



National Report 2013
submitted as of 30 June 2014

Regulatory Office for Network Industries
Slovakia



1. Foreword

The Office for Network Industries (hereinafter “the Office”) considers that a power sector still needed the state regulation. The world economic and financial crisis has ascertained a convincing evidence about its high relevant need and the theorem on „the invisible hand of the market“ which is supposed to find positive solutions for all such problems, thus leading to the economic growth, can retreat to the world of unfulfilled dreams.

The year 2013 one can characterized as a period of stable regulatory framework that created the standardized business environment with developed competition. The past year, however, brought up also the issues before the Office that echoes out up to the authorities of the European Union. The issue being excitedly discussed referred to the electricity network charges, and led to making an accusation against the Office for market distraction.

The Office had to face strong pressure from lobbying groups whose arguments have been unfortunately adopted by the bodies of the European Union in the form of diverse observations, investigations and direct accusations of the Office’s lack of transparency, and weak proving of data used. The both misunderstandings and misgivings about correctness of the Office’s procedures could have been caused also by indifference of the European Union’s bodies towards the Office’s explanations and facts, that the reservations have clearly proved unfounded. The Office proved its both legislation and decisions are in line with the EU legislation, and that reservations result from mistaken interpretation of data providing by Eurostat. The Office highlighted many times the Eurostat’s methodology inconsistency in the data acquiring from member states.

Despite these circumstances, the Office realised its resolutions outlined in the regulatory policy and by means of its interference and measures, it successfully managed to cut down the network fees, thereby maintain the final electricity price virtually unchanged for the period of five years.

As far as the price regulation of the supplies of electricity and natural gas is concerned, the Office prioritised the incentive based regulatory methods, for instance, „the price cap” used for setting of the maximum prices. The suppliers are not obliged to exceed such maximum prices but every supplier has a possibility to use the whole range of tools to acquire a new customer within a competitive environment. Of course, it is a fact that the Office monitors and thoroughly inspects the correctness of these practices within a frame of its competences. Therefore, the statement that the regulation limits and distorts a competition on the market is not right.

The special Office’s department scrutinized each legislative action taken by the Office. All actions taken by the Office are evaluated after the impacts to the electricity and gas markets considerations. The studies and analysis are elaborated based on data provided from regulated companies, and personal and written communication with the market participants. The Office also adopted the measures aimed at improving the functioning of the energy market, thus ensuring safe and reliable supplies. The Slovak Republic effectively managed to implement the standard procedures aimed at protecting the consumers being applicable in other countries of the European Union.



The Office managed to maintain the stable electricity prices due to the interference made in line with new competences following from the both Act on Energy and Act on Regulation in Network Industries. The Office thus optimised the negative impact of the costs related to the electricity generation from renewable energy sources that enabled to reduce the final electricity price.

A new legislation played a positive role in the Office's efforts aiming to reducing costs of regulated companies. Monitoring and an ad-hoc interference of the Office in the cases of the service level agreements within the vertically integrated companies resulted in a more detailed specification of justified costs and elimination of non-justified costs that, although hidden, substantially affected the final prices of energies.

The progress was also achieved in a new kind of state regulation – the monitoring of quality standards. Their introduction brought a higher quality of supplies and services in the energy sectors, but also the more intensive protection of consumers. In 2013, automatic compensation payments were introduced to penalise any violation of quality standards and therefore, Slovakia is ranked among a few countries applying such modern method of regulation.

From the perspective of international markets, it is worth mentioning a successful market coupling projects that enabled the efficient allocation of available cross-border capacities in day-ahead electricity market. The electricity traded in the coupled markets contributes to higher reliability of supplies, higher liquidity in the market and lower price volatility. A larger interest of the Central and Eastern European countries in establishing co-operation in this area proves the correct orientation of building up the regional energy markets.

It is pleased to state that the reputation of the Office has improved not only in the professional energy community, but also among the public. The annually increasing number of initiatives and complaints received from the market participants whom the Office resolved can acknowledge a trust to the competences of the Office acting in favour of consumers.

2. Main developments in the gas and electricity markets

Electricity

The electricity market of the Slovak Republic was developing in harmony with the policy of the European Union in the year 2013. The effort was aimed at creation of the single electricity market, with the maximum level of liberalisation and protection of vulnerable consumers, while the specific features of the Slovak national economy was taken into consideration. The Office also considered all the possibilities awarded to individual member states by means of the provisions of the 3rd package.

In 2013 the electricity supply market has slightly declined with a consumption of 28 681 GWh. A domestic generation in contrary increased to the value of 28 590 GWh.

The switching rate of household consumers reached the value of 3.58 %. As far as other consumers are concerned, the switching rate reached the value of 6.98 %.



Gas

In 2013 natural gas consumption of final consumers on the territory of the Slovak Republic achieved 54.8 TWh. Compared to 2012, it represents an increase by 1.1 % of gas consumption. Considering the number of active gas suppliers in 2013 the market saturation may be observed and no assumption is made indicating their significant increase. In the category of household gas consumers, an annual decline was recorded in the number of gas supply switches up to 88 thousand. Compared to the previous year this means a decline by more than 43 thousand of gas supplier switches. Despite this fact, the efforts of consumers to switch their gas supplier may be observed. The rising tendency in switching a gas supplier may be observed in the category of medium and large-scale consumers in which the switching indicator achieved the highest possible value of 26.9 % in 2013, compared to the value of 17.1 % in 2012.

3. Electricity market

3.1. Network regulation

In 2013, the Office performed a regulation in accordance to the Office Decree No. 225/2011 Coll. setting down price regulation in electricity industry in the version of latter provisions for:

- access to the transmission network and for transmission of electricity,
- access to the distribution network and for distribution of electricity,
- connection to the system,
- providing of system services,
- providing of ancillary services.

3.1.1. Unbundling

The Slovak Republic transposed the Directive 2009/72/EC on the Common Rules for the Single Electricity Market into its national legislative system and already completed the unbundling process in the electricity market. The Office revealed during the process of certification that the company Slovenská elektrizačná prenosová sústava, a. s (hereinafter „SEPS“) – a Slovak transmission system operator (hereinafter “TSO”) had complied with all the terms and conditions set forth in the Act No. 251/2012 Coll. on the Energy Industry and on Amendment and Supplement of several acts (hereinafter „Act on Energy”). On 14 October 2013, the Office granted SEPS the certificate under the Act No. 250/2012 Coll. on the Regulation of Network Industries (hereinafter “Act on Regulation”). When releasing its decision the Office took into consideration the opinion of the European Commission. Finally, the Ministry of Economy of the Slovak Republic (hereinafter as „Ministry of Economy“) issued the decision on the compliance with the conditions relating to the ownership unbundling for SEPS on 22 November 2013.

3.1.2. Technical functioning

In 2013, the Office performed primarily activities aimed at granting approval of the operational codes for the system operators, approving and monitoring the manners of providing and volumes of ancillary services. Further activities related to setting of the maximum prices and monitoring



of the compliance with quality standards in order to make sure the system is reliable and secure being in line with the development of the single electricity market.

On December 2 2013, SEPS submitted for approval the 10-year network development plan in accordance with the existing legislation. The plan incorporated possible actions and objectives, the investments roadmap for ten year as well. The Office initiated the public discussion on the document submitted by TSO in relation to the existing legislation.

Ancillary and system services

Slovakia provides for the base load coverage between the producer and the consumer either directly or by means of electricity traders. TSO is responsible for providing regulatory power. TSO, based on the respective contract, purchases all ancillary services from certified service providers in the free market. The free competition principle based on the economically effective principle is thoroughly applied at the time of purchase. Bearing in mind the fact that the electricity industry in Slovakia is characterised by fully unbundled electricity market, competition in the market with ancillary services was adequate. In 2013, ancillary services were provided with a larger focus given on services with a shorter time of activation.

Quality standards

Making a comparison of the performance of regulated companies with regard to the quality of goods and services delivered, and its publishing represents an effective regulatory tool for stimulating effectiveness of regulated companies.

The regulated entities had to submit a summary evaluation of their quality standards for the year 2013 to the end of February 2014, either electronically through online forms, or in paper form.

Since January 2013, the compensatory payments were introduced into practice, so those regulated entities, which are not complied with the quality standards set, are required to pay the compensation payments to the customer automatically. In 2013, the total amount of the compensation payments of 373 651.20 € has been paid to consumers.

Monitoring safeguard measures

Monitoring of safeguard measures, in line with the Article 37(1) t), in connection to the Article 42 of the Directive 2009/72/EC, is performed by the Ministry of Economy.

RES regulatory framework

The conditions for supporting of electricity generation from renewables are defined in both the Act No. 309/2009 Coll. on promotion of renewable energy sources and high efficiency combined production and on amendments to certain acts in the version of latter provisions (hereinafter as „Act No. 309/2009 Coll.“) and the Office Decree No. 225/2011 Coll. setting price regulation in electricity industry in the version of latter. The Article 3 of the Act No. 309/2009 Coll. precisely specifies methods and conditions of promotion from RES as of the priority related to the:

- connection of an electricity generating facility to the regional distribution system,



- access to the system,
- transmission of electricity, distribution of electricity and supply of electricity,
- the electricity off take by the operator of the regional distribution system, to which the facility of the electricity producer is connected directly or through the local distribution system,
- for the price of electricity covering the losses,
- the additional payment,
- taking over the responsibility for deviation by the regional distribution system operator.

The Office Decree set further details related to the promotion, the price for specific technologies of generation included. In 2013, the prices for some technologies fell down in comparison to 2012 due to the changes on the electricity market. Act No. 309/2009 Coll. was amended during 2013. The main changes related to tightening of the conditions for promotion awarding. The possibility of withdrawal of the promotion, with a duty of a nonqualified promotion returning, was introduced.

3.1.3. Network tariffs for connection and access

Regarding price regulation in the electricity industry, the regulatory tool used is the regulatory policy of the Office. The year 2013 was the second year of a 5-year regulatory period in the electricity industry applied the price cap method. Such incentive method of price regulation allows the system operators to retain the achieved higher profit if they behave effectively and are able to optimise their costs.

The price of electricity for end consumers consists of regulated and unregulated components. The regulated components were associated with the transmission and distribution electricity and activities related to ensuring the stability of power system (ancillary services, system services, services related to system operation, with contributions for promotion of RES, domestic coal mining) and costs for the performance of the organiser of the short-term electricity market included. In addition, the regulated component for households was also associated with the maximum price of the electricity supply set based on the electricity price on the free market on PXE.

As regards price regulation imposed on the respective activities in 2013, the Office issued:

- 327 price decisions on access to the transmission system and electricity transmission, for access to the distribution system and electricity distribution, for network connection, for household electricity supply and the last resort electricity supplier,
- 87 decisions on electricity price for setting an additional fee for electricity producers using technologies based on combined heat and power production,
- 2 377 decisions on electricity prices for setting an additional fee for electricity producers based on renewable energy sources.

In 2013, in compliance with the Act on Regulation the Office prepared the Office Decree No. 221/2013 Coll.



While drafting the Decree No. 221/2013 Coll. the Regulatory Office addressed regulated entities and requested from them to submit any ideas that might be useful for the market development. All the comments had been negotiated and those that were considered useful for the market development were incorporated into the final version of the decree. The whole discussion and its results became publicly available on the portal of legal regulations of the Slovak Republic. The pricing procedure conducted by the Regulatory Office was then preceded under the Decree approved in 2013 for the year 2014.

A tariff for electricity transmitted in 2013 against 2012 declined by 51.26 %, a tariff for reserved capacity increased by 25.49 %, compared to 2012, which was due to the change in the ratio of weights of reserved capacity and transmitted electricity (work). A tariff for balancing services went up, from the value of 7.33 €/MWh to the level of 7.95 €/MWh, which means an increase by 8.46 %. A tariff for electricity transmission losses increased by 20.04 % due to the unscheduled electricity transmission caused by „loop“ flows from Germany as a result of the operation of renewable energy sources.

The amount of a tariff for the system operation in 2013 compared to 2012 increased by 0.32 €/MWh up to the value of 16.02 €/MWh, which means an increase by 2.04 %. This was caused mainly by intensive construction of renewable energy based generating plants and their mandatory support in compliance with the valid EU legislation and highly efficient combined heat and power production as well. In addition, the support given to local coal mining used for the purpose of electricity generation (in compliance with Directive 72/2009/EC) and the costs for the performance of the organiser of the short-term electricity market, that makes a significant contribution to the liberalisation of the electricity market on the restricted territory, contributed to the tariff increase, as well.

3.1.4. Cross-border issues

Regarding the cross-border capacity allocation and congestion management on the cross-border profiles of SEPS – the TSO adheres to the rules governing the electricity market and the transmission system operational code approved by the Regulatory Office. The capacity of cross-border transmission system inter-ties ensures sufficient stability and security for the system not only in the Slovak Republic, but also in the conditions of the European Union.

In 2013 the Regulatory Office co-operated in the matters related to cross-border trading with respective regulators and the Agency for Co-Operation of Energy Regulators (hereinafter only „ACER“) under the provisions of the Ordinance No. 2009/EC/714 within the region of Central and Eastern Europe (hereinafter only „CEE region“).

On the cross-border profile between the Slovak Republic and the Czech Republic there has been a day-to-day capacity allocation used since 2011, and this is free of charge, based on the adoption of assigned requirements related to the cross-border transmission, using the principle „first come, first served“.

The day-ahead capacity has been allocated on the cross-border profiles with the Czech Republic and Hungary through the implicit auction within the framework of the so-called trilateral market



coupling. The memorandum of understanding among five countries (Czech Republic, Slovakia, Hungary, Romania and Poland) concerning the extension of the trilateral market coupling activities was signed in the beginning of 2013. Due to the withdrawal of a Polish market participant, only four remaining countries continued to be part of the coupling project during 2013.

Within the trilateral market coupling project the systems put into practice have been developed for the target European model of the day-ahead electricity market. Such a model applying the principle of marginal price determination was based on the ACER framework guidelines concerning the allocation of capacities and congestion management in the CEE region.

The revenues from the fees earned from the congestion management for the SEPS accounted for 24,983,097.64 € in 2013. The Regulatory Office carried out the monitoring of revenues pursuant to Article 16 (6) of the Ordinance No. 2009/EC/714. The Office came into conclusion that all the TSO's revenues resulting from the allocation of interconnection were used to guaranteeing the actual availability of the allocated capacity and the maintaining or increasing interconnection capacities by means of investments.

3.1.5. Compliance

Transposition of the 3rd Package provisions was applied through adoption of the Act No. 250/2012 Coll. as of 31 July 2012 on regulation in network industries, with the effect as of 1 September 2012, and the Act No. 251/2012 Coll. as of 31 July 2012 on energy with the effect as of 1 September 2012.

3.2. Promoting Competition

3.2.1. Wholesale market

The key players in the electricity market in the Slovak Republic in 2013 were the following enterprises:

- Slovenské elektrárne, a.s.– the most significant (dominant) electricity generator that in 2013 provided 70.74 % of electricity generation in Slovakia from internal generation plants. Electricity production amounting to 20,224 GWh covers 70.51 % of electricity generation in the Slovak Republic. An installed capacity in internal generation plants owned by Slovenské elektrárne, a.s. is 4,992.9 MW.
- SEPS as a sole holder of electricity transmission licence, the national TSO acting as the energy dispatcher (providing the balance on the restricted territory of the Slovak Republic).
- OKTE a.s., an organiser of the short-term day ahead market with electricity as an institution for assessment and organisation of the short-term day ahead market and ensuring the financial settlement, assessment and deviation settlement on the territory of the Slovak Republic.
- ZSE Distribúcia, a.s. (Western Slovak Power Utility), Stredoslovenská energetika - Distribúcia, a.s. (Central Slovak Power Utility – Distribution) and Východoslovenská distribučná, a.s. (Eastern Slovak Power Utility) – exclusive operators of regional

distribution systems on the respective parts of the restricted territory where more than 100,000 points of supplies are connected.

- The overall number of entities that possess valid license for electricity supply is 435.

3.2.1.1. Monitoring the level of prices, the level of transparency, the level and effectiveness of market opening and competition

Monitoring the wholesale market with electricity is in the competence of the Quality and Analysis Department established by the Office especially for this purpose. The electricity has been traded predominantly based on bilateral trades concluded under the market conditions, usually via various broker platforms, Prague Power Exchange and European Energy Exchange EEX that are regarded as the most transparent and fair way of trading electricity in the long-term basis in this region. Residual electricity sold annually is traded on the short-term basis in the Slovak short-term day ahead market and neighbouring markets on bilateral basis, again mainly via broker platforms. This volume represents approximately 10 % of total annual production.

Considering the size and liquidity of the Slovak energy market, it is important to export or import it on a daily basis. The advantage of the Slovak electricity market is a good connection of the power system with the neighbouring markets. Following the completion of the construction of units 3 and 4 of the nuclear power plant Mochovce to the system, security of electricity supplies in Slovakia as well as within the common EU market will be partly restored and export potential of the country in the electricity market will be partly revived as well.

Now the market is dealing with the issue of expansion of renewable energy sources in Europe with the impact on the functionality of the power system, as well as the final electricity prices. The growing electricity demand indicates the revival of economy.

3.2.2. Retail market

A gradual increase in electricity supplies by new electricity suppliers has reached a significant level and nowadays suppliers are not divided into traditional and alternative, but rather into old and new or large and small.

In 2013, the Office performed the price regulation of electricity supply on the following areas:

- Electricity supply for households;
- Electricity supply to small businesses;
- Electricity supply performed by the Last resort supplier.

In 2013, more than 76,000 households changed their electricity supplier. The switching rate in this segment amounted to 3.58 %. Consumers are aware of their legal option to change supplier and uses it, while the main reason for switching is the lowest price for customers. In the category of non-household consumers, the switching rate reached 6.98 %.

When changing electricity supplier the customers bear into consideration the price and a quality of services such as guidance, personal approach, terms and conditions, comprehensive services associated with electricity supply, The experience shows that almost half of consumers use the



disadvantageous tariffs for them, and there is a room for savings a substantial part of their costs for electricity supply.

Electricity supply for households

For 2013, the Office determined the maximum prices for household electricity suppliers actively doing business in the Slovak Republic together with the implementation of terms and conditions. The maximum prices for household electricity supply are made of two components, consisting of the monthly payment per a point of off take and the electricity consumed in the low band or the high band. The electricity supply for households consists of eight rates.

The Office always determines the maximum prices through its decisions. As part of their business activities suppliers came up with various discounts and benefits for their consumers. On its web site, the Office offers the so-called price calculator, which can help any consumer in selecting the specific supplier depending on the most suitable electricity supplier based on the assumed demand and the price approved for such consumer by the regulator.

The maximum price for household electricity supply for 2013 was determined based on the following initial parameters:

- Arithmetical average of daily prices of the following official exchange rate list published by the power exchange PXE,
- Product “F PXE CZ BL Cal-t”,
- Coefficient for meeting the scheduled diagram for electricity supplies to households by the maximum amount of 12 %,
- Costs incurred by the deviation caused by the household electricity supply.

Electricity supply for small enterprises (hereinafter “SMEs”)

SME is defined as the final electricity consumer with the annual electricity demand in all their off take points exceeding 30,000 kWh per year that foregoes the year of submitting a respective price proposal. Electricity supply to SMEs consists of eleven price rates.

In 2012, the Office cancelled the price regulation imposed on the electricity supply to SMEs. Such cancellation brought higher prices for electricity supply to some electricity consumers even by about 20 %. Therefore, the Office introduced repeated price regulation in the SME segment due to the unjustified price increase since January 1, 2013. The price regulation imposed on the electricity supply to SMEs in 2013 complied with the Directive 2009/72/EC.

For 2013, the Office issued 109 price decisions related to electricity supply to SMEs.

The maximum price for small-scale business electricity supply for 2013 was determined based on the following initial parameters:

- Arithmetical average of daily prices of the following official exchange rate list published by the power exchange PXE,
- Product “F PXE CZ BL Cal-t”,



- Coefficient for meeting the scheduled diagram for electricity supplies to households by the maximum amount of 12 %,
- Costs incurred by the deviation caused by the small-scale business electricity supply.

Electricity supply performed by the Last resort supplier

The last resort supplier has an obligation to deliver electricity to electricity consumers that are connected to the distribution system and whose supplier lost the ability to supply electricity or the whole process of switching supplier that does not have electricity provided in the other way was completely ceased.

In the course of 2013, the concept of the last resort supplier was used just in two cases. The small supplier (Vaša energia, s.r.o.) ceased to comply with its obligations on the restricted territories of two DSOs. The electricity supplies to final consumers were taken over by the last resort suppliers under the existing legislation and its commitments.

3.2.2.1. Monitoring the level of prices, the level of transparency, the level and effectiveness of market opening and competition

Apart from price regulation, the Office in accordance with the Act on Regulation published the Office Decree No. 24/2013Coll. laying down the rules dealing with the functioning of the internal gas market. This decree provides an explanation of the rights and obligations of the electricity market players and specifies the conditions for the functioning of the liberalised electricity market in Slovakia. The decree has introduced the measures aiming to raise the transparency of the electricity market and specified the details for the creation of data storage plant and the central invoicing system.

The other binding documents for the electricity market participants promoting transparency and effectiveness of the electricity market are the Operational Codes approved by the Regulatory Office, into which the network operators incorporated the electricity market rules tailored to their internal operational conditions. In addition, the Office prepared the sample Operational Code for the distribution system operators. Any modifications made to the Operational Codes against the sample Operational Code are subject to approval by the Office. Based on applications submitted by the network operators the Office reviewed and approved 49 Operational Codes.

A new important competence awarded to the Office arising out of the Act on Regulation includes the approval of business terms and conditions for the electricity supplier providing universal service. The business conditions form an inseparable part of the agreements on electricity supply and specify in detail the rights and obligations for both the supplier and the consumer in relation to electricity supply. The Office made the sample business conditions for electricity suppliers providing universal service (suppliers to small-scale businesses or households). Such sample business terms and conditions unified the level of the protection of consumers so that they are obliged to comply with them, thereby increasing the protection of electricity consumers and avoiding any unfair business practice. The Office approves any changes in the business conditions. In 2013 the Office approved 61 decisions governing the business terms and conditions in the electricity sector.

3.2.2.2. Recommendations on supply prices, investigations and measures to promote effective competition

The Office directly performs price regulation of both household and small businesses electricity supplies. Practical experience of the electricity market participants that required legislative amendments were taken into consideration by the Office in the Decree laying down the rules for the functioning of the market with electricity and natural gas.

New primary energy legislation implementing the 3rd Energy Package included many new measures for the improvement of the position of electricity consumers either by eliminating the administrative burden for the electricity market participants, thus ensuring a higher flexibility of the market environment as well as extending the range of obligations applicable for regulated companies. The details related to such measures were incorporated into the Office Decree, laying down the rules for the functioning of the market with electricity and natural gas. New primary legislation enabled the Office to approve generally binding trading conditions applicable for electricity suppliers, which also contributed to the protection of the electricity consumer.

The measures to ensure the compliance with the market rules include the following:

- Monitoring the compliance with the approved operational orders of distribution companies, their harmonisation with valid primary and secondary legislation and its practical implementation,
- Monitoring the compliance with quality standards related to electricity transmission, electricity distribution and electricity supply laid down by the Decree, thus ensuring the protection of the rights of electricity consumers with the intention to guarantee high quality and failure-free services and provide guidance to system operators and electricity suppliers to make them behave more effectively and to ensure safe and reliable performance of regulated activities,
- Monitoring the compliance with the Office Decree's specifying the details on the method of unbundled record keeping with regard to the matters subject to accounting and on the method of keeping the assets and liabilities records in order to hinder any discrimination and cross subsidies among individual activities provided by the system operators that in addition to regulated activities perform other activities.

In 2013, the Antimonopoly Office of the SR (hereinafter as „AMO SR“) did not perform any investigations in the field of breaching the Law on competition protection in the relevant electricity market in the territory of the SR. As for concentrations, the Section for Concentrations of the AMO SR issued one decisions related to energy industry.

4. Gas market

Gas stakeholders

The major gas market participants in the Slovak Republic in 2013:

- a) The transmission system operator (eustream, a.s.),
- b) The operator of the distribution system on the restricted territory of the Slovak Republic (SPP-distribúcia, a.s.),



- c) Gas storage operators (POZAGAS a.s., NAFTA a.s.),
- d) 26 gas suppliers,
- e) Gas consumers.

In 2013, the most significant share in the market with gas supplies to final gas consumers had the traditional gas supplier SPP having a 63.2 % share, then RWE Gas Slovensko, s. r. o. that achieved an 18.7 % market share and ELGAS, s. r. o. achieved 4.0 % market share. Other 23 gas traders achieved a 14.1 % share in total gas consumption of final gas consumers.

Roughly, 98 % of domestic gas consumption is covered by gas import. Natural gas supply for the needs of the Slovak market is provided by SPP based on the long-term agreement with the Russian company Gazprom Export being the main natural gas supplier. Other gas traders purchased gas from various mostly foreign gas suppliers, in the Power Exchange or from Slovak suppliers that functioned here as gas traders.

In 2013, the Office recorded 107 gas supply licensees, which represents an increase by 21 licensees, compared to 2012. Of this number, 26 licence holders supplied natural gas to final consumers on the territory of the Slovak Republic. There were 34 local gas suppliers owning or having rented some local distribution system and supplying gas only to consumers that have their own off-take points situated in their premises.

4.1. Network regulation

In 2013, the Office performed price regulation for the following activities:

- Access to the transmission system and gas transmission,
- Access to the distribution system and gas distribution,
- Connection to transmission and distribution systems,
- Provision of ancillary services in the gas sector,
- Repurchase of gas installation, setting maximum prices for repurchase of a gas installation valid from January 1, 2014, in accordance with the Office Decree No.193/2013 Coll. enforcing price regulation in the gas sector.

4.1.1. Unbundling

Transposition of the Directive 2009/73/EC in the Act on Regulation and the Act on Energy allowed extending powers of the Office concerning supervision, inspection and imposing sanctions for any failure to comply with the conditions. In this regard, the Office had to issue some implementation regulations.

Eustream, a.s. is part of the vertically integrated company and in such a case is a subject to conditions of independence of TSO.

The Office revealed during the process of certification that eustream, a.s. complied with all the certification's conditions specified in the Act on Energy. Eustream, a.s. awarded the certificate from the Office on October 28, 2013. The opinion of the European Commission has been taken into account during the certification process. Ministry of Economy concluded the certification



process while issued the decision on November 22, 2013 regarding the compliance with the conditions of unbundling of the TSO.

4.1.2. Technical functioning

Transmission network

Gas transmission for the needs of the Slovak and foreign markets is provided via the high-pressure transmission system operated by the single TSO, eustream, a.s.

The transmission system is made of four to five parallel pipelines with the diameter of 1200/1400 mm with the operational pressure being 73 bars. Pressure differential required for the uninterrupted gas supply is ensured by four compressor stations with the capacity of more than 1000 MW. The most significant compressor station is situated in Veľké Kapušany on the Slovak-Ukrainian borders. Having the overall capacity of more than 300 MW, it is the largest compressor station in the EU. Technical capacity at the entry point Veľké Kapušany is 2 548 mil MWh per day.

Eustream, a.s. developed and submitted to the Office the transmission network development plan including the development of interconnections for a period of ten years. The project of the interconnecting gas pipeline between Slovakia and Hungary, that is part of Northern-Southern corridor, is included to the plan. The project will contribute to a significant diversification of energy sources and gas transportation routes in the CEE region.

Distribution network

SPP-distribúcia operates the distribution system of the Slovak Republic. The network is made up of large-scale, medium-scale and low-scale gas supply pipelines covering the national territory, and provides the distribution of almost 98 % of total volume of gas distributed in. Out of the total number of 2,928 towns and villages in Slovakia 2,234 of them were gasified (77 %) in 2013, thereby enabling them to have access up to 94 % of Slovak inhabitants in the country. Out of the total length of the distribution system being 33,182 km, as of December 31, 2013, the high-pressure gas pipelines are 6,291 km long and medium-pressure and low-pressure gas pipelines are 26,891 km long. A tendency to apply thermal insulation on residential buildings as well as the switch to heating medium used for space heating in households in family houses is caused by a lower level of use of primarily low-pressure gas supply pipelines. The insufficient use of an oversized distribution system is proven by the fact that in the course of ten years the amount of gas distributed in the course of ten years went down by about 23 %, whereas the length of medium and low-pressure gas supply pipelines has increased by about 6.5 %.

The renovation and upgrading of the distribution network reached the investments of SPP-distribúcia as of 31 million €. The SPP-distribúcia network covered 26 active gas traders in 2013.

Apart from SPP-distribúcia, 39 operators of local distribution networks provided the gas distribution to customers that ensured the distribution of local distribution systems at the amount of 951 million m³.



Network balancing

SPP-distribúcia served also the role of the National Gas Dispatch Centre. As for physical balancing of the distribution system, apart from line pack of the distribution system, SPP-distribúcia uses gas storage facility in Dolné Bojanovce, located on the territory of the Czech Republic that is connected to the Slovak Gas Network. In 2013, no problems occurred in the distribution system caused by the unbalance in the distribution system. SPP-distribúcia company also ensured business balancing on a daily basis for the distribution network users by means of the calculation of daily and cumulative deviations originating from the amounts of gas nominated at the entries into the distribution system and quantities actually flowing out of the distribution system and keeping the balancing account and deviation settlement.

Underground gas storage facilities

The underground gas storages primarily ensure the balances of differences between gas supplies and gas demand. The underground gas storages on the territory of the Slovak Republic are operated by two companies, NAFTA, a.s., operating a complex of underground gas storage tanks Láb 1-3 and Gajary-Báden and POZAGAS, a.s. company that operates an underground natural gas storage tank Láb 4, situated near Malacky.

Since 2013, the access to a storage facility and gas storage has been taken out of price regulation.

Total yearly storage capacity of both underground gas storages as of 31 December 2013 amounted to more than three billion m³ per year.

Quality standards

The Office has been monitoring and assessing the observance of quality standards, based on the data on quality standards evaluation provided by the regulated entities. It may be stated that the regulated entities have been gradually paying more attention to the quality standards observance. Every year, the Office performs controlling activity, and based on this, applies the administration proceedings on fining for not providing standards evaluation within the defined deadline. As from 2016, the Office will introduce a coefficient of achieved quality standards fulfilment, and thus within the Decree on electricity price regulation. Via this coefficient, the quality standards observance will be taken into account in the course of price creation.

Since 1 January 2013, the compensation payments have been introduced, which, in case of quality standards non-observance, will be reimbursed to the respective user by the regulated entity.

4.1.3. Network and LNG tariffs for connection and Access

In 2013, no LNG facility was operated on the territory of Slovakia.

Price regulation of access to the transmission system and of gas transmission is made through direct determination of the comparable price by making a comparison of price for natural gas



transmission in the Slovak Republic with the prices in other member states. Comparable prices for access to the transmission system and gas transmission are determined in the form of tariff. For using the transmission, system by local as well as foreign users there has been the entry-exit tariff system in use since 2005.

Price regulation of access to the distribution system and gas distribution is made through the price cap method. Such incentive method helps to achieve the stable price in the course of the entire regulatory period, taking into account new investments, the escalation factor for operational costs and changes in prices of natural gas used for covering any losses in the distribution system. Maximum price for access to the distribution system and gas distribution is applied in the form of tariff based on the principle of the so-called postage stamp.

A cost-based model of price regulation of access to the distribution system and gas distribution is applied for the operators of local distribution systems (the networks to which fewer than 100,000 off-take points are connected).

Transmission network operator

Annual capacity of the transmission system accounts more than 90 billion m³ of transported gas. In 2013, the volume of 58.5 billion m³ was transported. The largest user of the transmission system in terms of the volume of gas transported is Gazprom Export.

The method of price regulation of access to the transmission system and gas transmission is set on the base of the Act on Regulation and is given by direct setting of the comparable price based on the analysis of prices for gas transmission to other EU member states and prices for gas transmission in the Slovak Republic.

The Office approved for eustream, a.s. the comparable prices for access to the transmission system and gas transmission for the year 2013 in the form of tariffs through its decision dated October 10, 2012. Tariffs are determined for individual entry and exit points of the transmission system (the entry-exit system) and are applicable for both Slovak and foreign users of the transmission system. The initial tariff rates in all tariff groups increased by 1.55 % on average in 2013, compared to 2012 due to an inflation rate in EU countries for 2011 as of 3.1 %, while only its 50 % value is included into the escalation factor. The users of the Slovak system are divided to a tariff groups depending on the contractually agreed daily capacity of gas transmission. The tariff system in the price decision for 2013 is already defined in energy units (so far the prices were determined in volume units), which means that the Slovak tariff system is comparable with those used in other systems operated by other operators of transmission systems in neighbouring countries.

Through the second Office's decision dated May 2, 2013, the Office approved proposal for changes in price proposal that adjusted the size of tariffs at the entry points of the transmission system Lanžhot and Baumgarten. The Office approved the change of tariffs following the thorough analysis. The main reasons of the changes were significant changes in physical commercial flows of gas transportation and the ongoing decline in the gas flow at the entry point



from the Ukraine, which eventually had a negative impact on the set mechanism of the tariff system.

The regulated price for connection to the transmission network is calculated based on eligible costs required for documentation, technical and implementation phases of the connection approved by the Office based on the submitted price proposal. In 2013, the Office released two price decisions regarding the connection to the transmission network.

Distribution network operator

In 2013, the Office carried out the price regulation of gas distribution for regulated companies whose:

- a) Number of off-take points from the distribution system is higher than 100,000, i.e. for the operator of the distribution system SPP-distribúcia that at the same time fulfils the task of the Gas Dispatch Centre on the restricted territory,
- b) Number of off-take points from the distribution network does not exceed 100,000, including mostly the distribution system operators on the restricted territories, the so-called local distribution networks.

The Office issued a price decision for SPP-distribúcia, approving the 2013 tariffs for access to the high-pressure distribution system and gas distribution and tariff for provision of ancillary services not provided in the framework of tariffs for access to the distribution system and gas distribution.

Tariffs for gas distribution were determined on the postage stamp principle, i.e. according to the annual quantity of distributed gas regardless of the distance of an off-take point and were proposed to eliminate any cross-subsidies between individual gas consumer groups. Tariffs also include charges for exceeding the contractually agreed distribution capacity.

The Office also approved for SPP-distribúcia the prices for connection to the distribution network and thus separately for the category of household gas consumers and separately for off-household gas consumers.

Price regulation of an access to the distribution network and gas distribution for the operators of local distribution networks was performed according to the cost-based regulatory method. Therefore, the final price reflected eligible costs of a regulated company incurred by the network operation, an adequate profit determined by the Office and correction of revenues depending on the development of eligible costs of a regulated company from the previous period. In 2013, there were 39 local distribution companies with the valid price decision issued by the Office.

A price for connection to the distribution system as well as to the local distribution systems is determined in order not to exceed the scheduled average costs of a regulated company incurred by the connection to the distribution system. Prices for connection to the distribution system are set separately for household gas consumers and separately for off-household gas consumers.



Natural gas production

Domestic production of natural gas in 2013 reached the level of 100 million m³, what represents an increase of 2 million m³ compared to 2012. As regards the production of natural gas from the existing domestic internal sources despite its increase, a slight decrease in gas production is further expected and this will be partly eliminated by a connection to newly explored sources of a smaller scale.

4.1.4. Cross-border issues

When applying the procedures concerning the cross-border capacity allocation and congestion management on cross-border profiles, the Slovak TSO – eustream, a.s. observes the Gas Market Rules and the Operational Order of the Transmission System approved by the Office. The interconnection of transmission systems has already been established with the Ukraine, the Czech Republic and Austria. The capacity of cross-border connectors of the gas transmission system of the Slovak Republic is sufficient.

In 2013, the Office worked on the cross-border matters with relevant regulatory authorities and the ACER in line with the relevant provisions of the Ordinance No. 2009/EC/715 in the region of Central and Southern Europe (hereinafter only „SEE Region“).

As regards the market integration within the region, Slovakia took part in the project aimed at establishing the common regional market of the so-called Visegrad Group (“V4”). Within this project, the roadmap was developed presenting the integration of the V4 region including the vision of the target gas model of this region.

Another form of the cross-border co-operation was the participation in the tender for infrastructural projects of common European interest as well as an exchange of experience gained in the gas sector within the framework of regional investment plans (GRIP).

In spring 2013, the construction of Slovak part of the gas supply pipeline, connecting the gas systems of Slovakia and Hungary, begun. The Slovak-Hungarian gas supply pipeline has the strategic important for the Slovak Republic. This connection will give access to a planned Southern gas supply corridor or LNG terminal in Croatia. The project of Hungarian–Slovak interconnection is part of a planned European North–South corridor, thus contributing to European energy security and diversification of transportation routes and gas sources. The gas supply interconnection of Slovakia with Hungary will link high-pressure transmission systems between Veľké Zlievce on the Slovak side and a Hungarian village of Vercsés at the outskirts of Budapest. A two-way gas supply pipeline with an annual capacity being 4.38 billion m³ will be 110.7 km long (of this 92.1 km on the territory of Hungary and 18.6 km on the Slovak territory). Eustream, a.s. finished the construction of Slovak section of the gas supply pipeline in March 2014, being 18.6 km long. The beginning of the commercial operation is scheduled for January 1, 2015.



Transmission capacity

Eustream a.s., in comparison with other European transmission networks that are largely in use, may provide thanks to its free transportation capacity sufficient transportation capacities in the existing network, which gives an advantage for potential entities interested in gas trading and potential for the development of competition in the Slovak gas market.

Eustream, a.s. has free transmission capacity that is sufficient for volumes of transmitted natural gas; this brings advantage for any potential businesses with an interest in gas trading and the potential for further development of competition in the Slovak gas market. This is something what makes the gas market in Slovakia different from other European TSOs that are obviously utilised to a maximum possible extent.

The users of the transmission system were both Slovak and foreign companies, for instance from Russia, the Czech Republic, Germany, Italy, Switzerland, Great Britain, Denmark and Austria. The total amount of natural gas transported in 2013 was 58.5 billion m³.

4.1.5. Compliance

Transposition of the 3rd Package provisions was applied through adoption of the Act No. 250/2012 Coll. as of 31 July 2012 on regulation in network industries, with the effect as of 1 September 2012, and the Act No. 251/2012 Coll. as of 31 July 2012 on energy with the effect as of 1 September 2012.

Monitoring the compliance of eustream and SPP-distribúcia activities the way it is defined in the Act on Energy is performed by the Office, and thus in line with the Act on Regulation. In 2013, the Office issued a decision by which approved according to the law a DSO compliance officer under the conditions imposed by the law on the energy. For the TSO eustream, a.s. the Office issued a decision on the approval of the compliance programme of the TSO, which determines the specific obligations of employees of the TSO to fulfil the purpose of the compliance programme.

The Office has a competence to monitor the compliance of the TSO's investment plans with the 10-years network development plan, in line with the respective provisions of the Directive 2009/ES/73. The Slovak gas TSO in accordance with valid energy legislation submitted for the first time on 02 December 2013 the 10-year network development plan for approval by the Office. This plan contained a background and objectives as well as the planned investments with a time horizon of ten years. The Office started a public consultation to the presented material.

4.2. Promoting competition

4.2.1. Wholesale market

4.2.1.1. Monitoring the level of prices, the level of transparency, the level and effectiveness of market opening and competition

In 2013, gas suppliers arranged to have natural gas based on long-term contracts with foreign suppliers, on the European power exchanges, by purchasing from parent companies or from the



nearest gas node in Baumgarten in Austria. It is becoming more common to purchase natural gas „from a larger supplier by a smaller supplier“. A larger supplier tackles the problem with excess gas purchased before, for example in case the number of consumers is on decline because of switching their gas supplier in this way.

4.2.2. Retail market

In the field of the gas supplies, the following areas of business were subject to price regulation in 2013:

- gas supply to households,
- gas supply to small businesses (hereinafter “SMEs),
- gas supply by the last resort supplier.

Procedure for setting the maximum prices for supplies to households and SMEs is set according to the price cap regulatory method in a regulatory period (2012–2016). This method determined a price level for the regulatory period, based on the first year of the regulatory period, for which maximum initial price for household gas supply is determined. Price regulation imposed on gas supplies by the last resort supplier is performed by setting the maximum price of gas supply provided by the last resort supplier as technically defined by legal guidelines.

Provision of gas supply for households

Maximum prices for gas supplies to households determined by the Office in 2013 are two-component prices composed of the maximum size of the fixed monthly rate and maximum size of the rate for extracted gas. A tariff structure is divided into three groups D1 to D3 according to the amount of gas demand.

Based on the price development of the main factors having influence on the gas purchase price in 2014 and the forecasts of exchange rate of EURO against U.S. Dollar the average price of gas supply to households for the year 2014 went down by 0.23 % on average, compared to the previous year.

Gas suppliers having a lower share in the gas market, such as SPP, a.s within the trading policy offer their suppliers the prices for gas supply that are lower than maximum prices approved by the Office. Gas suppliers publish their price decisions as well as price lists based on the maximum prices for households approved by the Office through price decisions.

In 2013, there were mainly the following suppliers involved in gas supply services to households: SPP, a.s., RWE Gas Slovensko, s.r.o. ČEZ Slovensko, s.r.o., ZSE Energia, a.s. and Energy Centre, a.s. whose consumers were taken over by Slovakia Energy, s.r.o. towards the end of the year. The other companies acquired fewer than 2,000 consumers in the gas supply market and cover less than 0.3 % of a market share in household gas supply.

Provision of gas supply determined for SMEs

In accordance with the Act on Regulation since January 1, 2013, price regulation has also been imposed on the gas supplies to vulnerable consumers, including SMEs. A SMEs is defined as the



consumer of natural gas whose annual consumption does not exceed the value of 100,000 kWh of gas in the previous year.

Price regulation was performed using the cost-based method; prices for gas supply to SMEs included all eligible costs and an adequate profit. In 2013, the Office issued 34 price decisions. The Office approved prices as the maximum prices, composed of four tariff groups M1 to M4 depending on annual gas consumption.

Provision of gas supply by Last Resort Supplier

With an intention to protect of the gas consumers that did lose their gas supplier due to no their own fault, the Office carries out price regulation of gas supply by the last resort supplier.

The Office issued for the last resort supplier on the restricted territory of the Slovak Republic, i.e. for the SPP, a.s., price decision for 2013 by means of which it determined maximum prices for gas supply by the last resort supplier.

Last resort supply lasts for three months as maximum. The last resort supplier notified the Office about 410 cases of last resort supply, most of them were due to the extinction of one single gas supplier in the gas market of the Slovak Republic. The reason for other cases was for example the request to switch a supplier delivered after the date set forth by law, failure to order distribution capacity, and an incorrect identification of off-take points.

4.2.2.1. Monitoring the level of prices, the level of transparency, the level and effectiveness of market opening and competition

The process of liberalisation in the category of household gas consumers were already initiated in 2010 due to a more detailed specification of legislative conditions and evaluation of the impacts of regulatory measures, as a result of systematic activities conducted by the Office. However, new suppliers in the gas market in 2013 had substantially a more difficult position than in the course of previous years, when the gas market experienced a rising tendency in switching suppliers to households.

Open gas market recorded in his history of the growing trend for the first time the decrease in the number of change gas supplier, and the total switching reached in the year 2013 6.31 %. In comparison with the year 2012, it is a decrease in the total switching of 2.86 %. The annual decline of gas supplier change was due to weaker activity of household gas customers, where the switching indicator reached 6.21 %, which means the decline in comparison with the year 2012 of 3.04 % and of 43 thousand changes of gas supplier less. Already there has not been a significant transfer of households in 2013 from a traditional supplier to competing suppliers, as in previous years. The reason was not a great difference in bids suppliers and the fact that, after transfer to competitive supplier households contracted for multiple years in order to obtain greater discounts.

Based on the European experience, a market with a switching rate of over 10 % is regarded as fully liberalised gas market. In the Slovak market, medium and large off-take customers have so far been the most active in this respect, where the switching rate is developing a growing pace



and these groups of customers this value significantly exceeded. The record increase was recorded in the category of large off-take customers, where the switching rate reached in 2013 the value of 26.91 and in comparison with the year 2012, it is an increase of 9.83 %. In the category of medium off-take customers, the switching rate reached 16.61 % and in comparison with the year 2012, it is an increase of 3.80 %. In the category of SMEs was recorded only a slight increase of switching of 0.11 % in 2013 in comparison with the previous year, and reached a value of 7.48 %.

The Office developed the Decree No. 24/2013 Coll., laying down the rules for the functioning of the internal electricity market and the rules for the internal gas market, with the date of effect on February 1, 2013.

The Office developed a sample of the operational code for the distribution system, which became the fundamental document for the distribution system operators obviously making their internal operational codes during 1st quarter of 2013. In addition, the Office, based on its competences related to the protection of gas consumers, issued 49 decisions by which it approved operational codes for the distribution system operators in the 2nd quarter of 2013.

Furthermore, the Office within its competences related to the protection of gas consumers prepared sample business terms and conditions for gas suppliers providing universal service in the 2nd quarter of 2013. Such business terms and conditions obviously form an inseparable part of the agreements on gas supply and define in detail rights and obligations for the gas supply. Based on the applications submitted by gas suppliers providing universal service the Office issued 49 decisions by means of which the business conditions were approved for the providers of universal service.

Gas suppliers providing universal service have an obligation to publish the price lists for natural gas supplied within the provision of universal service on their web site and at the same time to deliver them to the Office. The price lists are developed in accordance with price decisions taken by the Office regulating gas supply for household or SMEs. On its website, the Office publishes a list of suppliers providing universal service, which is useful for a better orientation of household gas suppliers when selecting their gas supplier. The Office makes use of such price lists for the needs of filling out the data in the price calculator that can be used by gas consumers in households to make a comparison of prices for gas supply provided by individual gas suppliers.

The Gas Regulation Department of the Office reviewed opinions on 53 initiatives relating to the payments for gas supply received from a supplier that terminated gas supply, the conversion of volume units to energy units used in gas supply in 2013. Furthermore, expert opinions were elaborated with regard to price regulations and the gas market rules.

4.2.2.2. Recommendations on supply prices, investigations and measures to promote effective competition

New primary energy legislation implementing the 3rd Energy Package included many new measures for the improvement of the position of gas consumers either by eliminating the administrative burden for the electricity market participants, thus ensuring a higher flexibility of



the market environment as well as extending the range of obligations applicable for regulated companies. The details related to such measures were incorporated into the Office Decree, laying down the rules for the functioning of the market with electricity and natural gas.

The measures to ensure the compliance with the market rules include the following:

- Monitoring the compliance with the approved operational orders of the TSO, distribution companies, and storage facilities, their harmonisation with valid primary and secondary legislation and its practical implementation,
- Monitoring the compliance with quality standards related to gas supply and services provided laid down by the Decree, thus ensuring the protection of the rights of gas consumers with the intention to guarantee high quality and failure-free services and provide guidance to system operators and electricity suppliers to make them behave more effectively and to ensure safe and reliable performance of regulated activities,
- Monitoring the compliance with the Office Decree, specifying the details on the method of unbundled record keeping with regard to the matters subject to accounting and on the method of keeping the assets and liabilities records, in order to hinder any discrimination and cross subsidies among individual activities provided by the system operators that in addition to regulated activities perform other activities.

In 2013, the Antimonopoly Office of the Slovak republic did not perform any investigations in the field of breaching the Law on competition protection in the relevant gas market in the territory of the SR. As for concentrations, the Section for Concentrations of the AMO SR issued one decision related to gas industry.

5. Consumer protection and dispute settlement in electricity and gas

5.1. Consumer protection

The Office verified compliance of performance of regulated activities with the business licence; observance of the price regulation; the electricity and gas market rules and operational order of distribution system and network operators, while being focused on observance of the supplier switching process; quality standards; registration of separate register of the matters being subject to accountancy; verity of the background documents and information submitted to the Office, and also observance of the measures to remove and redress of the shortcomings found if these are subject to the precious control results.

The Office undertook supervision of regulated activities at electricity regulated subjects in 43 % of controlled entities. A similar supervision was undertaken at natural gas regulated subjects.

Overview of the surveillance findings focused on the consumer protection in electricity and natural gas areas

- Violation of the Article 13(2) b) of the Act No. 276/2001 Coll. - failure to comply with the specified method of price regulation and not conducting the supplies and services in accordance with the approved or set prices - 22 findings, of what for:
 - electricity 17
 - gas 5



- Violation of the Articles 13(2) g), 22(4) a) and h) of the Act No. 276/2001 Coll. - non-compliance with quality standards for delivery of goods and services provided by the Office and for non-submission of assessed quality standards for delivery of goods and services under the scope of generally binding legal regulation issued by the Office - 18 findings, of what for:
 - electricity 15
 - gas 3

- Violation of the Article 17(12) of the Act No. 276/2001 Coll.– failure to perform the final account within four weeks after the change gas or electricity supplier - 5 findings, of what for:
 - electricity 2
 - gas 3

The Surveillance Department of the Office handled the submissions received within its surveillance activities in regulated entities, followed by legal consequences against subjects who violated the law. It also elaborated the expert opinions if necessary.

The subject of the received submissions related to electricity and gas billing, doubts about the correctness of individual components prices, general problems related to change supplier or change supplier on the existing take-off, but also problems with the calculation of the consumption during the meter replacement.

The Office recorded also a phenomenon – a damage application caused by unauthorized off takes where the distribution network operator found a damage of the security seal on a specified gas consumption meter or damage of the meter in question.

Short-term measures

The Office decided on returning of the total amount 156 893.41 € to the electricity and natural gas consumers, which represented the difference between the applied price and the price that should be applied in accordance with applicable regulations.

Long-term measures

Due to the enormous increase of submissions even in 2012, the Office began to solve a part of the agenda dealing with customer's issues via newly created Legal Department. In 2013, 573 complaints were submitted to the Department.

Complaints mainly related to the issues of contractual conditions, functioning of electricity and gas suppliers with relation to the retention of the customer's, and establishing a final invoice after the normal billing period.



5.2. Dispute settlement

If the final electricity or gas customer is not satisfied with both the outcome of the complaint or the manner of its solving, he or she may request for an out of court settlement of the dispute with the regulated entity.

The Legal Department is the Office's dispute settlement body. The conclusion of a written agreement between the dispute parties, which is binding on both parties, is the result of a successful resolution of the related dispute.

In 2013, the Office recorded 15 submissions related to a dispute settlement. Four proposals did not meet the requirements for solving in a regime of a dispute settlement, and the Office further considered them as complaints. The Office solved the rest of them within the dispute settlement regime, but only in two cases, agreement was reached.

The Office recorded also the cases, when the regulated entity did not agree with a dispute settlement regime or the applicant did not agree with an amount of compensation.