2021

VÝROČNÁ SPRÁVA / ANNUAL REPORT

Úrad pre reguláciu sieťových odvetví
Regulatory Office for Network Industries

List of abbreviations

ACER	European Union Agency for the Cooperation of Energy Regulators
CEER	Council of European Energy Regulators
CHP	combined heat and power
EC	European Commission
EMO	Mochovce Power Plant
ERRA	Energy Regulators Regional Association
EU	European Union
HHI	Herfindahl-Hirschman Index
ICP	Interim Coupling Project
LNG	liquefied natural gas
NPP	nuclear power plant
NTC	net transmission capacity
OKTE	Slovakia's electricity short-term market operator (and NEMO)
PXE	energy exchange specialising in the energy markets of Central and South East Europe (POWER EXCHANGE CENTRAL EUROPE)
REMIT	Regulation (EU) No 1227/2011 on integrity and transparency of the wholesale energy market
RES	renewable energy sources
SEPS	Slovenská elektrizačná a prenosová sústava, a.s. (electricity TSO)
SoLS	supplier of last resort
TYNDP	Ten-Year Network Development Plan
URSO (or the Office)	Regulatory Office for Network Industries (Slovakia's NRA)
VAT	value added tax

National legislation references

Act No. 250/2012 Coll.	Act No. 250/2012 Coll. on Regulation in Network Industries as amended (Regulatory Act)
Act No. 251/2012 Coll.	Act No. 251/2012 Coll. on Energy as amended (Energy Act)
Act No. 309/2009 Coll.	Act No. 309/2009 Coll. on the Promotion of Renewable Energy Sources and High-Efficiency Cogeneration as amended
Act No. 211/2000 Coll.	Act No. 211/2000 Coll. on Free Access to Information as amended (Freedom of Information Act)

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Executive Management

Andrej Juris
Chairman

Szabolcs Hodosy
Vice-chairman

Martin Horváth
Vice-chairman

Chairman's Message

The year 2021 cannot be judged otherwise than in terms of the impact of the second year of the COVID-19 pandemic, both on the citizens and the economy of the Slovak Republic, while in the energy sector we can fortunately characterise 2021 as a year of slow recovery.

World commodity exchanges witnessed growth, especially in the second half of the year, which was caused by higher demand for energy due to the recovery of the economy after the previous downturns caused by the pandemic.

However, because of the coronavirus, many people in the country were still experiencing difficult economic times, and it was our duty as the national regulator to respond appropriately.

There were a number of relevant interventions by the Office in the course of 2021. Let me mention targeted assistance to selected heating companies in finding more favourable tariffs at the beginning of the year, the establishment of the Consumer Protection Platform, or the coordination of the provision of electricity and gas in a supply of last resort regime following an unprecedented bankruptcy of a major energy supplier in the autumn.

Among the major systemic measures of the Office, I would mention, in addition to the amendment of several decrees, the successful completion of the process of preparation and application of the banded tariff for system operation, introduction of the prolongation of support for generation from renewable energy sources, preparation of a sandbox regulatory scheme, as well as a significant reduction of the historical deficit in the system of support of generation from renewable energy sources and combined heat and power, and thus retiring a substantial part of the historical debt. A key topic in the electricity sector was also the ongoing process of transposition of European legislation (Clean Energy Package) into national legislation.

In 2021, the Office also published several expert analyses that resonated strongly in the Slovak professional and media space.

It can be assumed that if 2021 was a challenging year for the Office, the following year will be even more challenging. The most important challenge for the Office in 2022 will be the extremely high levels of market prices on world energy exchanges following Russia's invasion in Ukraine and the related mitigation of the impact of rising costs on Slovakia's households and industry.

To conclude, I would like to acknowledge the work of all the Office's staff who, despite the complications caused by the pandemic, managed to ensure that the Office's regulatory processes and procedures ran smoothly in 2021. I would also like to take this opportunity to thank all the institutions, entities and partners with whom we come into working contact in the performance of our regulatory activities.

Andrej Juris
Chairman

Regulatory Board

The Regulatory Board is the Office's body providing strategic direction and the concept of regulation in the network industries. The Regulatory Board has six members appointed and dismissed by the President of the Slovak Republic, so that three members are appointed on the proposal of the National Council of the Slovak Republic and three members on the proposal of the Government of the Slovak Republic. The President of the Slovak Republic, on the proposal of the Regulatory Board, appoints and dismisses the Chair of the Regulatory Board.

In 2021, President Zuzana Čaputová appointed Mr. Andrej Ochotnický as a new member of the Regulatory Board and re-appointed Mr. Miroslav Dudlák as a member.

Members

Ján Ďuriš
Chairman of the Regulatory Board

Juraj Doležal
Vice-Chairman

Sylvia Beňová
Member

Miroslav Dudlák
Member

Andrej Ochotnický
Member

Powers of the Regulatory Board

- adoption of regulatory policy, including its amendments or supplementations,
- election of a candidate for appointment as chairman of the Regulatory Board from among its members,
- submission of a proposal for a candidate for appointment as chairman of the Regulatory Board and a proposal to dismiss the Chairman of the Regulatory Board, to the President of the Slovak Republic,
- election of the Vice-Chairman of the Regulatory Board from among its members,
- commenting on draft general binding legislation issued by the Office,
- approval of:
  1. draft agreements on mutual cooperation with regulatory authorities of EU Member States,
  2. Regulatory Board rules of procedure,
  3. reports on the Office's activities,
  4. establishment of URSO offices outside its seat,
  5. URSO annual accounts.

The Regulatory Board powers include also decision-making on appeals against first instance decisions, except for decisions to impose a fine. The parties to the proceedings have the possibility to appeal against a first instance decision taken in a tariff (price) regulation proceeding, a non-tariff (technical) regulation proceeding or extraordinary regulation proceeding. The Regulatory Board shall review the procedure of the first instance body, address the objections of the parties and, if necessary, supplement the evidence. The Regulatory Board may reverse the decision of the first-instance body, revoke it without compensation, uphold it and dismiss the appeal, annul it and refer the case back to the first-instance body for reconsideration and decision, or discontinue the proceedings. Decisions of the Regulatory Board shall become final upon delivery to the proceedings' parties.

In 2021, in accordance with Section 8(5) of Act No. 250/2012 on Regulation in Network Industries, the Regulatory Board started work on the adoption of a new regulatory policy for the 6th regulatory period. The first draft of the regulatory policy was published by the Regulatory Board on 30 November 2021 and this triggered the process of commenting by individual regulated entities and network users. The new regulatory period will start on 1 January 2023 and will last five calendar years.

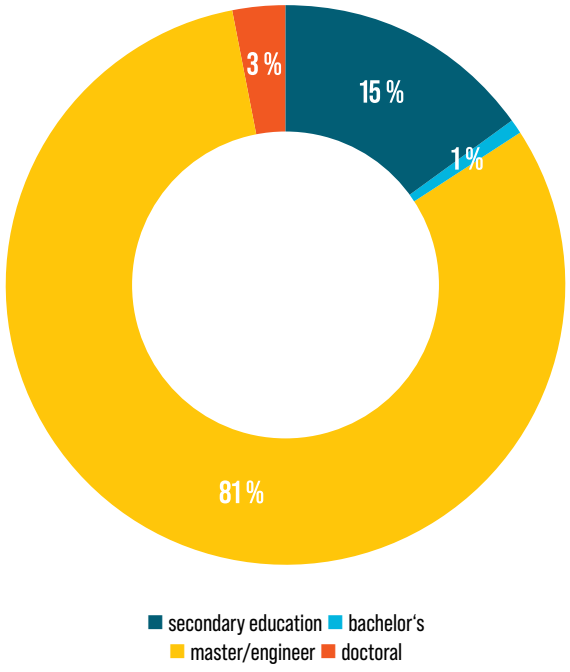
Human Resources

As of 31 December 2021, the Office employed a total of 110 staff (98 % of the total planned number of 112), of whom 93 were regular civil servants and 17 were employees in the so called performance of public service. Out of this number, 19 staff were working in offices outside URSO's seat, i.e. the offices of the Inspection Department in Trenčín, Košice and Martin and the Market Organisation and Regulatory Policy Department in Martin.

Staff age composition

AGE	NUMBER
18 - 30 years	9
31 - 50 years	61
above 50 years	40
TOTAL	**110**

Staff qualifications



Main trends and changes in market and regulatory developments

Assessment of market and regulatory developments in 2021

Impact of the COVID-19

In 2021, the negative impact of the COVID-19 pandemic on both wholesale and national markets in the EU continued. In this extraordinary situation, the Office engaged intensively with all stakeholders in Slovakia in order to adopt, within its legal power constraints, the most effective, systemic and comprehensive regulatory solutions to guarantee the security and stability of the entire system and to mitigate the negative impacts of price increases on vulnerable consumers. In this respect, the Office coordinated its actions with the government authorities, relevant market participants and also with the Central Emergency Staff.

Overall, in 2021 the ongoing coronavirus pandemic did not have as negative an impact on economic activities in Slovakia as it did in 2020. However, the economic recovery in 2021 led Europe-wide to rising electricity and gas demand, which also partly contributed to higher market electricity and gas prices, and this was ultimately reflected in a higher regulated tariff for electricity and gas supply to households and small businesses in 2022.

Impact of significant energy price increases

The Office regularly publishes information on the development of electricity and gas exchange prices on its website. The evolution of electricity and gas commodity prices in Europe can never be accurately predicted, as it depends primarily on the interplay of supply and demand, but also on a number of other factors, as well as on the economic, energy and political conditions in a given geographic area and, in recent years, on the global pandemic COVID-19, which affects the course of economic development in the euro area. Energy commodities are often traded on common energy exchanges and thus influence each other, e.g. the evolution of electricity market prices has also been influenced by the increase in the cost of operation of gas-fired power plants, reflecting the huge gas price spikes, and also by the increase of the price of emission allowances on the market.

The first half of 2021 was not so marked by high market prices for electricity and gas. The situation began to change dramatically only towards the end of 2021, when we saw a surge of market prices, with high price levels and a high level of volatility persisting in 2022.

The final electricity and gas prices for households and small businesses subject to tariff regulation consist of several price components, with their regulation methodology defined separately. Regulated electricity and gas tariffs are intended for so-called vulnerable customers, as defined by the legislation. In setting regulated energy tariffs for 2022, the Office‘s objective was to use the available regulatory frameworks and methodologies to the maximum extent possible in order to minimise the impact of energy commodity price spikes on consumers, as well as to audit the regulated entities‘ volumes of eligible costs and reasonable profit.

The Office already adopted key regulatory measures in 2021 which have contributed to mitigating the impacts of electricity and gas commodity market prices on households and small businesses for 2022 and reviewed:

- the reference period for calculating the maximum average electricity and gas price for the regulated electricity and gas supply tariff,
- amount of reasonable profit for electricity and gas network operators,
- inclusion of part of the revenues from penalties for reactive power supply to the system and non-compliance with the required power factor value, in the regulated revenues.
- reduction of the system operation tariff through the implementation of a five-year extension of the renewable energy support.

Last resort supply and termination of a major supplier‘s activities

The supplier of last resort (SoLR) procedure is defined in Act No 251/2012 Coll. It is an instrument for the protection of customers whose original supplier has lost the capacity to supply energy. The Office has previously issued legally binding implementing regulations governing supply under the SoLR regime. Additionally, it decided on the selec-

tion and approval of specific entities as suppliers of last resort and also decided on the maximum tariffs of electricity or gas supply by suppliers of last resort, including the conditions according to which they may calculate SoLR price caps in their price lists, taking into account customer protection aspects. If an electricity or gas supplier ceases to supply electricity or gas to a customer's metering point, the customer shall not be left without energy, as the supplier of last resort shall take over the supply of electricity or gas for the original supplier, in order to secure a continuous and uninterrupted electricity or gas supply. The supplier of last resort regime protects all electricity or gas consumers, households, small and large enterprises.

In the whole territory of the Slovak Republic, based on the Office's decision, the supplier of last resort in gas is the company Slovenský plynárenský priemysel, a.s., and the suppliers of last resort in electricity are electricity suppliers based on the regional distribution systems: ZSE Energia, a.s., Stredoslovenská energetika, a.s. and Východoslovenská energetika a.s..

The SoLR procedure shall start on the day following the day on which the original electricity or gas supplier lost the legal capacity to supply electricity and gas and the supplier of last resort has been notified of this fact, and shall last for a maximum of three months. The SoLR procedure may end earlier in case the gas customer enters into an electricity or gas supply contract or a universal service contract with a new electricity or gas supplier. In this context, the Office recommended that consumers enter into an electricity or gas supply contract or a universal service contract with a new supplier as soon as possible, as the SoLR tariff is higher than the tariff under the normal regime for electricity or gas consumers in both the regulated and the unregulated segments of the electricity or gas market.

In October 2021, a major electricity and gas supplier, primarily in the area of supply to households - SLOVAKIA ENERGY, s.r.o. - lost its capacity to supply electricity and gas to customers. The supplier had supplied electricity and gas to approximately 295 000 customers. This event represented an unexpected cost for the suppliers of last resort in terms of the need to secure additional electricity and gas volumes to serve all the customers in their customer portfolio. URSO Decree No 24/2013 laying down the rules for the functioning of the internal electricity market and the rules for the functioning of the internal gas market, as amended, provides that if a household electricity or gas customer remains in the balance group of the supplier of last resort after the end of the SoLR procedure, the supplier of last resort shall reimburse the household electricity or gas customer for the difference between the SoLR price and the price agreed in the universal service contract applicable after the end of the SoLR procedure. The refund of the price difference represents a high cost for the supplier, in particular at times when market prices at the time of the start of the last resort supply are significantly higher than the regulated price - at that time market prices were up to three times higher than regulated prices.

The Office issued and published on its website more guidance for customers who had found themselves under the last resort supply, as well as recommendations for suppliers of last resort.

Go-live of the Interim Coupling Project (ICP)

Following the successful coupling of markets between Slovakia, the Czech Republic and Hungary in 2012 and between Slovakia, the Czech Republic, Hungary and Romania at the end of 2014, two fully price-coupled short-term market operators (OTE, OPCOM) and two serviced short-term market operators (OKTE, HUPX) were coupled through the EPEX SPOT energy exchange.

OTE, OPCOM and EPEX SPOT acted as rotating coordinators in providing a PCR (price coupling of regions) based solution that was in line with the European target model. All TSOs were on an equal footing and were coupled through one common platform allowing for a simple rotating change of roles of the respective short-term market operators. In September 2020, the European Commission issued a guidance prioritising the implementation of projects which were key to the coupling of day-ahead electricity markets in Europe. According to the guidance, the first project to be launched was the Interim Coupling Project (ICP), which was to couple the day-ahead electricity markets of Germany, Austria, Poland, the Czech Republic, Slovakia, Hungary and Romania. ICP went successfully live on 17 June 2021, allowing cross-border day-ahead trading through implicit auctions. The market coupling project maximises electricity flows from lower to higher price areas considering the available cross-border transmission capacities calculated using the NTC methodology on six new cross-border profiles: Poland-Germany, Poland-Czech Republic, Poland-Slovakia, Czech Republic-Germany, Czech Republic-Austria, Hungary-Austria. As a result, prices in the individual bidding zones converge.

ICP represented an important step towards the extension of the single day-ahead coupling of electricity markets in Europe, which is foreseen under Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion manage-

ment (CACM). The next step towards achieving this goal is the go-live of flow-based day-ahead market coupling in the Core capacity calculation region (Core FB DA MC). The project is an important milestone on the way to the target model of single day-ahead coupling and, subsequently, as well as single intraday coupling and the coupling of forward electricity markets (see also next subchapter).

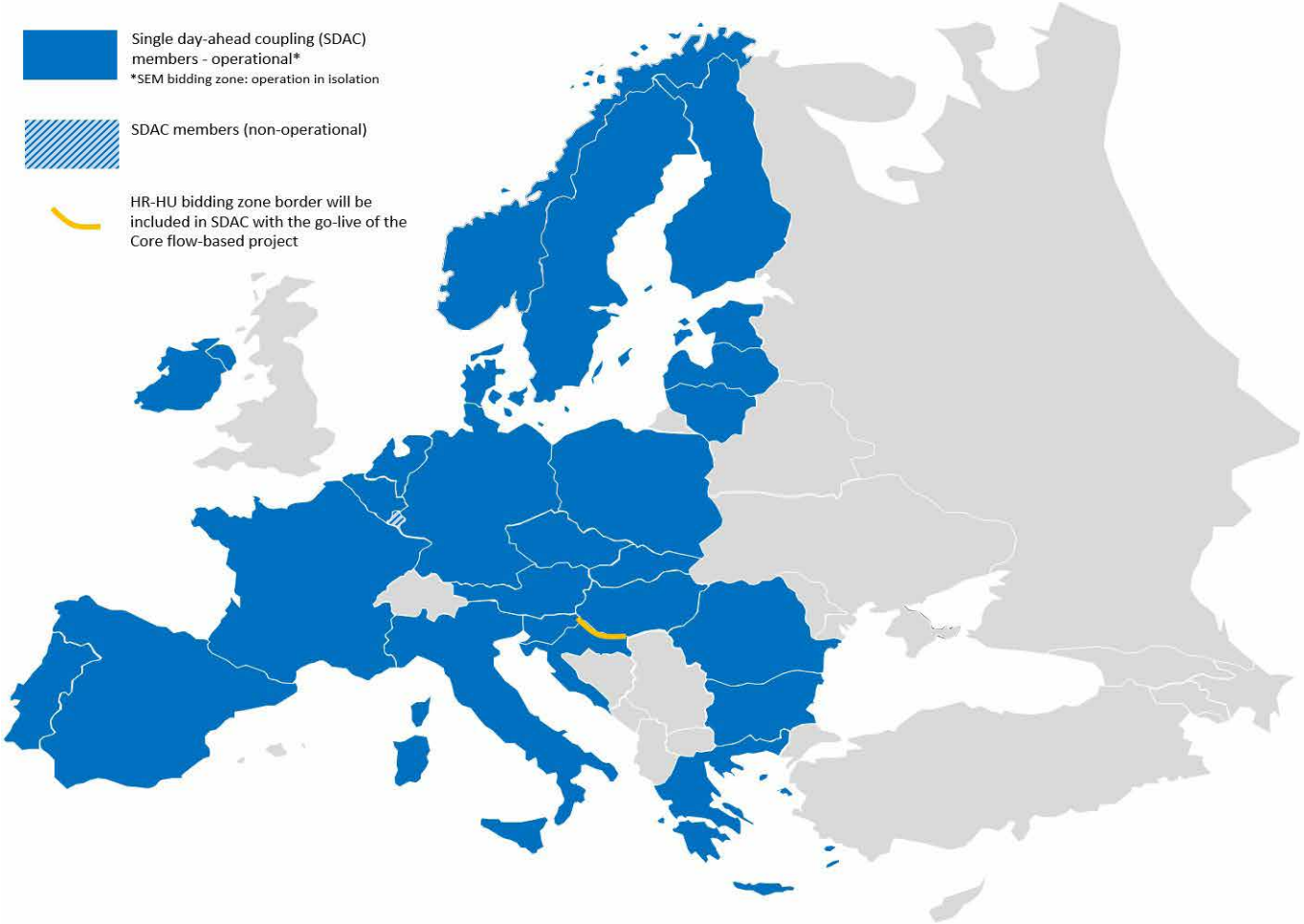
The successful implementation of ICP is the result of close cooperation between the nominated electricity market operators (EPEX SPOT, EXAA, HUPX, NordPool/EMCO, OKTE, OPCOM, OTE, TGE), transmission system operators (50Hertz, APG, CEPS, MAVIR, PSE, SEPS, TenneT DE, Transelectrica) together with the relevant national regulatory authorities (ANRE, BNetzA, E-Control, ERU, MEKH, URE, URSO).

Expected events affecting the market and regulation in the coming period

Go-live of the flow-based day-ahead market coupling project in the Core region during 2022

The flow-based capacity calculation methodology takes into account physical constraints in the operation of the power grids based on the available reserves on the grid's critical network elements (mainly lines) and the power transfer distribution factors (PTDFs) defined for each critical network line and each bidding zone in the Core capacity calculation region. These coefficients describe how a change in the position (import or export) of each bidding zone will change the flow of electricity on each of the critical network lines. Compared to the NTC methodology, the flow-based methodology also considers the real impedance of the grid and therefore the trade flows should be identical to the real flows, minimizing unscheduled loop flows which endanger the security of the transmission system.

Members/countries of the Single Day-Ahead Coupling of Electricity Markets



Members/countries of Core Flow-Based Day-Ahead Coupling of Electricity Markets

The Core region consists of the bidding zone borders of the following EU Member States: Austria, Belgium, Croatia, Czech Republic, France, Germany, Hungary, Luxembourg, the Netherlands, Poland, Romania, Slovenia and Slovakia.

In 2021, preparation for the implementation of flow-based capacity calculation methodology in the day-ahead electricity markets in the Core region was underway, with a delay of works compared to the latest schedule, with the go-live set for 20 April 2022. However, most recently, this date has also been postponed due to the need for a more robust testing of the entire system and the new deadline was scheduled for 08 June 2022.

Commissioning of Unit 3 Mochovce NPP, significance and main impacts

The year 2021 was marked by the certification of Unit 3 of the Mochovce nuclear power plant (EMO) by the Nuclear Regulatory Authority of the Slovak Republic. On 14 May 2021, the Authority issued the first-instance decision for the fuel load-out, including the license for radioactive waste management and spent nuclear fuel management and a permit for early use of the construction. As part of the verification of Unit 3's readiness for operation, two international inspections by the International Atomic Energy Agency (a Pre-OSART mission) and the World Association of Nuclear Operators (a WANO mission) confirmed both the technological and safety readiness of the unit.

Due to a challenge of the first-instance decision, the final completion of the certification process by the Nuclear Regulatory Authority is expected at the beginning of the second quarter of 2022. Following that, the subsequent process of loading fuel into Unit 3 and physical and afterwards power commissioning may start.

Unit 3 is expected to achieve real commercial operation by the end of 2022.

Change in the structure and calculation in the requests for ancillary services due to the implementation of the relevant Commission regulations

On the basis of Regulation (EU) 2019/943 on the internal market for electricity, from 2022, not only the calculations in the requests for ancillary services but also the way they are procured will change. This led to optimisation of the volume of requests for the provision of ancillary services as well as of the costs of procuring balancing capacity and balancing energy. The introduction of daily tenders has ensured efficient contracting of ancillary services.

By its Decision No 0007/2021/E-EU, the Office granted the Slovak TSO an exemption for short-term tenders on a monthly basis, in particular in cases of cancellation of existing contracts by ancillary services providers or termination of framework agreements for the provision of ancillary services in 2022, with the aim to secure a sufficient volume of ancillary services for the needs of ensuring security of operation of Slovakia's power grid. In 2022, it is reasonable to expect a reduction in the procured volume of some types of balancing energy due to the situation on the energy markets in the first half of 2022, namely a reduction in the expected consumption of the country's largest consumer (Slovalco, a.s.), as well as postponement of the date of Unit 3 Mochovce NPP commissioning.

In 2022, the European platforms for the exchange of balancing energy from frequency restoration reserves are expected to start operating and some European TSOs are expected to join these platforms. The Office granted an exemption to the Slovak TSO to join the European platforms for the exchange of balancing energy from frequency restoration reserves until 24 July 2024 at the latest, by its Decision No. 0003/2021/E-EU.

Impact of the published proposal of the gas package on markets

The critical context for the legal framework is the exponential growth in demand for hydrogen for key, hard-to-electrify sectors across the EU in the coming decades.

Europe's demand for hydrogen is expected to increase to 60 million tonnes per year by 2050. Europe currently has the capacity to produce 9.9 million tonnes of pure hydrogen per year, of which only 0.1% comes from RES. Hydrogen production scaling will be crucial to achieve the decarbonisation of hard-to-electrify sectors such as shipping, trucking and steel production. In these sectors, it is not yet commercially feasible to meet the required energy demand through electrification alone.

The EU has a high ambition to increase the final share of electricity in the energy mix from 20% in 2020 to 50% by 2050. In 2020, only a fifth of electricity came from solar and wind power, and there is still a challenge ahead to decarbonise the grid and generate enough electricity to produce renewable hydrogen.

Energy-related methane emissions in the EU will continue to decrease as the EU continues to reduce its consumption and extraction of fossil fuels.

Furthermore, biomethane in particular has a very high potential for greenhouse gas emissions savings. The substitution of fossil energy can be achieved by combining biomethane production with carbon utilisation and storage. Further significant development of renewable energy carriers is foreseen in the coming years.

Regulatory policy 2023-2027

State of preparation - in accordance with the relevant legislation, both in terms of substance and timing

The preparation of the new regulatory policy for the 6th regulatory period (2023-2027) proceeded in accordance with the timetable as defined in Section 8 of the Regulatory Act (Act No. 250/2012).

The Office published the draft regulatory policy on 30 November 2021. This launched a public consultation process in which the general public and regulated entities could participate by submitting comments.

The following process continued beyond 2021 into 2022. At the time of the preparation of this annual report, the process was as follows:

The public consultation ran until 15 January 2022. Subsequently, the Office assessed the comments submitted and incorporated many of them into the draft document. A total of 32 commenting entities participated in the public commenting process. A total of 413 comments were received by the Office. Of these, a total of 131 comments were partially or fully incorporated. A further 39 comments were clarified.

In accordance with Section 8(3) of the Regulatory Act, the Office published an evaluation of comments on the draft new regulatory policy until 28 February 2022, which

is the last year of the ending regulatory period.

The next step in the preparation of the new regulatory policy was to send the draft version with incorporated comments to the Ministry of Economy and the Ministry of Environment on 28 February 2022. The ministries had until 15 March 2022 to send back their comments on the consistency of the draft regulatory policy with the energy policy of the Slovak Republic, and with the water management policy of the Slovak Republic.

Subsequently, the views of the ministries were considered and evaluated by the Regulatory Board. On 29 March 2022, the Regulatory Board adopted the new regulatory policy for the 6th regulatory period in accordance with Section 8(5) of the Regulatory Act. The new regulatory period will start on 1 January 2023 and its duration will be 5 calendar years.

Following the adoption of the regulatory policy, the Office began drafting new regulatory decrees which will set the overall framework for the upcoming 6th regulatory period beginning 1 January 2023.

A brief introduction to the new regulatory policy, describing and justifying the main changes compared to the previous regulatory policy

The new regulatory policy builds on the experience of the 5th regulatory period, but also reflects new topics, in particular the EU Clean Energy for All Europeans package or the upcoming gas legislative package and the Fit for 55 package. It focuses on promoting competition, consumer protection, fostering innovation in network industries and, last but not least, promoting climate-friendly technologies and business models.

Pursuant to the Regulatory Act, the regulatory policy is a strategic document defining the main principles, regulatory methods and objectives for the implementation of regulation during a specified regulatory period. The regulatory policy for the 6th regulatory period has been adopted as a document that reflects all major changes and trends in the electricity, gas, district heating and water sectors that are relevant in the current period. At the same time, the text is compatible with the expected changes resulting from the forthcoming transposition of European legislation into the national legal framework, but also already reflects the current complex situation on wholesale energy markets as a result of the economic developments at the time of the COVID-19 pandemic as well as in the context of the war in Ukraine.

The objective of the regulatory policy for the coming regulatory period is to create a transparent and predictable regulatory environment that stimulates investments and at the same time creates conditions for the effective implementation of EU policies, especially the Clean Energy Package, but also Fit for 55 and the forthcoming gas and hydrogen package.

A key factor influencing the 6th regulatory period is changes in European legislation, in particular, the Clean Energy Package of regulations and directives is the starting point. The legislative package brings fundamental changes across the main components of EU energy policy: promoting RES, reducing greenhouse gas emissions and increasing energy efficiency. It also introduces a series of new concepts helping the EU to achieve its legislative objectives; these relate in particular to the new market design and governance of the Energy Union. The EU‘s intention is to empower the consumer, who may become an ‚active consumer‘, generating, consuming electricity and also providing storage and flexibility services to the system. The aim is that every end-user in the EU has access to energy produced by environmentally sustainable technologies and available at an affordable price. This means, among other things, the availability of new technological solutions for generation and storage of energy and metering and management of its consumption at all metering points, i.e. across the whole spectrum of consumers, from large industrial companies to the smallest households.

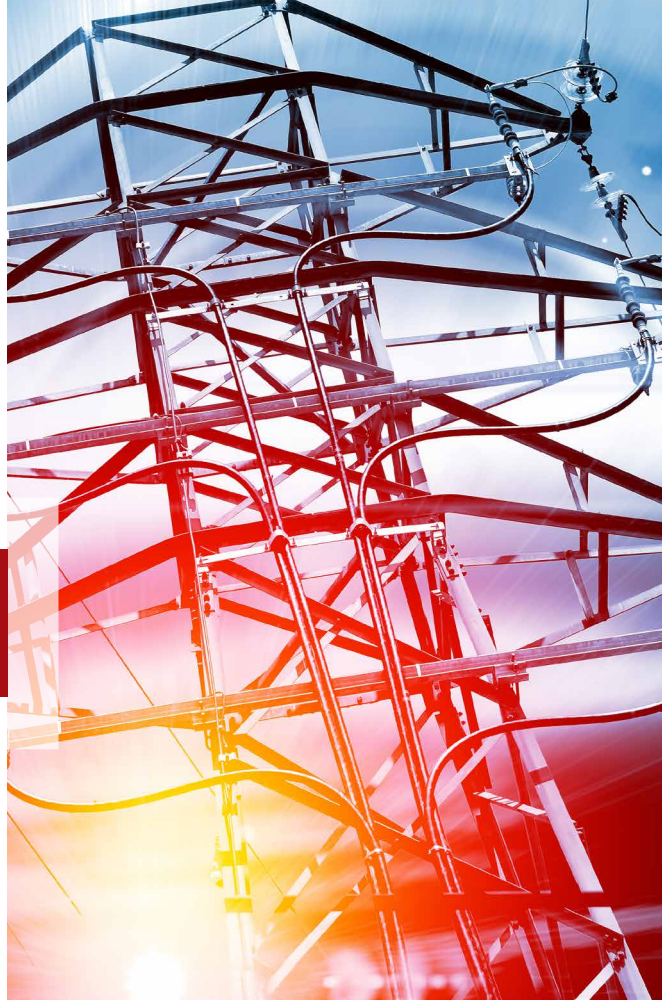
In addition, the regulatory policy also takes into account the lessons learned from the events of 2021, which was unprecedented in a number of ways. The wholesale commodity market experienced an extreme rise in price levels and volatility. However, major events also occurred at national level in Slovakia. These included, in particular, the exit from the market of the largest retail alternative supplier of electricity and a major supplier of gas in the household segment. The consequence was the activation of supply of last resort on a large scale. Equally unprecedented was the generation of an unexpected surplus of funds in the electricity generation support scheme from RES and CHP, a fundamentally different scenario from the generation of deficits in previous periods. Another anomaly in the national market in 2021 was the significantly increasing demand for balancing energy caused by the ‘imbalance export‘ by wholesale electricity market participants abroad.

The main lesson from the above experiences was that the Office, when setting the rules of regulation, must take into account all possible scenarios of future developments, including the unlikely ones. The Office will therefore pay particular attention to finding appropriate technical (non-tariff) regulatory instruments for the protection of customers, including adjusting the eligibility criteria for supplying energy to final customers. The aim is to adjust the rules so that a supplier who loses the ability to supply energy to its customers will actually bear the secondary induced costs of the system associated with the provision of supply of last resort.

Last but not least, the context of events in Europe at the time the regulatory policy was adopted had to be taken into account. The high price level and level of volatility in the wholesale electricity market started in the second half of 2021. This is also reflected in developments in the wholesale gas market. It was therefore necessary to stress that the implementation of the regulatory policy would also take into account and respond appropriately to these external factors in order to achieve the purpose of regulation pursuant to Section 3 of the Regulatory Act, which is ‚to ensure the availability of goods and related regulated activities at reasonable prices and of specified quality in a transparent and non-discriminatory manner'. The implementation of the regulatory policy thus also takes into account the changing situation of energy markets in Europe in a broader regional context.

It was also necessary to reflect future new EU initiatives responding to the challenges described above in order to set common European rules for more affordable, secure and sustainable energy, and diversifying sources in order to reduce the dependence of EU countries on fossil fuel imports and to accelerate the overall transition of the energy sector to a low-carbon or zero-emission sector, including in the wake of Russia's invasion of Ukraine in February 2022. It is reasonable to expect that during the 6th regulatory period a number of similar initiatives will emerge from the EU institutions, which will need to be taken into account in the implementation of regulatory policy or in the general conditions for regulation in Slovakia.

01. ELECTRICITY



The Office performs tariff as well as non-tariff (technical) regulation in the electricity sector in a relatively wide scope - along the entire chain from generation to supply to the final consumer. Subject to tariff regulation are not only electricity transmission, distribution and supply and related services, but also, for example, the activities of the short-term electricity market operator or the activities of the electricity buyer.

Technical regulation includes also approvals of grid codes of individual system operators, commercial terms and conditions or the issuing of electricity licenses. The electricity sector is clearly one of the most dynamic and, at the same time, the most complex network industries in terms of regulation.

In electricity, 2021 can be characterised as a year of slow economic take-off. After a year of falling commodity prices, global exchanges witnessed growth, particularly in the second half of the year, driven by higher demand for electricity due to the growth of the economy following the downturn caused by the COVID-19 pandemic.

High prices in the day-ahead market during 2021 also caused a reduction in the cost of the feed-in-tariff, which resulted in a surplus of financial resources in the RES and CHP support scheme after the pandemic year of 2020 as part of OKTE‘s regulated activities in the RES and CHP support settlement. On this basis, the Office significantly reduced the historical deficit in the RES and CHP support scheme by utilising its regulatory instruments and thus retired a substantial part of the long-standing debt.

At the same time, 2021 was also the fifth year of the 2017-2022 regulatory period. The main topic in the electricity sector was the ongoing process of transposition of the Clean Energy Package into national legislation. In this area, the Office worked closely with the Ministry of Economy in order to implement the EU rules into primary national legislation.

In terms of increasing transparency and open regulation in the electricity sector it should also be noted that since 1 September 2020, the Office has been publishing tariff proposals of regulated entities along with the final tariff decision, thus aiming to increase URSO‘s credibility in the eyes of the public, and also access to essential information on which tariff regulation is based.

Electricity market participants

1. electricity producers (Slovenské elektrárne, a.s. – the dominant producer with 63.51% share),
2. supported RES and CHP producers,
3. short-term electricity market operator (OKTE, a.s.), an institution for evaluating and operating the short-term electricity market and ensuring clearing, evaluation and settlement of imbalance in the Slovak Republic,
4. the country‘s transmission system operator (SEPS, a.s.), the exclusive holder of the electricity transmission licence, the TSO also performing the tasks of energy dispatching (ensuring electricity balance in the Slovak Republic),

5. three regional distribution system operators (ZSD, a.s., SSD, a.s., VSD, a.s.),
6. local distribution network operators (LDNOs) - 142 LDNOs located in the premises of both production and non-production companies,
7. electricity suppliers,
8. electricity consumers,
9. the electricity buyer.

Overview of tariff regulation decisions in electricity in 2017-2021 (excluding RES and CHP)

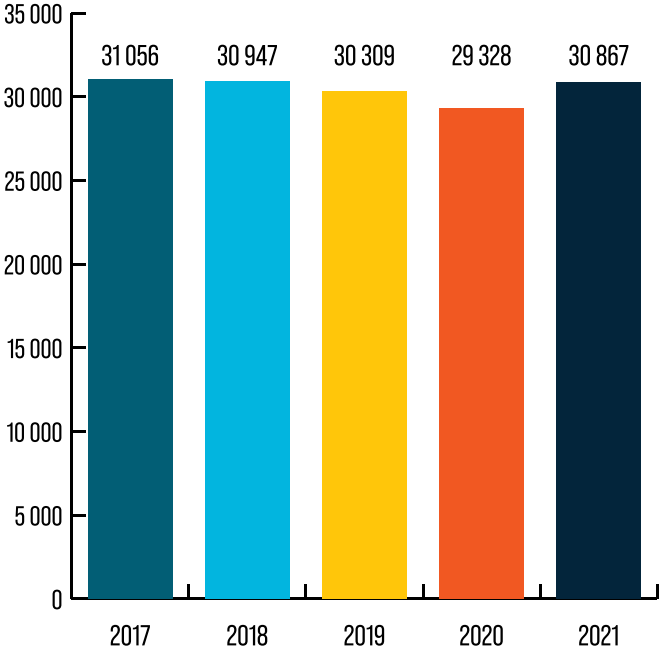
	2017	2018	2019	2020		2021	
				adopted for 2020	adopted for 2021	adopted for 2021	adopted for 2022
Tariff decisions	487	331	301	49	112	213	104
Proceedings suspended	15	20	20	20	-	13	-
Proceedings terminated	4	5	7	2	-	8	-

Overview of technical regulation decisions in electricity

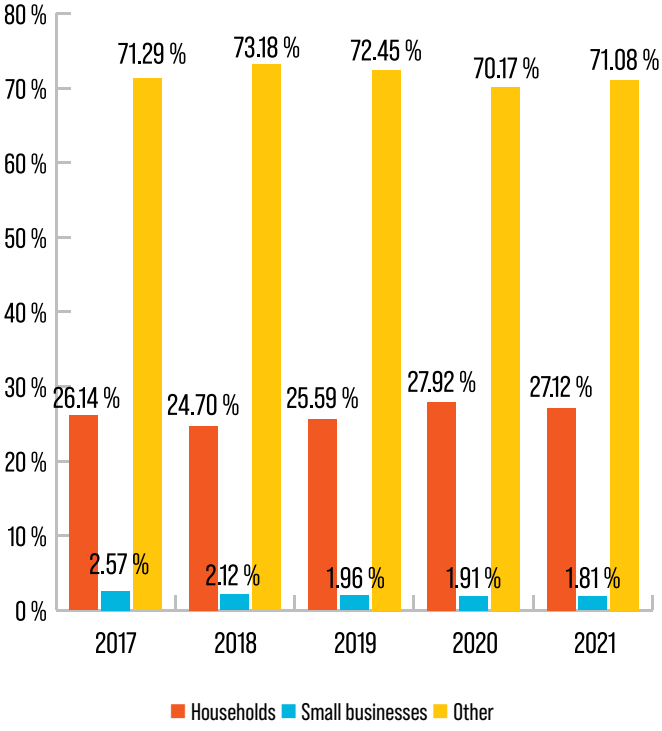
	Number of decisions adopted			
	2018	2019	2020	2021
Grid codes	21	15	15	124
Market participants' commercial terms and conditions	26	10	10	8
EU legislation based decisions	20	27	5	7
Transit conditions	2	4	2	1

Electricity consumption in Slovakia in 2021 reached 30 867 GWh, which is 5.25% more than in 2020.

Development of total gross electricity consumption in Slovakia in GWh (2017-2021)



Share of customer categories in total electricity consumption (2017-2021)



Electricity infrastructure

Ancillary and system services

Ancillary services are services the TSO procures in the open market and, with their assistance, provides network users with system services necessary to maintain the quality of power supply and secure operational reliability of Slovakia's power grid. Following their activation balancing energy can be supplied.

Upon TSO's request for the volumes of specific types of ancillary services, total planned procurement costs for all types of ancillary services from certified ancillary service providers were fixed by the Office for the TSO.

The Office also set maximum tariffs for providing primary and secondary active power control and tertiary active power controls, and maximum annual cost of providing remote voltage control, reactive power and black start. Maximum tariff of offered positive balancing energy and minimum tariff of offered negative balancing energy at the activation of the respective ancillary service type were also fixed by the Office.

Balancing energy tariffs were set in a transparent manner on the basis of bid prices of ancillary service providers as:

- the highest price of the generation source providing balancing energy on a quarter-hourly basis, if the balancing energy is positive, but not more than the maximum tariff set in URSO tariff decision,
- the lowest price of the generation source providing balancing electricity on a quarter-hourly basis, if the balancing electricity is negative, but not less than the minimum price set in URSO tariff decision.

The TSO purchased various types of ancillary services required to secure system services from ancillary services providers. The goal was to achieve minimum costs of ancillary services while conducting procurement in an open, transparent and non-discriminatory manner towards all providers.

The Slovak TSO preferentially made use of bids from power installations in the defined territory, while maintaining the principle of minimising procurement costs. The technical competence of ancillary service providers was demonstrated by certification measurements, the procedure for which is laid down in the technical requirements for grid access and connection, the rules for the operation of the transmission system.

Ancillary services provision

Indicator/year	2017	2018	2019	2020	2021
Number of providers	25	25	24	24	24
Number of bids submitted by providers	3 637	2 809	2 429	2 673	4 162
Number of concluded contracts	32	29	52	30	30

Types of balancing energy supply in MWh

Type of balancing energy/year	2020	2021	Change 2021/2020 (%)
Primary power control +	6 298	6 366	+ 1.37
Primary power control -	-6 325	-6 361	+ 0.84
Secondary power control +	30 994	73 568	+ 138.01
Secondary power control -	-98 576	-28 269	-71.24
Tertiary power control 3 min. +	404	4 010	+ 896.23
Tertiary power control 3 min. -	-1 086	-176	-83.76
Tertiary power control 10 min. +	52	1 348	+ 2 502.28
Tertiary power control 10 min. -	0	0	-
Tertiary power control 15 min. +	98	624	+ 535.69
Tertiary power control 15 min. -	-298	0	- 100
Tertiary power control 30 min. +	0		-
Tertiary power control 30 min. -	0		-
Demand reduction	0	1 036	-
Demand increase	0	0	-
Import of emergency assistance	0	0	-
Secondary voltage control via reactive power compensation	-658	-152	-76.80
Non-guaranteed balancing energy +	0	0	-
Non-guaranteed balancing energy -	0	0	-
e-GCC+ \ IGCC+	51 410	140 922	174.87
e-GCC- \ IGCC-	-92 933	-68 731	-25.84
Positive balancing energy	89 256	227 873	156.00
Negative balancing energy	-199 875	-103 688	-47.98

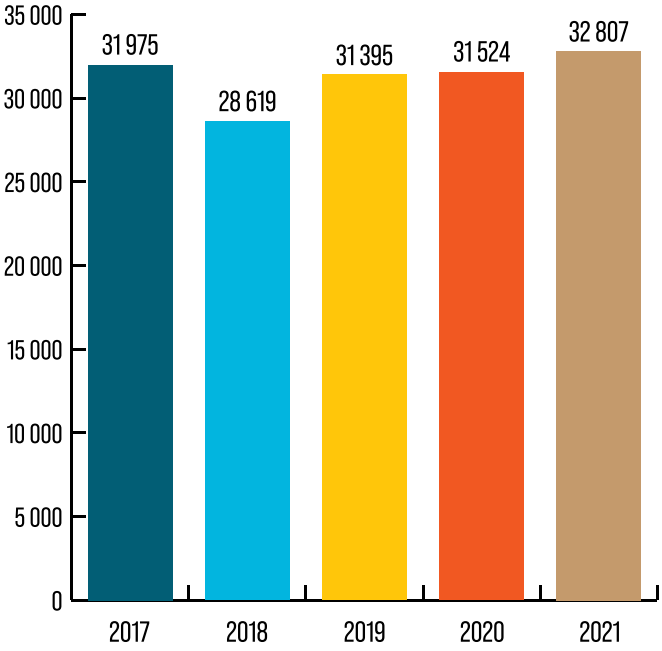
Transmission system

In 2021, the Office fixed network tariffs that the TSO could apply to transmission grid users, in the following scope:

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

The following chart compares the volumes of power transmitted through the transmission system. The rise in 2021 compared to 2019 and 2020 is due to the increased demand for electricity, which was also visible in the increase in electricity consumption in Slovakia for 2021 due to the restored economic growth after the COVID-19 pandemic.

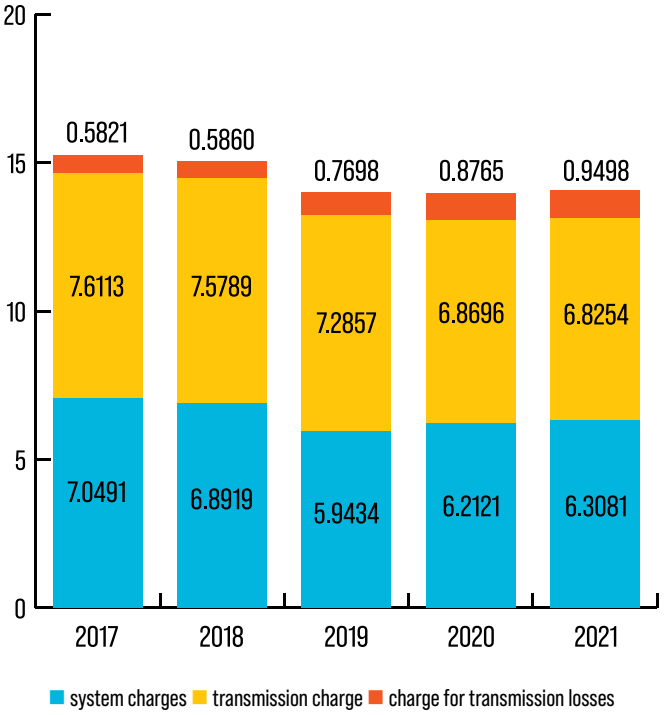
Transmitted power volume in GWh (2017-2021)



SEPS, a.s. – the TSO

The Office approves the TSO's grid code incorporating electricity market rules. It further defines and regulates the relations, processes and rules between the TSO and grid users and market participants.

Development and structure of regulated charges of SEPS (€/MWh)



Available resources and investments made by SEPS (EUR)

Year	2017	2018	2019	2020	2021
Available resources	125 073 880	109 906 527	115 430 154	109 602 716	164 388 109
Investments	50 456 121	51 355 867	54 367 053	75 509 721	46 475 450
Share (%)	40.34%	46.73%	47.10%	68.89%	28.27%

Distribution systems

In electricity distribution, for customers connected directly to the distribution system at high and extra high voltage levels, the following network tariffs were applied:

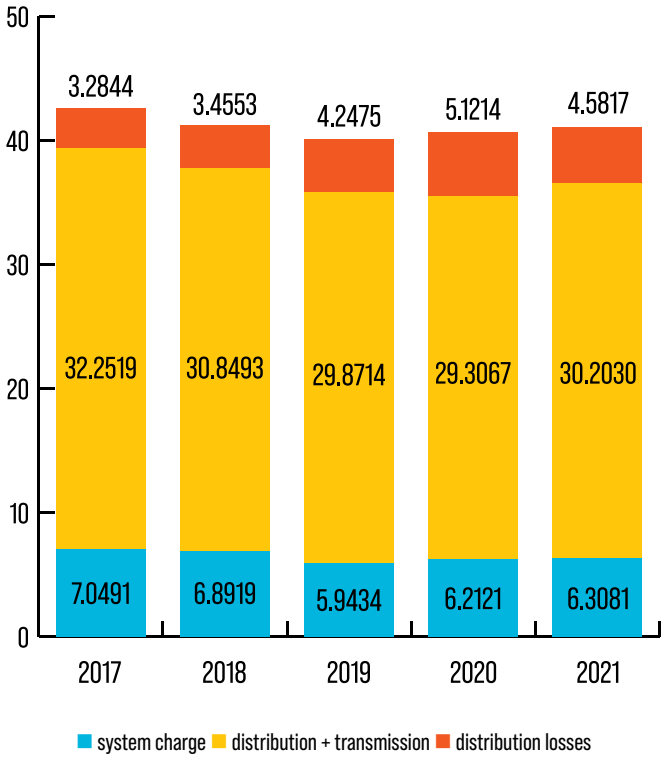
- tariff for electricity distribution without losses, including transmission - booked capacity component (€/MW/month),
- tariff for electricity distribution without losses, including transmission - distributed energy component (€/MWh),
- tariff for distribution losses (€/MWh),
- tariff for system services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

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

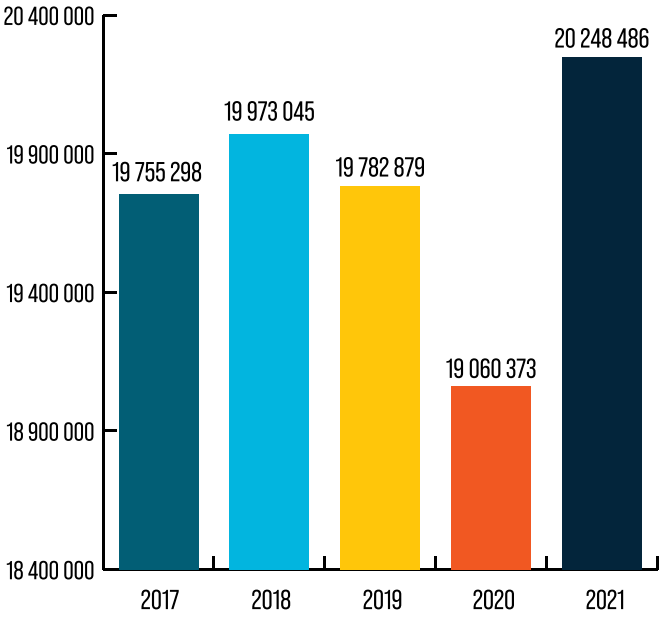
- tariff for electricity distribution without losses, including transmission - booked capacity component (€/A/month),
- tariff for electricity distribution without losses, including transmission - distributed energy component (€/MWh),
- tariff for distribution losses (€/MWh),
- tariff for system services (€/MWh).

Tariff regulation was also applied for the local distribution network operators, namely by determining the method of calculating the maximum electricity supply tariff and tariff for access to the local distribution network and electricity distribution.

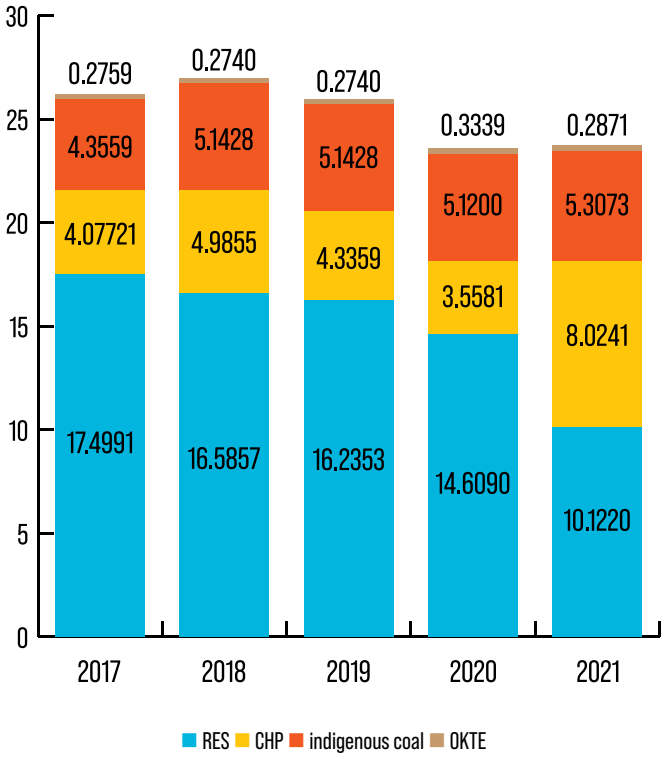
Evolution and structure of regulated charges in €/MWh (2017-2021)



Distributed power volume in MWh (2017-2021)



Evolution of the system operation tariff components in €/MWh



System operation tariff

The system operation tariff is used to support electricity generation from renewable energy sources (RES) and high-efficiency co-generation/combined heat and power (CHP), generation of electricity from indigenous coal and the activities of the short-term electricity market operator (OKTE). It is one of the components of the end user electricity price and applies to each electricity consumer.

The following chart compares the values of the different components of the system operation tariff over the last five years.

Electricity market coupling

Cross-border interconnectors

At the beginning of April 2021, two new cross-border interconnectors (400 kV) on the Slovak-Hungarian transmission profile were put into commercial operation. These two bilateral interconnection projects, namely Gabčíkovo (SK) - Gönyű (HU) - Veľký Ďur (SK) and Rimavská Sobota (SK) - Sajóivánka (HU), have been included by the European Commission in the PCI (Projects of Common Interest) list and thus have been co-financed by the Connecting Europe Facility. These projects were also significantly financed from the auction revenues of the transmission system operator, as they significantly increased the transmission capacity on the profile and removed bottlenecks in the system. The projects have contributed to increasing energy security in Central Europe, the stability of transmission systems and improved the conditions for exchanging electricity on the cross-border electricity market. In an interconnected European electricity system, electricity exchanges between European transmission grids are increasing as a result of electricity market coupling, as well as the connection of new renewable energy sources or decentralised electricity generation. The new cross-border interconnectors have also significantly re-

duced the previous risk of critical congestions occurring on the joint transmission profile between Slovakia and Hungary.

Market coupling projects

The go-live of the Interim Coupling Project (ICP) as well as the Core flow-based day-ahead market coupling are described in greater detail in the subsections *Assessment of market and regulatory developments in 2021* and *Expected events affecting the market and regulation in the coming period*, respectively.

In principle, coupling of electricity markets brings benefits in terms of price convergence between bidding zones. A necessary requirement for the efficient functioning of coupled markets is sufficient capacity on cross-border profiles between bidding zones or sufficient capacity on transmission grid's critical network elements, depending on the capacity calculation methodology.

The Office generally supports the coupling of markets, while analysing and assessing in detail the specific solutions proposed, and seeks to secure through its decisions all the necessary conditions for the efficient functioning of coupled electricity markets.

European platforms for the exchange of balancing energy

In accordance with Commission Regulation (EU) 2017/2195 establishing a guideline on electricity balancing, the following European platforms are to be put into operation for the purpose of exchanging balancing energy:

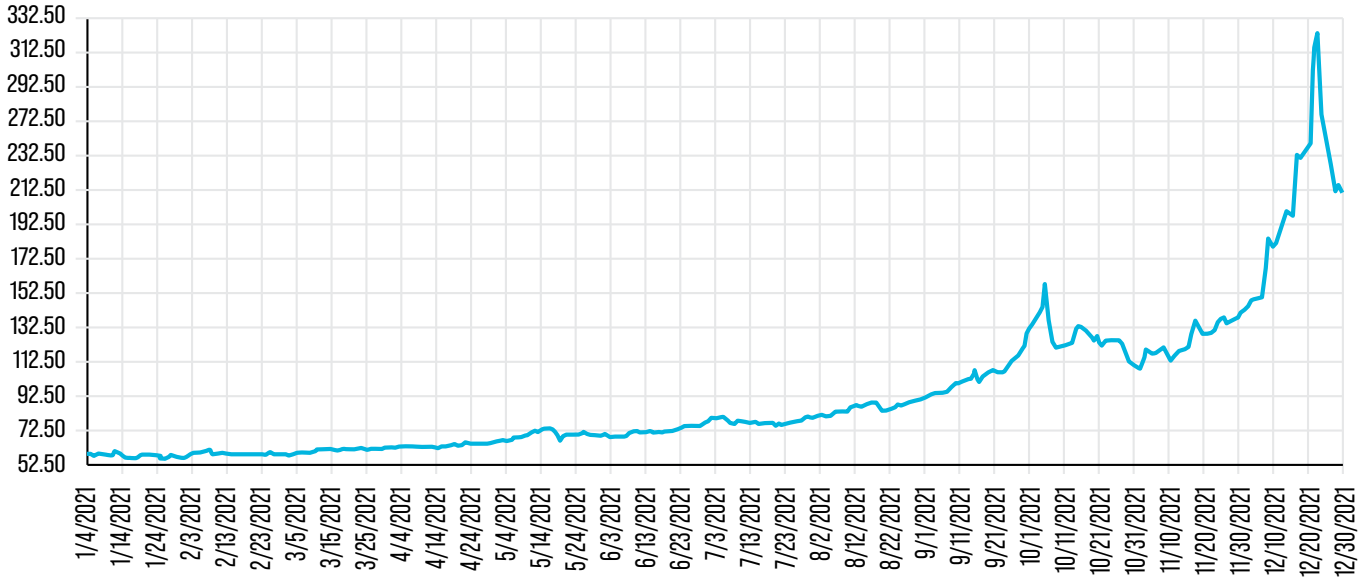
- Trans-European Replacement Reserves Exchange (TERRE), which was put into operation on 6 January 2020,
- the Manually Activated Reserves Initiative (MARI), which was not yet operational in 2021,
- The Platform for the International Coordination of Automated Frequency Restoration and Stable System Operation (PICASSO) (not yet operational in 2021), and
- the European imbalance netting platform, which was put into operation on 24 June 2021.

Slovakia participates in MARI, PICASSO and the imbalance netting platforms.

It should be noted that a necessary requirement for the efficient functioning of European platforms for the exchange of balancing energy is, as in the case of electricity market coupling, sufficient capacity on cross-border profiles between bidding zones or sufficient capacity on transmission grid's critical network elements, depending on the capacity calculation methodology used.

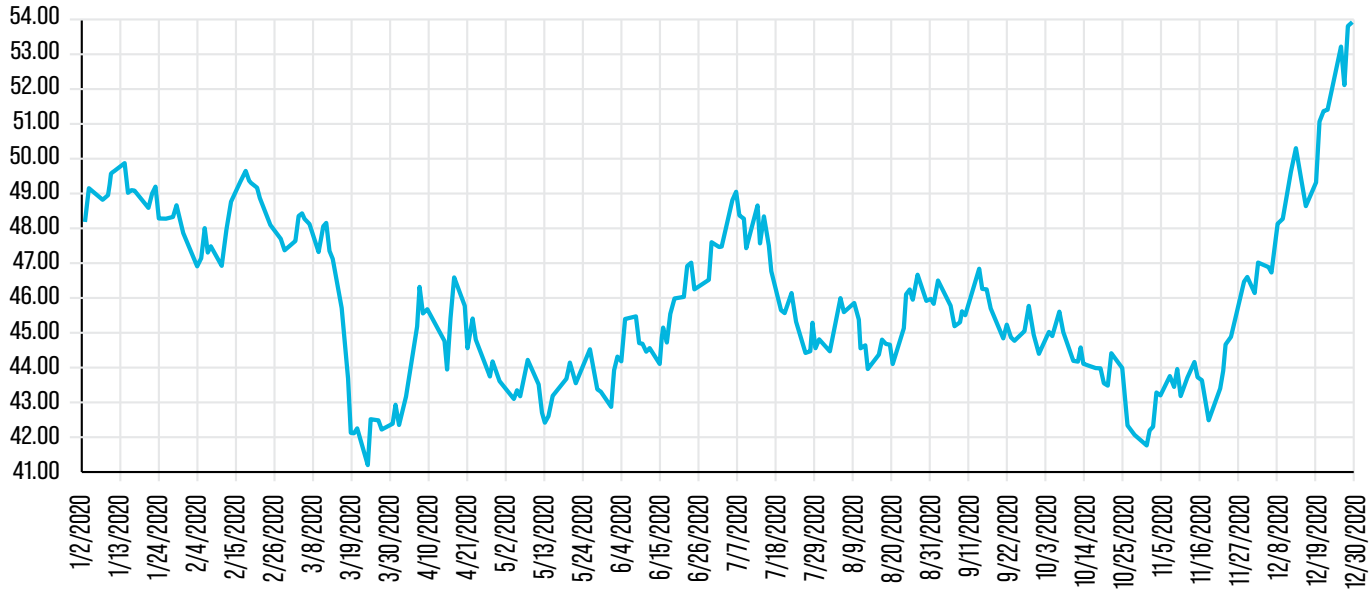
Evolution of the electricity price on commodity exchange in 2021

PXE exchange, F PXE SK BL CAL-t product
01/2021 to 12/2021; average price: 92.79 €/MWh



Evolution of the electricity price on commodity exchange in 2020

PXE exchange, F PXE SK BL CAL-t product
01/2020 to 12/2020; average price: 46.05 €/MWh



Wholesale market

In the wholesale electricity market, the Office's competences are mainly in the area of creating legislative conditions and monitoring their compliance.

As can be seen from the previous first chart, the evolution of the commodity price, which is decisive for the calculation of the price of electricity supply to vulnerable customers, was particularly dramatic in the second half of 2021. For comparison of the evolution of the market price of electricity in 2021, the second chart shows the evolution of the commodity exchange price for the same product in 2020.

In 2021, electricity suppliers procured the commodity to secure supply to their customers from these sources:

- on commodity exchanges, or purchased electricity from another trader - electricity supplier, or
- purchased it on the basis of contracts concluded with electricity producers.

Retail market

Tariff regulation of electricity supply to vulnerable customers, which are household customers and small enterprises, is carried out in accordance with Act 250/2012 (the Regulatory Act) on the basis of the current regulatory policy and according to the implementing act in tariff regulation – URSO Decree No. 18/2017 establishing tariff regulation in the electricity sector and certain conditions for the performance of regulated activities in the electricity sector, as amended.

In electricity supply, the following areas are subject to tariff regulation:

- supply to households,
- supply to small enterprises and
- suppliers of last resort.

As a result of the decrease in the commodity price on PXE (Power Exchange Central Europe) entering into the calculation of the price of electricity supply (year-on-year decrease by 5.7448 €/MWh, i.e. by 11.08%), at the end of 2020 the Office initiated proceedings regarding the amendments of decisions for electricity suppliers to vulnerable consumers (households and small businesses), which had a positive impact on the final price of electricity for vulnerable electricity consumers in 2021.

The default parameters for setting the maximum tariff of electricity supply to households and small enterprises for 2021 were the arithmetic average of day-ahead prices published in the official price list of PXE on its website for the F PXE SK BL Cal-t product for the period from 1 January to 30 June 2020, to which a coefficient to cover the forecasted profile of electricity supply to vulnerable consumers, costs of imbalance and a reasonable profit were added.

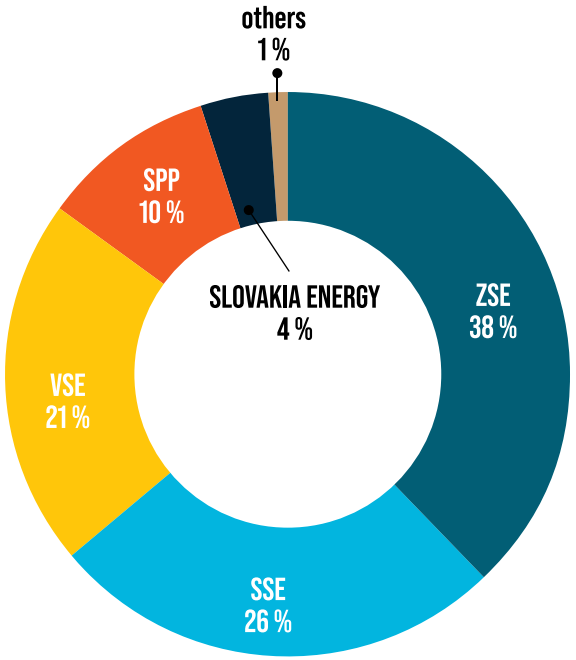
On top of the different supply tariff rates, electricity suppliers charged a distribution tariff including transmission and transmission losses, distribution losses, system services tariff and system operation tariff pursuant to URSO tariff decisions. By these decisions, tariffs were approved or fixed for access to the distribution system and electricity distribution for the DSO to whose network the vulnerable consumer's metering point was connected.

The largest share in electricity supply is still held by three 'traditional' suppliers, which are part of vertically integrated companies - ZSE Energia, a. s., Stredoslovenská energetika, a. s., and Východoslovenská energetika, a. s.

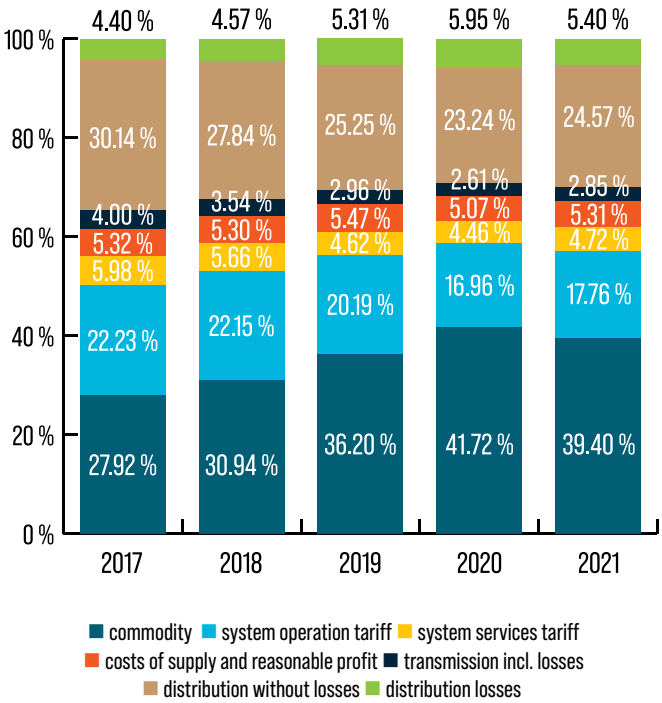
Electricity supply to households

Electricity supply to households was divided into eight tariffs. Electricity for vulnerable household consumers was supplied by 17 different nationwide suppliers in 2021.

Market share of electricity suppliers for households



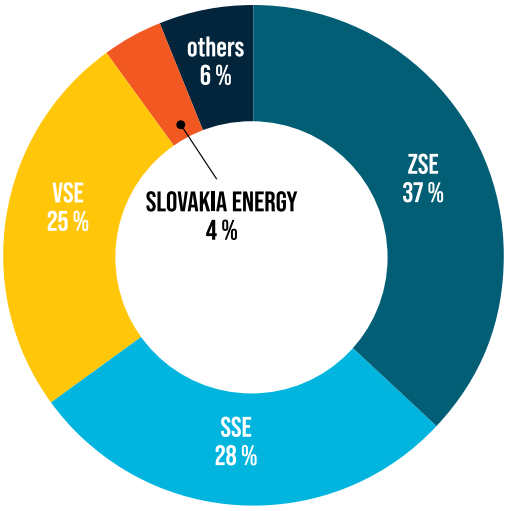
Breakdown of the average end price of electricity supply to households (2017-2021)



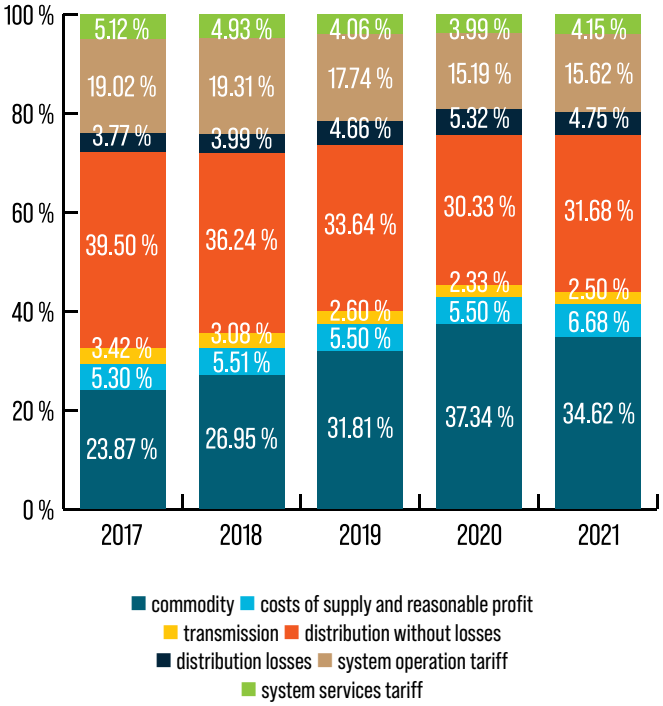
Electricity supply to small enterprises

A small enterprise is considered to be an electricity end user with annual consumption for all its metering points of no more than 30 000 kWh for the previous year. Electricity supply to small enterprises was divided into 11 tariffs and performed by 16 nationwide suppliers.

Market share of electricity suppliers for small businesses



Breakdown of the average end price for electricity supply to small businesses (2017-2021)



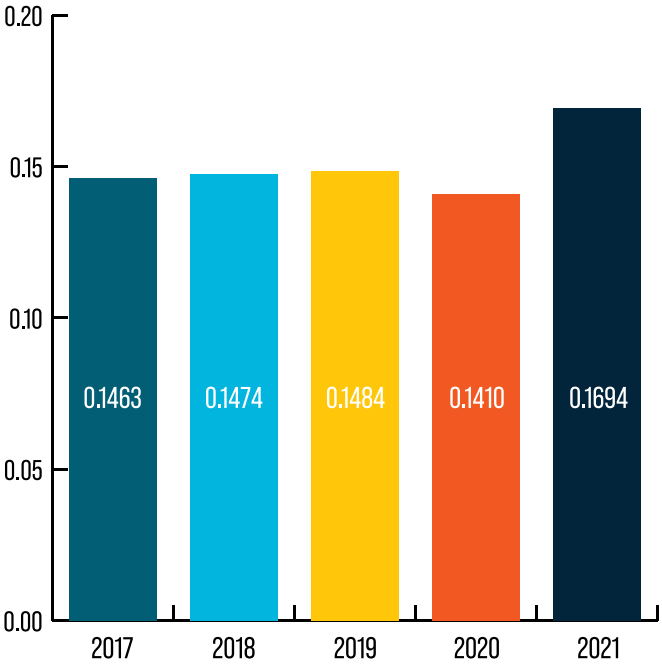
Supplier of last resort

Based on the Office's decision, ZSE Energia, a.s., Východoslovenská energetika, a.s. and Stredoslovenská energetika, a.s. are the suppliers of last resort in Slovakia. During 2021, the Office received four notifications on the application of the supplier of last resort regime, affecting a total of 168 000 households, 2 000 small enterprises and over 7 000 mid-size and large electricity consumers.

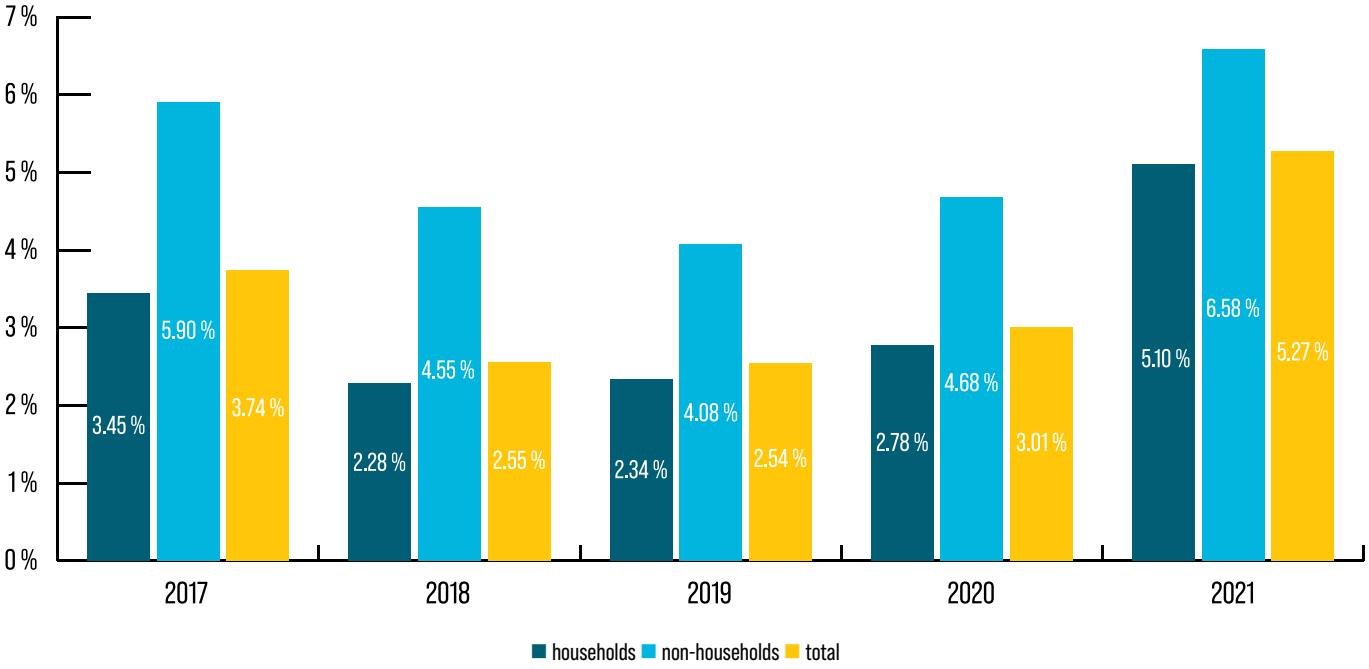
HHI

The purpose of the HHI (Herfindahl-Hirschman Index) is to determine the competitiveness of the market. The Office assessed the positions of regulated entities operating on the market for the electricity supply to all customers. A market is considered concentrated if the HHI is more than 0.1 and highly concentrated if it exceeds 0.2.

Evolution of the HHI – electricity



Switching in electricity (2017-2021)



Switching

To assess the level of liberalisation of the electricity market, a percentage coefficient called switching is used, which expresses the proportion of the number of metering points with a changed electricity supplier to the total number of metering points.

Impact of COVID-19

The negative impact of COVID-19 did not continue in 2021. The gradual growth of the economy in 2021 compared to the previous year, despite the measures taken by Slovakia's Government to address the pandemic situation, contributed to overall higher electricity consumption in Slovakia in 2021 compared to 2020.

02.
GAS

The gas sector in the Slovak Republic is specific mainly due to the scale of gas networks and the associated high level of gasification and transit use of the transmission network.

The Office performs tariff and technical regulation in the gas sector in the area of network charges, which must be regulated for the use of infrastructure in the transmission of gas to the customer's metering point, as well as for the price of the gas supply itself, but only for vulnerable customers pursuant to Act No. 250/2012.

In gas infrastructure regulation, tariff regulation is performed mainly for:

- access to the transmission network and gas transmission,
- access to the distribution network and gas distribution,
- connection to these networks, whether for gas producers or new gas consumers.

Technical regulation in the area of infrastructure regulation consists primarily in the approval of rules of operation for network operators, including storage facilities, in terms of setting the rules of network operators in relation to network users. The Office also has the possibility, in accordance with Act No 251/2012, to assess the technical conditions for access and connection to the network and to comment on the technical conditions submitted by network operators and to request them to align the technical conditions with generally binding legislation.

Technical regulation performed by the Office for market participants in the relationship between the supplier and vulnerable gas consumers also includes the approval of commercial terms and conditions for gas suppliers providing universal service.

Access to storage and storage of gas is subject to technical regulation but not to tariff regulation. Agreed access of gas market participants to storage may be changed by the Office to regulated access in accordance with Act No 250/2012 under the extraordinary regulation regime after prior consultation with the European Commission.

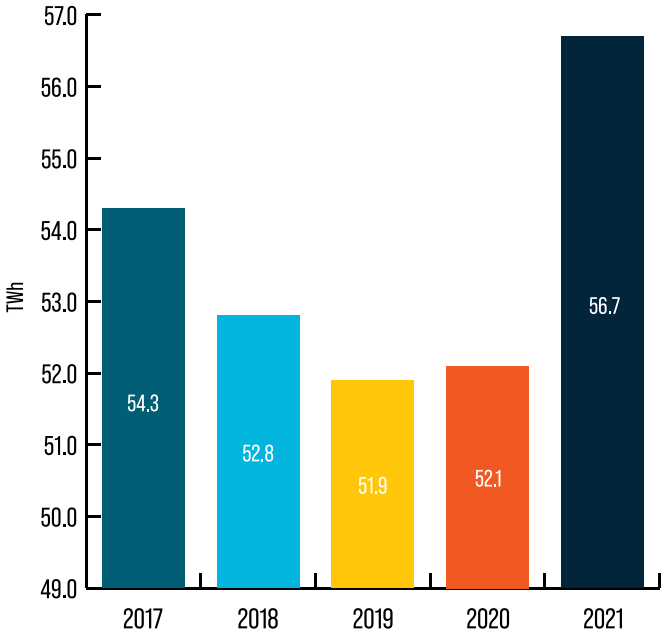
In the second half of 2021, the Office noted a sharp increase in natural gas prices on the commodity exchanges compared to market prices for natural gas in the previous year, which in turn had been marked by a decline in those prices.

Gas market participants in the Slovak Republic:

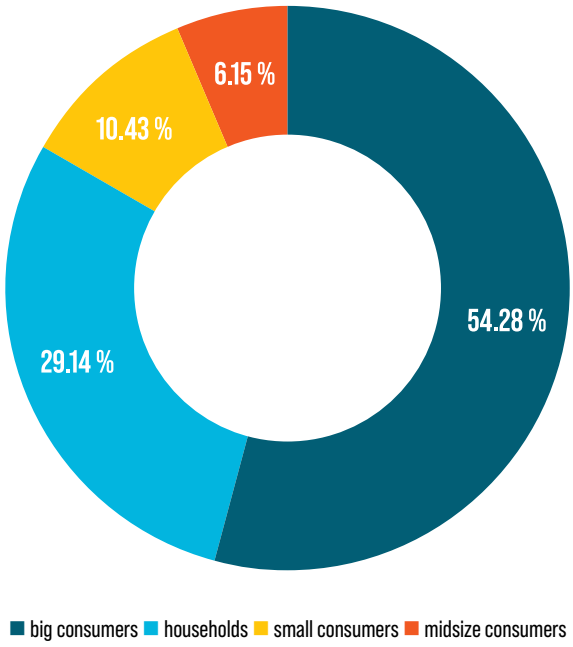
- the transmission system operator (TSO) - eustream, a. s.,
- the distribution system operator (DSO) in the territory of the Slovak Republic (SPP - distribúcia, a. s.),
- 38 local distribution network operators (LDNOs),
- two underground gas storage (UGS) operators - NAFTA a. s., POZAGAZ a. s.,
- 26 active gas suppliers,
- gas consumers.

Gas consumption in Slovakia reached 56.7 TWh in 2021, up about 9% compared to 2020.

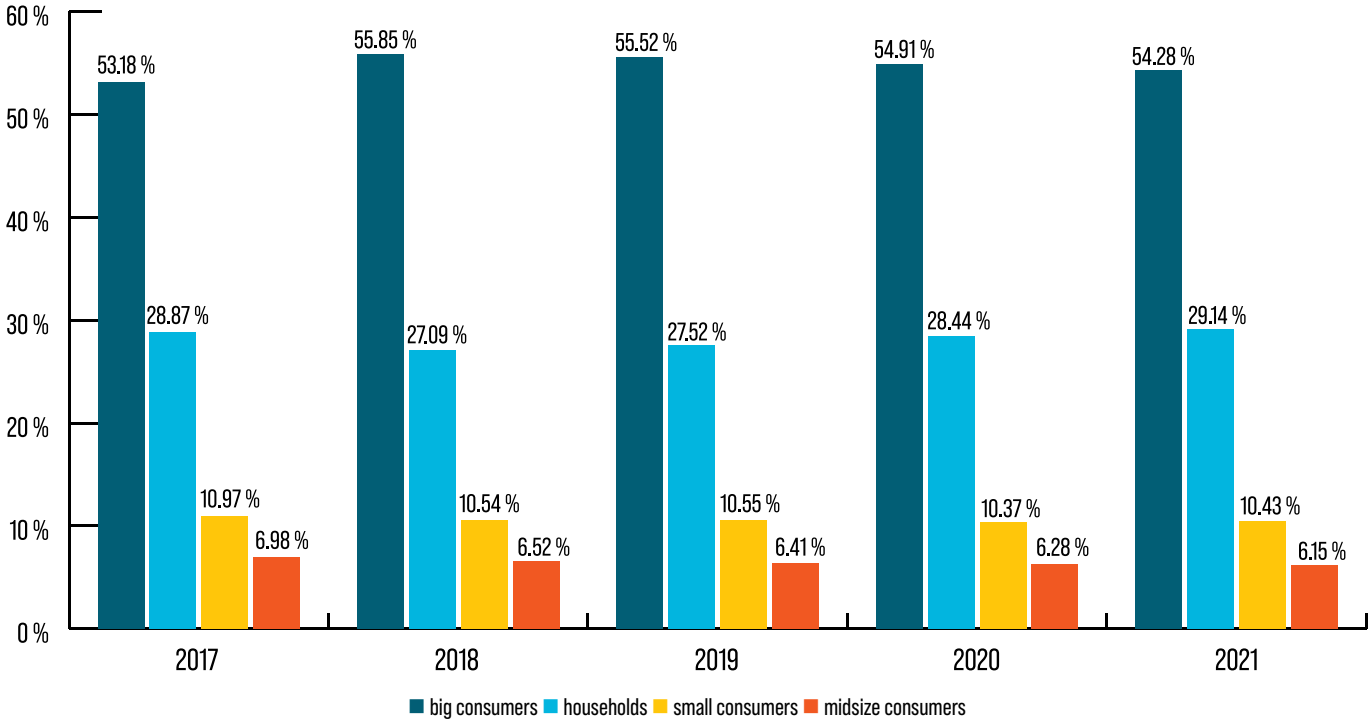
Evolution of gas consumption in Slovakia (2017-2021)



Gas consumption by consumer category in 2021



Gas consumption by consumer category (2017-2021)



Tariff regulation related decisions (tariff proceedings in accordance with Decree No 223/2016 establishing tariff regulation in gas)

Tariff regulation related decisions		2017	2018	2019	2020	Adopted in 2021 for 2021	Adopted in 2021 for 2022
of which	Gas supply to vulnerable consumers – nationwide suppliers	19	4		2	1	
	Gas supply to vulnerable consumers – nationwide suppliers - decisions amended		17	10	21		16
	Last resort supply	1					
	Last resort supply - decisions amended					1	
	Gas supply to vulnerable consumers - local distribution networks (LDN)	19	1	1			
	Gas supply to vulnerable consumers - LDN - decisions amended		12	6	19		16
	Distribution network access and gas distribution (LDN - § 10 (6))	19	1	2			4
	Distribution network access and gas distribution (LDN - § 10 (6)) - decisions amended		1	2	4	17	2
	Distribution network access and gas distribution (LDN - § 10 (7))	9	2				
	Distribution network access and gas distribution (LDN - § 10 (7)) - decisions amended	7			1	1	
	Distribution network access and gas distribution (LDN - § 10 (8))			1		1	
	Distribution network access and gas distribution (LDN - § 10 (8)) - decisions amended				9	1	
	Distribution network access and gas distribution (LDN - § 11 (1))	20	2	4	1	1	
	Distribution network access and gas distribution (LDN - § 11 (1)) - decisions amended				2	17	
	Distribution network connection (LDN)	7	1	4			
	Distribution network connection (LDN) - decisions amended					10	
	Distribution system access and gas distribution (SPP-D)	1					
	Distribution system access and gas distribution (SPP-D) - decisions amended	1	1		1		1
	Distribution system connection (SPP-D)	1					
	Repurchasing of gas equipment	1					
	Repurchasing of gas equipment - decisions amended					1	
	Transmission system access and gas transmission	1		1			
	Transmission system access and gas transmission - decisions amended	1			1	2	1
Total		107	42	31	61	93	
Tariff proceedings terminated		1	1			3	
Tariff proceedings suspended		3	2	5	1	1	2
Decisions revoked					3	2	

Rules of operation for the TSO, DSO/LDNOs and UGSOs

In 2021, the Office adopted decisions on approvals of or amendments to a total of seven sets of rules of operation for gas network operators, of which two were amendments to decisions for the TSO, three were amendments to decisions for LDN operators and two were amendments to decisions for new LDN operators.

Technical conditions

The Office did not review any technical conditions of gas network operators in 2021.

Terms and conditions of gas supply in the provision of universal service

In 2021, the Office adopted four decisions on the approval or amendment of commercial terms and conditions for

the provision of universal service to household and small business gas consumers, of which two were decision amendments for gas suppliers and two for new gas suppliers providing universal service to household and small business gas consumers.

Decisions under European Commission Regulations

In the year under review, the Office approved by Decision No 0001/2021/P-EU of 22 March 2021, pursuant to Commission Regulation (EU) No 312/2014 of 26 March 2014 establishing a network code on gas balancing of transmission networks, the Fourth updated report on the application of interim measures for eustream, a. s., the TSO.

Gas infrastructure

The transmission network in Slovakia mainly fulfils the needs of gas transit to the EU. Gas consumption in Slovakia in the year under review was at around 9% of the total volume of gas transmitted in 2021.

Another specificity is the scope of the distribution networks. The Slovak Republic is the second most gasified country in the EU after the Netherlands. In 2021, the distribution system operator SPP - distribúcia, a.s. distributed gas to more than 1.5 million metering points for more than 94% of the country's population with access to natural gas.

The regulatory policy for the period 2017-2022 and Decree No.223/2016 establishing tariff regulation in the gas sector, as amended, formed also in 2021 the regulatory framework for tariff regulation for the following regulated network activities:

- access to the transmission system and gas transmission,
- access to the distribution network and gas distribution,
- connection to the transmission and distribution networks.

Transmission system

The transmission system in Slovakia is owned and operated by eustream, a. s. The transmission system represents an important energy link between the Russian Federation and the EU. The connection of the Slovak transmission network with the neighbouring EU member states (Czech Republic, Austria, Hungary) is ensured through four entry-exit points. In 2022, an interconnection with Poland will also be secured - the Výrava entry-exit point. The transmission network is interconnected with the gas system in Ukraine. There are two entry/exit points to/from the Ukraine's transmission system, namely Veľké Kapušany and Budince.

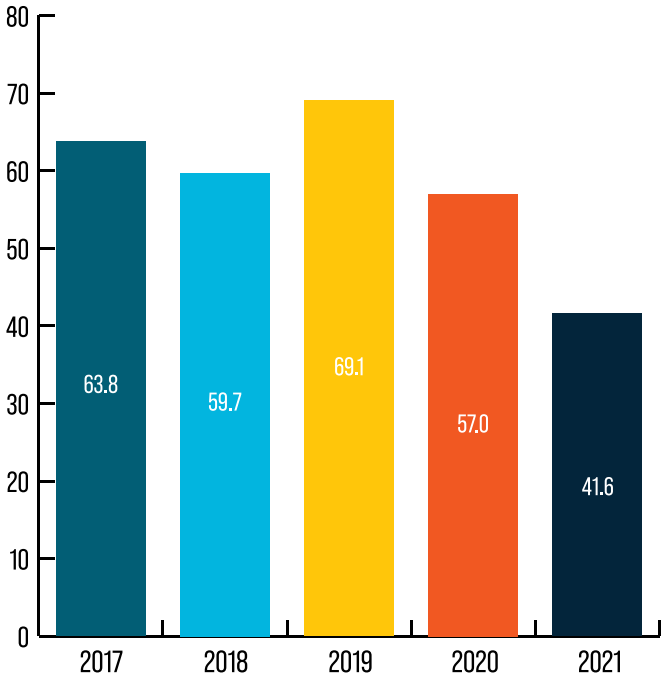
The entry/exit point to/from distribution networks and storage facilities in the territory of the Slovak Republic is the domestic point.

Information on the volumes of technical, available and contracted capacities at individual entry/exit points is available on eustream's website.

Investments in the transmission network by eustream, a.s.

Investments in the transmission network	2021 (mil. EUR)
	3.76

Gas transmission volume in bcm (2017-2021)



Transmission capacity

The annual capacity of the transmission network is 90 bcm of natural gas. In 2021, eustream transmitted 41.6 bcm of gas, of which 3.75 bcm was for Slovak users.

Transmission network - evolution of requests and contracts

Indicator/year	2017	2018	2019	2020	2021
No. of requests for transmission network access	1 418	1 212	2 639	1 294	844
No. of requests for transmission network connection	0	0	0	0	0
No. of concluded contracts on transmission network connection	0	0	0	0	0
No. of concluded contracts on gas transmission with firm transmission capacity	994	995	2 276	1 150	842
of which: long-term	0	1	0	0	1
yearly	74	24	27	29	9
short-term, of which:	920	970	2 249	1 121	832
quarterly			53	28	19
monthly			83	98	42
day-ahead			2 013	874	507
within-day			100	121	264
No. of concluded contracts on gas transmission with interruptible transmission capacity	407	213	363	128	2
of which: long-term	3	0	0	0	
yearly	0	0	1	0	
short-term, of which:	404	213	362	128	2
quarterly			9	16	
monthly			23	51	
day-ahead			315	51	2
within-day			15	10	
No. of concluded contracts on gas transmission with combined transmission capacity	17	4	19	16	
of which: long-term					
yearly	1			4	
short-term, of which:	16	4	19	12	
quarterly				7	
monthly				3	
day-ahead			19	2	
within-day			0	0	
No. of transmission system users	33	27	45	31	22

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

Transmission network domestic users (transmission to the domestic point)					
	2017 (%)	2018 (%)	2019 (%)	2020 (%)	2021 (%)
Slovakia	5.30	5.20	7.40	8.40	9.10
Transiting network users					
Russia	69.27	72.23	66.80	71.30	86.90
Germany	5.17	5.97	4.00	1.70	0.00
Czech Republic	4.73	5.72	7.10	1.80	0.70
Hungary	0.00	0.00	0.10	2.40	0.00
Switzerland	1.44	0.73	1.60	5.10	0.60
UK	0.27	0.03	1.10	4.50	2.70
Austria	0.00	0.03	0.80	0.40	0.00
Denmark	0.00	0.00	0.00	0.00	0.00
France	0.02	0.17	0.10	0.60	0.00
Luxembourg	0.39	0.27	0.30	1.10	0.00
Ukraine	13.41	9.65	10.10	0.00	0.00
Poland	0.18	0.03	0.00	0.00	0.00
Romania	0.00	0.00	0.40	0.50	0.00
Netherlands	0.00	0.00	0.20	2.20	0.00
Total	100.00	100.00	100.00	100.00	100.00

TYNDP and cross-border cooperation

Responsibility for the technical functioning of the transmission network lies with eustream, the TSO, which also in 2021, pursuant to Act No 251/2021, submitted to the Office for review a draft Ten-Year Network Development Plan (TYNDP) for the period 2021-2030 together with a Report on the Implementation of the Ten-Year Network Development Plan for the period 2020-2029. The TYNDP, updated on a regular annual basis, is necessary to identify the needs for new infrastructure projects to ensure the primary level of security of gas supply for the Slovak Republic and the entire European region.

The TYNDP includes, among other things, the development of cross-border interconnectors. The plan is developed in line with the EU's Ten-Year Network Development Plan, which includes, among other things, EU Projects of Common Interest (PCIs). Regulation (EU) 2019/942 establishing a European Union Agency for the Cooperation of Energy Regulators obliges the national regulatory authority to cooperate with ACER in monitoring and assessing the consistency of cross-border network development plans with their implementation.

Distribution network

The distribution network of SPP - distribúcia (DSO) as of 31 December 2021 was 33 348 km in total length, of which high-pressure gas pipelines were 6 273 km long and the length of medium-pressure and low-pressure gas pipelines was 27 075 km.

Investments in renewal and reconstruction of the distribution (SPP – distribúcia) network.

	2017	2018	2019	2020	2021
Volumes in mil. EUR	26.36	28.16	33.6	34.87	34.44

Distribution network balancing

In order to ensure safe and reliable gas distribution, both physical and commercial balancing must be carried out when there is a shortage or surplus of gas in the distribution network.

Based on the decision of Slovakia's Ministry of Economy, the distribution system operator (SPP – distribúcia), which performs the tasks of gas dispatching, keeps gas stored for these purposes in the underground storage facility Dolní Bojanovice, located in the Czech Republic.

Network balancing (in mil. m³/day) – gas withdrawal or injection from/ into underground storage

	2017	2018	2019	2020	2021
gas shortage - withdrawal	1.9	1.8	1.5	1.6	1.5
gas surplus - injection	2.5	1.4	1.3	1.9	1.2

Distribution system operator - SPP - distribúcia

Number of metering points and the volume of gas distributed by SPP - distribúcia

2017	2018	2019	2020	2021
No. of metering points				
1 514 282	1 518 200	1 522 710	1 526 582	1 529 429
Distributed gas in m^3				
4 901 064 256	4 777 815 776	4 841 280 704	5 003 958 741	5 504 375 139

Of the total number of metering points, there are 14 CNG filling stations with a volume of distributed gas of 7 799 137 m^3, roughly up 4% compared to 2020.

LDN operators

In 2021, there were 38 registered local distribution network (LDN) operators distributing gas in 58 LDNs (premises of large enterprises, industrial parks, business centres, residential complexes) in the total volume of 949 713 152 m^3.

Within LDNs, four customers switched gas suppliers in 2021. In addition to the LDN operators themselves, who performed the role of a gas supplier to the metering points, eight additional suppliers supplied gas to the metering points in the LDNs in the total volume of 69 725 932 m^3.

Underground gas storage operators (UGSOs)

Storage facilities in the Slovak Republic are mainly used for seasonal storage of natural gas. As part of Slovakia's gas infrastructure, the storage facilities are an important tool enhancing the country's energy security. In Slovakia's territory, underground storage facilities are operated by NAFTA a. s. and POZAGAS a. s.

NAFTA storage capacity utilisation

Users (by country)	Share
UK	41.25 %
Slovakia	33.45 %
Czech Republic	10.74 %
Switzerland	8.03 %
Germany	2.56 %
France	1.81 %
Netherlands	1.28 %
Denmark	0.88 %
total	100.00 %

The underground storage operator NAFTA a.s. concluded 74 contracts with storage users, of which 13 contracts with interruptible capacity and 61 contracts with fixed capacity. The number of requests received was 164, of which 88 were rejected due to the allocation of storage capacity to other interested parties in accordance with applicable legislation.

Storage capacity of underground gas storage operators

UGSO	Technical working volume (mil. m^3/year)					Technical injectability (mil. m^3/year)					Technical deliverability (mil. m^3/year)				
	2017	2018	2019	2020	2021	2017	2018	2019	2020	2021	2017	2018	2019	2020	2021
NAFTA a.s.	2 931	3 061	3 357	3 357	2 999	31.87	31.87	31.87	31.87	43.28	36.96	36.96	39.51	39.51	42.43
POZAGAS a.s.	655	655	655	655	655	6.85	6.85	6.85	6.85	6.85	6.85	6.85	6.85	6.85	6.85
Total	3 586	3 716	4 012	4 012	3 654	38.72	38.72	38.72	38.72	50.13	43.81	43.81	46.36	46.36	49.28

POZAGAS storage capacity utilisation

Users (by country)	Share
UK	53.82 %
Slovakia	11.06 %
Czech Republic	8.70 %
Switzerland	7.72 %
Germany	7.15 %
France	6.38 %
Netherlands	3.27 %
Denmark	1.90 %
total	100.00 %

The underground storage operator POZAGAS a.s. received 38 requests for access to storage and concluded 18 fixed capacity contracts with storage users. The remaining requests were rejected on the grounds of a better price offered by other bidders and for not offering the minimum price.

Investments in gas storage facilities by NAFTA and POZAGAS in 2021

Volume in mil. EUR	NAFTA a.s.	4.90
	POZAGAS a.s.	0.56

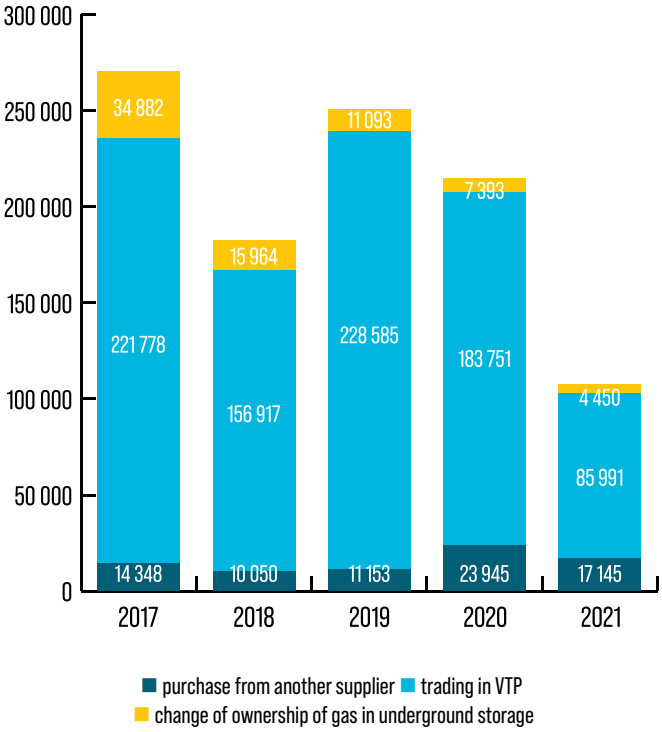
Wholesale gas market

The wholesale gas market in Slovakia is mainly characterised by:

- ➔ buying gas on the basis of long-term contracts,
- ➔ buying gas on commodity exchanges.

Gas suppliers also secured the commodity by purchasing gas from another trader - a gas supplier (in 2021 in the volume of 17 008 GWh, which is about 29% less than in 2020). Another option for gas purchases is also trading on the transmission network's virtual trading point (in 2021 in a volume of 85 991 GWh, which is down about 53% year-on-year). Gas can also be purchased by trading, i.e. changing ownership of gas stored in underground storage facilities – in 2021 in a total volume of 4 450 GWh.

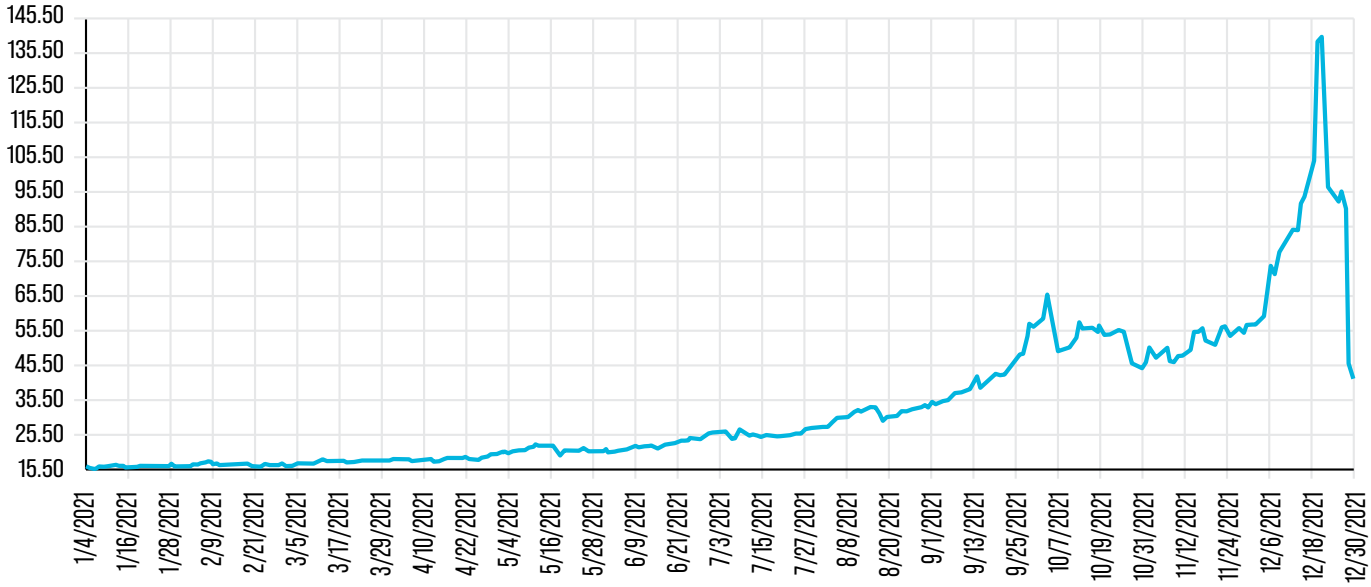
Development of some wholesale gas indicators in GWh (2017-2021)



As with the electricity market price, the evolution of the market price of gas, which is crucial for the calculation of the tariff for gas supply to vulnerable customers, has been particularly dramatic in the second half of 2021. The following charts show the evolution of the gas exchange commodity price of an identical product in 2021 and 2020 for comparison purposes.

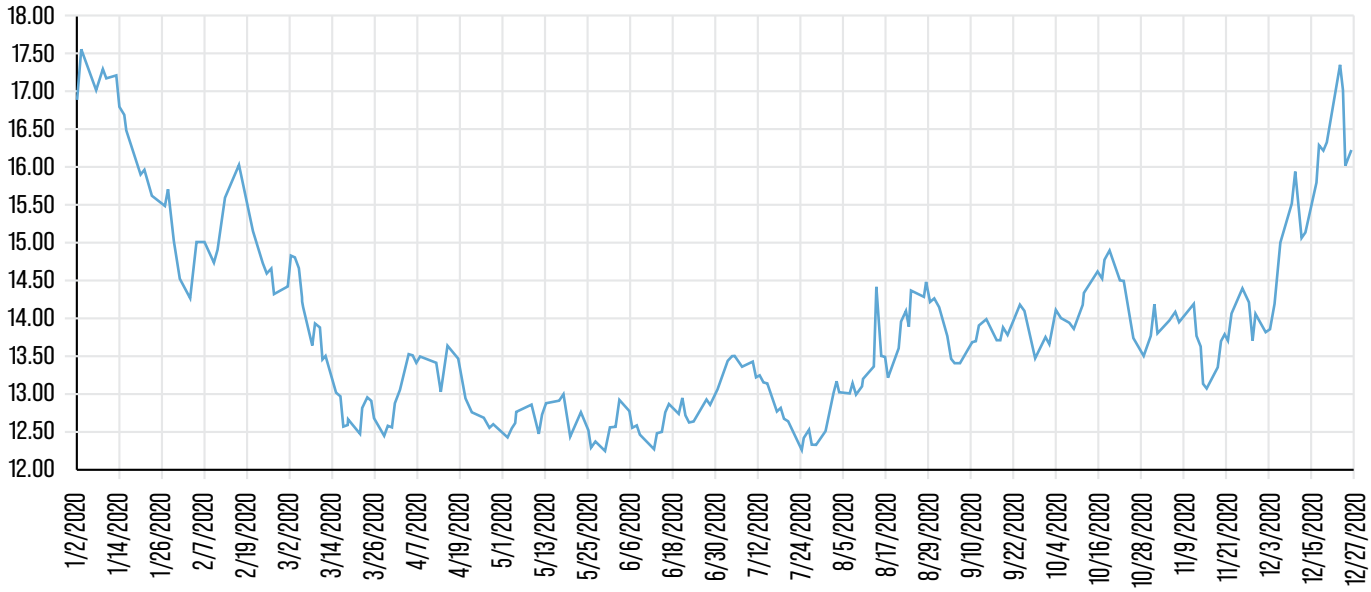
Gas commodity exchange price development in 2021

EEX (www.powernext.com) THE Calendar + 1
Period: 01/2021 to 12/2021; average price: 34.12 €/MWh



Gas commodity exchange price development in 2020

EEX (www.powernext.com) NCG Calendar + 1
Period: 01/2020 to 12/2020; average price: 13.86 €/MWh



Impact of COVID-19

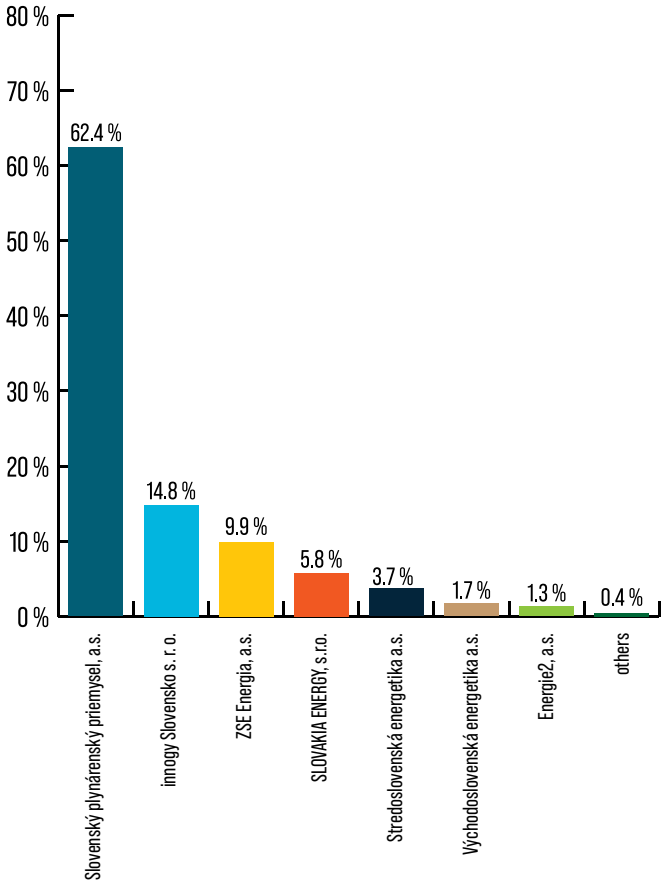
The natural gas market development in 2021 was marked by a sharp commodity price spike caused by the COVID-19 pandemic. We observed gas prices rise sharply during the year, and on top of that came the economic growth as countries began to recover from the pandemic and the effects of related measures. The result of the imbalance was high gas demand, far exceeding supply. This made pressure on the market price of gas, which climbed unusually high in the second half of 2021.

Retail gas market

Gas supply to vulnerable consumers

Pursuant to Act No 250/2012, tariff decisions for suppliers supplying gas to vulnerable customers, which are households and small enterprises with an annual gas consumption of up to 100 000 kWh, adopted for a regulatory period remain valid for the entire regulatory period (2017-2022). During the regulatory period, tariff decisions were amended mainly due to a change in the reference price (the EEX NCG (THE) Calendar +1 price), the value of which is determinant for the calculation of the maximum tariff of gas supply. Vulnerable consumers - households - were supplied gas by 17 nationwide suppliers.

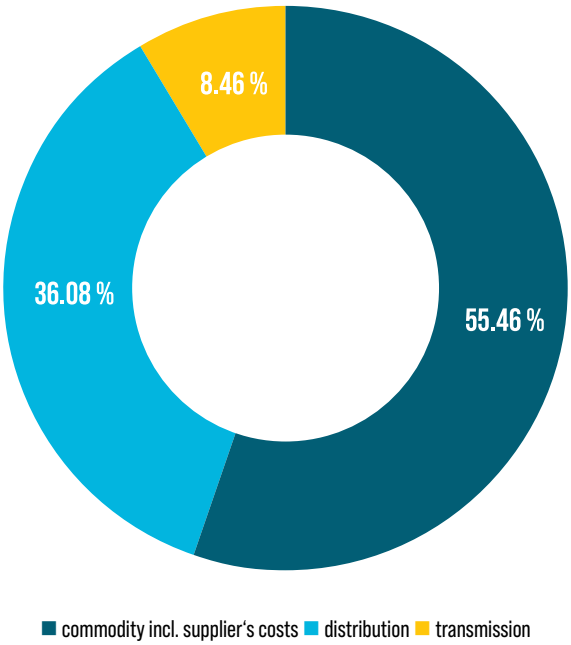
Gas suppliers to households and their market shares in 2021



Development of maximum tariffs of gas supply to households, including network charges, according to average consumption in individual tariff groups for vulnerable consumers

Tariffs (by annual volume of supplied gas in kWh)	Fixed monthly component (€/month)					Variable component for gas consumed (€/kWh)				
	2017	from 1.12.2018	2019	2020	2021	2017	from 1.12.2018	2019	2020	2021
1 (up to 2 138 kWh)	1.96	2.78	2.78	2.78	2.78	0.0434	0.0453	0.0453	0.0453	0.0436
2 (above 2 138 up to 18 173 kWh)	5.76	5.76	5.76	5.76	5.76	0.0325	0.0333	0.0333	0.0333	0.0300
3 (above 18 173 up to 42 760 kWh)	8.64	8.64	8.64	8.64	8.64	0.0310	0.0332	0.0332	0.0332	0.0297
4 (above 42 760 up to 69 485 kWh)	13.36	13.36	13.36	13.36	13.36	0.0304	0.0320	0.0320	0.0320	0.0280
5 (above 69 485 up to 85 000 kWh)	42.45	42.45	42.45	42.45	42.45	0.0399	0.0420	0.0420	0.0420	0.0387
6 (above 85 000 up to 100 000 kWh)	51.78	51.78	51.78	51.78	51.78	0.0398	0.0419	0.0419	0.0419	0.0386

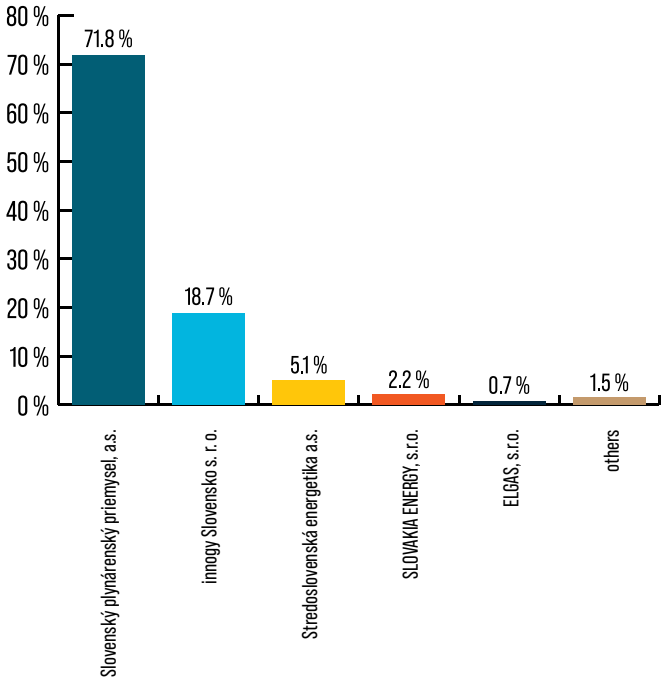
Breakdown of the average end price for gas supply to households



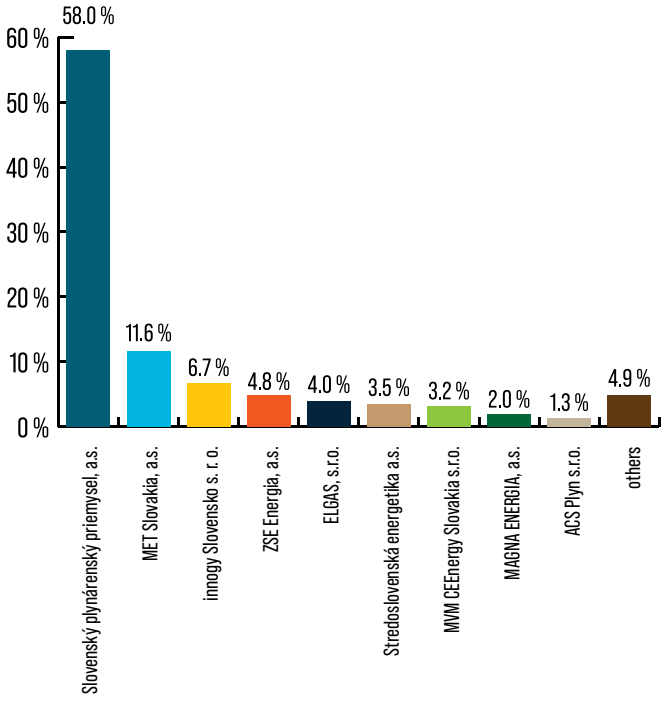
Assumption for 2022 of average maximum tariffs for gas supply to households, including network charges, based on tariff proceedings conducted in the last quarter of 2021 for 2022 - tariffs according to average consumption in individual tariff categories of vulnerable customers

Tariffs (by annual volume of gas supplied in kWh)	Fixed monthly component (€/month)	Variable component for gas consumed (€/kWh)
1 (up to 2 138 kWh)	2.88	0.0494
2 (above 2 138 up to 18 173 kWh)	5.86	0.0371
3 (above 18 173 up to 42 760 kWh)	8.74	0.0366
4 (above 42 760 up to 69 485 kWh)	13.46	0.0349
5 (above 69 485 up to 85 000 kWh)	42.55	0.0426
6 (above 85 000 up to 100 000 kWh)	51.88	0.0424

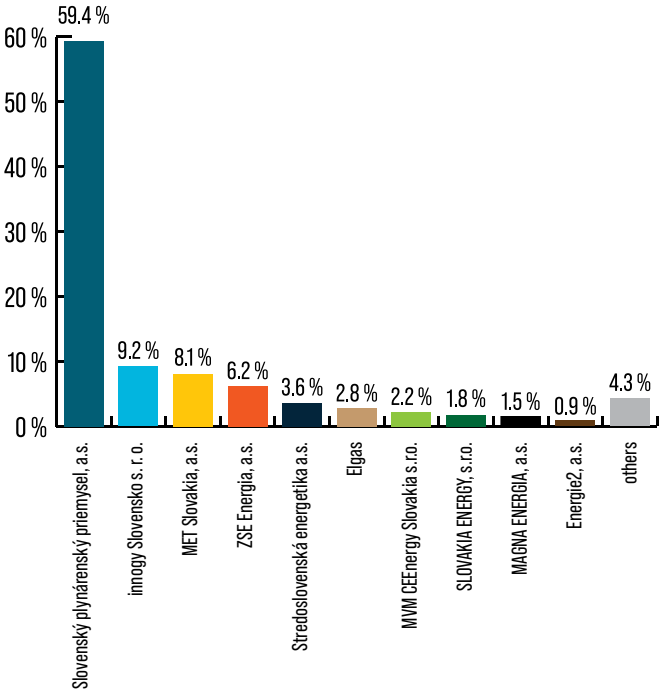
Gas suppliers to small businesses and their market shares



Gas suppliers to industrial customers excl. small businesses



Market shares of gas suppliers to end consumers in 2021



Supplier of last resort (SoLR)

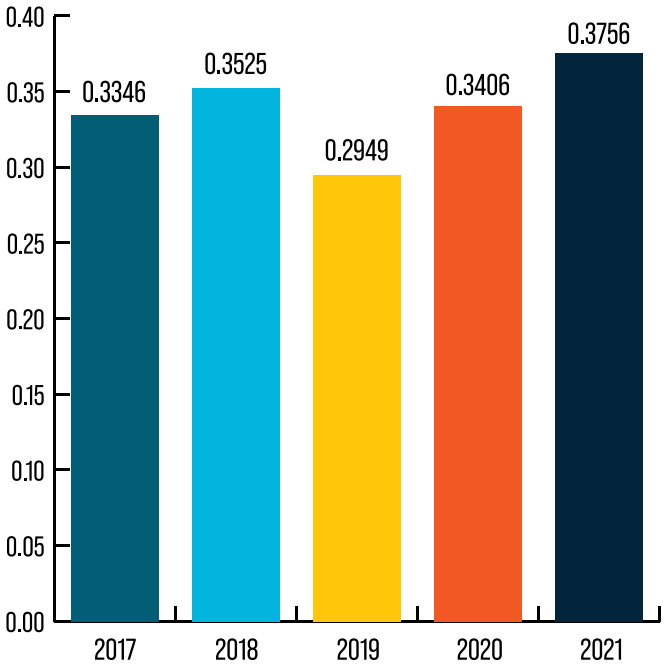
The supplier of last resort was also in 2021 the company Slovenský plynárenský priemysel, a. s. based on the Office's decision. The Office received 120 423 notifications on the application of the SoLR regime, where the original gas supplier had lost its eligibility to supply gas to customers pursuant to Act No. 251/2012.

HHI

The purpose of the HHI is to assess the concentration of regulated entities in a competitive environment. The Office assessed the position of regulated entities operating on the gas supply market for all segments of the market. In principle, a market is concentrated if the HHI is more than 0.1 and highly concentrated if it exceeds 0.2.

The HHI for gas supply to all gas customers in 2021 reached 0.3756, indicating a high level of concentration in the gas market.

Evolution of the HHI - Gas



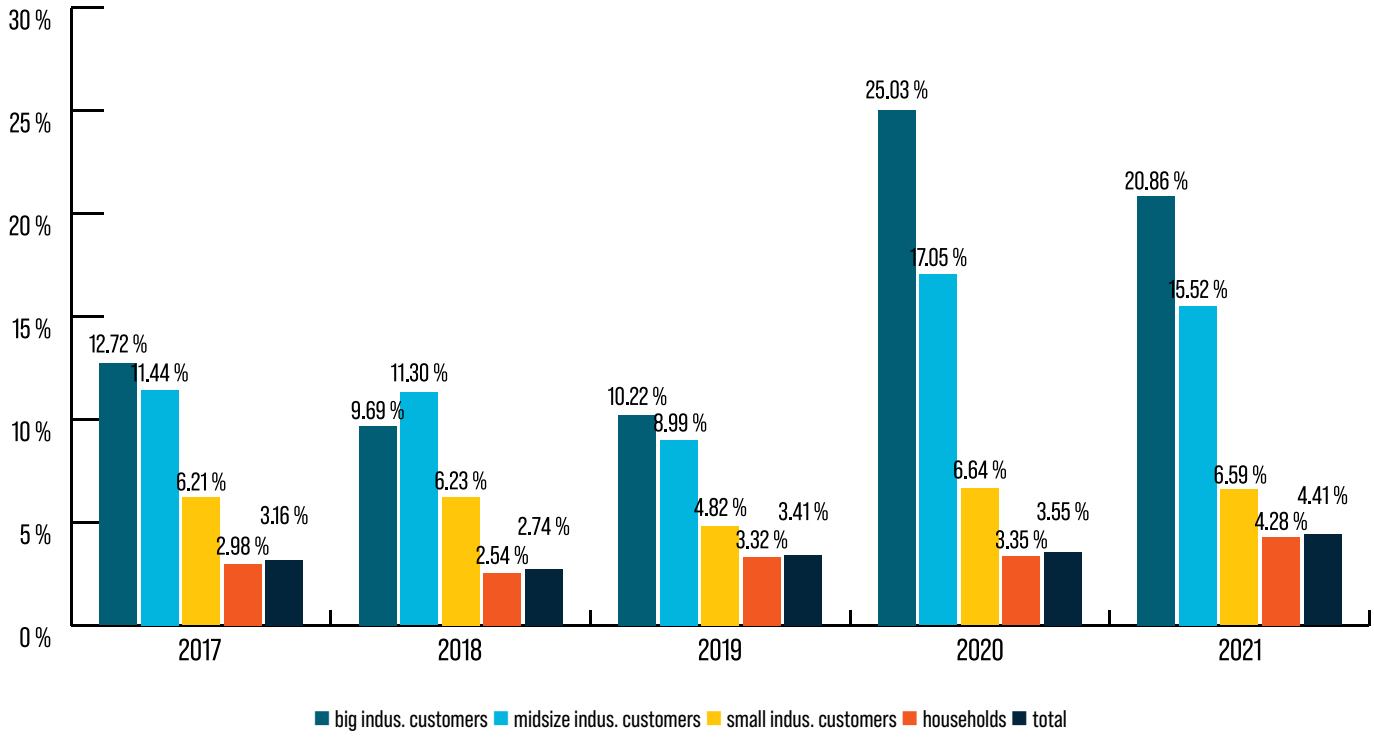
Switching

The level of liberalisation of the gas market is indicated by a percentage factor, the so-called switching. This expresses the proportion of the number of metering points with a change of gas supplier to the total number of metering points.

Switching - Gas (2017-2021)

Customer categories	No. of gas customers with switching					switching (%)				
	2017	2018	2019	2020	2021	2017	2018	2019	2020	2021
big customers	93	71	90	179	145	12.72	9.69	10.22	25.03	20.86
midsize customers	322	314	284	478	415	11.44	11.30	8.99	17.05	15.52
small customers	4 743	4 765	3 687	5 093	5 151	6.21	6.23	4.82	6.64	6.59
households	43 670	36 627	48 000	48 481	67 067	2.98	2.54	3.32	3.35	4.28
Total	48 828	41 777	52 061	54 231	72 778	3.16	2.74	3.41	3.55	4.41

Switching in % levels – Gas (2017-2021)



In the year-on-year comparison between 2021 and 2020, we observe a slight decrease in the number of gas supplier switches in the big and midsize industrial customer categories and a slight increase for households.

In the context of application of Regulation (EU) 2017/1938 concerning measures to safeguard the security of gas supply and repealing Regulation (EU) No 994/2010, legislative changes concerning solidarity are being prepared in the framework of Act No 251/2012 revision. The role of the Office is mainly to provide comments or ideas in the pricing of natural gas provided to other countries in the event of emergency, or on the impacts on the prices of gas supplied to households in the Slovak Republic.

Impact of COVID-19

Despite the very difficult pandemic situation, which has lasted since March 2020 and continued in 2021, and the consequent restrictive measures, these measures did not have a major impact on the gas market. Even the country's gas consumption went up by about 9%.

03.
DISTRICT HEATING

Description of the heat market

The legislation governing the heat market in the Slovak Republic have long been stabilized in the sense that the basic conditions for doing business in the heating sector have strategically been unchanging in the long term. The conditions for doing business in the heating sector, i.e. the sale of heat to natural persons or legal entities, are regulated by Act No 657/2004 on the Heating Sector, as amended. This act, regulating the rights and obligations of participants in the heat market, underwent significant changes six to seven years ago. The conditions for entering the heat market have long been relatively liberalised. Any entity, having met all the legislative requirements, can operate on this market and exercise its right to do business in the heating sector, subject to compliance with the other legislation. In the area of tariff regulation, this is primarily Act No 250/2012 and, in terms of the currently promoted increase in energy efficiency and reduction of energy intensity, Act No 321/2014 on Energy Efficiency, as amended. The fact that the implementing acts to tariff regulation are valid for the entire regulatory period, which is pursuant to Act No 250/2012 usually five years, also contributes to the stabilisation of the heat market. The only exception is the current fifth regulatory period, which was extended by one year in 2021.

While obtaining licence to do business in the heat market is fully liberalised, the creation of conditions for the full liberalisation of the heating sector, in the sense of allowing pure traders to enter the market, is not yet contemplated. There are several reasons for this. The individual heating systems are essentially isolated and operate only in a specific area where the heating system is built. It would not be efficient, in the context of commercial relations, to allow a trader to enter the system, for this would represent an increase of heat supply costs. There are already multiple heat installation operators involved in a number of heating systems, and it would be considerably more efficient to operate the installations by a single operator. Heat producers or distributors are also suppliers and therefore, in the light of the above, they have an undisputable monopoly position.

The number of entities operating in the heating sector is limited by the number and scale of district heating systems. From this point of view, it can be concluded that the business environment in the heating sector is conservative, as there are no major changes in the number of regulated entities and no intensive takeover of customers. Change would only be possible through the acquisition of ownership or other legal relationship to the heating installations system. Recently, however, the number of heat suppliers owning boiler rooms (heat generation equipment intended for heating, cooling, common preparation of hot water or other use exclusively for the facility where heat is consumed and in which the so-called common house equipment within the meaning of Act No 182/1993 on the ownership of residential apartments and non-residential premises is located) has increased. However, the ownership of such boiler rooms by persons other than the owners of the apartments is in direct contravention of Act No 182/1993 on the ownership of residential apartments and non-residential premises, as amended.

The different rules of tariff regulation in the district heating sector compared to the electricity and gas sectors are based on these different conditions of operation in the heat market.

Changes on the heat supply market between 2017 and 2021

Year	2017	2018	2019	2020	2021
No. of heat suppliers	351	346	351	348	343
No. of heat suppliers which ended their heat gneration, distribution and supply	7	14	7	8	8
No. of heat suppliers which started their heat gneration, distribution and supply	9	8	13	11	4

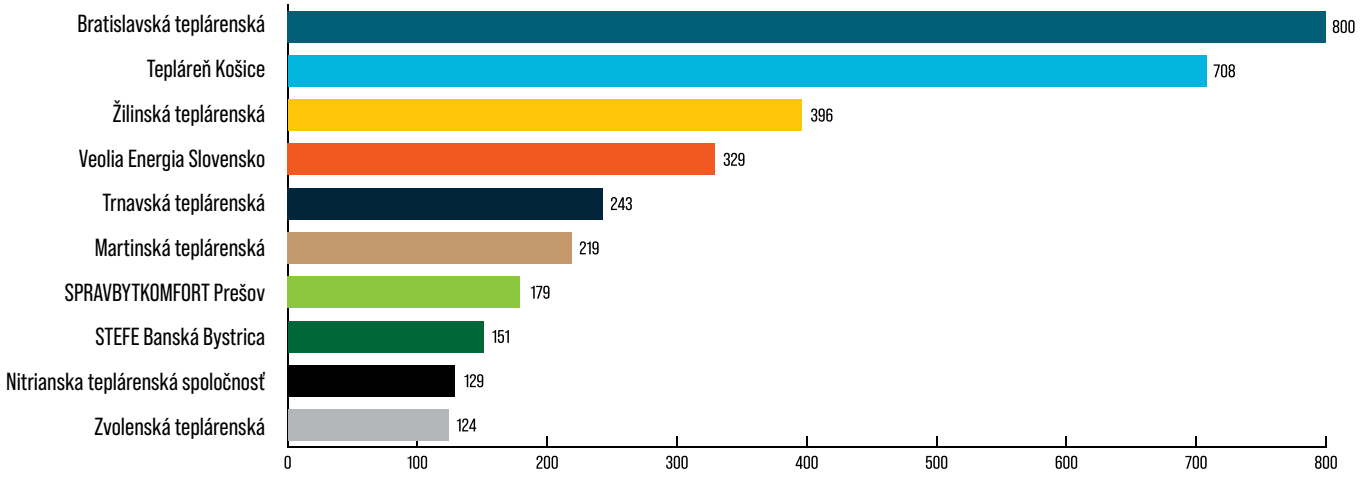
Heat supply

District heating supply systems in Slovakia are built in all major cities and in several municipalities, since it is an energy-efficient and effective way of providing heat in densely populated locations. This manner of heat supply currently increasingly utilises renewable energy sources in heat generation and combined heat and power generation. Heat from such systems is supplied to about 11 600 end customers and more than 27 000 metering points - end customers with self-consumption and end customers who distribute the supplied heat to final consumers (mainly households). Key heat suppliers to households are heating plants in Bratislava, Košice, Trnava, Žilina, Martin and Zvolen. Their supply ranges from 120 GWh to 800 GWh per year. There are also heat producers in Slovakia with higher generation volumes, but their supply to households is minimal.

Degree-days and heat supply

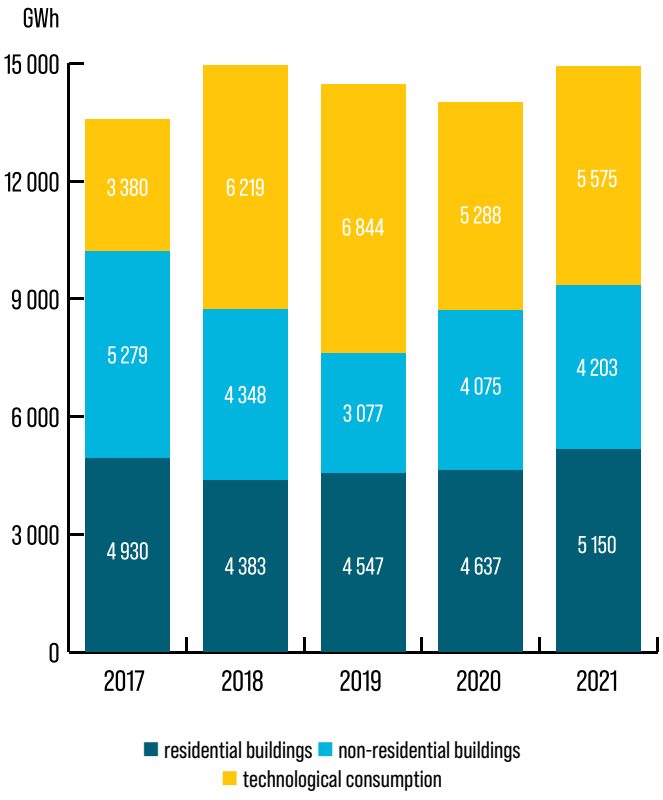
Year	degree-days	supply for residential buildings [GWh]			supply for non-residential buildings [GWh]	supply for technological consumption [GWh]	total supply [GWh]	self-consumption [GWh]
		district heating	hot water	total				
2017	3 667	3 297	1 633	4 930	5 279	3 380	13 589	237
2018	3 224	2 881	1 502	4 383	4 348	6 219	14 905	254
2019	3 329	2 978	1 569	4 547	3 077	6 844	14 468	214
2020	3 386	3 016	1 621	4 637	4 075	5 288	14 000	256
2021	3 774	3 459	1 691	5150	4 203	5 575	14 928	273

Major heat suppliers (GWh)



The total heat supply in 2021 was 14 928 GWh, which is 6.63% more than in 2020. The total heat supply includes supply for heating and domestic hot water for residential and non-residential buildings and supply for technological process consumption. The supplier's self-consumption is an indicative figure and is not included in the total supply volume. Of the total heat supply in 2021, 34.5 % was consumed for heating and domestic hot water in residential buildings, 28.2 % in non-residential buildings and 37.3 % for technological purposes. The share of heat supply for heating and domestic hot water preparation in residential buildings rose by 11.1 %, which corresponds to a colder year in 2021. In that year the average number of degree-days reached 3774.0, which is up 11.5 % compared to 2020 with an average number of degree-days of 3386.3. Heat supply for non-residential buildings and heat supply for technological processes also increased.

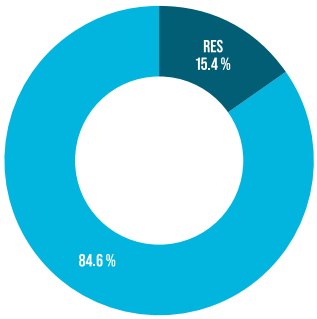
Heat supply in Slovakia



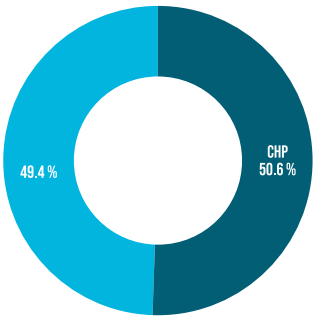
Heat supply from RES and CHP

In 2021, 50.6% of heat used in district heating systems was produced using combined heat and power (CHP) technology. The rest of the regulated heat is generated apart from CHP, in so-called mono-generation. Renewable energy sources account for 15.4% of the total heat supply.

Share of heat supply from RES



Share of heat supply from CHP

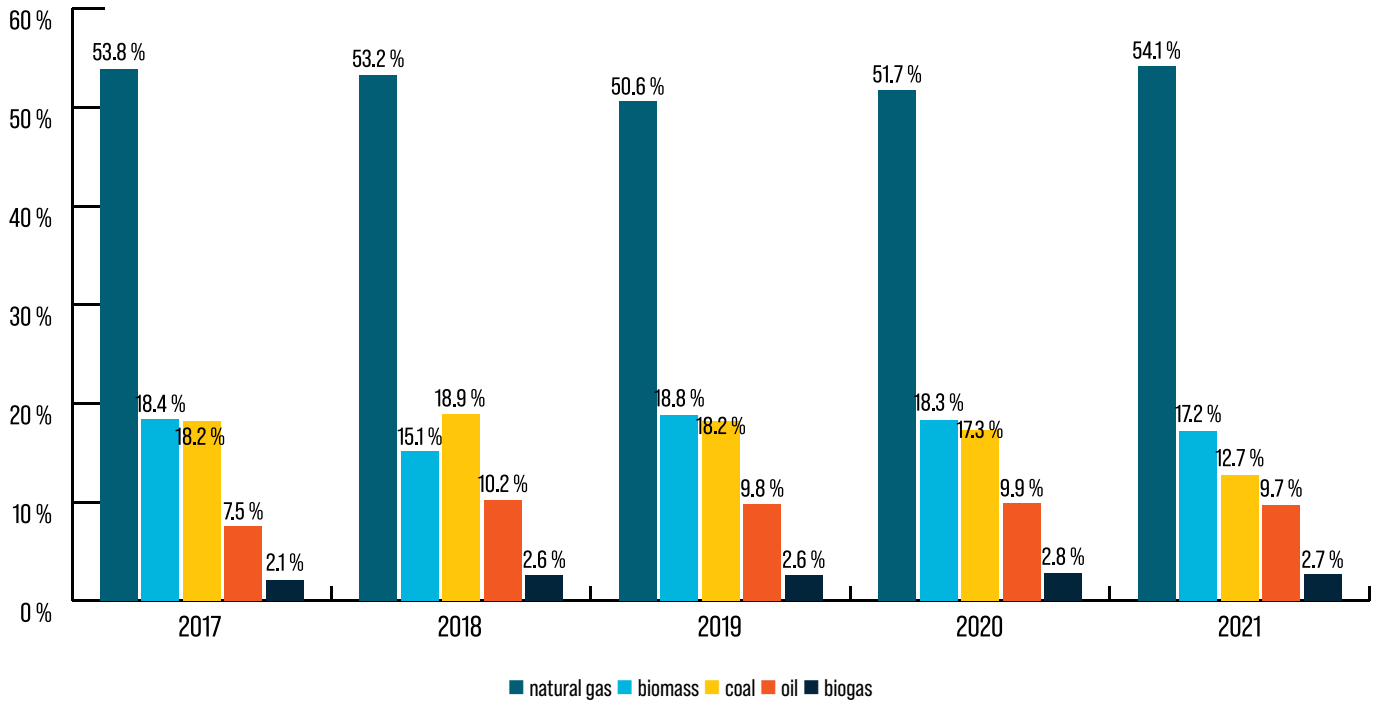


The share of individual fuel types in heat generation has been relatively stable since 2017. The year-on-year changes in the consumption of individual fuels are related to the change in the total heat supply volumes in respective years. In 2021, we saw a decrease of 143k ton in coal consumption compared to 2020 and, on the other hand, an increase in natural gas by 283 GWh. Other fuels are without significant changes. This shows that to cover the increased heat supply in 2021 mainly natural gas was used.

Share of different fuel types in heat generation

Year	Fuel consumption for heat generation				
	Natural gas [GWh]	Biomass [ths.t]	Coal [ths. t]	Biogas [GWh]	Oil [ths. t]
2017	8 141	845	577	326	128
2018	8 637	877	586	326	128
2019	8 597	1 062	595	326	127
2020	8 582	1 020	554	347	127
2021	8 865	1 009	411	337	127

Share of fuels in heat generation



Scope and method of tariff regulation

2021 was the fifth year of the regulatory period from 2017 to 2022. The regulation of heat tariffs in this year was performed in accordance with URSO Decree 248/2016 establishing tariff regulation in the district heating sector, as amended. The amending Decree 298/2021 responded to the change in the regulatory policy, which updated the length of the regulatory period and modified some provisions resulting from the application practice. Tariff regulation was applied to heat generation, distribution and supply and tariffs were determined by a defined method of calculating the maximum heat tariff based on the cost method utilising some elements of price cap.

Basic principles of tariff regulation:

- setting a two-component heat tariff to ensure that the costs of heat generation and distribution are covered more evenly (over the year),
- determining the optimum eligible costs and reasonable profit in order to ensure an efficient, reliable and secure heat supply,
- setting binding values of energy conversion efficiency for heat generation and distribution facilities, whereby costs of uneconomic heat generation and distribution are excluded from the heat tariff,
- regulation of fuel prices for heat generation - optimisation of eligible variable costs,
- motivating regulated entities through regulatory measures to increase the energy efficiency of heat generation and distribution
- promoting the use of renewable energy sources for heat generation, particularly in district heating systems,
- achieving objective settlement of costs incurred in heat generation and distribution for end consumers by settling the actual costs in the determined heat tariff after the end of each calendar year, with a view to create a stable sector with a predictable and transparent regulatory environment.

Heat tariffs monitoring

Pursuant to Act 250/2012 tariff decisions issued for 2017 are valid throughout the whole regulatory period ending 31 December 2022, unless, on the proposal of the regulated entity or on its own initiative, the Office approves an amendment to the tariff decision. The heat tariff is approved as a common maximum tariff for each supplier for all their heating systems from which heat is supplied within the same city or city district.

Decisions in the heating sector

Year		decisions	tariffs
2017	Number of new decisions issued for the 2017-2021 regulatory period	382	757
	Number of amended decisions	41	41
2018	Number of new decisions issued for new suppliers or new locations	15	15
	Number of amended decisions	162	228
2019	Number of new decisions issued for new suppliers or new locations	20	21
	Number of amended decisions	211	301
2020	Number of new decisions issued for new suppliers or new locations	33	58
	Number of amended decisions	89	156
2021	Number of new decisions issued for new suppliers or new locations	15	15
	Number of amended decisions	115	145
	Number of decisions to extend regul. period	207	-

Heat tariffs evolution

For 2021, the Office issued 115 decisions amending heat tariffs mainly due to changes in the economic parameters on which the heat tariffs were based in the previous years 2017 to 2020. For new regulated entities or new locations, the Office issued additional 15 decisions. With regard to the extension of the fifth regulatory period by one year, the Office issued 207 decisions in the fourth quarter of 2021 extending the validity of the decisions until 31 December 2022.

The variable component of the heat tariff was de facto unchanged in 2021 compared to 2020. Although the regulated tariff of natural gas in the heat tariff for 2021 went down from 22.9972 €/MWh to 15.8952 €/MWh, i.e. about 30%, this has not affected the variable component of the heat tariff. Tariff change proposals were mainly submitted by regulated entities whose fixed costs, or the regulatory heat capacity value which determines the heat tariff fixed component, have changed. The fall of the regulated tariff of natural gas in the cases of regulated entities that purchased gas at a favourable price for 2021 will only be reflected in the actual heat tariffs after the actual costs are settled after the end of the regulatory year. Heat suppliers are obliged to return the cost difference between the approved tariffs and the actual tariffs to customers. The average value of the heat tariff variable component in 2021 for all heat suppliers to households reached 0.0402 €/kWh.

Average market and regulated fuel prices (2017-2021)

Fuel	Price	2017	2018	2019	2020	2021
Natural gas in €/MWh	EEX Exchange in the year	17.27	20.94	18.77	13.85	34.12
	Price within the meaning of § 4 (4) (a) of URSO Decree 248/2016	16.293	16.908	18.572	19.998	13.822
	Regulated price in the heat tariff	18.7366	19.4441	27.3384	22.9972	15.8952
Emissions in €/t	EEX Exchange	6.17	15.82	24.85	24.73	53.52
	Regulated price in the heat tariff	current monthly average at the time of buying				
Coal in €/MWh	Market price	12.82	14.21	14.33	15.07	14.10
	Regulated price in the heat tariff	17.00				
Lignite in €/MWh	Market price	17.74	17.55	18.61	17.87	17.35
	Regulated price in the heat tariff	20.00				
Pellets in €/MWh	Market price	34.47	33.91	33.00	34.54	33.68
	Regulated price in the heat tariff	38.00				
Dendromass in €/MWh	Market price	19.23	19.37	19.27	18.57	18.59
	Regulated price in the heat tariff	19.00				
Agricultural biomass in €/MWh	Market price	22.78	22.49	22.29	22.93	22.96
	Regulated price in the heat tariff	23.00				
Landfill gas and sewage gas in €/MWh	Market price	22.00	22.00	21.35	22.00	22.00
	Regulated price in the heat tariff	22.00				
Biogas in €/MWh	Market price	28.56	30.55	26.11	29.67	28.54
	Regulated price in the heat tariff	35.00				

Heat tariffs in 2017-2021

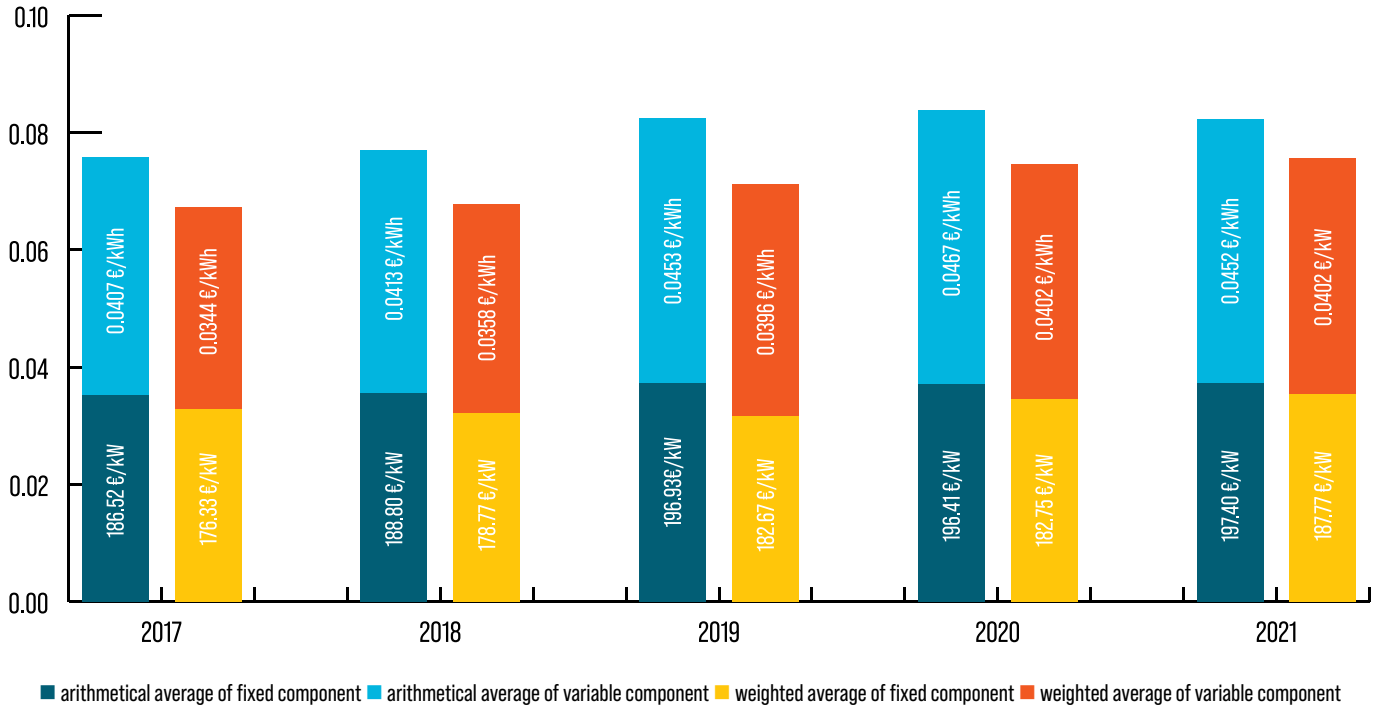
Year	2017	2018	2019	2020	2021	Year-on-year difference			
						2018/2017	2019/2018	2020/2019	2021/2020
Variable component in €/kWh	0.0344	0.0358	0.0396	0.0402	0.0402	4.1%	10.6%	1.5%	0.0%
Fixed component in €/kW	176.33	178.77	182.67	182.75	187.77	1.4%	2.2%	0.0%	2.7%
Final tariff in €/kWh	0.0673	0.0679	0.0712	0.0732	0.0753	0.9%	4.9%	2.8%	2.9%

The average fixed component of the heat tariff, which is determined in €/kW of the regulatory heat capacity value, increased from 182.75 EUR/kW to 187.77 EUR/kW, i.e. up 2.7% for 2021 compared to 2020. The main reason for this was not an increase in fixed costs or profit, but solely 9.5 % decrease in the regulatory heat capacity value. The current method of regulation for the 2017-2022 regulatory period allows for a year-on-year increase in fixed costs only due to new investments in the efficiency of heat generation and distribution. Only 15 suppliers have exercised this option of price increase in 2021, with a total amount of 64 315 000 EUR. However, the increased cost of new investments did not play a large role in the average tariff. A major impact on the reduction of the heat tariff fixed component was made by the 9.5% decrease of the regulatory heat capacity value, which according to the regulation rules caused a proportional reduction in some of the eligible fixed costs and profit which are based on its value.

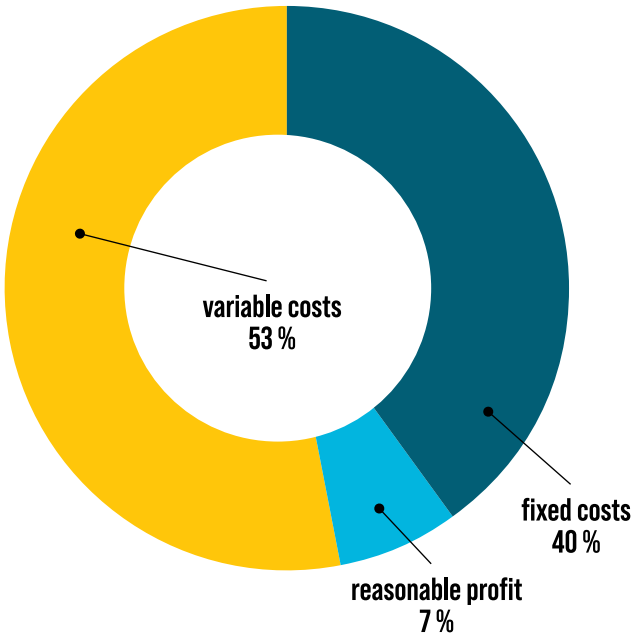
The regulatory heat capacity value depends on the actual heat supply in the last complete calendar year before the submission of the tariff proposal, i.e. for 2021 the base

year is the actual supply in 2019. Rationalisation measures on the side of heat consumers, which included mainly insulation, hydraulic regulation, partial replacement of heat supply from district heating systems by own alternative heat sources have contributed to decreasing volumes of actual heat supply in the long term, which causes a proportional increase in the fixed component of the heat tariff. The impact of climatic conditions on the level of the fixed component is largely eliminated as a result of regulatory measures adopted by URSO Decree 248/2016.

Evolution of the average heat tariff (2017-2021)



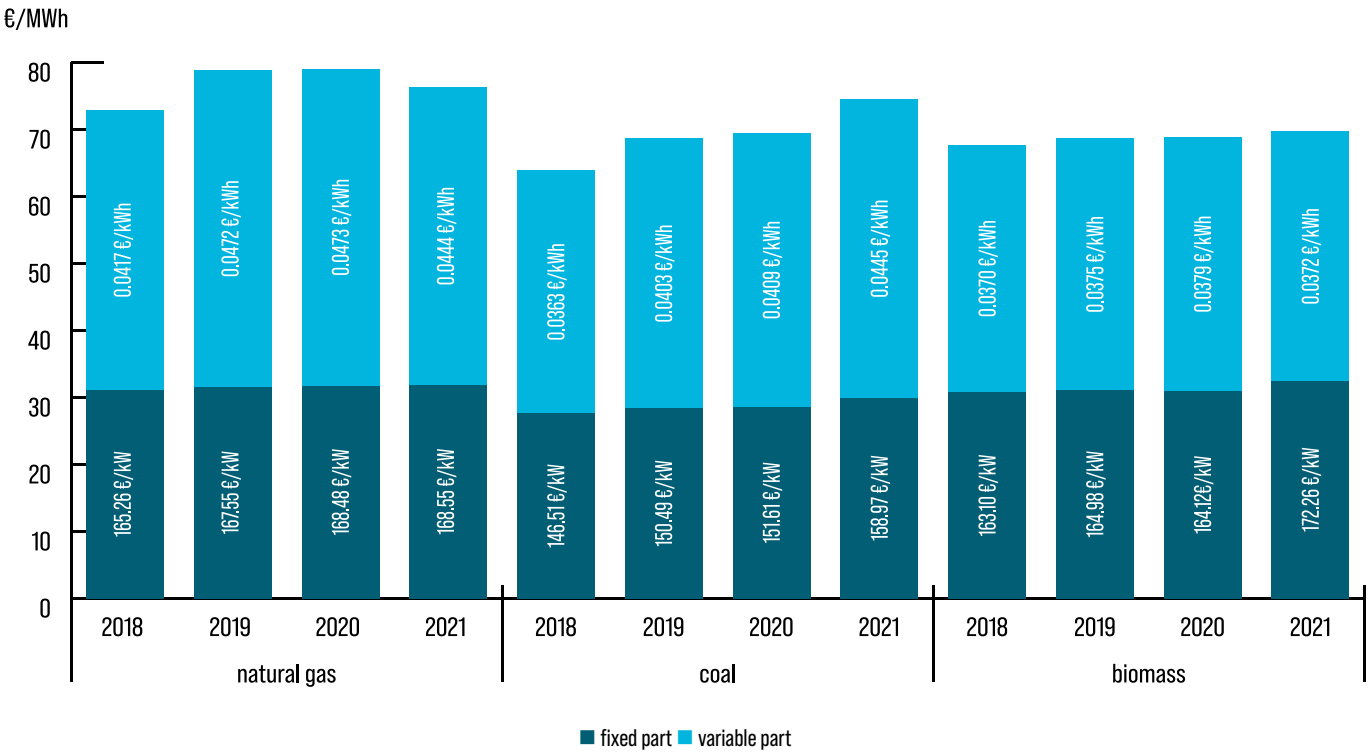
Cost breakdown of the heat tariff



Investments in the heating sector by purpose

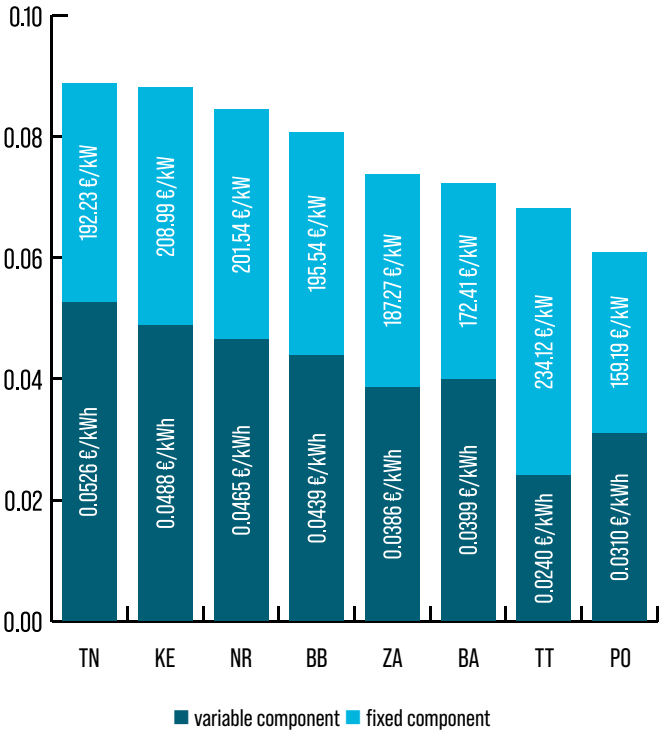
	Investments (thous. EUR)				
	2017	2018	2019	2020	2021
Heat generation installations	12 830	1 664	20 241	12 963	55 997
Heat distribution installations	9 557	18 717	12 035	9 255	8 318
Greening	3 942	0	10 120	120	0
RES construction	5 100	467	265	0	0
Total	31 429	20 848	42 661	22 338	64 315

Heat tariffs, by fuels



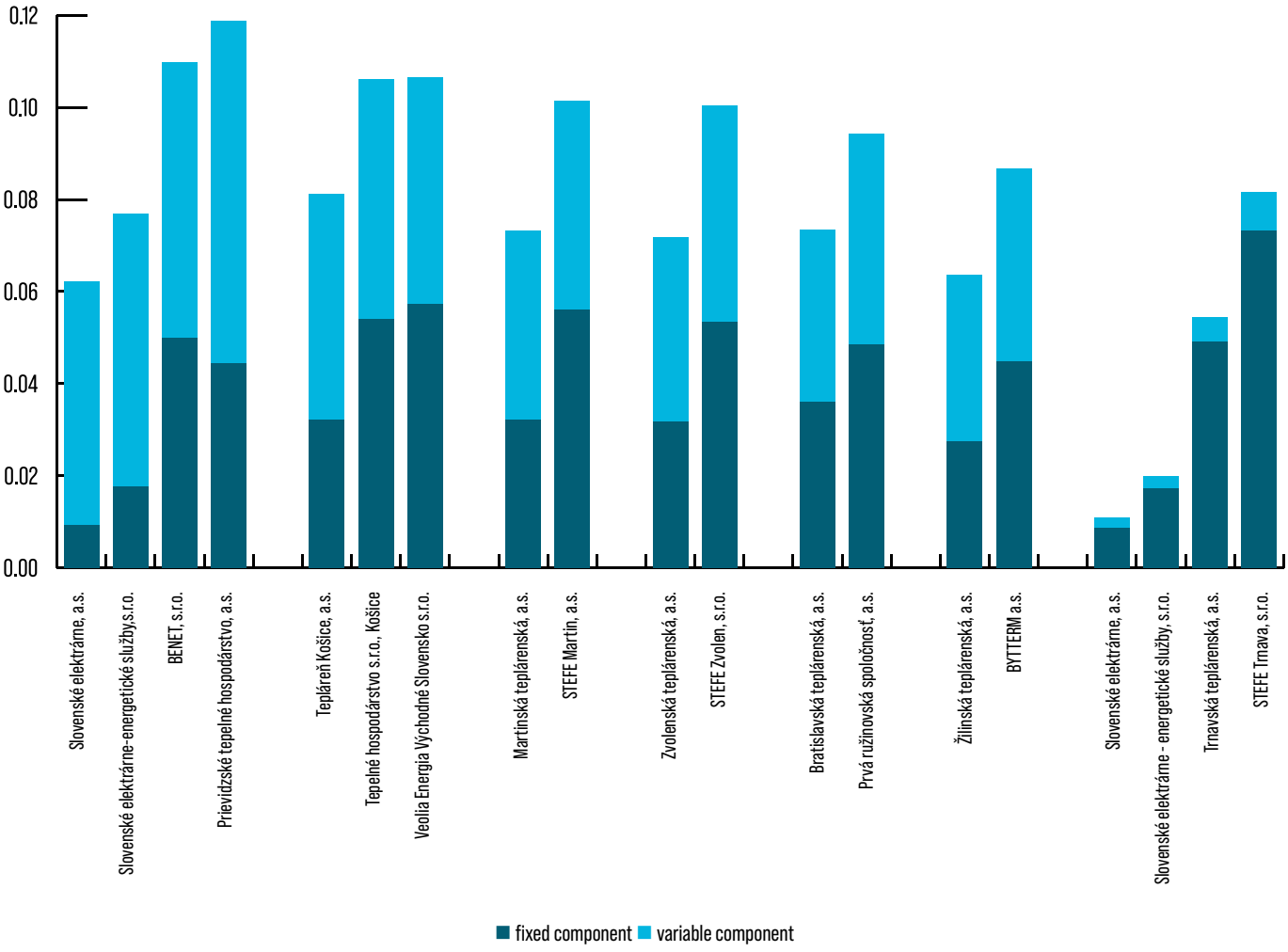
The evolution of heat tariffs by fuel type reflects the development of fuel prices entering the heat tariff variable component.

Average heat prices by Slovakia's regions



The tariffs of specific heat suppliers may differ significantly from the average in individual regions. Although all regulatory measures adopted for the 2017-2022 regulatory period were aimed at stabilising the price of heat for the end user, there are cases deviating from the price average. This is due to the fact that individual district heating systems differ significantly in terms of size, production technology, fuels used, investments in heating installations and equipment, etc. A major factor negatively affecting the final heat price is also the so called supplier chaining, which means that heat supply to the end consumer in one district heating system is provided by several suppliers in succession, which ultimately increases the heat tariff, especially the fixed component.

Heat tariffs in multi-supplier systems (€/kWh)



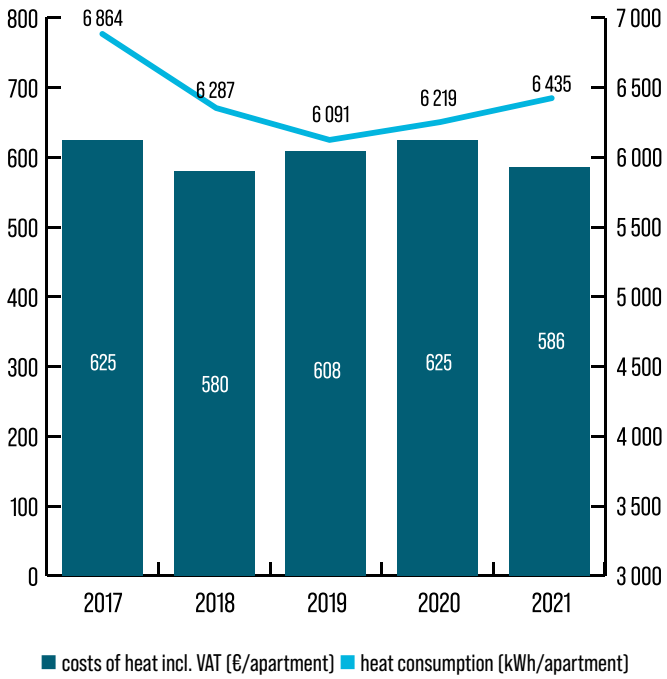
Household heat costs

The Office monitors and evaluates annually the actual consumption of heat for heating and domestic hot water preparation of households. The sample monitored represents 41 000 dwellings. The heat consumption per household in 2021 was 6 435 kWh, which is up 3.5%. The increased heat consumption is related to 2021 being approximately 11.5% colder than 2020. The actual annual cost per household for heat for heating and hot water including VAT was €586, a decrease of 6.2% compared to 2020. This reduction in heat costs is due to lower costs for heat generation and supply in 2021, despite the increased consumption of heat in dwellings - see the table for an overview:

Household heat costs

	2017	2018	2019	2020	2021
Heat consumption (kWh/apartment)	6 864	6 287	6091	6219	6435
Heat costs with VAT (€/apartment)	625	580	608	625	586

Evolution of annual household heat costs



Impact of COVID-19

2021 was marked by the COVID-19 pandemic effects, which had to be faced by all sectors of the national economy, not excluding the heating sector. Heat suppliers, like all employers, had to cope with huge staff shortages, increased costs for protective equipment and the provision of all measures to prevent the spread of the COVID-19 disease. Despite this, the Office did not witness any events in 2021 threatening the safety and continuity of heat supply in the heating sector. The Office extended a most accommodating approach towards regulated entities for smooth communication and resolution of all suggestions from their side.

04. WATER

Market regulation in the water sector

In the water sector, the Office performs tariff regulation in the area of public water supply and public sewerage, as well as in services related to the use of surface water. In public water supply and public sewerage, regulated activities are production, distribution and supply of drinking water by public water supply and collection and treatment of wastewater by public sewerage. In surface water use, regulated activities are abstraction of surface water and energy water from watercourses and the exploitation of the watercourses' hydropower potential.

In the production, distribution and supply of drinking water and wastewater collection and treatment there are 14 natural local monopolies - large water companies with a majority market share, but there are smaller operators of public water supply and public sewerage systems as well.

In a given locality, there is always a single supplier defined by the territory on which it operates its water supply or sewerage networks, without the possibility of supplier selection by the consumer. In services related to the use of surface water, the only regulated entity with a monopoly position is Slovenský vodohospodársky podnik, š. p., Banská Štiavnica, as the state-appointed administrator of the country's significant watercourses.

Amendment of Act No. 442/2002 on public water supply and public sewerage systems introduced at the end of 2021 regulation on the establishment and ownership of public water supply systems and public sewerage systems. Pursuant to this regulation only a public law entity may be the owner of these networks for reasons of public interest. The owner may also be the operator of water management assets or entrust their management to another entity on the basis of a contractual relationship. The business environment within public water supply and public sewerage systems is currently stabilised by the statutory scope of tariff regulation and the definition of a regulated entity. The Office issues registration certificates to regulated entities indicating the regulated activity and the category of public water supply or public sewerage system used in that activity.

In 2021, the Office issued a total of 25 certificates of registration based on applications from regulated entities pursuant to Section 23 of Act 250/2012.

As of 31 December 2021, a total of 677 regulated entities operating public water supply and public sewerage systems were registered. Of this number of regulated entities, there were 14 water supply companies, one city, 43 municipalities and 82 smaller companies operating public water supply or public sewerage of category I and II. There were 537 small towns and municipalities operating public water supply or public sewerage systems of category III.

Drinking water and wastewater tariff regulation method

The Office fixes the tariffs in tariff proceedings by issuing a tariff decision for regulated entities operating public water supply and/or public sewerage of category I and II and by issuing a tariff confirmation for regulated entities operating public water supply and/or public sewerage of category III.

Overview of decisions issued in water

Type of decision	2017	2018	2019	2020	2021
New tariff decisions	258	7	7	12	16
Amendments to tariff decisions	7	11	17	19	18
Decisions to extend the validity of a tariff decision	0	0	0	0	126
Price confirmations	996	22	20	17	532
Decisions to discontinue a proceeding	19	3	6	6	19
Decisions to suspend a proceeding	43	21	21	38	40
Decisions to revoke a tariff decision	1	1	3	1	1
Total	1324	65	74	93	752

Drinking water and wastewater tariffs monitoring and evolution

According to the legislation in force, tariffs decisions and tariff confirmations issued in 2017 are valid until the end of the 2017-2021 regulatory period, unless the Office approves an amendment to them.

On 10 November 2020, in accordance with Section 8(9) of Act 250/2012, the Regulatory Board adopted Amendment 1 to the Regulatory Policy for the regulatory period 2017-2021, which, inter alia, extended the regulatory period 2017-2021 until 31 December 2022. Subsequently, the extension of the regulatory period was reflected in the new URSO Decree 361/2021, amending Decree 21/2017 establishing tariff regulation in the production, distribution and supply of drinking water by public water supply and in wastewater collection and treatment by public sewerage, as amended. The Decree entered into force on 15 October 2021.

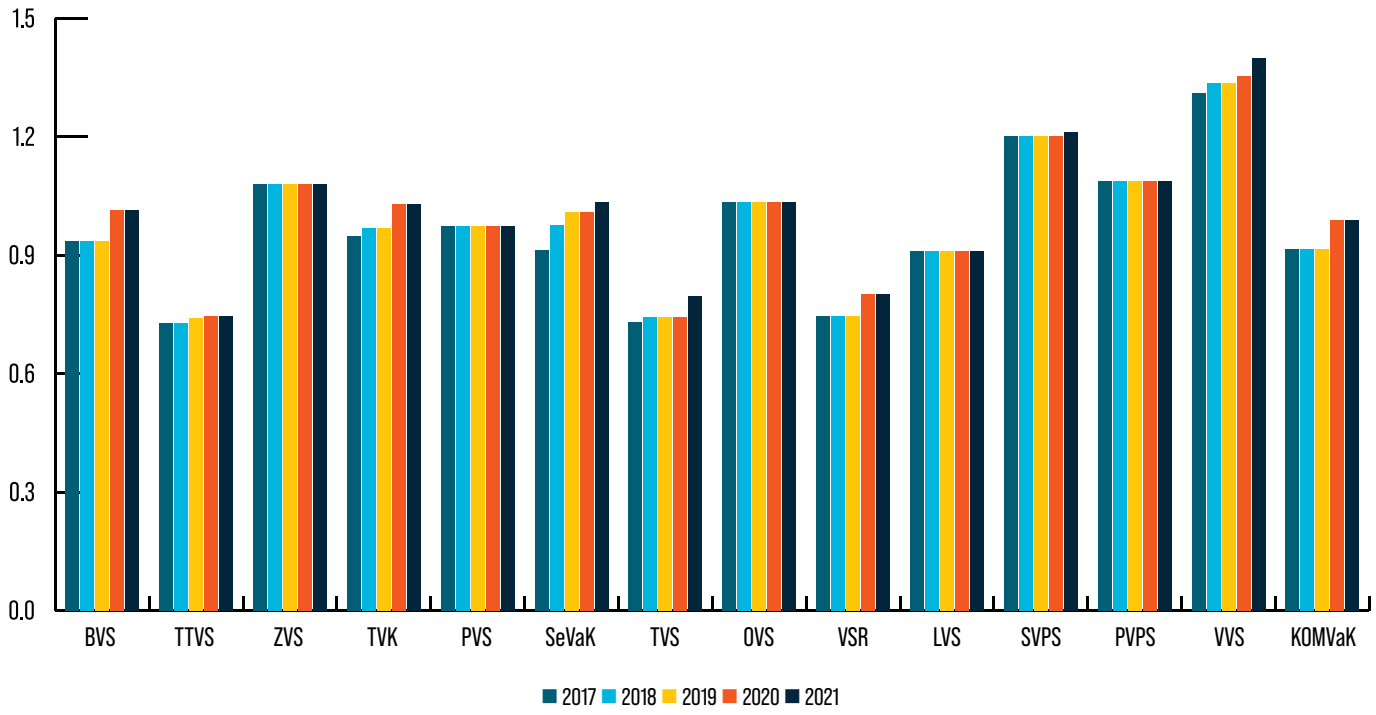
In 2021, the Office issued 18 amendments to tariff decisions, six of which were issued to water companies. Sixteen tariff decisions were issued for new regulated entities or for regulated entities' new locations. Following the extension of the regulatory period, the Office also issued 126 decisions in 2021 extending the validity of tariff decisions until 31 December 2022.

The Office approved changes to the maximum tariff for the production and supply of drinking water in four water companies due to the reconstruction of public water supply systems and an increase in personnel costs, which are rising in line with the average wage in the national economy of the Slovak Republic. This led to an increase of the average price for drinking water production and supply by 1.3% to 1.1032 EUR/m^3 (price calculated as a weighted average). The tariff changes in wastewater collection and treatment for the four water companies were mainly due to investments in the construction of public sewerages and wastewater treatment plants, renovations of obsolete assets and increases in personnel costs. As a result, the average price for wastewater collection and treatment by public sewerage were up 2.4 % to 1.0860 EUR/m^3 (a weighted average).

Tariffs for drinking water production and supply in EUR/m^3, excl. VAT, by water utilities

Water utility	2017 €/m^3	2018 €/m^3	2019 €/m^3	2020 €/m^3	2021 €/m^3
Bratislavská vodárenská spoločnosť (BVS)	0.9359	0.9359	0.9359	1.0135	1.0135
Trnavská vodárenská spoločnosť (TTVS)	0.7286	0.7286	0.7398	0.7449	0.7449
Západoslovenská vodárenská spoločnosť (ZVS)	1.0802	1.0802	1.0802	1.0802	1.0802
Trenčianske vodárne a kanalizácie (TVK)	0.9494	0.9684	0.9684	1.0293	1.0293
Považská vodárenská spoločnosť (PVS)	0.9741	0.9741	0.9741	0.9741	0.9741
Severoslovenské vodárne a kanalizácie (SeVaK)	0.9126	0.9765	1.0094	1.0094	1.0343
Turčianska vodárenská spoločnosť (TVS)	0.7302	0.7427	0.7427	0.7427	0.7978
Oravská vodárenská spoločnosť (OVS)	1.0353	1.0353	1.0353	1.0353	1.0353
Vodárenská spoločnosť Ružomberok (VSR)	0.7460	0.7460	0.7460	0.8024	0.8024
Liptovská vodárenská spoločnosť (LVS)	0.9102	0.9102	0.9102	0.9102	0.9102
Stredoslovenská vodárenská prevádzková spoločnosť (SVPS)	1.2010	1.2010	1.2010	1.2010	1.2119
Podtatranská vodárenská prevádzková spoločnosť (PVPS)	1.0884	1.0884	1.0884	1.0884	1.0884
Východoslovenská vodárenská spoločnosť (VVS)	1.3100	1.3362	1.3362	1.3530	1.4004
Vodárne a kanalizácie mesta Komárna (KOMVaK)	0.9162	0.9162	0.9162	0.9900	0.9900

Evolution of tariffs for drinking water production and supply in €/m³ excl. VAT (2017-2021)

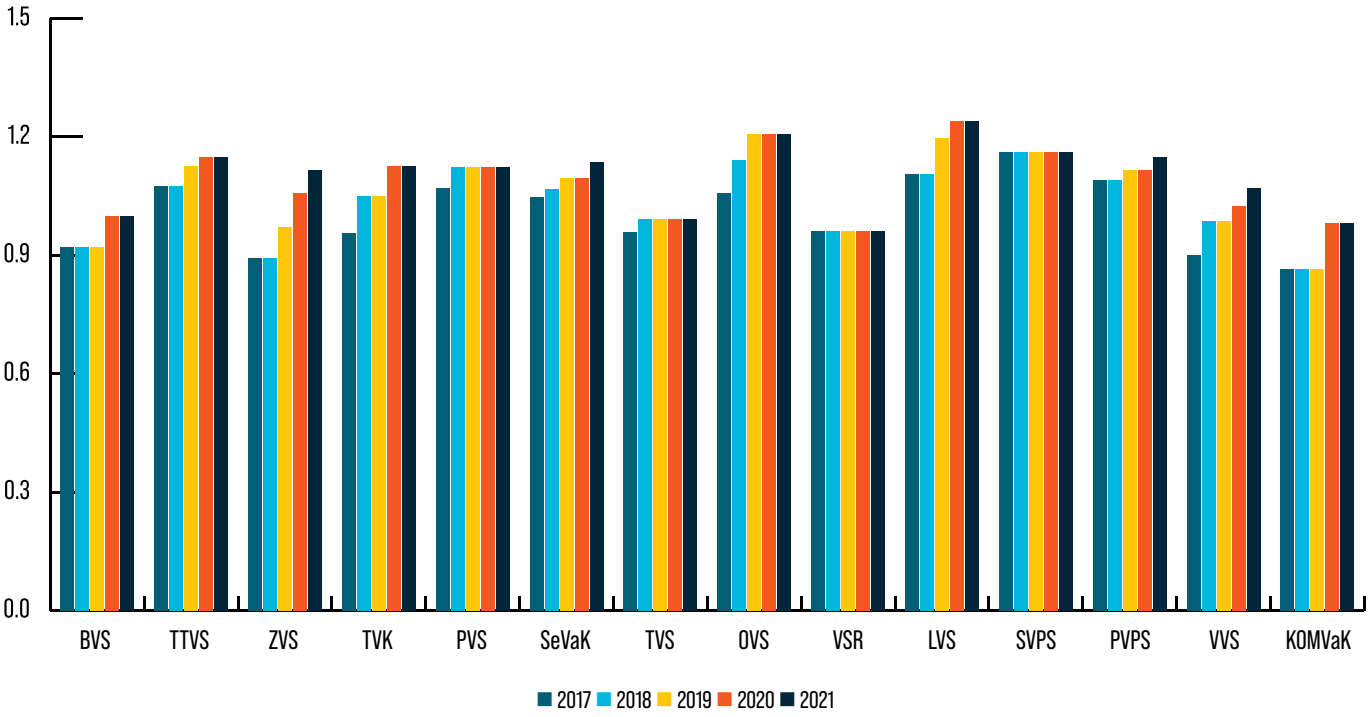


Tariffs for wastewater collection and treatment by public sewerage in EUR/m³, excl. VAT, by water utilities

Water utility	2017 €/m³	2018 €/m³	2019 €/m³	2020 €/m³	2021 €/m³
Bratislavská vodárenská spoločnosť(BVS)	0.9216	0.9216	0.9216	0.9985	0.9985
Trnavská vodárenská spoločnosť (TTVS)	1.0758	1.0758	1.1251	1.1497	1.1497
Západoslovenská vodárenská spoločnosť (ZVS)	0.8918	0.8918	0.9721	1.0573	1.1157
Trenčianske vodárne a kanalizácie (TVK)	0.9554	0.9554	1.0509	1.1251	1.1251
Považská vodárenská spoločnosť (PVS)	1.0700	1.1235	1.1235	1.1235	1.1235
Severoslovenské vodárne a kanalizácie (SeVaK)	1.0483	1.0669	1.0947	1.0947	1.1352
Turčianska vodárenská spoločnosť (TVS)	0.9591	0.9907	0.9907	0.9907	0.9907
Oravská vodárenská spoločnosť (OVS)	1.0570	1.1416	1.2075	1.2075	1.2075

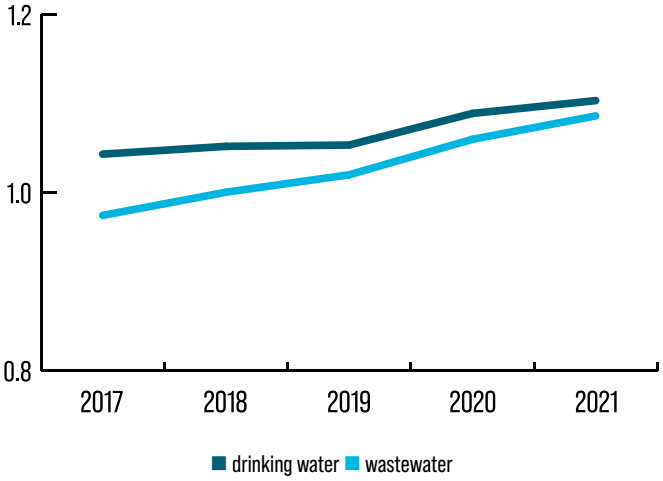
Water utility	2017 €/m³	2018 €/m³	2019 €/m³	2020 €/m³	2021 €/m³
Vodárenská spoločnosť Ružomberok (VSR)	0.9603	0.9603	0.9603	0.9603	0.9603
Liptovská vodárenská spoločnosť (LVS)	1.1068	1.1068	1.1978	1.2398	1.2398
Stredoslovenská vodárenská prevádzková spoločnosť (SVPS)	1.1615	1.1615	1.1615	1.1615	1.1615
Podtatranská vodárenská prevádzková spoločnosť (PVPS)	1.0904	1.0904	1.1164	1.1164	1.1499
Východoslovenská vodárenská spoločnosť (VVS)	0.9000	0.9870	0.9870	1.0235	1.0716
Vodárne a kanalizácie mesta Komárna (KOMVaK)	0.8643	0.8643	0.8643	0.9813	0.9813

Evolution of tariffs for wastewater collection and treatment in €/m³ excl. VAT (2017-2021)



The average total price for drinking water supply and wastewater collection and treatment, excluding VAT, charged by water companies in Slovakia reached 2.1892 €/m³ and was up 1.8% year-on-year.

Evolution of average tariffs for drinking water production and supply and for wastewater collection and treatment (2018-2021)

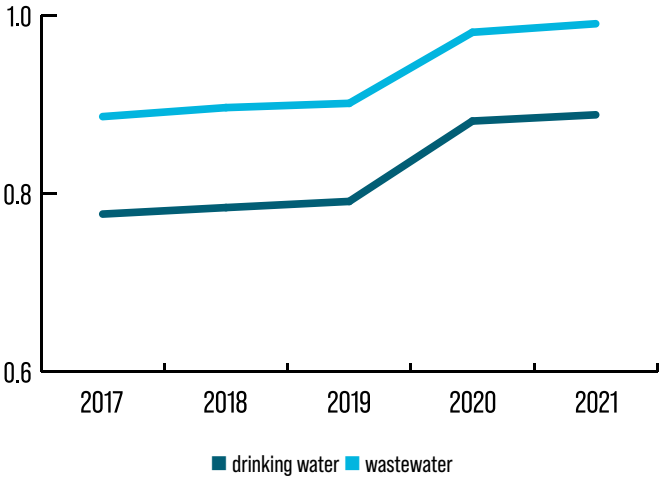


In 2021, smaller companies and municipalities supplying drinking water or collecting and treating wastewater, mainly in villages and smaller peripheral parts of towns, submitted 37 proposals for price changes, of which the Office changed the prices in 18 cases and stopped the proceedings in 19 cases. In 2021, the Office issued 16 new tariff decisions and 21 price confirmations for smaller companies and municipalities. In this group of regulated entities in 2021, the average price for the supply of drinking water went up by 0.8% and the average price for wastewater treatment by 1.0%. However, these average prices are lower than the average prices of water utility companies. For drinking water supply prices, the increase was mainly because small companies and some municipalities purchase drinking water from water utility companies and therefore the increase in the water utility price will be reflected in an increase in the cost of purchasing water from them. The prices for wastewater collection and treatment are mainly affected by the inclusion of new assets of sewerage and wastewater treatment plants built by municipalities with the assistance from EU funds and state subsidies.

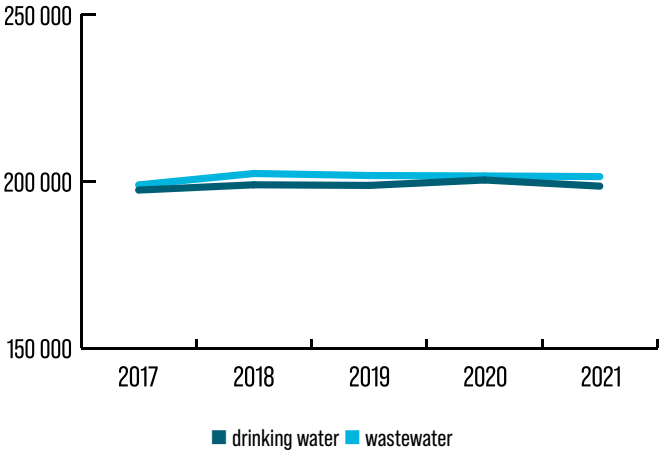
Evolution of average tariffs of small regulated entities in €/m³ excl. VAT

	2017	2018	2019	2020	2021
Drinking water	0.7770	0.7843	0.7912	0.8815	0.8885
Wastewater	0.8865	0.8966	0.9014	0.9812	0.9908

Evolution of tariffs of small regulated entities in €/m³



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



Development of drinking water supply and wastewater disposal

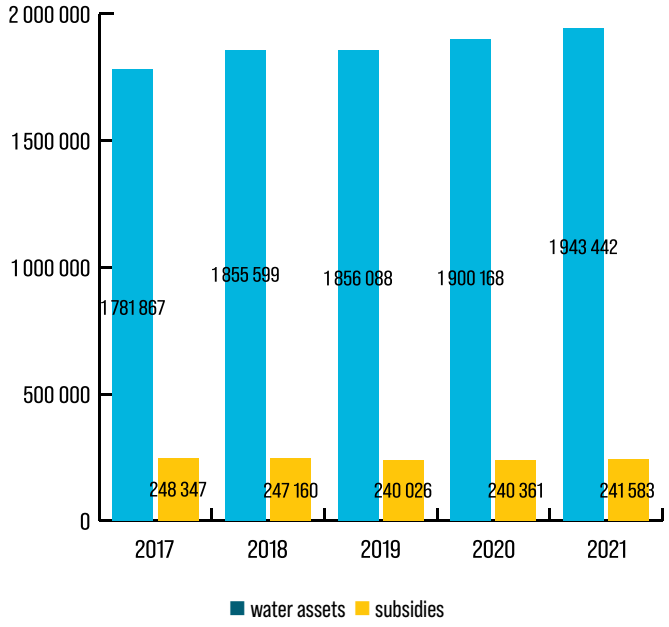
The volumes of drinking water supply as well as wastewater collection and treatment saw a slight decline in 2021. Water utilities supplied 1 845 000 m³ less drinking water than in the previous year (- 0.9%) and the volume of wastewater discharged by public sewers dropped by 188 000 m³ (- 0.1%). These decreases may have been due to lower water consumptions and wastewater discharges as a result of COVID-19 pandemic related restrictions on operations and production. Although in most water utilities the volumes of drinking water supplied remained at the same level as in the previous year, a more pronounced decrease was reported by Bratislavská vodárenská spoločnosť, a. s. – and also in the case of wastewater disposal and treatment (partly due to the correction of previous poorly established accrued items).

Capacity utilisation of water assets used for drinking water supply remained at the same level as in 2020, at an average of 94%. Capacity utilisation of water assets used for wastewater collection and treatment was up 7% to 91%.

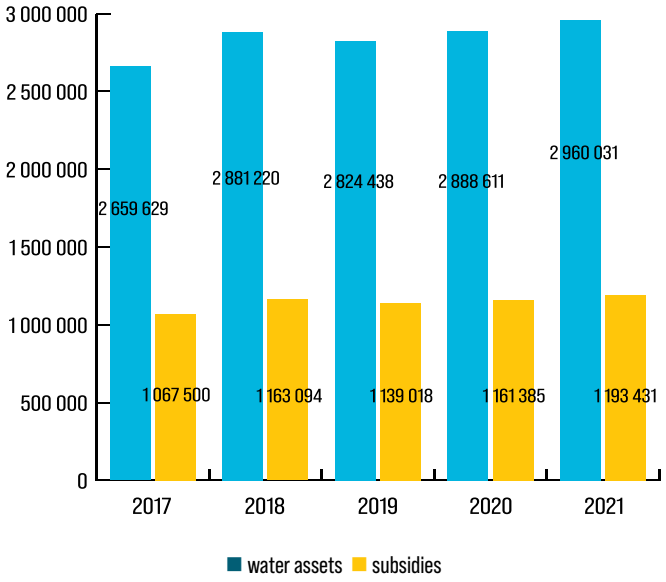
Investments

The value of assets used for drinking water supply rose by 2.3%, while the value of assets procured from EU funds and state budget subsidies increased only slightly by 0.5%. In wastewater collection and treatment, the total value of assets was up 2.5% in 2021 and the value of assets built from subsidies rose by 2.8%.

Evolution of water assets and subsidies - public water supply in ths. €



Evolution of water assets and subsidies - public sewerage and wastewater treatment plants in ths. €



Selected indicators of regulated activities performed by water utility companies

Drinking water	2017	2018	2019	2020	2021	change 2021/2020	%
Revenues from regulated activities in ths. €	205 081	208 113	209 210	212 753	215 892	3 139	1.5
Eligible costs in ths. €	199 202	202 859	204 659	207 746	210 760	3 014	1.5
Profit/loss in ths. €	5 880	5 254	4 551	5 007	5 132	125	2.5
Water assets in ths. €	1 781 867	1 855 599	1 856 088	1 900 168	1 943 442	43 274	2.3
from subsidies in ths. €	248 347	247 160	240 026	240 361	241 583	1 222	0.5
Repairs in ths. €	31 199	31 210	32 344	31 057	27 423	-3 633	-11.7
Water volume ths. m^3	197 418	199 006	198 816	200 447	198 602	-1 845	-0.9
Assets utilisation	96%	96%	94%	94%	94%	0	0.3

Wastewater	2017	2018	2019	2020	2021	change 2021/2020	%
Revenues from regulated activities in ths. €	189 993	199 202	202 194	207 268	216 546	9278	4.5
Eligible costs in ths. €	203 320	210 658	209 751	210 101	217 936	7835	3.7
Profit/loss in ths. €	-13 327	-11 456	-7 557	-2 833	-1 390	1443	50.9
Water assets in ths. €	2 659 629	2 881 220	2 824 438	2 888 611	2 960 031	71420	2.5
from subsidies in ths. €	1 067 500	1 163 094	1 139 018	1 161 385	1 193 431	32046	2.8
Repairs in ths. €	19 025	21 531	20 641	19 976	19 801	-175	-0.9
Water volume ths. m^3	198 972	202 394	201 791	201 652	201 464	-188	-0.1
Assets utilisation	84%	84%	84%	85%	91%	0	7.2%

Surface and energy water abstraction and use of hydropower potential

Regulated activities in the area of surface water use are surface water abstraction, abstraction of energy water from watercourses and exploitation of the watercourses' hydropower potential.

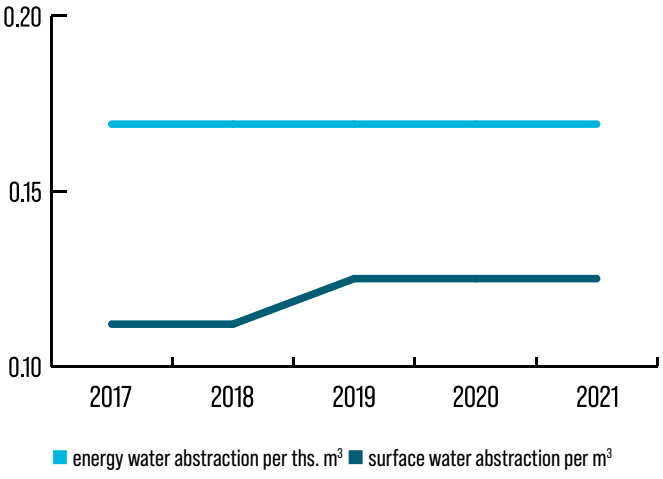
Regulated activities in this area with a monopoly position in the Slovak Republic are carried out by the state-appointed administrator of watercourses, Slovenský vodohospodársky podnik, š. p., Banská Štiavnica.

In 2021, the tariff for surface water abstraction, tariff for energy water abstraction from watercourses and the average tariff for the use of hydropower potential did not change year-on-year.

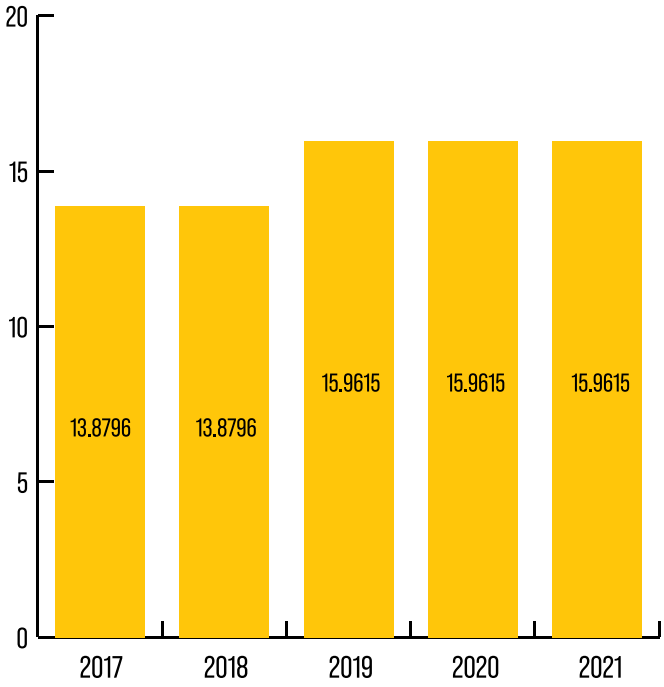
Prices for surface water use in € (excl. VAT)

	2017	2018	2019	2020	2021
Tariff for surface water abstraction per m³	0.1120	0.1120	0.1250	0.1250	0.1250
Average tariff for the use of hydropower potential per 1 MWh	13.8796	13.8796	15.9615	15.9615	15.9615
Tariff for energy water abstraction per ths. m³	0.1691	0.1691	0.1691	0.1691	0.1691

Evolution of tariffs for water abstraction in € (excl. VAT)



Average tariff for the use of hydropower potential in €/MWh (excl. VAT)



Impact of COVID-19

In the area of drinking water supply and wastewater collection and treatment, the situation since the outbreak of the COVID-19 pandemic in March 2020 and its duration until the end of 2021 had the following effects on the water utility companies:

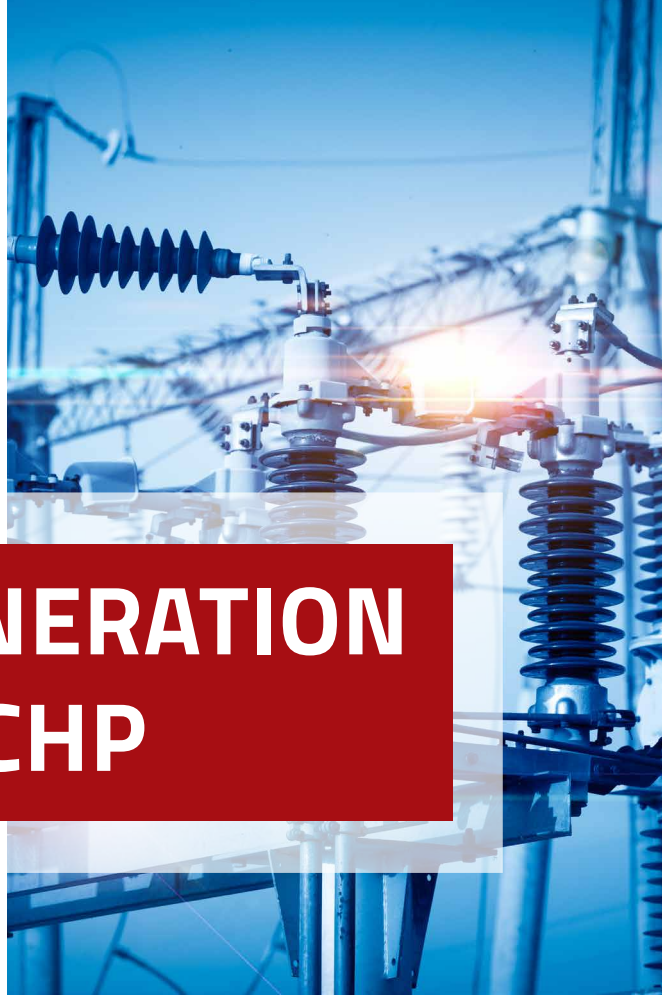
- cost increases due to increases in prices for many commodities, as well as significant price increases for construction work and building materials,
- increased costs for the procurement of personal protective equipment and the cost of employee COVID-19 testing, which ranged in the tens of thousands of euros depending on the size of the company,
- in most water companies, drinking water consumption remained at the previous year's level or decreased slightly, as did the volumes of wastewater collection and treatment,
- staff absenteeism due to COVID-19 illness or quarantine due to illness of a close person has made it difficult to organize work to ensure the proper and continuous operation of water utilities, which resulted in a reduction of asset repairs, apart from emergencies.

Water utilities took rationalisation measures to eliminate as much as possible the negative impacts caused by the pandemic.

In the area of surface water related services, the pandemic had a negative impact by limiting many of the critical activities of the company, but most notably repairs and maintenance of water assets. Equally significantly, Slovenský vodohospodárský podnik, š.p. was affected by the increase in commodity prices and a significant rise of the prices of construction works and building materials.

05.

ELECTRICITY GENERATION FROM RES AND CHP



The Integrated National Energy and Climate Plan 2021-2030, developed pursuant to Regulation (EU) No 2018/1999 on the Governance of the Energy Union and Climate Action, set as a headline and quantified energy and climate target to achieve a 20% reduction of greenhouse gas emissions (for non-traded sectors). One of the alternatives to achieve this ambitious target in the energy sector is, in particular, the promotion of electricity generation from RES or CHP.

As a legislative framework for the support of electricity generation from RES and CHP, Act No. 309/2009 on renewable energy sources and combined heat and power support, as amended, was approved in 2009. This act improved the functioning of the electricity market in the area of renewable energy sources (and combined heat and power generation) by providing a long-term guarantee of feed-in tariffs for 15 years. At the same time, it favoured the construction of small and decentralised installations. In order to further accelerate the development of RES (whose foreseen share in final energy consumption for 2030 is set at 19.2%) during the period 2021-2030, this basic legislative framework has been amended several times in order to, in its current wording, allow RES producers to extend the period of receiving support for electricity generation by additional five years (so called repowering) and create conditions to support the use of upgraded biogas - biomethane, while maintaining support for Slovakia's hydrological and geothermal potential.

Supported technologies

RES technologies whose electricity generation (or combined heat and power) is supported under Act No. 309/2009 include:

- combustion of:
  - landfill gas or gas from wastewater treatment plants with installed capacity of up to 500 kW,
  - biogas produced by anaerobic fermentation with installed capacity of up to 500 kW,
  - high-efficiency combined biogas production by anaerobic fermentation with installed capacity of up to 500 kW;
- geothermal energy;
- hydropower with installed capacity of up to 500 kW.

The support of CHP technologies remained virtually unchanged compared to previous years, but the emphasis of the support was primarily directed towards its use in district heating, as the support is conditioned on the supply of heat produced for district heating.

Currently supported CHP technologies are:

- combined cycle combustion turbine,
- combustion turbine with heat recovery,
- internal combustion engine fuelled by natural gas, heating oil, a mixture of air and methane, from catalytically treated waste, from thermal cracking of waste and its products,
- back-pressure steam turbine or condensing steam turbine with heat extraction fuelled by natural gas, heating oil, brown coal, hard coal with the electricity producer's total installation capacity above 50 MW, municipal waste, gas produced by thermochemical gasification of waste in a gasifier or by thermal cracking of waste,
- combustion of energetically reusable gases produced in the steelmaking process,
- organic Rankine cycle,
- incineration or co-incineration of purpose-grown biomass excluding cereal straw, other waste biomass excluding cereal straw, bioliquids,
- combustion of biomethane obtained from biogas produced by anaerobic fermentation technology.

Tariff decisions and confirmations of origin for electricity

The process of issuing tariff decisions in the RES and CHP sector was mainly influenced by three key factors during 2021, namely legislative anchoring of repowering (regime of prolonged support with reduced feed-in-tariff), extension of the regulatory period by one year due to the adoption of the amendment to the regulatory policy, and at the same time a significant change in the average price of natural gas as an input commodity for the production of electricity by cogeneration.

Based on these facts, in addition to the regular decisions due to the change of ownership of RES installations (39 decisions) and due to the change in corrections for natural gas in CHP installations (75 decisions), the Office also issued 443 final decisions with the extension of the support period and 185 decisions with the extension of the validity of the tariff decision by one year.

At the same time, it also issued 12 decisions for new and reconstructed installations generating power from RES and CHP and revoked a total of 42 decisions due to the termination of activity or a change in the person of the electricity producer.

Overview of RES and CHP tariff decisions

change of ownership of facilities	39
change of correction to natural gas fuel in CHP installations	75
final decisions with extension of the support period (repowering)	443
the decision to extend the validity of the tariff decision by one year	185
other tariff decisions (for new and refurbished equipment)	12
tariff decisions revoked	42
Total	796

In 2021, the Office also issued 190 confirmations of origin for electricity from renewable energy sources, of which 109 confirmations were for installations using biogas combustion technology and 39 confirmations for solar energy source, the rest related to other technologies. The Office issued 112 confirmations of origin for electricity produced by high-efficiency cogeneration, of which 86 were for installations using natural gas as a fuel source. In total, the Office issued 302 confirmations of origin.

Investment cost reference values

The reference values of investment costs for the acquisition of a new comparable technological part of the electricity producer's installation, which the Office publishes annually on its website pursuant to Section 7(15) of Decree No. 18/2017 Coll., are calculated on the basis of data on the actual volumes of electricity generated in the RES and CHP electricity producers' installations with the entitlement to support for the period 2012-2020.

The parameters entering into the calculation of the investment cost benchmarks are obtained by the Office primarily from the annual reports of individual electricity producers and from data on investment and operating expenditures of electricity producers from RES and CHP for the period 2019 and 2020. The computation of the individual parameters entering into the calculation of the investment cost benchmarks is based on processing output data from more than 2 400 RES and CHP electricity producers.

The overview of reference values of investment costs for the acquisition of comparable technological part of the electricity producer's installation valid for the period from 1 July 2021 to 30 June 2022 is divided into RES and CHP categories and presented in the following table.

Overview of investment cost reference values for the acquisition of a comparable technological part of the electricity producer‘s installation valid for the period from 1 July 2021 to 30 June 2022

	Electricity generation installation	Reference price in €/MW
	RES	
a)	**hydropower with total installed capacity**	
	1. up to 100 kW	3 052 903
	2. above 100 kW up to 200 kW	2 490 065
	3. above 200 kW up to 500 kW	2 146 574
b)	**geothermal energy**	**5 208 000**
c)	**combustion of**	
	1. landfill gas or gas from wastewater treatment plants with total capacity up to 500 kW	1 750 151
	2. biogas produced by anaerobic fermentation technology with total installed capacity of up to 500 kW	4 107 988
d)	**combustion of biogas produced by anaerobic fermentation technology with total installed capacity above 250 kW up to 500 kW**	**4 228 979**
	CHP	
a)	**combined cycle combustion turbine**	**569 311**
b)	**combustion turbine with heat recovery**	**599 622**
c)	**internal combustion engine with fuel**	
	1. natural gas	453 733
	2. heating oil	385 667
	3. mixture of air and methane	438 258
	4. from catalytically treated waste	708 333
	5. from thermal cracking of waste and its products	1 572 464
d)	**back-pressure steam turbine or condensing steam turbine with heat extraction with fuel**	
	1. natural gas	788 127
	2. heating oil	699 907
	3. brown coal	756 628
	4. coal with total installed capacity of the electricity producer‘s installation up to 50 MW	736 364
	5. coal with total installed capacity of the electricity producer‘s installation above 50 MW	1 021 446
	6. municipal waste	867 680
	7. gas produced by thermochemical gasification of waste in a gasifier or by thermal cracking of waste	1 207 609
e)	**combustion of energetically reusable gases produced in the steelmaking process**	**701 919**
f)	**Rankine‘s organic cycle**	**921 289**
g)	**incineration or co-incineration**	
	1. purpose-grown biomass excluding cereal straw	3 286 676
	2. waste biomass excluding cereal straw	3 143 324
	3. bioliquids	2 036 667
h)	**combustion of biomethane obtained from biogas produced by anaerobic fermentation**	**3 774 194**

Extension of RES support

The amendment to the RES and CHP Support Act established an obligation for electricity producers with the entitlement to support to submit to the Office by 31 August of the calendar year a proposal for a reduction of the electricity price if the average amount of the feed-in-tariff for the previous calendar year reached at least 150 EUR/MWh and the total amount of the feed-in-tariff paid was at least 75 000 EUR. The institute of the prolongation of support (so called repowering) was introduced into the national legislation by the latest amendment to Act No 309/2009 Coll. with effect from 1 August 2021. The Office subsequently issued a decree in a very short timeframe with effect from 25 August 2021 implementing the relevant provisions of the amendment. URSO Decree No. 326/2021, amending Decree No. 18/2017, established the method of calculation of the electricity price for determining the value of the support for electricity produced from renewable energy sources under the extended feed-in-tariff support - new Annex No. 10 - tariff proposal for the extension of the RES support and the scope of the documents required for the tariff proceeding. The purpose of the repowering is to extend the period of the feed-in-tariff support for RES electricity generation installations by five years, with a reasonable reduction of the feed-in-tariff, which includes the possibility of recovering eligible costs for the necessary repairs or modification of the technological part of the electricity producer's installation until a new feed-in-tariff will be approved or fixed by the Office. A total of 464 entities participated in the repowered feed-in-tariff support scheme, which ultimately reduces electricity prices for Slovakia's households, with 23 solar electricity producers and one hydropower producer joining the scheme voluntarily. For this number of entities, up to 443 valid tariff reduction decisions were issued in 2021. The remaining tariff proceedings were either discontinued for legal reasons, suspended due to lack of supporting documents, in other cases appealed by electricity producers, or exemptions from the extension were granted to the entities (for five installations). The total annual estimated savings resulting from the implementation of the repowering are estimated at approximately 72 million EUR, the exact figures will not be known until 2023.

Additionally, in connection with the calculation of the reduced price, the Office published, on the basis of Section 8(5)(c)(2.2) of URSO Decree No. 326/2021, amending Decree No. 18/2017, the values of investment costs of a new comparable technology of a part of the electricity producer's installation in EUR per 1 MW of the installed capacity:

Investment cost value of a new comparable technology of a part of the electricity generator's installation

Electricity generation technology	Investment value [€/MW]
Hydropower	2 563 181
Solar energy	900 000
Biomass	3 215 000
Biogas	4 168 484
Landfill gas	1 750 151
Gas from wastewater	1 750 151

and, pursuant to Section 8(6)(c) of the Decree, parameter TC - electricity market price = 61.19 €/MWh

and at the same time, in accordance with Section 8(9) of the Decree, parameter r - annual interest rate = 6.24 %.

The Office publishes the values of the above parameters annually on the Office's website by 31 August of the calendar year at the latest.

RES support clearing agent and buyer of electricity produced from RES and CHP

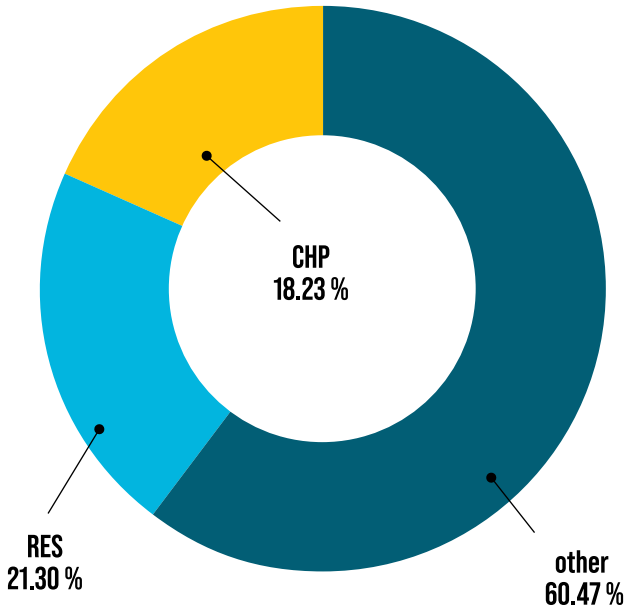
The amendment to Act No. 309/2009 from 1 January 2020 expanded the portfolio of activities of OKTE, the short-term electricity market operator, primarily by adding the activities of the clearing agent for the support of electricity produced from RES and CHP. Despite the turbulence and volatility on the world energy markets in 2021, OKTE successfully performed not only the function of the support clearing agent, but also, in cooperation with the obligatory buyer, ensured the operation and administration of the feed-in-tariff and feed-in-premium support for all producers with the entitlement to support by purchase and assumption of responsibility for imbalance. SPP, a. s. performed the role of the buyer of electricity from RES and CHP also in 2021, based on the results of the 2019 auction. Due to its previous results and experience with the activities of the buyer, SPP was selected by the Ministry of Economy of the Slovak Republic by direct designation as the buyer of electricity from RES and CHP for 2022 as well.

Share of RES and CHP in the total volume of electricity produced in Slovakia

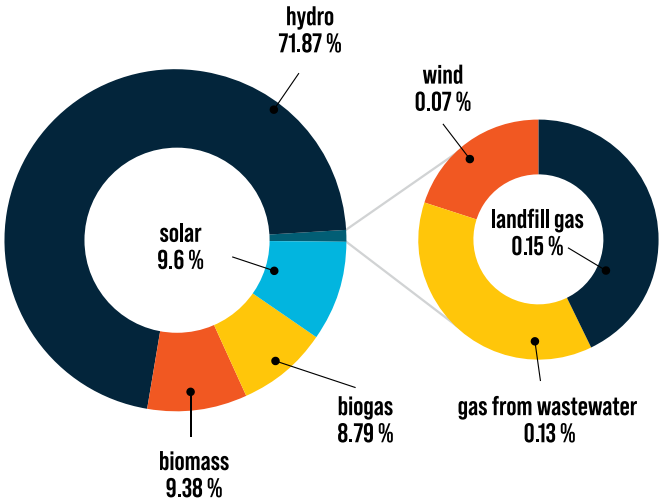
In the analysis and statistics on the share of electricity produced from RES and CHP in the total volume of electricity produced in the Slovak Republic in 2021, there was a significant change in the methodology of quantification of production. The Office processed and supplemented the database of monitored electricity producers also by those sources which are not supported within the meaning of Section 3(1) of Act No. 309/2009. These are mainly sources which are in the local source mode and those sources which for various reasons do not meet the requirements for support set out in Act No. 309/2009. Compared to the reporting in previous years, the Office specified the statistically-cumulatively reported volumes of electricity produced also for multi-fuel sources using renewable as well as non-renewable primary raw materials in electricity generation by differentiating generation from such sources according to its primary source with emphasis on the categorisation between RES and CHP. In this way, compared to previous years, the reporting of generation for each primary source has been objectified, resulting in a refinement (significant increase) of the volume of electricity produced from RES and CHP - the share being 21.30% for RES and 18.23% for CHP.

The slight increase in the number of RES sources in 2021 was also due to the installation of 68 so-called local sources with total installed capacity of 5.7 MW. Considering the hydropower potential of the Slovak Republic, electricity generation in hydropower plants maintained the largest share (71.87%) of all monitored renewable sources in 2021. In the case of combined heat and power sources, those sources using natural gas in combination with other energy sources (brown coal, coal, biomass) for electricity generation maintained their dominant position in electricity generation. In 2021, natural gas together with its fuel mix accounted for up to 91% of the total electricity generation by CHP plants. Based on data submitted to the Office by SEPS, the total electricity generation in Slovakia reached 30 093 GWh.

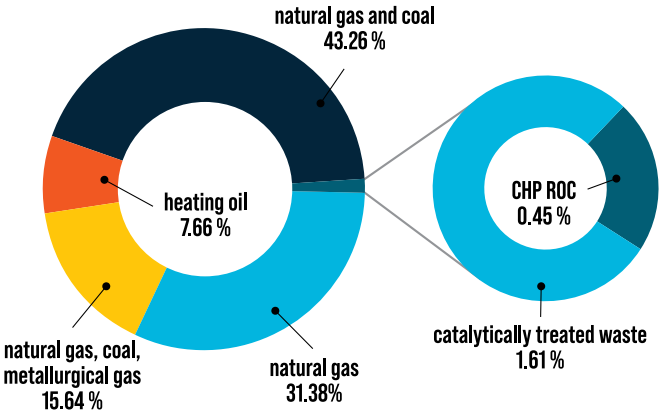
Share of RES and CHP in total electricity generation in Slovakia in 2021



Share of individual RES technologies in total RES generation in 2021



Share of individual CHP technologies in total CHP generation in 2021



Impact of COVID-19

The COVID-19 pandemic in 2021 did not significantly affect the volume of electricity generated by RES and CHP installations. The gradual relaxation of pandemic measures during 2021 led to a recovery and growth of business activities not only in Europe but also in Slovakia. The global economic recovery, and in particular of the dominant industries, caused significant pressure on the prices of energy exchange commodities, resulting in sharp increase in the electricity price not only on the Prague PXE, but also on Slovakia‘s spot market. The above factors and especially the still rising price of electricity on the day-ahead market during 2021 eased the upward pressure on the system operation tariff and also on the financial stability of OKTE, the entity responsible for RES support settlement and payment of feed-in-tariff for electricity generated from RES and CHP.

06. LEGAL AGENDA

According to Act No. 250/2012 Coll., the Office's powers include, inter alia, the adoption of generally binding regulations, namely decrees. During the regulatory year 2021, the Office monitored developments on the electricity and gas markets, assessing the impacts of the existing as well as forthcoming legislation on market participants, protection of customers and protection of legitimate interests of regulated entities.

The legal agenda of the Office focused mainly on the amendments of tariff decrees due to the extension of the 5th regulatory period until 31 December 2022, taking into account market developments in the network industries. Additionally, the Office was, in cooperation with the Ministry of Economy, engaged in the development of primary and secondary legislation regulating the prolongation of the support of electricity generation with reduced feed-in-tariff, aiming to reduce the cost of RES and CHP support, which is in place according to Act No. 309/2009, and to also decrease the system operation tariff.

On the basis of the empowering provisions of Act No. 250/2012 and Act No. 309/2009, in 2021 the Office developed, submitted to the legislative process and subsequently issued in the Collection of Laws of the Slovak Republic the following (amending) decrees:

Tariff decrees

1. URSO Decree No. 298/2021 Coll., amending URSO Decree No. 248/2016 Coll., establishing tariff regulation in the heating sector, as amended by Decree No. 205/2018 Coll.,

2. URSO Decree No. 299/2021 Coll., amending URSO Decree No. 224/2016 Coll., establishing tariff regulation of surface water and energy water abstraction from watercourses and the use of the hydropower potential of watercourses,

3. URSO Decree No. 300/2021 Coll., amending URSO No. 18/2017 Coll., establishing tariff regulation in the electricity sector and certain conditions for the performance of regulated activities in the electricity sector, as amended,

4. URSO Decree No. 326/2021 Coll., amending URSO Decree No. 18/2017 Coll., establishing tariff regulation in the electricity sector and certain conditions for the performance of regulated activities in the electricity sector, as amended,

5. URSO Decree No. 361/2021 Coll., amending URSO Decree No. 21/2017 Coll., establishing tariff regulation of production, distribution and supply of drinking water by public water supply and wastewater collection and treatment by public sewerage, as amended by Decree No. 204/2018 Coll.,

6. URSO Decree No. 376/2021 Coll., amending URSO Decree No. 223/2016 Coll., establishing tariff regulation in the gas industry, as amended by Decree No. 206/2018 Coll.,

7. URSO Decree No. 477/2021 Coll., amending URSO

Decree No. 18/2017 Coll., establishing tariff regulation in the electricity sector and certain conditions for the performance of regulated activities in the electricity sector, as amended,

Market rules

8. URSO Decree No. 424/2021 Coll., amending URSO Decree No. 24/2013 Coll., laying down rules for the functioning of the internal electricity market and rules for the functioning of the internal gas market, as amended.

From the perspective of cross-border market coupling and meeting the EU's energy objectives, the Office in cooperation with the Ministry of Economy in 2021 was busy dealing with the transposition of the directives and implementation of the regulations of the Clean Energy Package, as well as with the decisions adopted by ACER and its own decisions, ensuring the implementation of electricity and gas network codes. This complex legislative process representing a reform of the electricity and partly of the gas market was not completed in 2021 and will continue in 2022.

The Office's Legal Department was also responsible for the issuance of prior consents (9), representation of the Office before courts, including proceedings in which representation is provided by the Office of the Representative of the Slovak Republic before the EU Courts at the Ministry of Justice, representation of the Office before the General Prosecutor's Office, supervision, provision of opinions, legal advice, statements and consultations.

Licensing

In 2021, the Office adopted a total of 34 new energy licenses. Of these, 16 were in electricity, 14 in gas and four in the fuel and oil sector.

In 2021, the Office revoked a total of 16 energy licenses. Of these, 10 were in electricity, four in gas and two in fuel and oil.

During 2021, 90 amendments were made to issued licenses, most of which were due to a change in the scope of the technological facilities/installations, a change in the responsible representative or in the licensee's identification details.

Overview of requests and decisions issued

	new licenses	revoked licenses	amended licenses	suspended proceedings	terminated proceedings
electricity	16	10	77	41	7
gas	14	4	12	13	1
fuel and oil	4	2	1	4	0
Total	34	16	90	58	8

Overview of valid licenses in electricity

electricity generation	2
electricity transmission	1
electricity distribution	12
electricity generation and supply	106
electricity generation, distribution and supply	23
electricity distribution and supply	116
electricity supply	153
short-term electricity market operation	1
the activity of the electricity buyer	1
Total	415

Overview of electricity licenses (activities may overlap)	
electricity generation	131
electricity distribution	151
electricity supply	398

Overview of valid licenses in gas

gas production	1
gas transmission	1
gas distribution	4
gas distribution and supply	42
gas storage	2
gas supply	145
Total	195

Overview of gas licenses (activities may overlap)	
gas distribution	46
gas supply	187

Overview of valid licenses in the fuel and oil sector

fuel transportation pipeline operation	1
operation of pressure vessel filling equipment	18
crude oil transportation pipeline operation	2
operation of liquefied gaseous hydrocarbon distribution equipment	0
operation of pressure vessel filling equipment and operation of liquefied gaseous hydrocarbon distribution equipment	1
Total	22

Heating licences

In the area of heating licenses, the Office issued a total of four new licenses (all four cases concerned both heat generation and heat distribution).

During 2021, 107 changes were made to the issued licenses in the heating sector, most of which were due to a change in the scope of the technical installations or a change in the responsible representative or in the licensee's identification data.

Overview of issued decisions and valid licenses in the heating sector

Overview of decisions issued during 2021					
	new licenses	revoked licenses	amended licenses	suspended proceedings	terminated proceedings
heating	4	8	107	43	4

Overview of valid licenses in district heating

heat generation and distribution	318
heat generation	12
heat distribution	13
Total	343

Confirmations of compliance with the notification obligation

In 2021, the Office issued a total of 249 confirmations of compliance with the notification obligation, of which 211 were for electricity generation and supply by installations with a total installed capacity up to 1 MW.

Of the total number of notification confirmations issued in 2021:

- 13 confirmations were for electricity generation and supply in small hydropower plants (of which two were due to a change of ownership, one for a new installation and eight amendments),
- 171 confirmations for electricity generation and supply in photovoltaic installations (of which 15 for new installations, 35 for new entities - installations were previously in confirmations for other entities, changed ownership, 80 for changes in confirmation, six ceased operation),
- 29 confirmations for electricity generation and supply in biogas plants and wastewater treatment plants (of which two new, 16 amendments, four for new entrants - the plants were previously included in confirmations for other entities, three closures),
- 26 confirmations for electricity generation and supply in cogeneration units (of which seven for new installations, two for closures and 17 amendments),
- 10 confirmations in total for the sale of compressed natural gas intended for the propulsion of motor vehicles, the sale of liquefied gaseous hydrocarbons in pressure vessels, the sale of liquefied gaseous hydrocarbons intended for the propulsion of motor vehicles, including the filling of the motor vehicle tanks with liquefied gaseous hydrocarbons intended for the propulsion of motor vehicles, excluding the filling of pressure vessels (seven for new installations and three amendments).

Confirmations of compliance with the notification obligation pursuant to Section 6(5) of Act No 251/2012

	Number of confirmations issued in 2021 for new entities/installations	Number of valid confirmations as of 31 Dec 2021	Number of confirmations issued in 2021 - amendments	
a) electricity generation and supply by installations with total installed capacity up to 1 MW				
small hydropower plants	3	196	8	
photovoltaic installations	50	2054	80	
wind power plants	0	1	0	
biogas plants and wastewater treatment plants	6	148	16	
CHP units	7	94	17	
b) gas production and supply from biomass	0	0	0	
c) biogas production and supply	0	1	0	
d) sale of CNG intended for the propulsion of motor vehicles	8	128	2	activities may overlap
e) crude oil transport from extraction site to refinery				
f) sale of liquefied gaseous hydrocarbon in pressure vessels				
g) sale of liquefied gaseous hydrocarbon intended for the propulsion of motor vehicles, including the filling of motor vehicle tanks with liquefied gaseous hydrocarbon intended for the propulsion of motor vehicles, with the exception of the filling of pressure vessels				
h) transport of liquefied gaseous hydrocarbons in pressure vessels				
Total	74	2622	123	

confirmations of activity termination in 2021	11
confirmations of activity termination in total	292
all issued in 2021 - for new entities + amendments + on activity termination	249

Confirmations of electricity generation in the local source

In 2019, the Office started to issue confirmations of electricity generation in a local source according to Section 4b(7) of Act No 309/2009. In 2019, the Office issued a total of 10 confirmations of electricity generation in a local source, in 2020 the number increased to 45 and in 2021 a total of 68 confirmations of generation in a local source were issued. The institute of the local source, which is based on the generation and consumption of energy at a single location, is not considered to be energy business.

Confirmations (local sources)

2019	10
2020	45
2021	68

07. INSPECTIONS

The Office carries out inspections in regulated entities particularly based on the Act No. 250/2012 Coll. and Act No. 251/2012 Coll. The reason for these inspections is the protection of vulnerable customers, supervision of the functioning of the market with regulated commodities, as well as compliance with regulatory legislation, in particular the Office's decrees.

2021, like the previous year, was marked by measures countering the spread of the COVID-19. As a result, the performance of on-site inspections was considerably reduced and inspections were mainly electronic, causing the overall performance of inspections to be slightly slower than in previous years.

The Office also focused on off-site inspection of documents available. On the basis of these, the Office was subsequently able to initiate administrative proceedings.

During inspections, the Office also focused on the protection of the rights of consumers as a more vulnerable party in customer-supplier relations, in particular on compliance with the provisions of the commercial terms and conditions of electricity and gas suppliers.

Overview of inspection findings

In 2021, the Office carried out on-site inspections in 69 regulated entities, of which three entities on the basis of received submissions and 66 entities on the basis of the on-site inspection activity plan. Of this number, 40 inspections in regulated entities were concluded by completing a report on the inspection result, i.e. with a breach of the applicable legislation found, and 29 inspections were concluded by making a record on the inspection result, i.e. without a breach of the applicable legislation found.

The inspections focused on compliance with applicable legislation in the performance of regulated activities in the network industries for the period 2016-2021. In this context, the inspections further focused on compliance with the scope of tariff regulation, technical regulation and quality regulation approved by the Office.

In 2021, on-site inspections were carried out in 43 electricity entities. In 16 of them, a total of up to 83 breaches of Act No 250/2012 and Act No 251/2012 were found. In the gas sector, the Office carried out on-site inspections in eight entities. In four of them, a total of 13 breaches of Act No 250/2012 and Act No 251/2012 were identified. The most frequent breaches in the electricity and gas sector included non-compliance with the approved commercial terms and conditions of electricity and gas supply, billing without a tariff decision of the Office or in contradiction with a tariff decision of the Office, failure to provide truthful data in the submitted evaluation of quality standards, errors in bills and final settlement bills (e.g. missing mandatory information on the share of renewable energy sources, information on quality standards, etc.).

In the district heating sector, the Office carried out on-site inspections in 35 entities, while in 16 of them a total of 26 breaches of Act No 250/2012 were found.

The most frequent offence in heating was the failure of a heat supplier to settle with its customers unjustified costs included in the variable or fixed component of the maximum heat tariff, thus withholding the funds of heat customers until the Office's order for settlement was complied with.

In the water sector, the Office carried out on-site inspections in 12 entities and found a total of 24 breaches of Act No 250/2012 in 10 of them. In water, the most frequent offences were erroneous data in the tables submitted on the Office's request and incorrect (in contravention of the tariff decision) billing for water supply and distribution and wastewater treatment.

In addition to carrying out on-site inspections in regulated entities, the Office also found breaches of provisions of Act No 250/2012 directly by its off-site inspection activities. As a result, 106 entities were fined a total of 118 900 EUR, of which one decision to impose a fine was for failure to provide assistance in the handling of a submission with a fine of 1 500 EUR and 105 decisions to impose a fine were for breach of provisions of Section 15(6), second sentence, of Act No 250/2012 with a total fine of 117 400 EUR.

Additionally, the Inspection Department received 41 complaints from natural and legal persons, nine of which were included in the inspection plan.

Breaches found

The overview shows the number of individual types of breaches of Act No 250/2012 and Act No 251/2012, which the Inspection Department found during its on-site and off-site inspections.

Number of different types of breaches of Act No 250/2012 and Act No 251/2012

Breaches found		sector *				total	
		E	G	DH	W		
Section 15(6), second sentence, of Act No. 250/2012	failure to submit to the Office for approval, within 60 days from 2 Sept 2020, i.e. by 31 Oct 2020, a proposal to amend the grid code/rules of operation on the basis of the changes provided for in URSO Decree No 181/2020 amending URSO Decree No 24/2013 laying down rules for the operation of the internal electricity market and rules for the operation of the internal gas market, as amended	107	0	0	0	107	239
Section 29(1)(k) of Act No. 250/2012	failure to provide the Office, free of charge, with complete and truthful data, documents, and any information necessary for the purposes under this Act and for the exercise of the Office's powers in the scope, manner and within the time limits determined by the Office	30	3	5	17	55	
Section 29(1)(b) of Act No. 250/2012	failure to carry out the regulated activity in accordance with a final decision or confirmation of the Office and failure to comply with tariff regulation pursuant to a generally binding regulation issued by the Office	20	3	6	6	35	
Section 29(1)(c) of Act No. 250/2012	failure to settle heat generation, distribution and supply costs which are not considered to be economically justified within the time limit and in the manner determined by the Office	0	0	14	0	14	
Section 22(5) of Act No. 250/2012	failure to make a compensation payment to the customer due to non-compliance with quality standards in the amount and in the manner determined in accordance with URSO Decree	4	3	1	1	9	
Section 29(1)(o) of Act No. 250/2012	failure to comply with market rules	7	0	0	0	7	
Section 22(4)(h) of Act No. 250/2012	failure to submit to the Office by the end of February of the calendar month evaluation of quality standards for the previous year and failure to publish this evaluation on the regulated company's website or in another usual form if the regulated company does not have a website in place	3	0	1	0	4	
Section 22(4)(f) of Act No. 250/2012	failure to submit summary of compensation payments made for the previous calendar year, to the Office by the end of February	2	0	0	0	2	
Section 23(5) of Act No. 250/2012	failure to notify the Office of a change to the data included in the registration certificate within 15 days of the change	0	0	0	2	2	
Section 13(4) of Act No. 250/2012	failure to comply with the grid code of a distribution system operator	1	0	0	0	1	
Section 29(1) j) of Act No. 250/2012	failure to notify the Office by the end of February of a calendar year of having discontinued a regulated activity, specified in the license or confirmation of compliance with the notification obligation, in the previous year	1	0	0	0	1	
Section 29(1)(l) of Act No. 250/2012	failure to implement a measure imposed by the Office pursuant to Section 9(1)(e) within a specified time limit	0	0	1	0	1	
Section 34(2)(b) of Act No. 250/2012	failure to provide the required assistance corresponding to the powers of the Office's staff in carrying out an inspection pursuant to Section 33(1)(a) and (b)	1	0	0	0	1	
Section 34(3) of Act No. 251/2012	failure to comply with the obligation to provide end electricity consumers with required information pursuant to Section 34(2)(c), (d) and (h) of Act 251/2012, on the electricity supply bill or in the content included in it or in the promotional materials disseminated to end electricity consumers	5	0	0	0	5	19
Section 4(6) or Section 4(7) of Act No. 251/2012	failure to comply with the notification obligation within 30 days of discontinuing business in the energy sector	0	4	0	0	4	
Section 34(2)(h) of Act No. 251/2012	failure to provide the electricity consumer with information on his rights concerning the means of settling a dispute	3	0	0	0	3	
Section 34(2)(c) of Act No. 251/2012	failure to comply with the obligation to provide the electricity consumer with information on the share of the different types of primary energy sources of electricity	3	0	0	0	3	
Section 34(2)(d) of Act No. 251/2012	failure to comply with the obligation to provide the electricity consumer with information on the impact of electricity generation	3	0	0	0	3	
Section 31(2)(u) of Act No. 251/2012	failure to publish commercial terms and conditions of network connection and commercial terms and conditions of distribution system access and electricity distribution on the DSO's website	1	0	0	0	1	
TOTAL		191	13	28	26	258	

* legend E - electricity, G - gas, DH - district heating, W - water

Remedial measures

Pursuant to Section 9(1)(e) of Act No 250/2012, the Office imposes measures to eliminate and remedy deficiencies following the detection of legislation breaches. In 2021 the Office imposed, as a result of inspection, 28 remedial measures, in the following sectors:

- electricity 9,
- gas 5,
- heating 13,
- water 1.

The Office imposed a total of 12 measures on 10 regulated entities, ordering them to return to heat and electricity customers the difference between the billed price and the price that should have been billed according to the applicable regulations, in the total amount of 128 871.60 EUR, of which:

- to heat consumers (in the maximum tariff variable component) 68 498.14 EUR,
- to heat consumers (in the maximum tariff fixed component) 59 745.60 EUR,
- to electricity consumers 627.86 EUR.

The Office imposed a remedial measure on one regulated entity to notify the Office of the performance of regulated activities pursuant to Section 4(2) of Act No. 251/2012.

The Office imposed two remedial measures on one regulated entity - to pay compensation payments to gas customers pursuant to Section 12(d) and (e) of URSO Decree No 278/2012, establishing quality standards for gas storage, transmission, distribution and supply, as amended by URSO Decree No 233/2016.

The Office imposed three different measures on one regulated entity - to notify the Office of the performance of regulated activities pursuant to Section 4(2) of Act No 251/2012, to submit to the Office for approval the commercial terms and conditions for the provision of universal service for electricity supply to customers in the small enterprise category and to submit to the Office for approval a local distribution network operator‘s grid code.

The Office imposed five remedial measures on one regulated entity, namely to return to OKTE, the entity performing RES support clearing - an unduly received feed-in-tariff in breach of the terms of RES support under Act No 309/2009 in the total amount of 293 397.76 EUR for 2016 – 2020, by 30 June 2022.

The Office imposed two measures on one regulated entity - to correct the billing of eligible fixed costs including a reasonable profit to heat consumers according to the actual delivered heat volume.

The Office imposed two remedial measures on one regulated entity - to pay a compensation payment to an electricity customer pursuant to Section 10(2) of URSO Decree No 236/2016, establishing quality standards for electricity transmission, distribution and supply, by 30 November 2021 and to pay compensation payments to 5 gas customers pursuant to Section 12(e) of URSO Decree No 278/2012 establishing quality standards for gas storage, transmission, distribution and supply, as amended by URSO Decree No 233/2016, by 30 November 2021.

The Office imposed a remedial measure on one regulated entity to pay a compensation payment pursuant to Section 7(5) of URSO Decree No 276/2012 establishing quality standards for drinking water supply by public water supply systems and wastewater collection by public sewerage, as amended by URSO Decree No 235/2016.

Sanctions for breaches imposed at the first level of administrative proceeding

In the following overview, the table lists fines imposed at the first level of an administrative proceeding across the Office, i.e. it contains, in addition to the fines imposed by the Inspection Department for breaches found during on-site and off-site inspections, also fines imposed for breaches detected by other units of the Office.

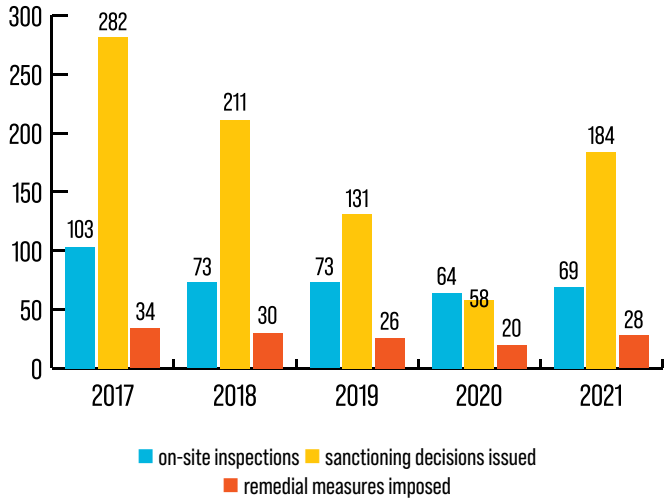
Overview of administrative proceedings and resulting sanctions

		Decisions issued	
		quantity	fine (€)
I. ADMINISTRATIVE PROCEEDINGS BASED ON ON-SITE INSPECTION FINDINGS *1)		25	94 500.00
II. ADMINISTRATIVE PROCEEDINGS BASED ON OFF-SITE INSPECTION FINDINGS	failure to provide required assistance in the processing of a submission (breach of Section 29(1)(k) of Act No. 250/2012 Coll.)	1	1 500.00
	failure to submit to the Office for approval, within 60 days from 2 Sept 2020, i.e. by 31 Oct 2020, a proposal to amend the grid code/rules of operation on the basis of the changes provided for in URSO Decree No 181/2020 amending URSO Decree No 24/2013 laying down rules for the operation of the internal electricity market and rules for the operation of the internal gas market, as amended (breach of Section 15(6), second sentence, of Act No. 250/2012 Coll.)*2)	105	117 400.00
	failure to submit actual data to the Office within the specified time limit or at all - on the production and supply of drinking water by public water supply system, on the supply of drinking water by public water supply system or on the wastewater collection and treatment by public sewerage for the year 2020 (breach of Section 29(1)(b) of Act No. 250/2012 Coll.)	4	2 800.00
	failure to submit the actual costs of heat generation, distribution and supply (breach of Section 29(1)(b) of Act No. 250/2012 Coll.)	13	7 100.00
	failure to submit quality standards (breach of Section 22(4)(h) of Act No. 250/2012 Coll.)	28	16 100.00
	failure to submit rules for the allocation of assets and liabilities, costs and revenues (breach of Section 16(4)(b) or (c) of Act No. 251/2012 Coll.)	8	4 000.00
TOTAL		184	243 400.00

*1) 1 decision was also linked to the Office's own findings (verification of submissions - breach of Section 29(1)(b) of Act No. 250/2012) and 2 decisions were also linked to the Office's own findings (breach of Section 15(6), second sentence, of Act No. 250/2012 Coll.)

*2) 2 decisions were also linked to the Office's other own findings (failure to submit the amount of the actual costs of heat generation and supply within the set time limit - breach of Section 29(1)(b) of Act No. 250/2012)

Key inspection indicators (2017-2021)



Impact of COVID-19

2021 was significantly marked by anti-pandemic measures to slow the spread of COVID-19 and carrying out on-site inspections was severely limited. The inspections were mainly conducted electronically, taking into account as much as possible the ability of the inspected entities to communicate and produce the data requested by the inspectors. For these reasons, fewer new inspections were opened and the overall performance of inspections was slightly slowed down.

08. MONITORING OF REGULATED ACTIVITIES

In order to ensure a balance between the interests of the consumer and the regulated entity, the Office monitors the activities of regulated entities in order to collect the necessary information and have sufficient tools at its disposal to verify the structure and amounts of costs incurred in the performance of regulated activities in order to set transparent and non-discriminatory regulation rules and prevent an abuse of vertical integration of regulated entities. The monitoring includes monitoring of compliance with quality standards, key performance indicators, procurement practices and the conclusion of service level agreements within related undertakings.

In order to prevent discrimination and cross-subsidies pursuant to Section 16 of Act No 251/2012 (Energy Act), the Office approved on requests from 11 eligible entities a total of 11 sets of rules for assets, liabilities, costs and revenues allocation separately for each regulated activity for 2021.

Monitoring of key performance indicators

The Office monitors business performance indicators of regulated entities and the impact of tariff and technical regulation on the achieved business results and economic efficiency of regulated entities in the electricity and gas sectors through selected key performance indicators.

In 2021, the Office monitored the 2020 data of separate accounts, receiving a total of 1 180 entries from individual market participants in the following structure:

- 1 091 records from electricity only,
- 17 records from gas only,
- 72 records from both electricity and gas.

For 2020, the overall average compliance with each of the assessed parameters was shown to be 88.65%, an improvement on the previous year (85.28%). The conditions created by the Office for the regulated activities in the electricity and gas sector can thus be considered as stable.

Quality standards

By monitoring quality standards, the Office protects the consumer‘s right to receive, under the dominant position of a regulated entity, adequate quality for the price they pay for energy and water. URSO decrees laying down quality standards primarily aim to review that. Compensation payments have a supporting role in regulation of quality standards, which is to motivate regulated entities to increase the level of compliance with quality standards and to incentivise investments ensuring the improvement of the safety, stability and development of their infrastructure.

Number of reviews performed and registered events in electricity

	Transmission	Distribution	Supply
Number of reviews	1	130	164
Number of registered events	7	7 963 079	1 884 642
Number of registered events with breached quality standard	0	20 863	796
Proportion of events with a breached quality standard to registered events	0 %	0.26 %	0.04 %

Number of reviews performed and registered events in gas

	Storage	Transmission	Distribution	Supply
Number of reviews	2	1	39	69
Number of registered events	906	60	57 420	1 011 660
Number of registered events with breached quality standard	0	6	9	648
Proportion of events with a breached quality standard to registered events	0 %	11.11 %	0.02 %	0.06 %

Number of reviews performed and registered events in district heating

	Heat supply
Number of reviews	313
Number of registered events	56 129
Number of registered events with breached quality standard	114
Proportion of events with a breached quality standard to registered events	0.20 %

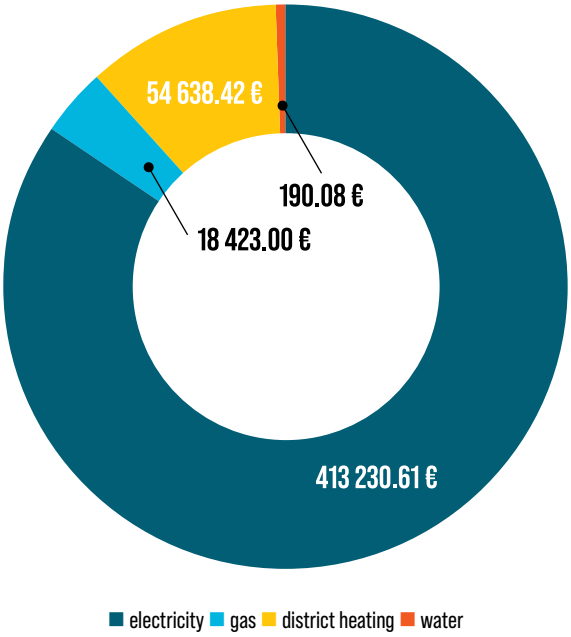
Number of reviews performed and registered events in water

	Drinking water suply	Wastewater collection
Number of reviews	398	394
Number of registered events	76 098	52 348
Number of registered events with breached quality standard	369	282
Proportion of events with a breached quality standard to registered events	0.48 %	0.54 %

Summary of compensation payments made

	Regulated activity	€
Electricity		
	Transmission	0.00 €
	Distribution	392 757.72 €
	Supply	20 472.89 €
	Total	413 230.61 €
Gas		
	Storage	0.00 €
	Transmission	0.00 €
	Distribution	770.00 €
	Supply	17 653.00 €
	Total	18 423.00 €
Heating	Supply	54 638.42 €
Water		
	Drinking water supply	166.20 €
	Wastewater collection	23.88 €
	Total	190.08 €

Overview of compensation payments made



A total of 486 482.11 EUR was paid to customers in 2021.

Procurement and conclusion of service level agreements

In order to create a level playing field on the market, the Office monitors the activities of network operators to prevent them from abusing their position within a vertically integrated undertaking. A regulated entity which carries out a regulated activity in the electricity or gas sector and is part of a vertically integrated undertaking is obliged to submit a service level agreement (SLA) or an amendment thereto to the Office for approval.

In 2021, nine SLAs concluded within vertically integrated electricity or gas undertakings were approved by the Office.

In order to ensure a higher degree of control and efficiency of heating and water companies, from 2020 onwards the Office has also been monitoring conclusion of SLAs with an affiliated undertaking, if such agreements are concluded by heating and water companies outside the public procurement process.

In 2021, 40 SLAs were approved between a heating or water entity and its affiliate.

The purpose of approving the SLAs, primarily of the requirement that the regulated entity is obliged to keep the costs incurred in carrying out the regulated activity proportionate, is cost optimisation.

The Office also monitors transparent methods of procurement of goods and services necessary for the performance of regulated activities by entities that are part of vertically integrated undertakings and operate in the electricity and gas sectors.

Pursuant to Section 29(3) of Act No 250/2012, the Office registered 825 commercial tenders announced by 21 regulated entities. Of the tenders announced in 2021 and in the previous period, 740 were completed and 49 were cancelled in the period under review. Seven tenders were closed without a winner. As of 31 December 2021, 241 tenders were ongoing.

Pursuant to Section 29(4) of Act No 250/2012, 107 regulated entities that are not vertically integrated notified the Office of 701 contracts with value exceeding 300 000 EUR.

Commercial and financial agreements

The conclusion of commercial and financial agreements by a transmission system operator with another person that is part of the same vertically integrated gas undertaking is monitored by the Office in order to ensure its independence from other parts of the vertically integrated undertaking.

The Office shall grant consent to the conclusion of the agreement or its amendment if the transmission system operator demonstrates that the terms of the contract or its amendment correspond to those customary in normal business relations, otherwise the Office shall not grant the consent.

One commercial agreement was approved by the Office during 2021.

09. INTERNATIONAL COOPERATION

2021 saw extreme developments in the energy sector. The COVID-19 pandemic greatly influenced market behaviour. While the first half of 2021 marked a gradual recovery from the pandemic and restored economic growth with a moderate increase in prices, the development of other factors such as limited supply and high demand in world economies caused price surges in the second half of the year. The phasing out of nuclear sources in Germany, not too favourable wind conditions in the North Sea, ongoing certification process for the Nord Stream 2 pipeline, increased demand for gas-fired power generation and low gas supplies from Russia, and the EU's stricter climate targets, all this led to uncertainty for players in the energy market.

The global extreme rises of commodity prices on energy exchanges had a significant impact on unprepared actors - suppliers, energy producers, consumers.

In response to the negative developments, the European Commission mandated ACER, in cooperation with the regulators, to review the market with a focus on identifying its needs.

In October 2021, the Commission issued a first set of tools to mitigate the impact of the developments described above (Toolbox 1) - a proposal for short-term measures focusing on the specific needs of consumers and industry, and a proposal for medium-term measures to prevent future price spikes while continuing market integration and consumer empowerment and delivering the next steps in decarbonising the energy system.

URSO activities related to EU legislative work

During the year, the Office's staff actively participated in discussions and commenting processes on EU legislative documents.

The European Green Deal of 2020 established that energy markets must undergo a transformation to enable progress towards the set target, while ensuring that the individual targets leading to it can be implemented in a cost-effective way:

- In July 2021, the Fit for 55 strategy framework was released, identifying a headline target: a 55% reduction in greenhouse gas emissions by 2030 compared to 1990 levels and carbon neutrality by 2050,
- On 15 December 2021, a proposal for the EU Hydrogen and Decarbonised Gas Market Package was presented, together with the EU Methane Emission Reduction Strategy, Energy Efficiency Directive, Renewable Energy Directive III and Emissions Trading Scheme (EU ETS). In particular, the main objectives of the update are to (i) create the conditions to facilitate the rapid and sustained deployment of renewable and low-carbon gases, (ii)

improve market conditions and increase the engagement of gas consumers, (iii) better address current security of supply concerns, (iv) address pricing and supply issues at Union level, (v) strengthen the structure of regulatory authorities.

The gas and hydrogen package is designed to boost demand and therefore production of renewable and low-carbon gases, including hydrogen. One of the key points of the package is the definition of low carbon hydrogen, renewable and low carbon gases and fuels. For example, a 70% greenhouse gas reduction threshold is introduced, which may prove to be a difficult target to achieve. The package also foresees an appropriate alignment of the regulatory framework with the Clean Energy Package.

- A climate law setting a 55% emissions reduction target by 2030 and enshrining the goal of climate neutrality by 2050,
- ongoing revision of the Regulation (EU) No 347/2013 on guidelines for trans-European energy infrastructure to improve infrastructure planning and simplify licensing processes (TEN-E Regulation),
- ongoing revision of the Commission Regulation (EU) 2015/1222 establishing a guideline on capacity allocation and congestion management (CACM 2.0).

The Office has been active at international level through its representatives at the ACER Board of Regulators, CEER General Assembly and ACER and CEER electricity and gas working groups.

Cooperation with ACER and other NRAs

Bilateral meetings in URSO Bratislava office

In the course of 2021, a large number of virtual meetings with partner regulatory authorities, the European Commission, ACER and, despite the adverse pandemic situation, a number of physical meetings aimed at reinforcing cross-border cooperation were held.

In September, representatives of the Office, headed by its Chairman, received a delegation of representatives of state authorities of Georgia and Kosovo at URSO premises in Bratislava. URSO representatives presented to the visiting delegations basic principles of the functioning of the regulatory authority, its priorities, current and future challenges in the context of national and European developments in gas and electricity regulation.

Additionally, URSO Chairman with representatives of the International Relations Department received the Chairman of the Georgian regulatory authority in a bilateral meeting. During the short working meeting, main topics addressed by both regulators in the current context were discussed.

In October, the first ever official visit of ACER Director Mr. Christian Zinglersen took place on the premises of the Office. The central theme of the visit was deepening further mutual cooperation between ACER and URSO. Subsequently, URSO Chairman, together with two other staff representatives, attended a meeting of the ACER Board of Regulators in Ljubljana, which was hosting a meeting of the European Council at the time.

One of the positive results of the Office is that in October, together with partner institutions from Italy and Greece, URSO was successful in an international competition for an EU twinning project (lasting 24 months) aimed at providing technical assistance and capacity building to two Palestinian governmental authorities for electricity/energy and natural resources (PERC and PENRA).

One URSO staff member participated in a RAERESA training project in the framework of CEER cross-border training programmes for African countries.

In addition, during 2021, a structural reform project was initiated under the auspices of the European Commission (from its funds) aimed at further developing the competences of the Office and improving the qualifications of its staff, under the expert guidance of the Chairman of the Office and its other staff. The project will continue in 2022.

Implementation of network codes and guidelines in EU

During 2021, ACER issued 16 individual decisions representing further steps to develop and set rules for the functioning of an internal, cross-border coupled electricity market as well as rules for the development of renewable energy sources, in particular specific rules for certain installations generating electricity from renewable energy sources, including in relation to the responsibility for imbalance, dispatching and redispatching.

In the electricity sector, intensive work was carried out at EU and regional level during the year on the preparation and implementation of methodologies for the coupling of day-ahead and intraday markets, e.g.:

- conditions for the market coupling operator in day-ahead and preparation for intraday markets,
- a coordinated way of calculating available cross-border capacities,
- a common set of remedial actions, such as countertrading or redispatching, to remove internal and cross-zonal congestions,
- methodologies to ensure effective congestion management and overall market efficiency,
- amendment of harmonised allocation rules for long-term transmission rights,
- methodology for long-term capacity calculation in the CORE region,
- cross-zonal capacity allocation process for the exchange of balancing capacity for the CORE region

REMIT

Regulation (EU) No 1227/2011 on wholesale energy market integrity and transparency (REMIT) lays down rules for market participants active in the wholesale electricity and gas markets. The Regulation aims to deepen confidence in the integrity of wholesale trading on EU energy markets, while prohibiting insider trading and market manipulation.

On the national level, URSO has, on the basis of Act No. 250/2012 with effect from 01 September 2012, the power to register wholesale market participants, to investigate suspicious cases of market abuse and to impose sanctions in the event of REMIT breaches. At European and cross-border level, market monitoring and cooperation between national regulatory authorities is coordinated by ACER.

Using sophisticated analytical tools, ACER screens on a daily basis suspicious market behaviours based on transaction data and regularly sends them as alerts to national regulators for further review. Other means (in addition to the regulator‘s own monitoring) by which potential REMIT breaches are brought to the attention of regulators for investigation are reports from energy exchanges or other trading and broker platforms (PPATs), or anonymous notifications from market participants. In 2021, the Office investigated two potential REMIT breaches, both with cross-border implications, in cooperation with partner national regulators and ACER.

In accordance with Commission Implementing Regulation (EU) No 1348/2014 on data reporting implementing Article 8(2) and Article 8(6) of REMIT, market participants are obliged to register in the national register of market participants, to keep the data in the register up-to-date, and to report data on wholesale transactions through so-called registered reporting mechanisms (RRM), certified by ACER.

As of 31 December 2021, a total of 133 market participants operating on Slovakia‘s wholesale energy market were registered in URSO national register. The majority of the market participants reported their transaction data to the Agency through two Slovakia‘s RRMs, OKTE and Solien.

10. SUGGESTIONS, COMPLAINTS

In general, 2021 had a large and, one could say, negative impact on the customer. Not only was it marked by the ongoing COVID-19 pandemic, but in particular the collapse of some suppliers towards the end of the year and the disproportionate increase in prices on the energy market also had a major impact on the number of complaints made by consumers. Compared to last year, when the pandemic did not have such an impact on customer complaints, since the last quarter of 2021 the Office registered an increased number of complaints related to the inability to pay energy bills compared to previous years. In the first half of 2021, a large part of the complaints were related to the way energy supply contracts were concluded or to the change of energy supplier. Also in 2021, customers contacted the Office due to irregularities in metering of electricity and gas consumption, connection to the distribution network/grid and quality of supply. In the last quarter of the year, submissions mainly concerned supply of last resort, impossibility to contract with a new supplier and differences in invoicing of consumption between the original and the suppliers of last resort.

In the year under review, the Office dealt with a total of 538 customer submissions and complaints, a rise of 52% on the previous year, of which up to 18% related to supply of last resort issues and of which the vast majority, up to 70%, related to payments. Also in 2021, the Office received some submissions that were not within the Office's remit and which the Office subsequently referred to the competent authorities. Compared to previous years, the number of complaints handled by the Consumer Protection Department increased.

Number of complaints handled by the Consumer Protection Department

	2017	2018	2019	2020	2021
Number of complaints received	667	358	350	353	538
Number of complaints referred outside the Office	43	44	41	50	48
Number of complaints closed with a reply/statement	578	198	223	222	388
Number of complaints otherwise closed	46	116	86	81	102

11. ALTERNATIVE DISPUTE RESOLUTION

Since 2016, the Office has been the authority for alternative dispute resolution of consumer disputes pursuant to a special regulation on consumer disputes resulting from Act No. 391/2015 on alternative dispute resolution of consumer disputes, as amended. Pursuant to Section 9(1)(o) of Act No. 250/2012, the Office also performs alternative dispute resolution of consumer disputes of an electricity end-user, a gas end-user, a customer who uses the supplied heat for his own consumption, a water customer or a wastewater producer who is a consumer pursuant to a special regulation, and decides on the imposition of penalties for administrative offences committed in breach of the obligations laid down in the special regulation.

In 2021, the Office received only four proposals for alternative dispute resolution for consumer disputes. Of these, three were filed on the basis of Act No 391/2015, where the party to the dispute was a natural person - a consumer. One was filed in accordance with Section 37 of Act No 250/2012, where the party to the dispute was a legal entity - an end user.

One of the above-mentioned proposals was rejected in accordance with the rules on alternative dispute resolution pursuant to Section 13(2)(b) of Act No 391/2015 on the grounds that the case had already been decided by the court. The dispute concerned the repair and relocation of HV lines from the consumer‘s property.

In two submitted proposals for alternative dispute resolution, the dispute was terminated in accordance with Section 19(1)(e) of Act No 391/2015 on the grounds that from the facts established within the ADR process it was not evident that the seller had violated the consumer‘s rights under the consumer rights protection regulations. In one case, the issue was illegal electricity consumption proven by an expert opinion provided by the supplier, and in the other case it was a disagreement with the consumption metering/billing and a request to allow withdrawal from the contract.

In none of these proposals was there an agreement on dispute resolution pursuant to Section 17 of Act No 391/2015 concluded. In the last case of alternative dispute resolution between the end customer and the supplier, the issue was the customer‘s disagreement with the non-acceptance of the termination of the contract by the supplier. In this case, an agreement was eventually reached between the end-user and the supplier outside ADR and the Office was notified of the termination of the dispute.

In 2021, as in the previous period, disagreement and doubts about the correctness of the billing of consumption by the regulated entity were the most frequent reasons in up to 50% of the ADR proposals. Consumers sought an investigation of the correctness of the metered consumption data, the supplier‘s billing of consumption and the subsequent correction of the consumption bill.

Number of disputes settled out-of-court

	2017	2018	2019	2020	2021
No. of received ADR proposals	28	11	19	9	4
No. of received ADR proposals pursuant to Section 37 of Act 250/2012	6	2	1	1	1
No. of received ADR proposals pursuant to Act 391/2015	22	9	18	8	3
No. of pending disputes	6	0	0	0	0

It can be stated that alternative dispute resolution in regulation of network industries is not widely used among consumers, despite the education done by the Office. This is probably due to the fact that most consumers find it easier to file a simple, often incomplete complaint with the Office than to complete a simple, but nevertheless formalised proposal and go through a standardised ADR procedure. The Office concludes that increasing consumers‘ awareness of the possibilities for resolving their issues, as well as increasing the experience of those responsible for the overall alternative dispute resolution agenda, can contribute to making alternative dispute resolution more effective and better. However, the Office also points out that, if one of the parties is unwilling to conclude an agreement, it has no option but to terminate the proceedings with a reasoned opinion.

12. HANDLING OF INFO-REQUESTS

Pursuant to Section 2(1) of Act No 211/2000 Coll. of the National Council of the Slovak Republic, the Office is an obliged person to disclose information.

According to the current rules of procedure, the Chairman's Office handles this agenda, which registered 67 requests for information in 2021.

On the basis of Section 14(3) of Act No 211/2000, one information request was postponed due to the fact that the requester did not respond after being asked to complete the information request within the statutory time limit.

The Office dealt with a further 66 requests for information as follows:

- in 47 cases, the Office made the requested information available,
- 11 requests for information, because they were not requests for information within the meaning of Act No 211/2000, were forwarded to the Office's specialist departments for direct handling and two requests to the Slovak Trade Inspection,
- in eight cases, the Chairman's Office, as the first instance body, issued decisions where it:
  (a) did not disclose information at all in four requests for information, where in two cases the Office did not possess the information and in two cases the information requested was part of the performance of an inspection,
  (b) partially withheld information in four requests for information due to the protection of personal data or trade secrets of regulated entities.

Compared to 2020 with 57 requests for information, a slight increase can be noted. In terms of the nature of the info-requests' content, the requesters mainly demanded:

- information on granting a business licence, including supporting documents,
- documentation on the assignment of business ID numbers by the authorities to natural persons,
- specific staff regulations or methodological guidelines of the Office,
- specific promoted electricity producers and their facilities connected to the distribution system and whether the producers notified the Office and/or the distribution system operator of the claimed support under Act No 309/2009,
- confirmations of origin for electricity from renewable energy sources and confirmations of origin for electricity produced by high-efficiency cogeneration, including the documents for their issuance,
- various information from specific tariff regulation proceedings, including tariff proposals submitted by specific regulated entities, and others.

In 2021, as part of the information request agenda handling, in three cases, the requester in one case appealed three times. As of 31 December 2021, the Chairman as the appeal body finally rejected the appeal in one case. The other two appeals were carried forward to 2022 for resolution.

Statistics on requests for access to information under Act No 211/2000

Year	2017	2018	2019	2020	2021
submitted	37	38	38	57	67
deferred	0	2	2	1	1
processed, of which:	37	36	36	56	66
Information disclosed	29	25	30	45	47
decisions issued not to disclose information or partially disclosed information	6	5	1	6	8
referred to the specialist department of the Office / competent public authority	2	6	5	5	11
withdrawn in full or in part	0	0	0	0	0
appeals against the decision of the first instance body	2	1	0	1	3x3 *
appeal dismissed by the appeal body	2	1	0	1	1

* - 3 requesters appealed in 1 case 3 times again within 2021

13. URSO BUDGET

The Office fulfilled binding indicators of the state budget for the year under review and managed the allocated funds as follows:

Revenues

For 2021, the binding revenue indicator was set at 200 000 EUR. As at 31 December 2021, total revenue was 223 699 EUR, of which 217 712 EUR was received in the payment of fines imposed by the Office on regulated entities in accordance with the Regulatory Act and 5 987 EUR were other non-tax revenues, representing 111.85 % compliance with this binding indicator.

Expenditures

The approved total expenditure budget for the year amounted to 4 204 818 EUR. As at 31 December 2021, the approved budget was adjusted to 4 579 986 EUR by the Ministry of Finance. The actual spending as at 31 December 2021 stood at 4 579 165 EUR, which represents 99.98 % (a saving of 821 EUR).

The Office‘s revenues and expenditures

Indicator in EUR	Approved budget 2021	Amended budget 2021	Actual volume as at 31 Dec 2021	Actual volume in % as at 31 Dec 2021
Total revenues	200 000	200 000	223 699	111.85 %
Total expenditures	4 204 818	4 579 986	4 579 165	99.98 %

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