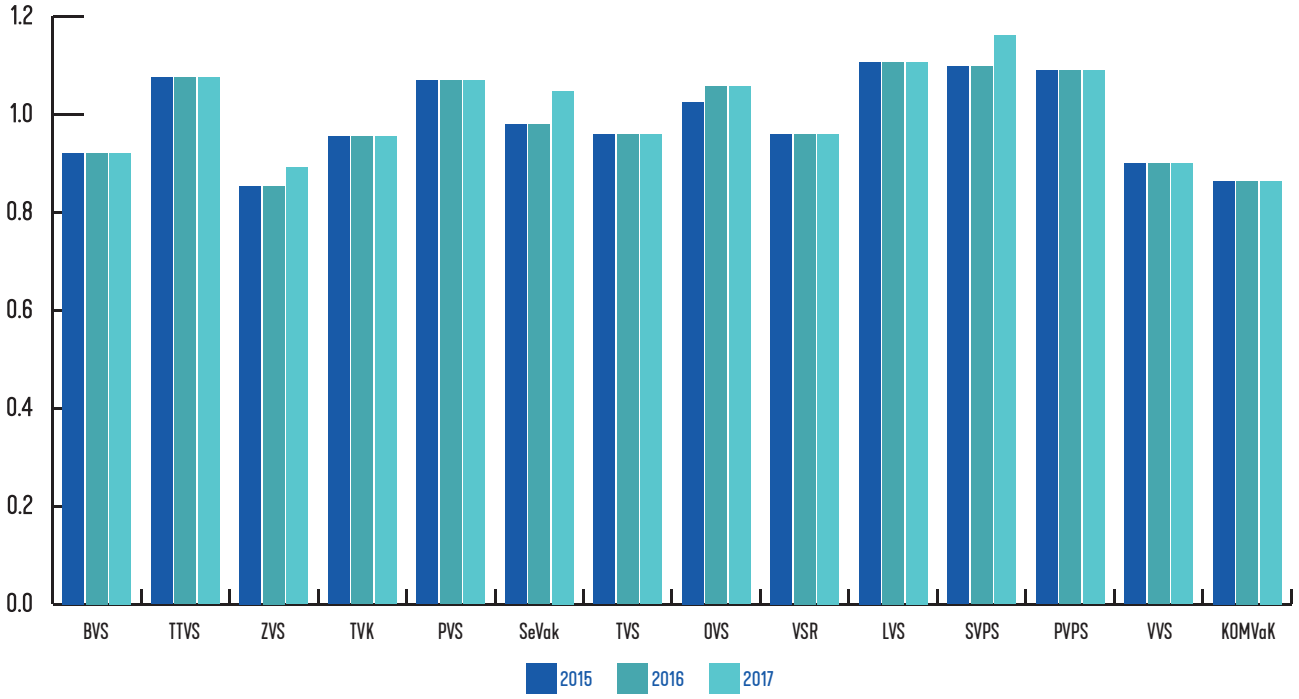
In 2017, water and sewerage rates, excluding VAT, in Slovakia´s water utility companies averaged 2.0190 €/m³, up by 0.8% y/y.

Average price of drinking water production and supply and wastewater collection and treatment in €/m³ (excl. VAT)



In addition to tariffs for water utility companies supplying to 95% of the total water-supplied population of Slovakia, the Office set maximum prices (tariffs) for the 2017 -2021 regulatory period also for municipalities and small regulated entities.

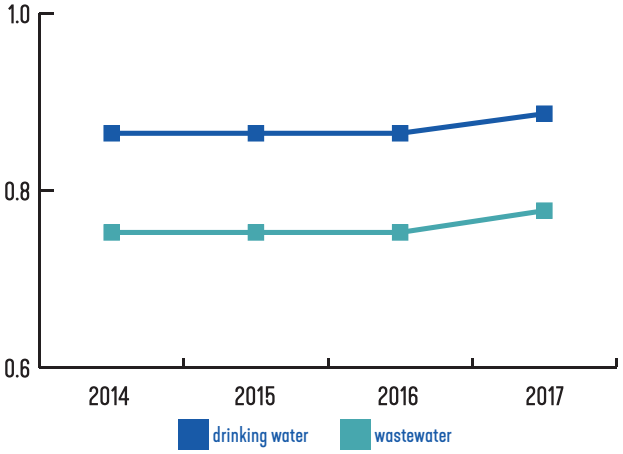
Evolution of water utility companies tariffs for wastewater collection and treatment in €/m³ (excl. VAT)



Average tariffs of small regulated entities in €/m³ excl. VAT

	2014	2015	2016	2017
Drinking water	0.7524	0.7524	0.7524	0.7770
Wastewater	0.8644	0.8644	0.8644	0.8865

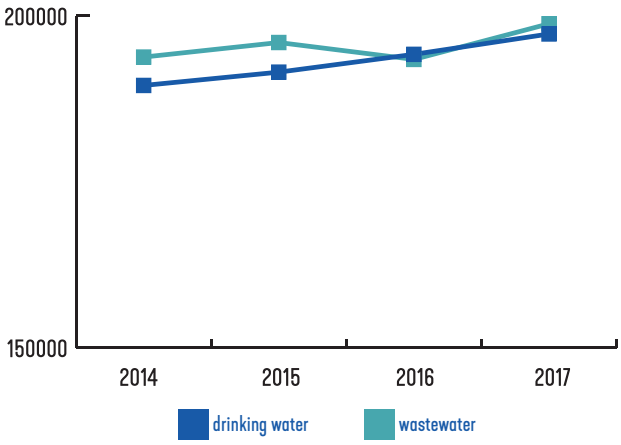
Tariffs of small regulated entities - municipalities in €/m³



WATER SUPPLY AND WASTEWATER COLLECTION

In most water utility companies in 2017, the volume of drinking water supplied by the public water supply system rose by a total of 3,069 ths. m³ (+ 2 %). In municipalities, new public sewerage systems had been completed, enabling new customers to be connected to the network, so in most water companies also the amount of wastewater collected by public sewerage systems increased by an average of 5,369 ths. m³ (+ 3 %). The amount of wastewater thus gradually returned to the level of ten years ago.

Evolution of drinking water supply and wastewater collection volumes in ths. m³

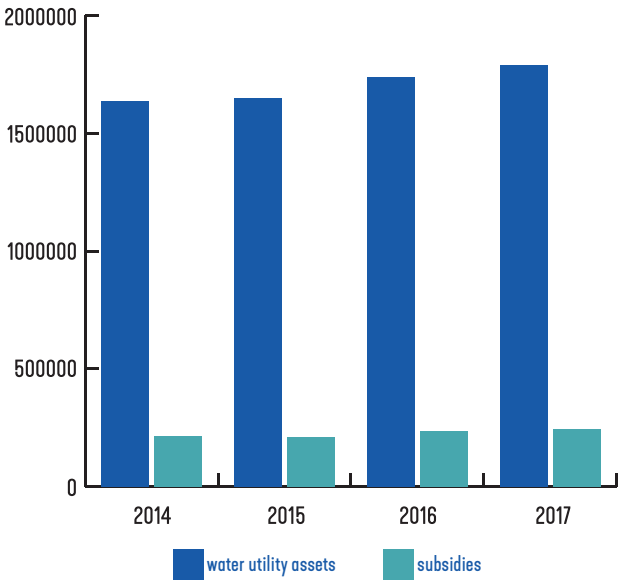


INVESTMENTS

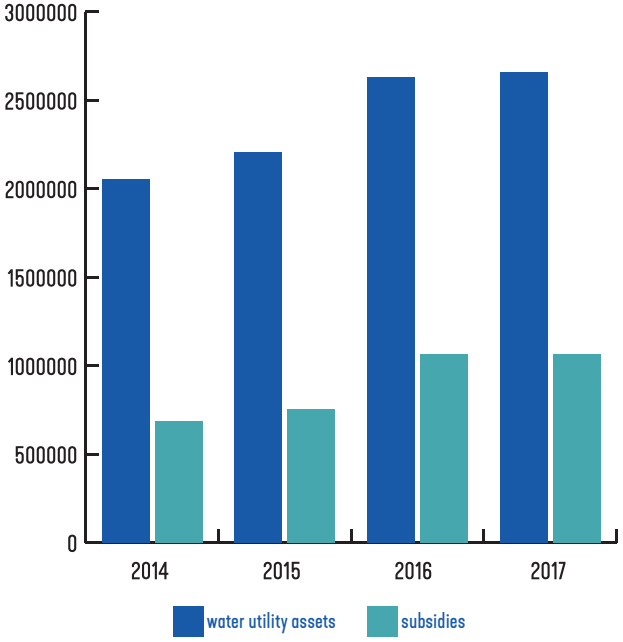
In 2017, the value of assets used for wastewater collection and treatment increased by just 1%, while in the drinking water supply business the increase was 3 %.

Subsidies from EU funds and the state budget to finance water supply system construction went up by 3% in 2017 according to water utility companies' data, while the share of assets from subsidies to the total value of assets accounted for 14%.

Water utility assets and subsidies - public water supply systems (in ths. €)



Water utility assets and subsidies - public sewerage systems and wastewater treatment plants (in ths. €)



UTILISATION OF WATER UTILITY ASSETS

Indicators for regulated activities in water utility companies

Drinking water	2014	2015	2016	2017	change 2017/2016	%
Revenues from regulated activities in ths. €	195,625	195,625	201,728	204,512	2,784	1
Justified costs in ths. €	194,187	194,187	194,671	201,638	6,967	4
of which repairs of water utility assets in ths. €	29,771	29,771	35,501	31,276	-4,226	-12
water utility assets in ths. €	1,637,567	1,648,672	1,738,825	1,788,817	49,992	3
from subsidies in ths. €	214,611	208,749	237,339	244,411	7,072	3
Water volume in ths. m^3	189,514	191,519	194,202	197,271	3,069	2
Utilisation of water utility assets capacities	92%	92%	95%	95%	0%	0

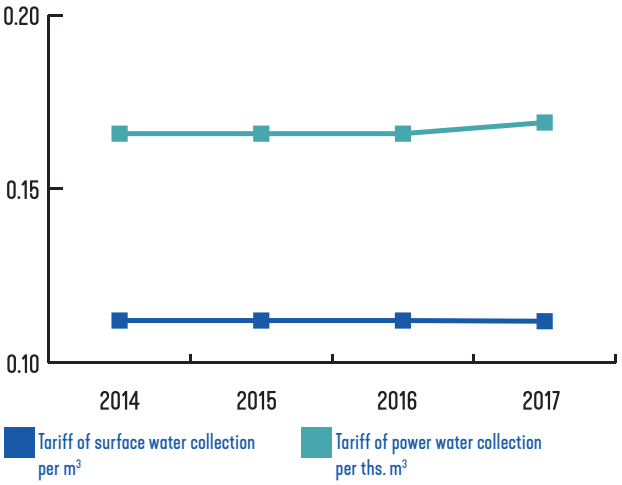
Wastewater	2014	2015	2016	2017	change 2017/2016	%
Revenues from regulated activities in ths. €	182,522	186,167	184,288	190,382	6,094	3
Justified costs in ths. €	182,691	182,986	198,245	205,504	7,258	4
of which repairs of water utility assets in ths. €	17,117	18,302	21,937	19,087	-2,851	-13
water utility assets in ths. €	2,052,742	2,209,504	2,628,952	2,661,343	32,391	1
from subsidies in ths. €	688,282	754,090	1,063,712	1,064,735	1,023	0
Water volume in ths. m^3	193,790	195,984	193,437	198,807	5,369	3
Utilisation of water utility assets capacities	74%	72%	74%	83%	9%	12

SURFACE WATER UTILISATION

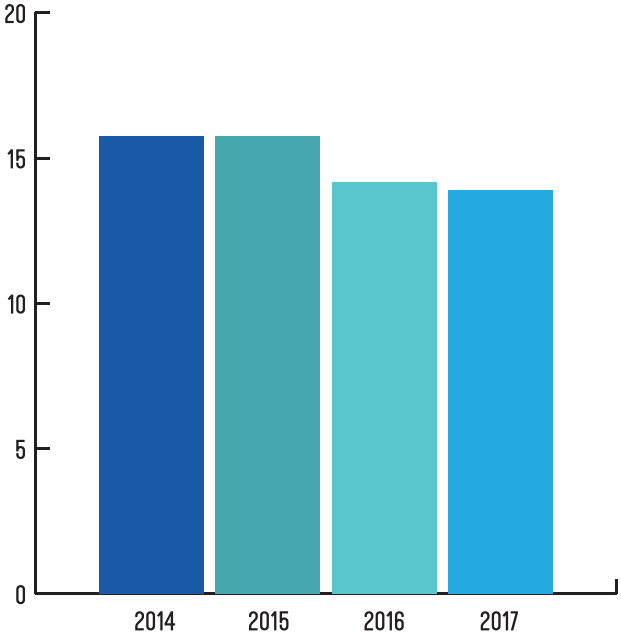
Tariffs of surface water utilisation in EUR (excl. VAT)

	2014	2015	2016	2017
Tariff of surface water collection per m^3	0.1122	0.1122	0.1122	0.1120
Average price of using hydropower potential per 1 MWh	15.7552	15.7552	14.1681	13.8796
Tariff of power water collection per ths. m^3	0.1659	0.1659	0.1659	0.1691

Evolution of water collection tariffs in EUR (excl. VAT)



Average price of using hydropower potential in €/MWh (excl. VAT)



5. LEGISLATIVE ACTIVITIES

Pursuant to Act No. 250/2012 Coll., it lies in RONI´s powers, inter alia, to issue generally binding legal precepts – decrees. Based on the applicable regulations, the Office drafted, submitted to legislative proceedings and issued the following decrees in 2017:

- Decree of the Regulatory Office for Network Industries No. 18/2017 Coll. establishing price regulation in electricity and certain conditions of conducting regulated activities in electricity

- Decree of the Regulatory Office for Network Industries No. 21/2017 Coll. establishing price regulation in production, distribution and supply of drinking water through public water supply system, and collection and treatment of wastewater through public sewerage system

The Office in July 2017 withdrew from the legislative process draft decrees on price regulation for electricity, water and heat. This was due to the need for a more in-depth discussion between market participants affected by the changes, in particular an exact quantification of economic impacts on the respective consumer groups.

6. SUPPORT OF PRICE REGULATION AND MONITORING OF REGULATED ACTIVITIES

MONITORING OF REGULATED COMPANIES' ACTIVITIES

In 2017, the Office monitored the activities of regulated entities to obtain the necessary information and sufficient tools to verify the structure and level of costs incurred in carrying out the regulated activities in order to establish transparent and non-discriminatory regulation and to prevent abuse of vertical integration.

In the year under review, the Office monitored economic indicators of regulated companies. Through the selected economic indicators, it monitored the impact of price regulation on the achieved financial results and economic efficiency of regulated companies in the electricity and gas sectors.

No. of quality standard assessments submitted by regulated entities and recorded events in electricity

Electricity	Electricity transmission	Electricity distribution	Electricity supply
No. of assessments submitted	1	124	176
No. of events recorded	8	9,470,245	1,832,817
No. of incidents with a breach of quality standards	0	31,174	1,655
Share of incidents with a breach of quality standards to events recorded	0%	0.33%	0.09%

No. of quality standard assessments submitted by regulated entities and recorded events in heat

Heat	Heat supply
No. of assessments submitted	322
No. of events recorded	82,133
No. of incidents with a breach of quality standards	201
Share of incidents with a breach of quality standards to events recorded	0.24%

No. of quality standard assessments submitted by regulated entities and recorded events in gas

Gas	Gas storage	Gas transmission	Gas distribution	Gas supply
No. of assessments submitted	2	1	40	72
No. of events recorded	880	372	43,819	993,121
No. of incidents with a breach of quality standards	0	29	8	4,404
Share of incidents with a breach of quality standards to events recorded	0%	7.80%	0.02%	0.44%

No. of quality standard assessments submitted by regulated entities and recorded events in water

Water	Drinking water supply	Wastewater collection
No. of assessments submitted	351	336
No. of events recorded	74,370	53,241
No. of incidents with a breach of quality standards	587	189
Share of incidents with a breach of quality standards to events recorded	0.79%	0.35%

Overview of compensation payments made for failure to comply with quality standards pursuant to Decree 236/2016 Coll.

	Regulated activity	Euro
Electricity	Electricity transmission	0
	Electricity distribution	330,079.32
	Electricity supply	59,738.27
	Total	389,817.59
Gas	Gas storage	0
	Gas transmission	0
	Gas distribution	780
	Gas supply	116,262.75
	Total	117,042.75
Heat	Heat supply	4,986.36
Water	Drinking water supply	417.43
	Wastewater collection	237.47
	Total	654.9

In 2017, a total of EUR 512,501.60 were paid to consumers in compensation payments.

COMPLIANCE WITH ARTICLE 29 (2, 3, 4 AND 5) OF ACT NO. 250/2012 COLL.

The Office registered 714 public tenders announced by 20 regulated entities. From the public tenders announced in 2017 and in the previous period, 614 were completed in 2017, 64 were cancelled. Two public tender were closed without a winner announced. As of December 31, 2017, 153 public tenders were in progress.

Pursuant to Art. 29 (4) of Act 250/2012 Coll., 88 regulated entities reported to the Office 891 completed orders in the value exceeding EUR 300,000.

The gas transmission system operator is required to submit proposals of commercial and financial agreements with the vertically integrated undertaking for the Office´s approval. In 2017, five such commercial agreements were approved by the Office.

7. INSPECTION

In 2017, the Office carried out onsite inspections in 103 regulated entities, of which 13 were based on received submissions and 90 were based on the onsite inspection plan. Of the above, 62 onsite inspections were completed with an inspection result report, i.e. with detected breach of the applicable legislation. 41 inspections were completed with an inspection result record, i.e. with no breach of the applicable legislation found.

In the year under review, inspections focused on compliance with applicable legislation in the conduct of regulated activities in network industries in 2013-2017. In this context, inspections aimed at compliance with the approved scope of price (tariff) regulation, non-tariff regulation and quality standard regulation.

In 2017, onsite inspection was carried out in 74 electricity companies. With 30 of them, up to 221 breaches of Act 250/2012 Coll. and Act 251/2012 Coll. were found. In gas, the Office carried out inspections in 41 companies, in 22 of them 96 breaches of Act 250/2012 Coll. and Act 251/2012 Coll. were found. The most frequent breach of Act 250/2012 Coll. by electricity and gas companies was their failure to conduct the regulated activity in accordance with a final decision or approval of the Office, and their non-compliance with price regulation requirements according to a generally binding legal regulation issued by the Office, in other words their failure to adhere to a price decision or commercial terms and conditions approved by the Office.

In case of regulated heat companies, the Office carried out an inspection in 50 entities, in 25 of them 57 breaches of Act 250/2012 Coll. and Act 657/2004 Coll. were detected. In water, compliance inspection was done in five entities and, in the case of four of them, eight breaches of Act 250/2012 Coll. were found. In the case of heat entities, the most frequent violation of Act 250/2012 Coll. was related to the failure to account the costs of heat generation, distribution and supply, which are not considered as economically justified costs, within the time limit and in the manner prescribed by the Office. As for water companies (entities), the most frequent was the violation of the obligation to submit truthful and complete information and data to the Office.

In addition to conducting onsite inspections in regulated entities, the Office also detected remotely by its administrative procedures breaches of provisions of Act 250/2012 Coll. and Act 251/2012 Coll. The result was the imposition of a fine to a sum of 27 entities in total amount of EUR 25,000. The concerned entities conducted their regulated activities without a license, without confirmation of fulfilment of their notification duty or did not submit to the Office the necessary documents, or information within the appointed time limit, or at all.

OVERVIEW OF INSPECTION FINDINGS

The overview shows the number of different breaches of Act No. 250/2012 Coll., Act No. 251/2012 Coll. and Act No. 657/2004 Coll., which were found by the Inspection Department during their onsite inspections and by their administrative procedures.

1. breach of Art. 29 (1)b) of Act 250/2012 – failure to conduct regulated activity in accordance with a final decision or approval of the Office and failure to comply with price regulation requirements according to a generally binding legal regulation issued by the Office - 185 findings, of which in:
   - electricity 119
   - gas 40
   - heat 5
   - water 21

2. breach of Art. 29 (1) o) of Act 250/2012 – failure to abide by the market rules - 65 findings, of which in:
   - electricity 37
   - gas 28

3. breach of Art. 22 (4) h) of Act 250/2012 – failure to submit to the Office by the end of February of the calendar month a quality standards assessment for the previous year and failure to publish this assessment on the regulated company´s website or in other usual way in case the regulated company does not have a website in place - 31 findings, of which in:
   - electricity 3
   - gas 1
   - heat 6
   - water 21

4. breach of Art. 29 (1) k) of Act 250/2012 – failure to provide the Office free of charge with complete and truthful data, documents and any other information necessary for the purposes specified by this Act and for the exercise of the Office's powers in the scope, manner and time limits specified by the Office - 24 findings, of which in:
   - electricity 11
   - gas 1
   - heat 4
   - water 8

5. breach of Art. 29 (1) c) of Act 250/2012 – failure to account for the costs of heat generation, distribution and supply, which are not considered as economically justified costs, within the time limit and in the manner established by the Office - 21 findings in:
   - heat 21

6. breach of Art. 22 (5) of Act 250/2012 – failure to pay the compensation payment to the customer at a determined amount and in a determined manner in the case of a demonstrable non-compliance with a quality standard - 12 findings, of which in:
   - electricity 9
   - heat 3

7. breach of Art. 29 (1) j) of Act 250/2012 – failure to notify the Office by the end of February of the calendar year of discontinuing a regulated activity under an issued license or confirmation of fulfilment of the notification duty - 11 findings, of which in:
   - electricity 4
   - gas 3
   - heat 4

8. breach of Art. 13 (4) of Act 250/2012 – failure to comply with the DSO operational code - eight findings, of which in:
   - electricity 6
   - heat 2

9. breach of Art. 22 (4) f) of Act 250/2012 – failure to submit to the Office by the end of February of the calendar year an overview of compensation payments paid in the previous calendar year - five findings, of which in:
   - electricity 2
   - heat 3

10. breach of Art. 14 (5) c) of Act 250/2012 – failure to submit to the Office a price proposal for the first year of the regulatory period until 30 September of the last calendar year of the regulatory period - four findings in:
   - heat 4

11. breach of Art. 22 (4) e) of Act 250/2012 – failure to archive quality standards data for five years - three findings in:
    - electricity 3

12. breach of Art. 29 (5) d) of Act 250/2012 – failure to notify the Office of the public tender evaluation results within 30 days after the closing of the public tender - three findings, of which in:
    - electricity 2
    - gas 1

13. breach of Art. 29 (1) a) of Act 250/2012 – not conducting regulated activity according to and within the scope of the license, confirmation of fulfilment of the notification duty or registration approval - two findings in:
    - heat 2

14. breach of Art. 29 (5) b) of Act 250/2012 – failure to submit to the Office, in writing or in electronic form, the list of all bidders who have joined a public tender, no later than two working days after the deadline to enter the public tender two findings in:
    - electricity 2

15. breach of Art. 14 (5) d) of Act 250/2012 – failure to submit to the Office a price proposal for the first year of the regulatory period, until 31 October of the last calendar year of the regulatory period - one finding in:
    - electricity 1

16. breach of Art. 29 (3) of Act 250/2012 – failure to announce a public tender for an order whose estimated value is more than €100,000 - VIP - one finding in:
    - electricity 1

17. breach of Art. 4 (5) of Act 251/2012 – failure to fulfil the notification duty - 16 findings, of which in:
    - electricity 7
    - gas 9

18. breach of Art. 6 (1) of Act 251/2012 – doing business in the energy sector without or not in compliance with the license or confirmation of fulfilment of the notification duty - eight findings, of which in:
    - electricity 3
    - gas 5

19. breach of Art. 17 (12) of Act 251/2012 – failure to deliver to the household electricity or gas consumer the final settlement of payments for the supply of electricity or gas no later than four weeks after the consumer has switched his supplier - four findings in:
    - electricity 4

20. breach of Art. 34 (2) h) of Act 251/2012 – failure to provide the electricity consumer with information on their rights concerning the means of dispute resolution - three findings in:
    - electricity 3

21. breach of Art. 76 (7) of Act 251/2012 – failure to specify the data on the customer bill (specify the amount for regulated supplies and services and the amount for non-regulated supplies and services, specify the number of the supply point) - supplier's obligations in gas supply billing - three findings in:
    - gas 3

22. breach of Art. 34 (2) p) of Act 251/2012 – failure on the part of the electricity supplier to submit to the Office data from their household consumer complaints database by February 28 of the following year - two findings in:
    - electricity 2

23. breach of Art. 64 (7) p) of Act 251/2012 – failure to publish the request form for access to the distribution network on the DSO´s web site - obligation of the distribution system operator - two findings in:
    - gas 2

24. breach of Art. 16 (4) b) of Act 251/2012 – failure to submit for the Office´s approval the rules for the allocation of assets and liabilities, costs and revenues within 30 days from the day of commencement of the company´s activities - one finding in:
    - electricity 1

25. breach of Art. 31 (2) u) of Act 251/2012 – failure to publish the commercial terms and conditions of grid connection and the commercial terms and conditions of access to the distribution system and electricity distribution on the web site of the distribution system operator - one finding in:
    - electricity 1

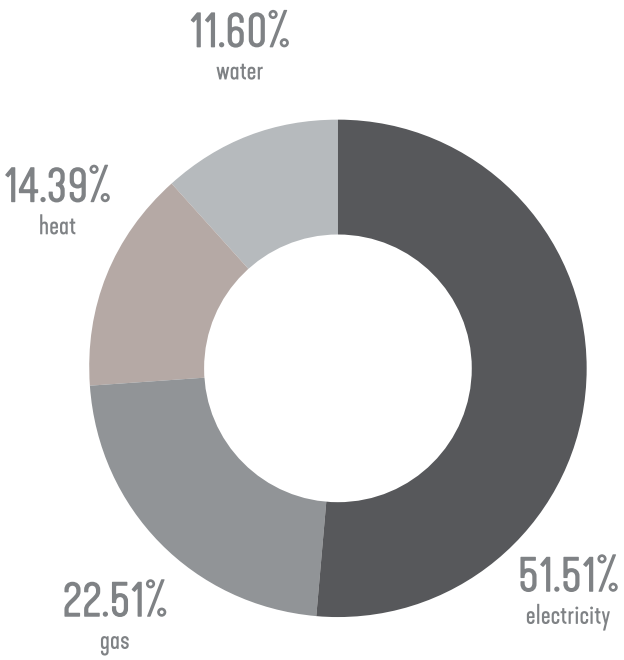
26. breach of Art. 34 (2) f) 3) of Act 251/2012 – failure to elaborate commercial terms and conditions for the provision of the universal service and submit each change thereof to the Office's approval no later than 30 days prior to their entry into force, one finding in:
    - electricity 1

27. breach of Art. 69 (2) a) 3) of Act 251/2012 – failure to elaborate commercial terms and conditions for the provision of universal service - obligation of the gas supplier – one finding in:
    - gas 1

28. breach of Art. 69 (2) q) of Act 251/2012 – failure on the part of the gas supplier to submit to the Office data from their household consumer complaints database by February 28 of the following year, one finding in:
    - gas 1

29. breach of Art. 5 (1) of Act 657/2004 – doing business in the heat sector without a license or not in compliance with a license - 10 findings in:
    - heat 10

Shares of breaches found by RONI inspections, by sectors in 2017



REMEDIAL MEASURES

The Office imposed 34 measures to eliminate and remedy the deficiencies discovered during its inspection activities, of which in:

- electricity 14
- gas 2
- heat 18

The Office ordered the regulated entities to return to the electricity, gas and heat consumers the amounts representing the difference between the price charged and the price to be charged under applicable regulations, in total amount of EUR 101,014.25 of which to:

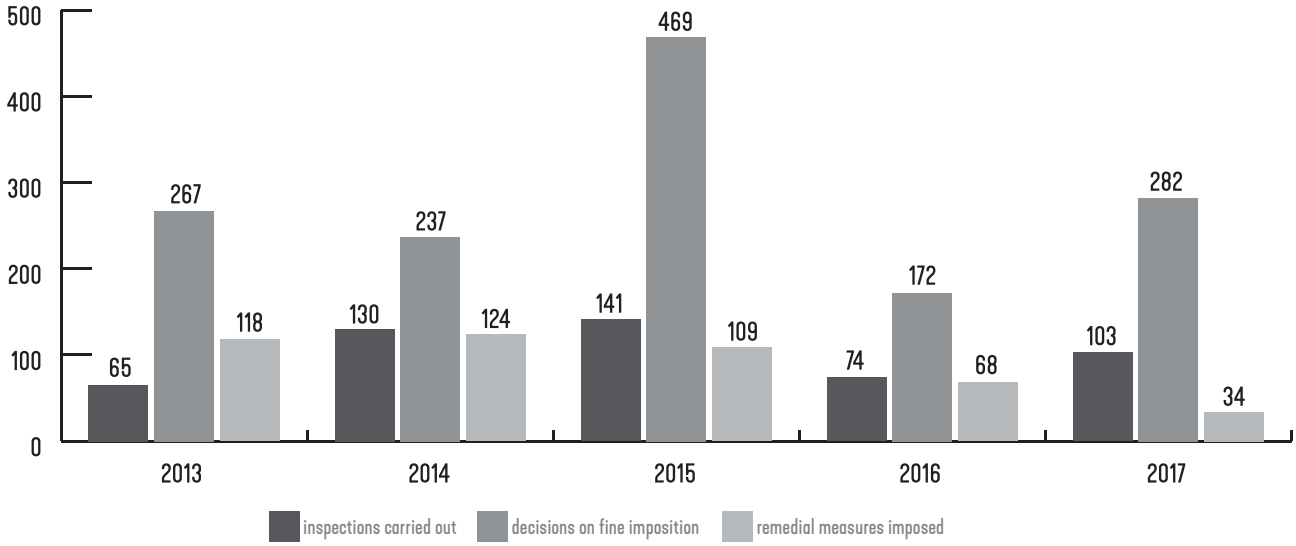
- electricity consumers 213.47 EUR
- gas consumers 4,797.96 EUR
- heat consumers (in the variable component of the maximum tariff) 96,002.82 EUR

SANCTIONS IMPOSED AT THE 1ST LEVEL OF ADMINISTRATIVE PROCEEDING

Fine for a breach of statutory obligations in 2017

ADMINISTRATIVE PROCEEDINGS 2017		DECISIONS			
		ISSUED		FINAL	
		No.	FINE (EUR)	No.	FINE (EUR)
Administrative proceedings based on onsite inspection findings		29	119,600.00	45	143,900.00
Administrative proceedings based on breaches found remotely by the Office´ s administrative procedures	conducting regulated activity without a license or approval	2	600.00	2	600.00
	failure to fulfil the notification duty towards the Office			25	12,600.00
	failure to submit truthful costs (heat), data (water)	48	34,950.00	45	32,850.00
	failure to conduct regulated activity in compliance with RONI´ s final decision or approval	1	400.00	1	800.00
	failure to submit a price proposal within a time limit set by law	89	25,550.00	89	25,550.00
	failure to submit quality standards	113	56,500.00	81	40,500.00
TOTAL		282	237,600.00	288	256,800.00

Overview of Nos. of onsite inspections carried out, imposed measures and decisions on fine imposition

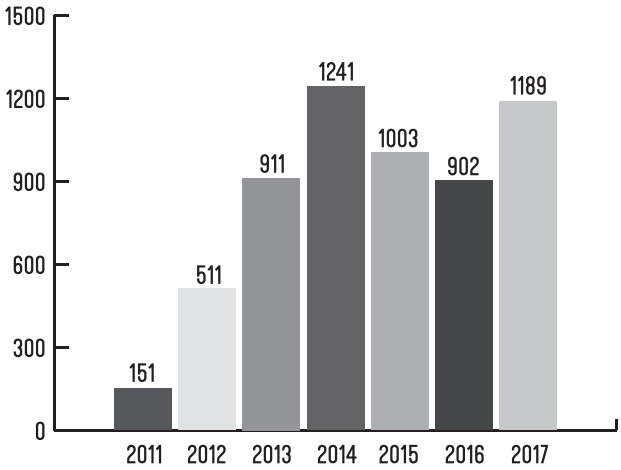


8. SUBMISSIONS AND COMPLAINTS

RONI´s Legislation and Legal Department handled in 2017 a total of 670 submissions and complaints from customers. Some specific submissions were forwarded directly to the respective departments responsible for electricity, gas, heat, or water regulation.

Heat Department processed 243 customers' submissions. Inspection Department handled a total of 84 submissions. In electricity, 120 submissions concerned in particular new price decisions and new adjustments to price regulation, Gas Department attended to a total of 55 submissions in 2017. The submissions were most often related to customer bills and the new tariff structure. Seventeen customers' submissions were related to water, largely dealing with prices issues. Non-Tariff Regulation Department dealt with three submissions falling under its competence.

No. of customers' submissions handled by the Office



9. ALTERNATIVE DISPUTE RESOLUTION AND DISPUTE RESOLUTION

In 2017, the Office received a total of 28 proposals for alternative dispute resolution (ADR). Of the total number of proposals received, 22 concerned consumer disputes under Act No. 391/2015 Coll. on the Alternative Resolution of Consumer Disputes as amended, six proposals concerned an alternative resolution of a non-household consumer's dispute pursuant to Art. 37 of Act No. 250/2012 Coll. Due to non-compliance with the legal requirements of the alternative dispute resolution institute, three proposals were rejected.

No. of disputes resolved out of court in 2017

No. of received proposals for ADR	No. of proposals for ADR pursuant to Art. 37 of Act 250/2012	No. of proposals for ADR pursuant to Act 391/2015	No. of disputes not resolved in 2017
28	6	22	6

10. LICENSES IN NETWORK INDUSTRIES

Overview of license requests and decisions issued in 2017					
	new licenses	revoked licenses	amended licenses	suspended proceedings	terminated proceedings
electricity	14	18	71	29	19
gas	14	12	24	6	5
fuels and oil	2	1	4	3	0
total	**30**	**31**	**99**	**38**	**24**

Overview of valid electricity licenses pursuant to Art. 6 (2) a) and b) of Act 251/2012	
electricity generation	2
electricity transmission	1
electricity distribution	12
electricity generation and supply	103
electricity generation, distribution and supply	27
electricity distribution and supply	118
electricity supply	175
short-term electricity market operation	1
total	**439**

Overview of valid gas licenses pursuant to Art. 6 (2) c) of Act 251/2012	
gas production	1
gas transmission	1
gas distribution	6
gas distribution and supply	43
gas production, distribution, storage and supply	1
gas storage	2
gas supply	123
total	**177**

Overview of valid energy licenses - fuels and oil pursuant to Art. 6 (2) d), e), f) and g) of Act 251/2012	
operation of fuel transmission pipelines	1
operation of a pressure vessel filling facility	12
operation of oil transmission pipelines	2
operation of a liquefied gaseous hydrocarbon distribution facility	0
operation of a pressure vessel filling facility and operation of a liquefied gaseous hydrocarbon distribution facility	1
total	**16**

Overview of license requests and decisions issued in the heat sector in 2017	
new licenses	9
revoked licenses	7
amended licenses	113
suspended proceedings	56
terminated proceedings	6
No. of all requests	**191**

Overview of valid heat licenses	
heat generation and distribution	331
heat generation	5
heat distribution	15
total	**351**

APPROVALS OF REGISTRATIONS IN WATER

In 2017, at the request of regulated entities, the Office granted a total of 28 approvals of registration under Art. 23 of Act 250/2012.

No. of registration approvals

Year	2013	2014	2015	2016	2017
Total No. of valid registration approvals	586	616	636	650	646

Confirmations of fulfilment of the notification duty

Confirmations of fulfilment of notification duty pursuant to Art. 6 (5) of Act 251/2012 Coll. on Energy as amended	No. of issued confirmations in 2017 for new entities/installations	No. of valid confirmations as of 31.12.2017	No. of issued confirmations in 2017 - changes	
electricity generation and supply from power generating units with total installed output up to 1 MW				
– small hydropower plants	5	165	14	
– wind power plants	0	1	0	
– photovoltaic installations	46	1881	55	
– biogas stations	1	109	6	
– co-generation units	9	82	6	
– biogas generation - no price decision issued	0	0	0	
sale of CNG intended for the propulsion of motor vehicles	9	95	7	activities overlap
oil transport from extraction site to refinery site				
sale of liquefied gaseous hydrocarbons in pressure vessels				
sale of liquefied gaseous hydrocarbons intended for the propulsion of motor vehicles, including the filling of motor vehicle tanks with liquefied gaseous hydrocarbons intended for the propulsion of motor vehicles, with the exception of pressure vessels filling				
transport of liquefied gaseous hydrocarbons in pressure vessels				
Total	**70**	**2333**	**88**	

confirmations of reg. activity termination in 2017	36
confirmations of all reg. activities termination	181

11. REMIT AND INTERNATIONAL ACTIVITIES

APPLICATION OF REGULATION (EU) NO. 1227/2011 OF OCTOBER 25, 2011 ON WHOLESALE ENERGY MARKET INTEGRITY AND TRANSPARENCY (REMIT)

REMIT sets out the rules for market participants trading in wholesale energy markets. For the purposes of market monitoring, ACER has set up an EU-wide market registration and monitoring system, complemented by the investigative powers of the Member States.

Wholesale energy market participants could register through registration forms of the national register of market participants administered by the Office. In 2017, eight registrations of new market participants and 70 data updates were approved. As of March 1, 2018, 102 market participants were registered in the national CEREMP register. Following the registration, an ACER code was allocated to the market participant to enable them to report data via the so called "registered reporting mechanism" (RRM), which in the Slovak Republic are OKTE, a.s. and Solien, s.r.o.

INTERNATIONAL ACTIVITIES

In 2017, the Office staff made a total of 20 foreign business trips related largely to RONI´s cooperation with ACER and its bodies, the European Commission, Energy Regulators Regional Association (ERRA), and bilateral or trilateral meetings with partner regulatory authorities.

12. HUMAN RESOURCES AND ORGANISATIONAL STRUCTURE

As of 31 December 2017, the Office employed a total of 117 employees (93.6% of the planned target number of 125 staff), of which 99 were civil servants and 18 were in regular employment relationship. Out of the above total number, 23 employees were based in local offices outside RONI´s Bratislava headquarters, i.e. at the Inspection Department´s offices in Trenčín, Košice, Martin and the Monitoring and Analysis Department´s office in Martin.