

VÝROČNÁ SPRÁVA
ANNUAL REPORT

2018



ÚRAD PRE REGULÁCIU SIEŤOVÝCH ODVETVÍ
REGULATORY OFFICE FOR NETWORK INDUSTRIES

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CHAIRMAN'S MESSAGE



2018 was an extremely difficult year for RONI's staff. One of the biggest challenges we had to face was the extraordinary increase of commodity prices on the world's energy exchanges. Therefore, we had to cope in our price proceedings with the double-digit year-on-year increase of electricity and gas commodities prices, but also, for example, with the almost triply overpriced emission allowances. However, I believe that we have succeeded, and for 2019 we have been able to ensure optimal and fair energy prices for Slovakia's households and small businesses, but also for all market participants. If, for example, RONI had taken full account of suppliers' price proposals, the price of electricity alone for Slovakia's households

would have gone up significantly higher in 2019. However, RONI will always stand on the side of the citizens! That is why I am confident that we will continue to consistently fulfil the tasks which are expected of us and which result from applicable legislation, and we will, by applying regulatory instruments, continue to protect the interests of vulnerable consumers, whilst taking into account the legitimate requirements of all market participants in the Slovak Republic.

Prof. Ing. Ľubomír Jahnátek, CSc.
Chairman

REGULATORY BOARD IN 2018

Ing. Radoslav Naništa
chairman

JUDr. Ing. Ján Híjj, PhD.
member

Ing. Milan Krajčovič
vice-chairman

Ing. Ján Horkovič
member

Ing. Ján Ďuriš
member (since 15 June 2018)



1. ELECTRICITY

2018 was the second year of the new regulatory period 2017-2021. It was determined by an increase in commodity prices on world power exchanges, which had an impact on the end-user electricity prices for all consumers in Slovakia.

TEN-YEAR NETWORK DEVELOPMENT PLAN

The responsibility for technical functionality of the transmission system lies with the transmission system operator (hereinafter the "TSO"), which regularly submits network development plans to the Regulatory Office for Network Industries (hereinafter "the Office" or "RONI") and the Ministry of Economy of the Slovak Republic. The most significant document in this respect is Ten-Year Network Development Plan (TYNDP), which the TSO submits to the Office for approval. TYNDP includes an assessment of the implementation of the previously approved plan and key intentions for the network development in order to ensure the fulfilment of primary objectives of the single electricity market development and network stability and safety. The consultation process results are regularly published on RONI's website.

Slovenská elektrizačná prenosová sústava, a. s. (hereinafter "SEPS, a. s."), the Slovak TSO, submitted updated TYNDP for 2018-2027. Information on the consultation results, including requirements of the existing and potential network users for investments in the transmission system under the 2018-2027 TYNDP, were published by the Office on June 28, 2018.

ANCILLARY AND SYSTEM SERVICES

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

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

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

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

The TSO purchased various types of ancillary services required to secure system services from ancillary services providers. The goal was to secure ancillary services at minimum costs while organising the purchase in an open, transparent and non-discriminatory manner towards all providers. The transmission system operator made preferable use of bids from installations within a specified territory while following the principle of purchasing costs minimization. Technical qualifications of ancillary service providers were demonstrated by certified measurements as specified in the technical requirements.

Ancillary services provision

Indicator/Year	2016	2017	2018
No. of ancillary service providers	24	25	25
No. of bids submitted by ancillary service providers	3635	3637	2809
No. of contracts concluded on ancillary service provision	30	32	29

Comparison of balancing electricity supplies (MWh)

Type of balancing electricity/Year	2017	2018	change 2018/2017 (%)
Primary power control +	6 680	6 553	-1.90
Primary power control -	-6 679	-6 567	-1.68
Secondary power control +	121 264	112 853	-6.94
Secondary power control -	-105 927	-95 954	-9.42
Tertiary power control 3 min. +	5 887	2 097	-64.39
Tertiary power control 3 min. -	-1 072	-745	-30.54
Tertiary power control 10 min. +	2 574	334	-87.02
Tertiary power control 10 min. -	-168	-120	-28.30
Tertiary power control 15 min. +	2 178	702	-67.77
Tertiary power control 15 min. -	-1 335	-699	-47.61
Tertiary power control 30 min. +	not used	not used	-
Tertiary power control 30 min. -	not used	not used	-
Demand decrease	4 459	285	-93.60
Demand increase	0	-6 795	100.00
Import of emergency electricity	3 300	0	not used
Non-guaranteed balancing electricity +	50	0	not used
Non-guaranteed balancing electricity -	0	0	not used
e-GCC+	54 425	40 209	-26.12
e-GCC-	-36 430	-38 969	6.97
Positive balancing electricity	200 816	163 032	-18.82
Negative balancing electricity	-151 611	-143 060	-5.64

ELECTRICITY TRANSMISSION AND DISTRIBUTION

In 2018, price cap method was applied in the electricity market in line with the approved 2017–2021 regulatory policy. This incentive-based price regulation method gave system operators, provided they behave efficiently and optimize their costs, an opportunity to retain reasonable profits.

In 2018, the following network tariffs were set by RONI for the TSO that the operator could apply to customers connected directly to the transmission system:

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

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

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

Prices were regulated also for local distribution system operators by setting a method of calculation for the maximum tariff of electricity supply and the tariff for access to the local distribution system and electricity distribution.

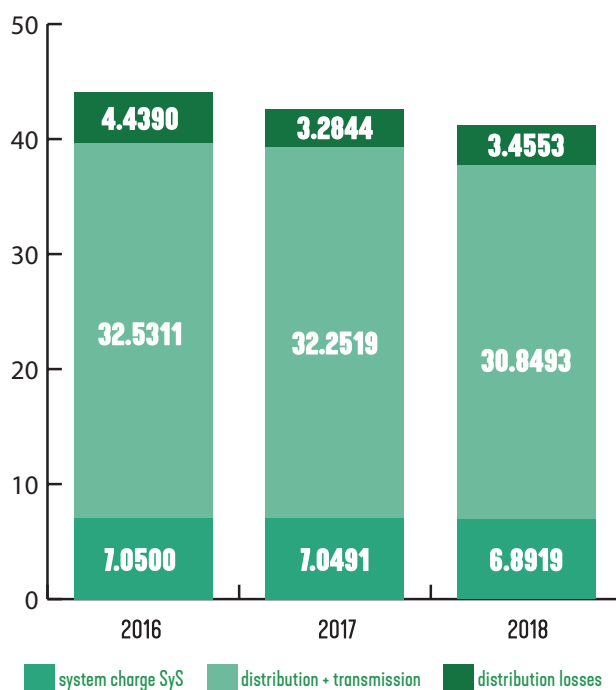
For electricity customers or producers connected directly to the distribution system at low voltage levels, the following network tariffs set by the Office were applied:

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

In 2018, under price regulation of the above activities, RONI issued:

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

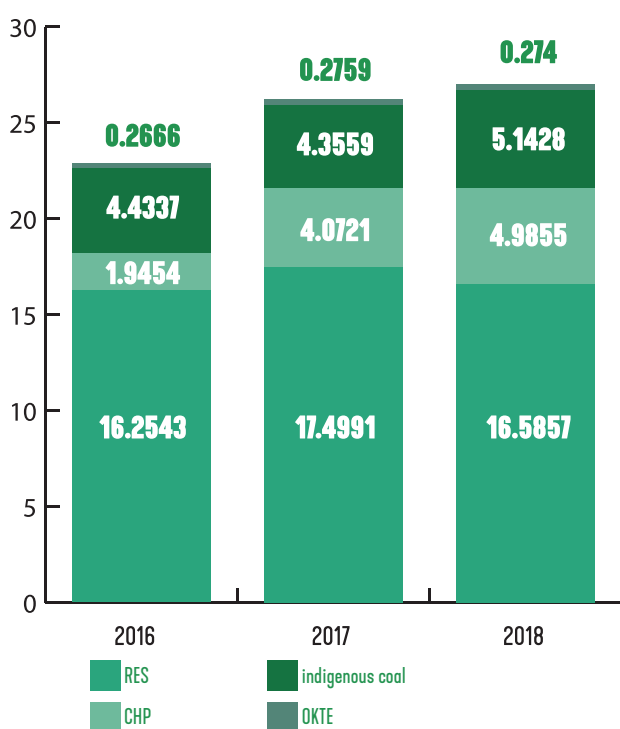
Regulated charges in €/MWh



SYSTEM OPERATION TARIFF

System operation tariff is a fixed price for an electricity volume including costs of electricity generated from indigenous coal, renewable energy sources (RES) and high-efficiency co-generation, and the activities of the short-term electricity market operator (hereinafter as "OKTE"). The tariff was applicable to end consumption. The Office set fixed prices of electricity generated from RES and high-efficiency co-generation, depending on the electricity generation's technological process, power generating facility commissioning date, installed capacity and financing method.

System operation tariff components in €/MWh



Issued guarantees of origin from RES

Year	No. of guarantees	Electricity volume generated (MWh)	No. of producers
2012	455	3 882 413	194
2013	908	2 147 542	326
2014	802	2 235 047	371
2015	1 924	4 108 046	714
2016	5 570	5 358 174	801
2017	4 484	4 727 379	712
2018	6 406	6 352 903	724

Transferred guarantees of origin from RES

Year	No. of guarantees	Electricity volume transferred (MWh)	No. of producers
2012	0	0	0
2013	0	0	0
2014	25	190 401	1
2015	84	690 441	1
2016	27	604 242	1
2017	34	1 187 525	2
2018	113	3 838 681	2

Approved guarantees of origin from RES

Year	No. of guarantees	Volume of approved guarantees (MWh)	No. of requesters
2012	0	0	0
2013	0	0	0
2014	2	100	1
2015	160	1 390 884	6
2016	453	3 099 336	8
2017	514	3 412 199	7
2018	470	2 945 050	8

GUARANTEES OF ORIGIN OF ELECTRICITY

Guarantees of origin of electricity were issued by RONI based on a request from electricity producers from RES, representing a certificate confirming that the electricity was indeed generated from renewables.

Transfer of approved guarantees of origin from RES

Year	No. of transfers	Volume of approved guarantees (MWh)	No. of requesters
2012	0	0	0
2013	0	0	0
2014	0	0	0
2015	45	110 576	2
2016	146	302 194	5
2017	111	229 855	4
2018	67	150 292	5

SLOVENSKÁ ELEKTRIZAČNÁ PRENOSOVÁ SÚSTAVA, A.S. (SEPS)

RONI is the responsible authority to approve Slovenská elektrizačná prenosová sústava (SEPS), a.s., the Slovak electricity TSO's market rules and grid code, governing the operator's capacity allocation and congestion management procedures on cross-border profiles. The cross-border interconnectors' capacity of the Slovak transmission system provided for the grid's stability and safety not only in the Slovak Republic, but also in the context of the European Union.

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

Year	2017	2018
Available resources (€)	125 073 880	109 906 527
Investments (€)	50 456 121	51 355 867
Investments share (%)	40.34	46.73

MARKET COUPLING (4M MC)

The market coupling (4M MC) project (coupling of Czech, Slovak, Hungarian and Romanian day-ahead markets) is one of the ways employed to contribute to the creation of a pan-European electricity market. In the 4M MC project, systems have already been implemented that were designed for the target model of the single European day-ahead electricity market. This model of European price coupling simultaneously determines volumes and prices in all the concerned bidding zones based on the marginal pricing principle pursuant to the Agency for the Cooperation of Energy Regulators (ACER) guideline on capacity allocation and congestion management (CACM).

In 2018, operation, evaluation, clearing and settlement was performed in the short-term day-ahead market including final monthly settlements by OKTE. OKTE reported an increase in the volume of electricity traded on the 4M MC day-ahead market in 2018 as compared to the previous year. Total annual volume of electricity traded reached 13.757 TWh in 2018, up by 0.693 TWh from 2017.

GCC

Balancing electricity procured by the TSO under a contract concluded with an ancillary service provider or balancing electricity supplier in the GCC system was in the framework of imbalance evaluation, clearing and settlement charged as secondary control balancing electricity at a specific price set by the Office. The division of revenue from the implementation of the GCC was determined by the Office in a price proceeding. Part of the revenue was left to SEPS and another part was used to reduce the system services tariff. The actual result of balancing electricity purchases in the GCC system in 2018 became a revenue of the TSO in the amount of € 4 738 246.50.

WHOLESALE MARKET

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

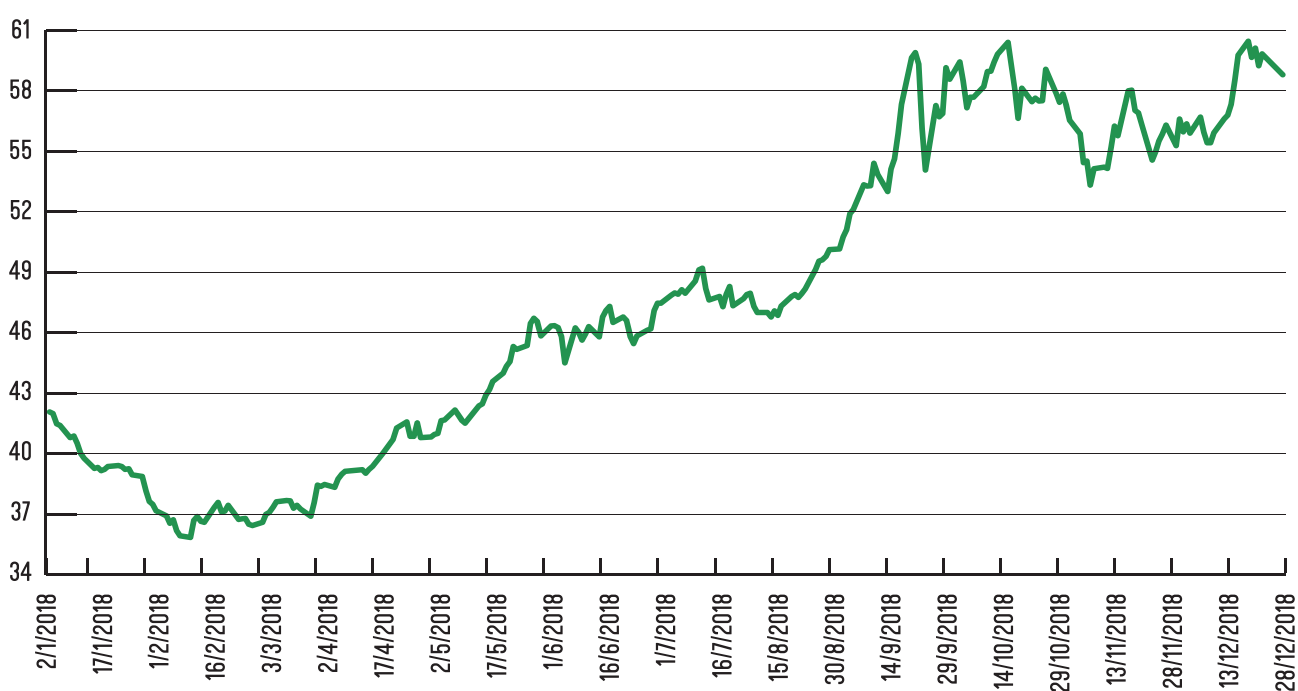
Major electricity market participants in Slovakia were:

- Slovenské elektrárne, a.s. – the most significant producer providing 68.65 % of Slovakia's power from its own sources. The company's generation of 18 638 GWh covered 60.23 % of the country's electricity demand. The installed capacity of power generating facilities owned by Slovenské elektrárne, a.s. was 4 081 MW.
- promoted producers of electricity from renewable energy sources and high-efficiency cogeneration. For 2018, the volume of electricity produced from RES and HE CHP eligible for the support payment (feed-in-tariff) was 2 857 GWh and 2 752 GWh, respectively,
- SEPS, a.s. – the sole license holder for electricity transmission and the national transmission system operator, fulfilling also the energy dispatching control tasks (securing even balance on Slovakia's territory),
- OKTE, a.s. – the short-term electricity market operator as the entity operating and evaluating the short-term electricity market on the territory of the Slovak Republic including imbalance clearing, evaluation and settlement,
- Západoslovenská distribučná, a.s., Stredoslovenská distribučná, a.s., and Východoslovenská distribučná, a.s. – sole operators of regional distribution systems on the specified territories of Slovakia, each exceeding 100 000 supply points connected.

Evolution of electricity commodity price

product: F PXE SK BL CAL-t

period: 01/2018 to 12/2018; average commodity price: 47.30 €/MWh



Apart from the three major DSOs, there were another 146 electricity distribution licence holders running local distribution systems in manufacturing and non-manufacturing compounds with fewer than 100 000 supply points connected,

- additional 388 entities licenced to do business in the electricity market.

RETAIL MARKET

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

In 2018, price regulation of electricity supply was used for:

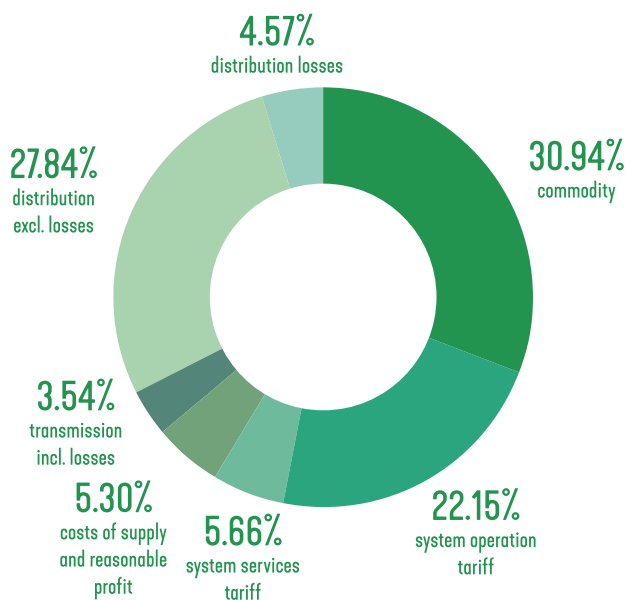
- households,
- small businesses,
- the last resort supplier regime.

ELECTRICITY SUPPLY TO HOUSEHOLDS

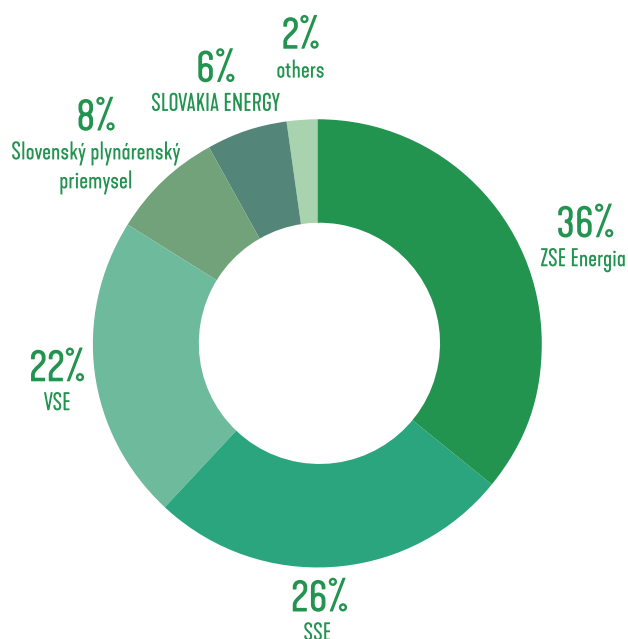
The default parameters for setting the maximum tariff of electricity supply to households were: arithmetic average of day-ahead prices published in the official price list of PXE (POWER EXCHANGE CENTRAL EUROPE) on its website, of F PXE SK BL Cal-t product for the period between January 1 and June 30, 2017; the percentage coefficient of up to 10 % to cover the planned electricity supply diagram for households; and costs of imbalance related to electricity supply to households.

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

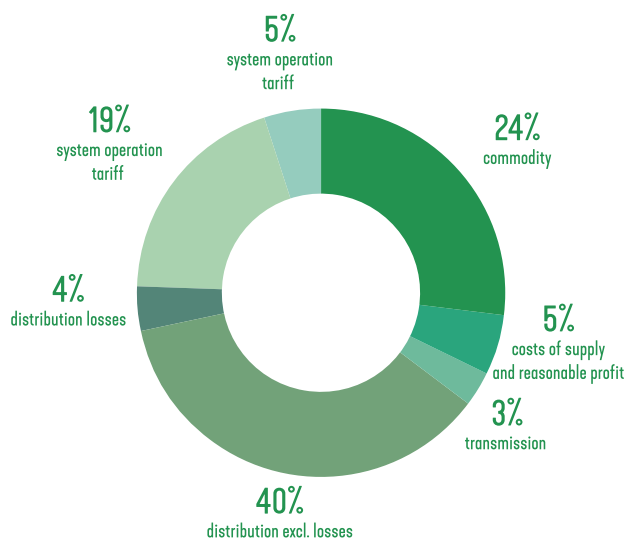
Structure of electricity price for households



Market shares of electricity suppliers to households



Structure of electricity price for small businesses

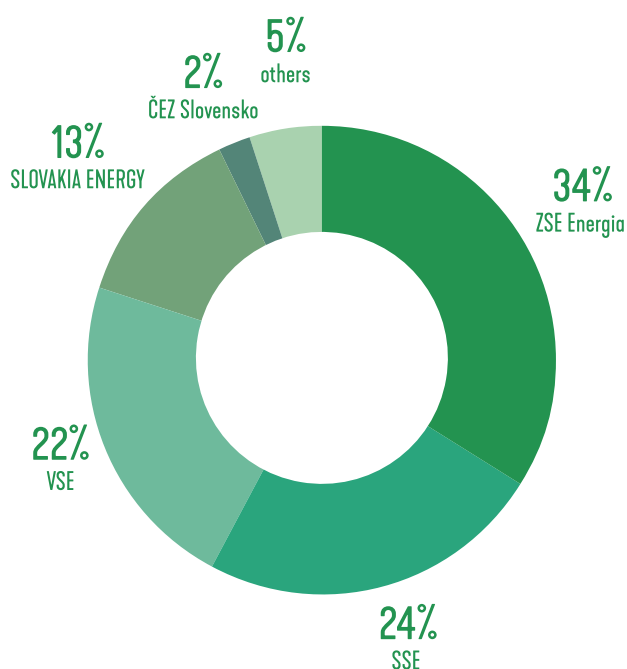


ELECTRICITY SUPPLY TO SMALL BUSINESSES

A small business is an end customer with total annual electricity consumption in all of their supply points of up to 30 000 kWh for the year preceding the year for which the respective price proposal is submitted. Tariff for electricity supply to small businesses was divided into eleven rates. In 2018, the Office issued 121 price decisions on electricity supply to vulnerable electricity consumers (households and small businesses).

The default parameters for setting the maximum tariff for electricity supplied to small businesses were: arithmetic average of day-ahead prices published in the official price list of PXE (POWER EXCHANGE CENTRAL EUROPE) on its website, of F PXE SK BL Cal-t product for the period between January 1 and June 30, 2017; percentage coefficient of up to 10 % to cover the planned electricity supply diagram for small businesses; and costs of imbalance related to electricity supply to small businesses.

Market shares of electricity suppliers to small businesses



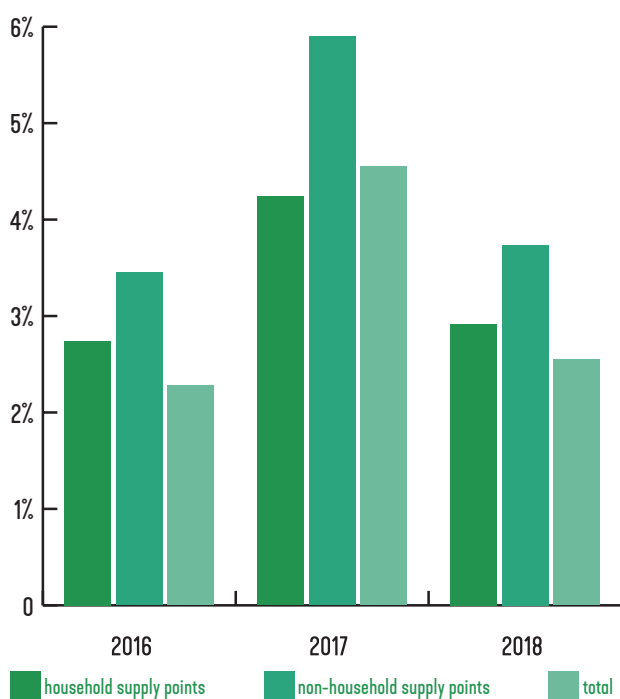
THE LAST RESORT SUPPLIER

The last resort supplier regime was not employed in 2018, meaning that electricity suppliers within the DSO-specified - Západoslovenská distribučná, a. s., Stredoslovenská distribučná, a. s., and Východoslovenská distribučná, a. s. - territories complied with their obligations according to applicable legislation.

SWITCHING

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

Switching levels

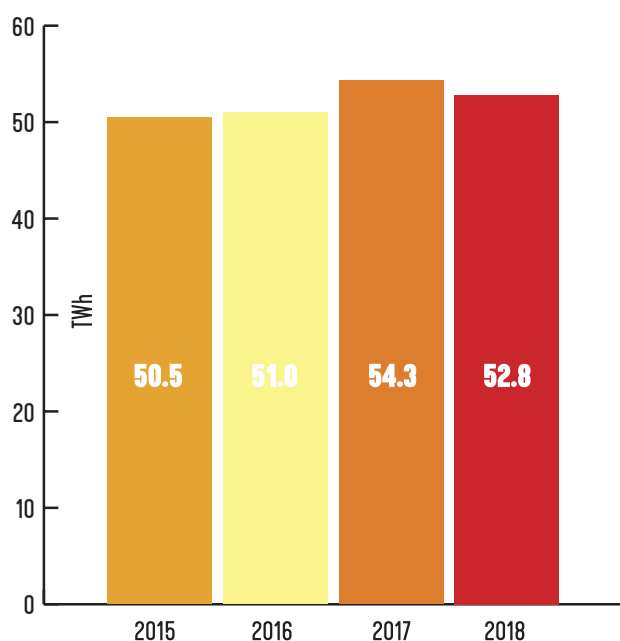




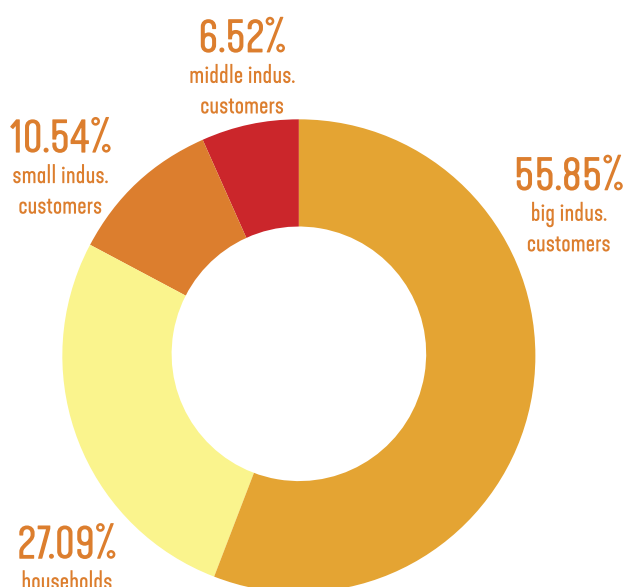
2. GAS

Gas consumption in Slovakia was 52.8 TWh in 2018, down by 3.6 % compared to 2017.

Gas consumption in TWh



Gas consumption by customer categories



GAS MARKET PARTICIPANTS:

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

REGULATION OF NETWORKS

RONI regulated the prices (tariffs) for:

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

UNBUNDLING

In 2018, the Office issued 20 decisions on prior consent to the terms and conditions of provision of services by eustream, a.s. as the independent gas TSO. The Office also monitored the obligations of SPP - distribúcia, a.s., the distribution system operator, with respect to the unbundling of activities of the DSO operating in a vertically integrated undertaking and also the contractual obligation of this regulated company, i.e. the obligation to submit any contract between the regulated company and another person, which is part of the same vertically integrated undertaking, to the Office within 30 days of its conclusion.

TECHNICAL FUNCTIONALITY OF THE NETWORK

Transmission Network

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

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

DISTRIBUTION NETWORK

As of 31 December 2018, the distribution network of SPP - distribúcia, a.s. (the DSO) had the total length of 33 358 km, of which high-pressure gas pipelines were in the length of 6 281 km and mid-pressure and low-pressure pipelines had 27 077 km in length.

No. of supply points and volume of gas distributed by the DSO

	2016	2017	2018
No. of supply points	1 518 131	1 514 282	1 518 200
Volume of distributed gas in m ³	4 715 242 762	4 901 064 256	4 777 815 776

Investments in upgrade and reconstruction of the DSO's network

Investments in mil. €	2016	2017	2018
	35.4	26.36	28.16

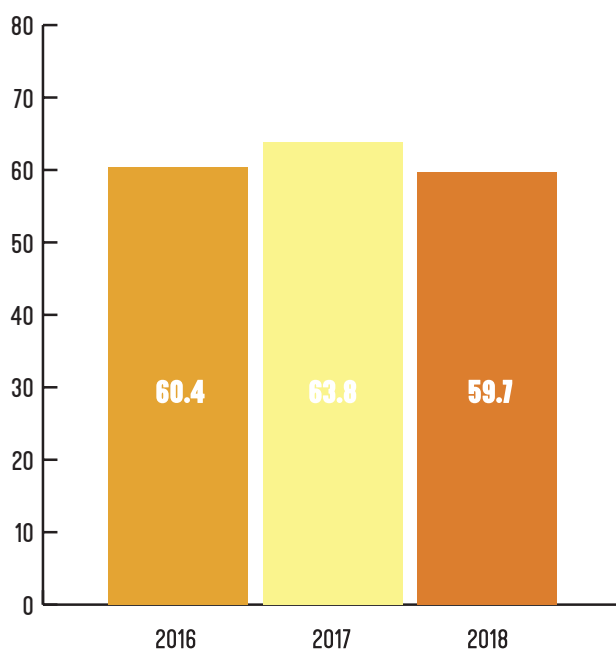
RONI listed 41 local distribution network operators, which distributed gas in 51 local distribution networks (large enterprise compounds, industrial parks, shopping centres, residential complexes) in a total volume of 981 534 973 m³.

NETWORK BALANCING

The greatest need for daily balancing of the distribution system in case of gas shortage reached 1.8 mil. m³/day, and in case of gas surplus, 1.4 mil. m³/day.

TRANSMISSION SYSTEM OPERATOR - EUSTREAM, A.S.

Gas transmission volume in bcm



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

Based on the implementation practice, the Office issued amendment to its decree 223/2016 Coll., introducing special payments for exceeding daily distribution capacity for customers who meet the condition of seasonal gas consumption and its use exclusively for agricultural purposes. In this respect, the Office issued a price decision for the DSO, adding to the original decision a provision introducing special payments for exceeding distribution capacity.

LOCAL DISTRIBUTION SYSTEM OPERATORS

For 2018, the Office issued five price decisions for access to the distribution system and gas distribution for local distribution system operators - four for new ones and one price decision amending an original 2016 decision issued for the entire 2017-2021 regulatory period.

The Office issued one price decision for connection to a local distribution system. No LNG installation was operated on Slovakia's territory in 2018.

STORAGE SYSTEM OPERATORS (SSO)

On Slovakia's territory, underground storage facilities are operated by NAFTA a.s. and POZAGAS a.s. Access to the storage system and underground gas storage were not subject to price regulation.

In 2018, NAFTA concluded 34 contracts with storage system users, of which three contracts were for interruptible storage capacity and 31 contracts for firm capacity. POZAGAS concluded two contracts with underground storage system users for firm capacity and in ten cases contractual right was used to have the provision of storage capacity services extended.

CROSS-BORDER COOPERATION

APPROVED PROJECTS

Polish-Slovak gas interconnector

The interconnection agreement on the project implementation was signed in April 2018 by eustream, a.s., and the Polish TSO, GAZ-SYSTEM S.A. The building permit was issued for the construction of the line section.

Increase of firm transmission capacity at Lanžhot entry point

Estimated total capacity of the entry point after project finalization should reach 151 mil. m³/d in the first phase and 168 mil. m³/d in the second phase of the project.

PROPOSED PROJECTS

HUSKAT project

TSOs from Hungary, Slovakia and Austria have carried out a successful capacity allocation procedure for the HUSKAT project. Offered transmission capacities from Hungary to Slovakia were booked for seven years and partially also for the next period.

Increase of the reverse flow in the direction to Ukraine

Eustream completed the project's design and engineering activities related to possible increase of gas transmission volumes in the direction of SK-UA. In February 2018 the building permit came into force.

Underground gas storage operators' capacities

Gas storage operator	Technical working volume (mil. m ³ /year)			Technical injectability (mil. m ³ /day)			Technical deliverability (mil. m ³ /day)		
	2016	2017	2018	2016	2017	2018	2016	2017	2018
NAFTA a.s.	2 734	2 931	3 061	31.92	31.87	31.87	38.26	36.96	36.96
POZAGAS a.s.	655	655	655	6.85	6.85	6.85	6.85	6.85	6.85
Total	3 389	3 586	3 716	38.77	38.72	38.72	45.11	43.81	43.81

Eastring pipeline

Eustream is currently in the process of evaluating results of the feasibility study, which was completed in the second half of September 2018.

TRANSMISSION CAPACITY

The annual capacity of the transmission network was 90 bcm. In 2018, eustream transported 59.7 bcm of gas, of which 3.04 bcm, i.e. 5.2% of the total volume was gas for domestic users.

Transmission network - overview of requests and contracts

Indicator/Year	2016	2017	2018
No. of requests for transmission network access	2 289	1 418	1 212
No. of requests for transmission network connection	0	0	0
No. of concluded contracts on transmission network connection	0	0	0
No. of concluded contracts on gas transmission with firm transmission capacity	2 042	994	995
of which: long-term	4	0	1
yearly	27	74	24
short-term	2 011	920	970
No. of concluded contracts on gas transmission with interruptible transmission capacity	233	407	213
of which: long-term	0	3	0
yearly	4	0	0
short-term	229	404	213
No. of concluded contracts on gas transmission with combined transmission capacity	14	17	4
of which: long-term	0	0	0
yearly	1	1	0
short-term	13	16	4
No. of transmission system users	33	33	27

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

Transmission network domestic users (transmission to the network's domestic point)	2016 (%)	2017 (%)	2018 (%)
Slovakia	4.60	5.30	5.20
transmission network transit users			
Russia	68.10	69.27	72.23
Germany	11.00	5.17	5.97
Czech Republic	1.40	4.73	5.72
Italy	0.30	0.00	0.00
Switzerland	0.30	1.44	0.73
UK	0.00	0.27	0.03
Austria	0.00	0.00	0.03
Denmark	0.00	0.00	0.00
France	0.00	0.02	0.17
Luxembourg	0.30	0.39	0.27
Ukraine	14.00	13.41	9.65
Poland	0.00	0.18	0.03
Total	100.00	100.00	100.00

COMPETITION PROMOTION

Wholesale market

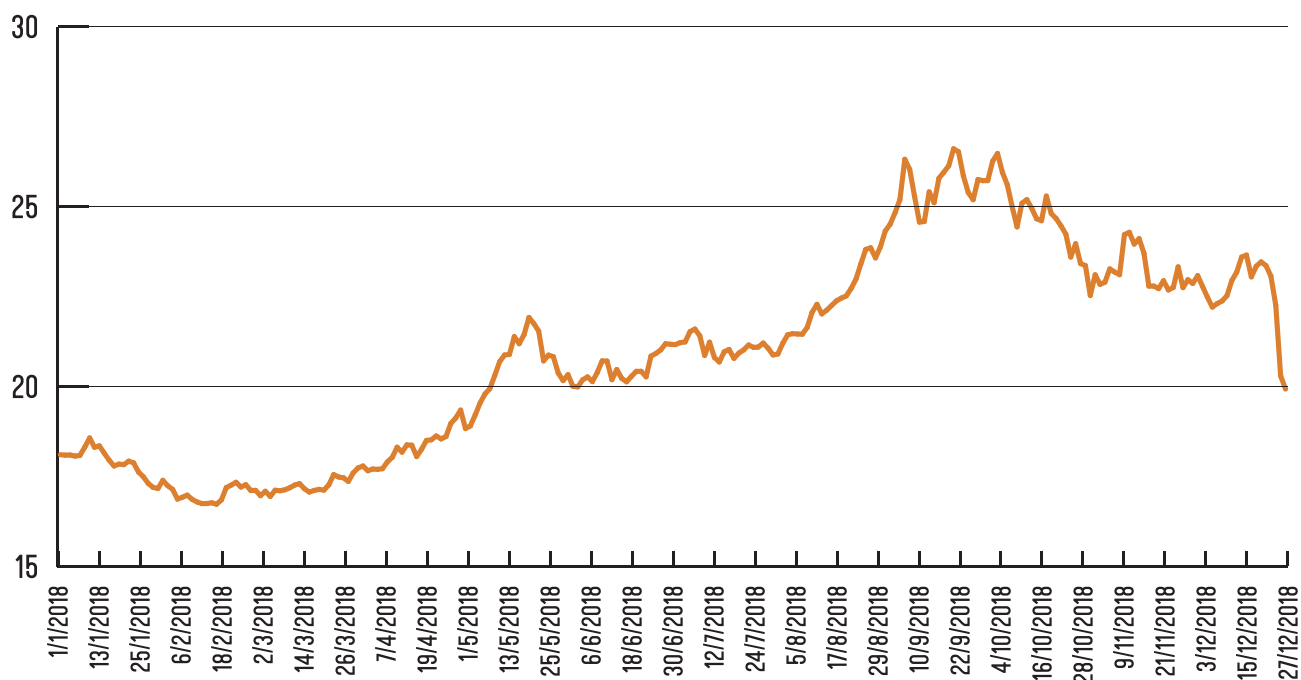
Wholesale gas market is characterized by:

- purchases under long-term contracts,
- purchases on commodity exchanges,
- purchases from another trader – gas supplier (10 050 GWh in 2018, down by about one-third compared to 2017),
- trading at TSO's (eustream's) virtual trading point in total volume of 156 917 GWh, which is about 70 % of the 2017 volume,
- trading, or change in ownership of gas stored in underground storage facilities, with 15 964 GWh of gas having changed its owner.

Evolution of gas commodity price

EEX (www.powernext.com) NCG Calendar + 1

period: 01/2018 to 12/2018; average commodity price: 20.94 €/MWh

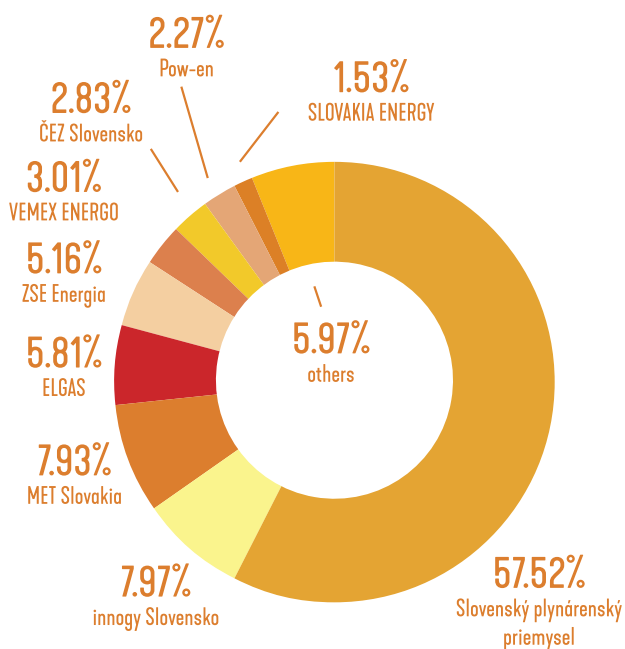


RETAIL MARKET

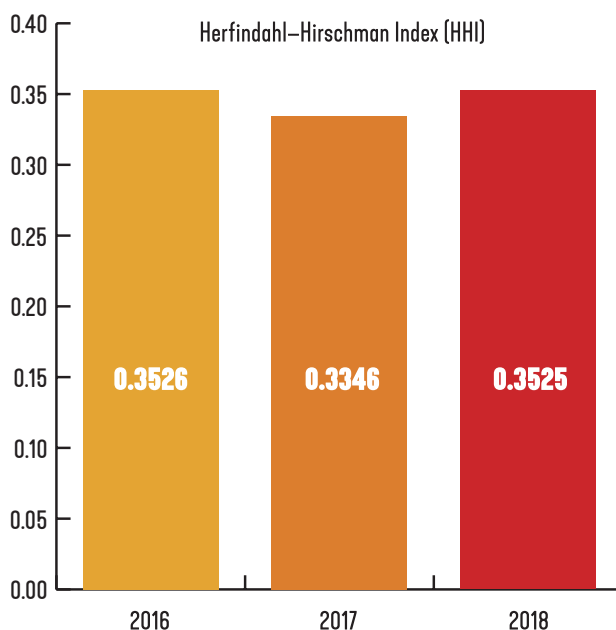
In 2018, there were 27 active suppliers in Slovakia's gas market.

One of the ways to measure the level of gas market concentration is the HHI (Herfindahl-Hirschman Index). The market is considered concentrated if the HHI value is higher than 0.1 and highly concentrated if it exceeds 0.2. Also in 2018, the value stood well above the high concentration threshold.

Gas suppliers to end consumers



HHI evolution



GAS SUPPLY TO VULNERABLE CONSUMERS

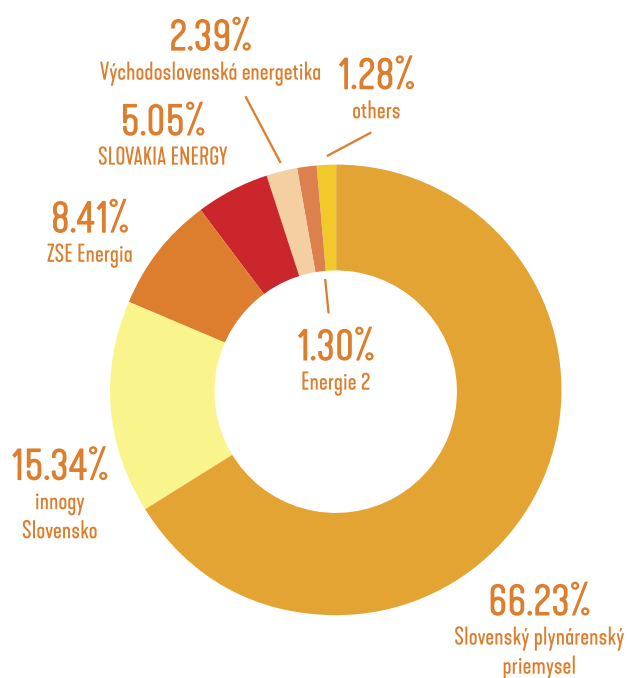
Pursuant to the Regulatory Act, price decisions issued in 2016 for gas suppliers supplying gas to vulnerable consumers, i.e. households and small businesses with an annual consumption of no more than 100 000 kWh for the previous year, remain in force throughout the regulatory period 2017 - 2021.

For 2018, the Office approved maximum gas supply prices for vulnerable customers (households and small businesses) for four new nationwide

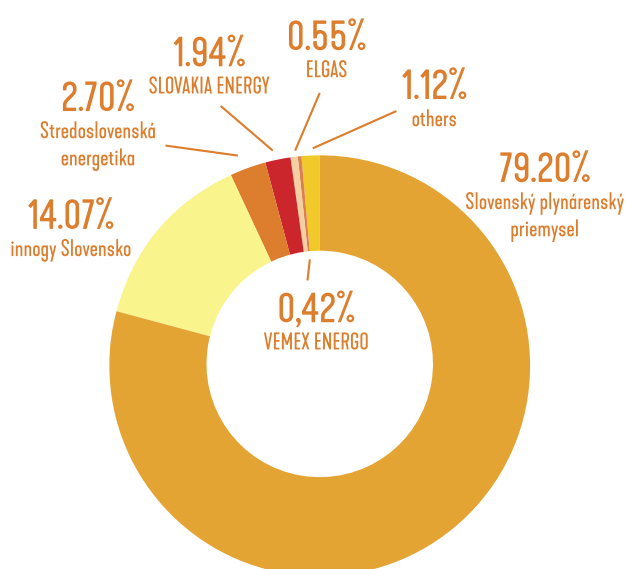
suppliers, who had not supplied gas to vulnerable gas consumers in 2017. In 2018, the Office made 29 amendments to price decisions for gas supply to vulnerable consumers due to a change in economic parameters in line with the Regulatory Act, with effect for 2018 and 2019. Twelve of these were decisions for gas suppliers within their own local distribution systems.

In total 15 nationwide suppliers supplied gas to vulnerable gas consumers - households in 2018.

Gas suppliers to households



Gas suppliers to small businesses



Overview of maximum gas supply prices for households incl. network charges

Tariffs (by annual volume of gas consumption in kWh)	Fixed monthly tariff (€/month)				Tariff for consumed gas (€/kWh)			
	2016 from 01.01.	2016 from 04.07.	2017	from 01.12.2018	2016 from 01.01.	2016 from 04.07.	2017	from 01.12.2018
1 (up to 2 138 kWh)	1.76	1.76	1.96	2.78	0.0501	0.0481	0.0434	0.0453
2 (above 2 138 up to 18 173 kWh)	4.15	4.15	5.76	5.76	0.0364	0.0344	0.0325	0.0333
3 (above 18 173 up to 42 760 kWh)	6.46	6.46	8.64	8.64	0.0348	0.0328	0.0310	0.0332
4 (above 42 760 up to 69 485 kWh)	6.46	6.46	13.36	13.36	0.0348	0.0328	0.0304	0.0320
5 (above 69 485 up to 85 000 kWh)	0	0	42.45	42.45	0	0	0.0399	0.0420
6 (above 85 000 up to 100 000 kWh)	0	0	51.78	51.78	0	0	0.0398	0.0419

LAST RESORT GAS SUPPLY

The supplier of the last resort was Slovenský plynárenský priemysel, a.s.

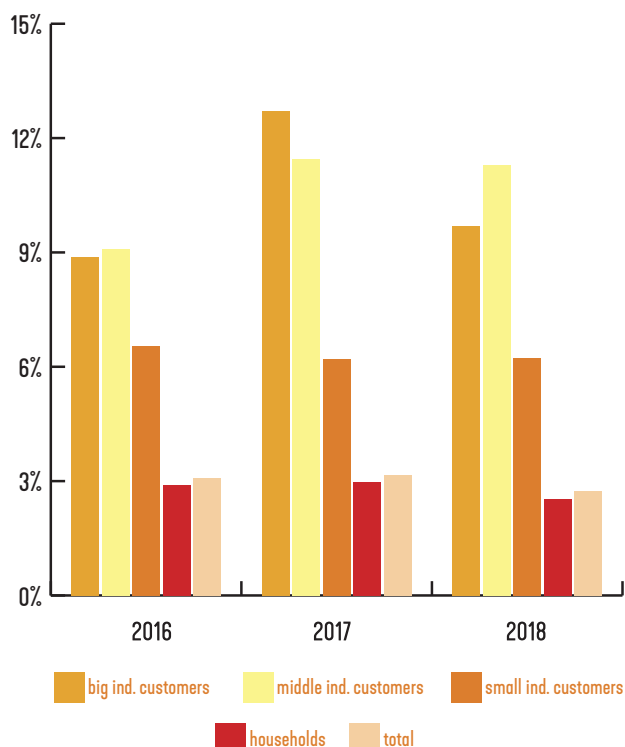
GAS SUPPLY TO OTHER GAS CONSUMERS

Gas supply to gas customers other than vulnerable consumers defined by the Regulatory Act is not subject to price regulation.

MARKET MONITORING

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

Switching levels



Decisions issued by Gas Regulation Department

Price regulation related decisions		42
of which	Gas supply to vulnerable consumers – country-wide suppliers	4
	Gas supply to vulnerable consumers – country-wide suppliers – decision amendment	17
	Gas supply to vulnerable consumers – local distribution systems (LDS)	1
	Gas supply to vulnerable consumers – local distribution systems (LDS) – decision amendment	12
	Access to distribution network and gas distribution (LDS – § 10 (7))	2
	Access to distribution network and gas distribution (LDS – § 10 (6))	1
	Access to distribution network and gas distribution (LDS – § 10 (6)) – decision amendment	1
	Access to distribution network and gas distribution (LDS – § 11 (1))	2
	Access to distribution network and gas distribution (decision amendment for SPP-D)	1
	Connection to distribution network (LDS)	1
Terminated price proceedings		1
Suspended price proceedings		2



3. HEAT

In 2018, 347 heat suppliers were active in heat generation, distribution and supply in Slovakia. 87% of the suppliers were heat producers as well as distributors, and 13% of the suppliers provided only heat distribution, purchasing heat from other producers.

Heat suppliers

Year	2016	2017	2018
No. of heat suppliers	338	340	347
No. of suppliers which terminated heat production, distribution and supply activities	17	7	12
No. of suppliers which started heat production, distribution and supply activities	4	9	7

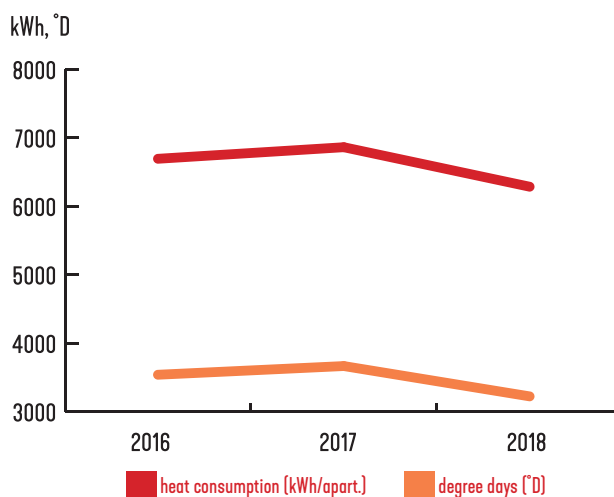
HEAT SUPPLY

Heat from district heating systems was supplied to approximately 25 000 supply points for 13 000 end customers. The ordered volume of heat is a contractually agreed volume for the regulatory year t , which is based on the actual heat supply in year $t-2$, unless the customer and the supplier agree otherwise.

The total heat supply volume reached 15 204 GWh, which is 10.0 % more than in 2017. This rise was mainly due to the increased heat supply for technological consumption resulting from Slovakia's economic growth in 2018. Heat supply for residential buildings represented 4 383 GWh, which is 11.4 % less than in 2017 and is directly dependent on climatic conditions. The degree days statistics shows that 2018 was on average 12 % warmer than the previous year. Of the total heat supply volume, 28.8 % was consumed for heating and hot water production in households, 28.6 % for non-households, 36.4 % for technological purposes and 6.2 % for the suppliers' in-house consumption.

Evolution of heat supply and degree days

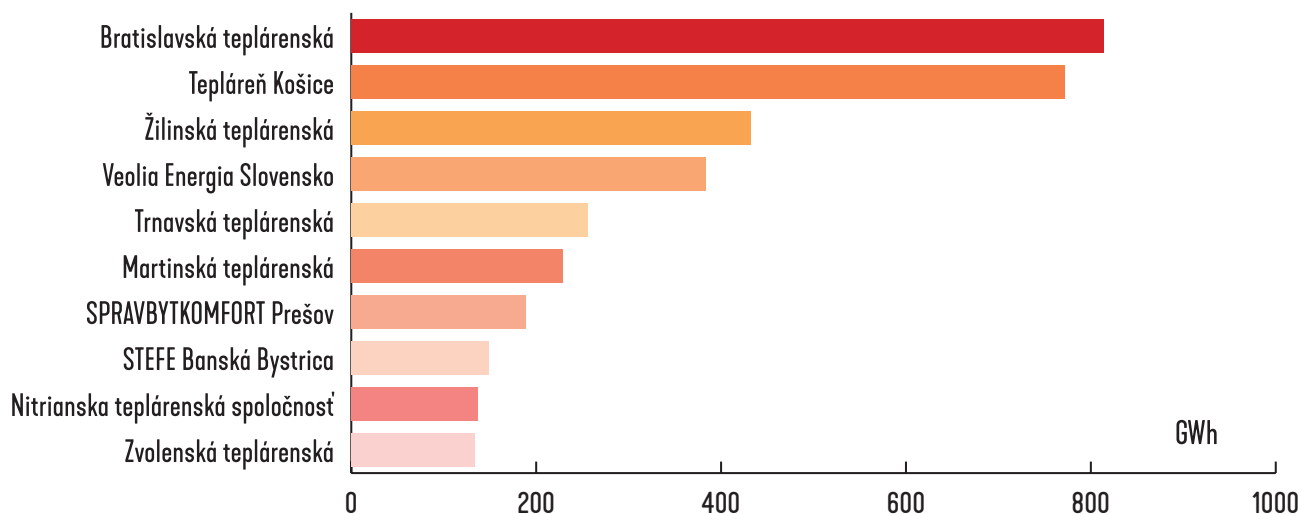
Degree days: source SHMÚ



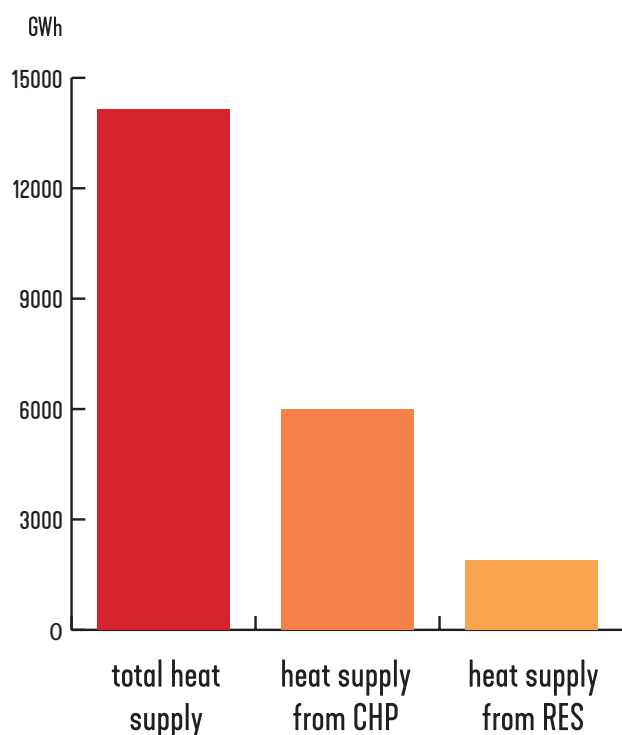
Degree days and actual heat supply

Year	degree days	actual supply to residential buildings [GWh]			actual supply to non-residential premises [GWh]	supply for technological consumption [GWh]	in-house consumption [GWh]	total supply [GWh]
		central heating	hot water	total				
2016	3 540	3 404	1 690	5 094	5 201	1 891	1 951	14 137
2017	3 667	3 297	1 633	4 930	5 279	1 881	1 736	13 826
2018	3 224	2 899	1 633	4 383	4 348	5 540	933	15 204

Major heat suppliers



Heat supply in 2018



Fuel consumption by type in heat generation

Year	natural gas [GWh]	biomass [ths.t]	coal [ths. t]	biogas [GWh]	fuel oil [ths. t]
2016	8 514	1 113	571	275	96
2017	8 141	845	577	326	128
2018	8 637	877	586	326	128

SCOPE AND FORM OF PRICE REGULATION

2018 was the second year of the 2017-2021 regulatory period. Regulation of heat prices (tariffs) in 2018 was based on RONI Decree 248/2016 Coll. establishing price regulation in the heat sector. Subject to regulation were heat generation, distribution and supply, and prices were regulated by a set method of calculating maximum heat price which was based on the cost method utilising also some elements of the price cap.

PRICE LEVEL MONITORING

Pursuant to Act No. 250/2012, price decisions issued for 2017 apply until 31 December 2021 unless the Office, on a proposal from a regulated company or on its own initiative, approves an amended price decision.

Year	No. of price decisions in total	No. of amended decisions	No. of approved tariffs (locations)
2016	90	74	105
2017	382	41	757
2018	177	162	243

Requests for changes in the prices of heat for 2018 were mainly due to changes in economic parameters, which were used as a basis for the approval of heat prices for 2017. Rising prices of fuels, electricity and CO₂ emission allowances resulted in an increase of variable heat production costs, which was also reflected in the approved changed prices in 2018. The average variable component of the maximum heat price for 2018 was € 0.0413/kWh, an increase of 1.47 % compared to 2017.

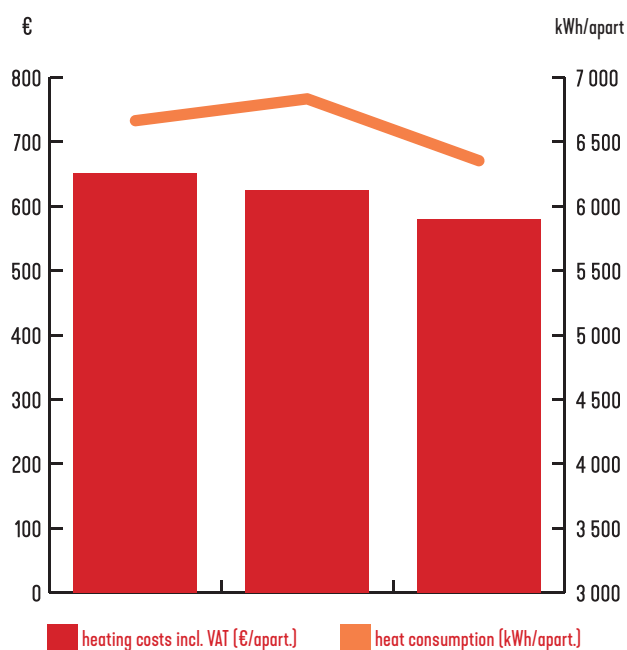
Year	Average heat tariff		
	2016	2017	2018
variable part €/kWh	0.0478	0.0407	0.0413
fixed part €/kW	176.85	186.52	188.80
end heat tariff €/kWh	0.0812	0.0759	0.0769

Change in the heat price fixed component was only approved for suppliers who planned to make new investments in 2018 in order to streamline their heat generation and distribution. Another reason for the increase of the fixed component with several suppliers was a year-on-year decrease of the supplied heat volume and thus of the regulatory input, which determines the fixed component. The average fixed component of the heat price in 2018 reached € 188.80/kW, which is 1.2 % more than in 2017. The resulting average price of heat in Slovakia increased by 1.3 % in 2018 and reached the value of € 0.0769/kWh.

Since heating systems tend to vary to a high degree, so also prices in individual heat suppliers' price decisions may differ significantly, especially depending on the system's size and fuel used for heat generation.

The average heat consumption of a standard apartment in Slovakia in the monitored sample of 40 000 apartments was by 8.4 % lower than in 2017. Annual costs of heat and hot water production (incl. VAT), even with a higher heat price, show a year-on-year decrease by 7.2 % due to lower heat consumption.

Heating costs and heat consumption



Investments by categories

Purpose of investments made	Planned investments in ths. €		
	2016	2017	2018
Heat generation installations	1 636	12 830	1 664
Heat distribution installations	75 425	9 557	18 717
Green technologies	5 255	3 942	-
Planned general overhauls	4 727	-	-
RES installations	6 682	5 100	467
Total	93 725	31 429	20 848



4. WATER

DRINKING WATER AND WASTEWATER

As of 31 December 2018, a total of 655 regulated entities operating public water supply systems or public sewerage systems were registered. Of that number, 14 were water utility companies, 41 municipalities, 82 small-scale companies operating a public water supply system or public sewerage system of 1st and 2nd category. Included were also 518 small municipalities owning a public water supply system or public sewerage system of 3rd category.

	No. of decisions issued		
	2016	2017	2018
Price decisions	7	258	7
Amendments to price decisions	3	7	11
Price approvals	10	996	22
Decisions on price proceeding termination	3	19	3
Decisions on price proceeding suspension	5	43	21
Decisions on price decision revoking	2	1	1
Total	30	1324	65

PRICE LEVEL MONITORING

Under current legislation, price decisions and price approvals issued in 2017 are valid until the end of the 2017-2021 regulatory period unless the Office approves an amendment to the price decision. In 2018, 11 proposals to amend a price decision were submitted, of which six were submitted by water utility companies.

Drinking water production and supply tariffs - water utility companies (excl. VAT)

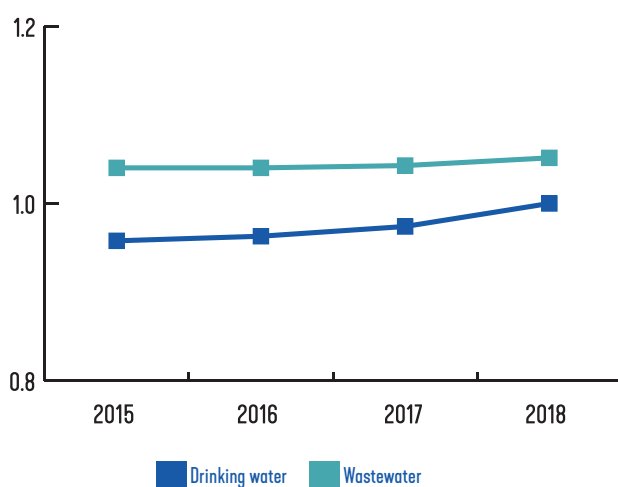
	2016	2017	2018
	€/m ³	€/m ³	€/m ³
Bratislavská vodárenská spoločnosť	0.9359	0.9359	0.9359
Trnavská vodárenská spoločnosť	0.7286	0.7286	0.7286
Západoslovenská vodárenská spoločnosť	1.0802	1.0802	1.0802
Trenčianske vodárne a kanalizácie	0.9494	0.9494	0.9684
Považská vodárenská spoločnosť	0.9741	0.9741	0.9741
Severoslovenské vodárne a kanalizácie	0.9126	0.9126	0.9765
Turčianska vodárenská spoločnosť	0.7302	0.7302	0.7427
Oravská vodárenská spoločnosť	1.0353	1.0353	1.0353
Vodárenská spoločnosť Ružomberok	0.7460	0.7460	0.7460
Liptovská vodárenská spoločnosť	0.9102	0.9102	0.9102
Stredoslovenská vodárenská prevádzková spoločnosť	1.1700	1.2010	1.2010
Podtatranská vodárenská prevádzková spoločnosť	1.0884	1.0884	1.0884
Východoslovenská vodárenská spoločnosť	1.3100	1.3100	1.3362
Vodárne a kanalizácie mesta Komárna	0.9162	0.9162	0.9162

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

	2016	2017	2018
	€/m ³	€/m ³	€/m ³
Bratislavská vodárenská spoločnosť	0.9216	0.9216	0.9216
Trnavská vodárenská spoločnosť	1.0758	1.0758	1.0758
Západoslovenská vodárenská spoločnosť	0.8538	0.8918	0.8918
Trenčianske vodárne a kanalizácie	0.9554	0.9554	0.9554
Považská vodárenská spoločnosť	1.0700	1.0700	1.1235
Severoslovenské vodárne a kanalizácie	0.9797	1.0483	1.0669
Turčianska vodárenská spoločnosť	0.9591	0.9591	0.9907
Oravská vodárenská spoločnosť	1.0570	1.0570	1.1416
Vodárenská spoločnosť Ružomberok	0.9603	0.9603	0.9603
Liptovská vodárenská spoločnosť	1.1068	1.1068	1.1068
Stredoslovenská vodárenská prevádzková spoločnosť	1.0983	1.1615	1.1615
Podtatranská vodárenská prevádzková spoločnosť	1.0904	1.0904	1.0904
Východoslovenská vodárenská spoločnosť	0.9000	0.9000	0.9870
Vodárne a kanalizácie mesta Komárna	0.8643	0.8643	0.8643

Tariff for drinking water supply and wastewater collection, excluding VAT, charged by water utility companies in Slovakia averaged 2.0521 €/m³ and increased by 1.7 % year on year.

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



RONI issued seven new and five amended price decisions and 22 price approvals for smaller companies and municipalities supplying drinking water or collecting and treating wastewater, especially in municipalities and smaller city outskirts.

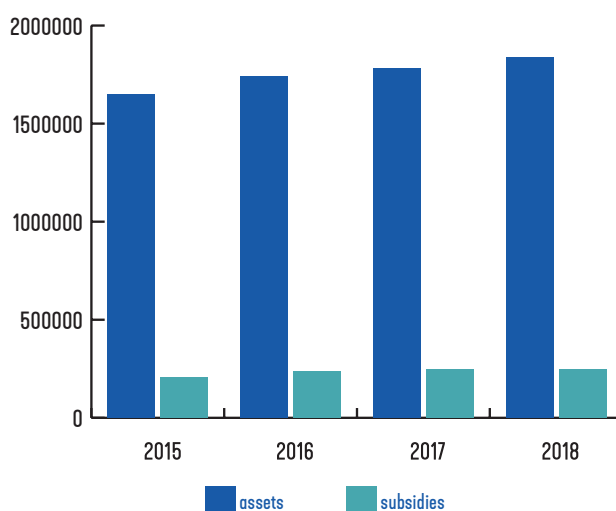
SUPPLY AND DISCHARGE

In 2018, the volume of drinking water supplied by public water supply systems increased year-on-year by 1 970 thous. m³ (+ 1 %). New wastewater producers were connected to the newly built public sewerage systems, so the amount of wastewater discharged by public sewerage systems increased by an average of 3 772 thous. m³ (+ 2 %).

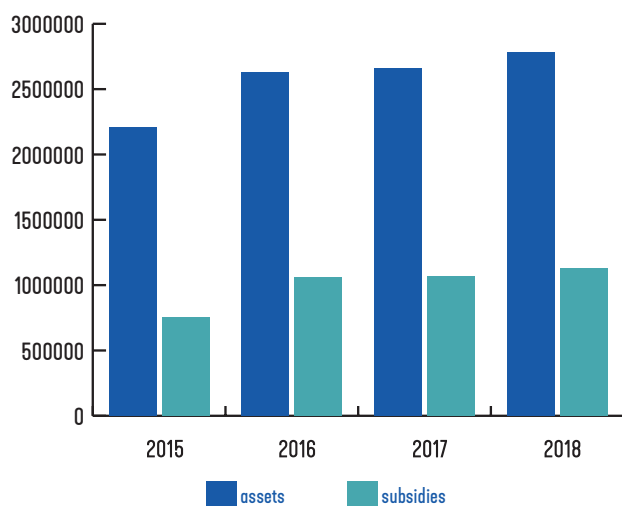
INVESTMENTS

In the drinking water supply industry, the increase in the value of assets was 3 %. The increase in assets acquired from EU funds and the state budget was only 0.2 %, because the lacking public water supply systems were built by water utility companies and municipalities mostly from their own resources. The share of assets acquired from subsidies to the total value of assets was 14 %.

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



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



SURFACE WATER UTILISATION

Tariffs for surface water utilisation in € (excl. VAT)

	2015	2016	2017	2018
Surface water collection price per m ³	0.1122	0.1122	0.1120	0.1120
Average price of using hydropower potential per 1 MWh	15.7552	14.1681	13.8796	13.8796
Energy water collection price per thous. m ³	0.1659	0.1659	0.1691	0.1691

UTILISATION OF WATER UTILITY ASSETS

Indicators of regulated activities of water utility companies

Drinking water	2015	2016	2017	2018	change 2018/2017	%
Revenues from regulated activities in ths. €	195 625	201 728	205 081	208 544	3 463	2
Justified costs in ths. €	194 187	194 671	199 469	198 103	-1 366	-1
Profit/(loss) in ths. €	1 438	7 057	5 612	10 441	4 829	86
water utility assets in ths. €	1 648 672	1 738 825	1 781 867	1 839 923	58 056	3
from subsidies in ths. €	208 749	237 339	248 347	248 914	567	0.2
Repairs on assets in ths. €	29 771	35 501	31 199	31 210	11	0.04
Volume of water in ths. m ³	191 519	194 202	197 418	199 388	1 970	1
Utilisation of water utility assets	93%	95%	96%	94%	-2%	-2

Wastewater	2015	2016	2017	2018	change 2018/2017	%
Revenues from regulated activities in ths. €	186 167	184 288	189 993	200 415	10 423	5
Justified costs in ths. €	182 986	198 245	204 288	208 231	3 943	2
Profit/(loss) in ths. €	3 181	-13 958	-14 296	-7 816	6 480	45
water utility assets in ths. €	2 209 504	2 628 952	2 659 629	2 782 541	122 913	5
from subsidies in ths. €	754 090	1 063 712	1 067 500	1 128 620	61 120	6
Repairs on assets in ths. €	18 302	21 937	19 025	21 531	2 506	13
Volume of water in ths. m ³	195 984	193 437	198 972	202 744	3 772	2
Utilisation of water utility assets	72%	74%	84%	83%	-1%	-1



5. LEGISLATIVE ACTIVITIES

According to Act no. 250/2012 Coll., RONI powers include, inter alia, issuing generally binding legal regulations taking the form of decrees. On the basis of empowering provisions, in 2018 RONI drafted and submitted to the legislative process four decrees:

- RONI Decree 204/2018 amending RONI Decree 21/2017 which establishes price regulation in production, distribution and supply of drinking water through public water supply system, and collection and treatment of wastewater through public sewerage system,
- RONI Decree 205/2018 amending RONI Decree 248/2016 which establishes price regulation in the heat industry,
- RONI Decree 206/2018 amending RONI Decree 223/2016 which establishes price regulation in the gas industry,
- RONI Decree 207/2018 amending RONI Decree 18/2017 which establishes price regulation in the electricity industry and certain conditions for the performance of regulated activities in the electricity industry.

6. SUBMISSIONS AND COMPLAINTS

The Office's Legislative and Legal Department handled 358 consumer submissions and complaints. Apart from that, some specific submissions were handled directly by the Office's sector departments, which are authorised to decide in the field of electricity, gas, heat and water regulation.

In the Heat Regulation Department, there were 157 requests for a technical expert opinion processed. In electricity, 23 consumer submissions were dealt with, mainly related to consumer bills for electricity supply. In gas, the relevant department processed ten submissions in 2018. Water regulation-related were 17 consumer submissions, particularly in the area of prices. The Non-Tariff Regulation Department dealt with three submissions pertaining to its competence. Some of the complaints were remitted directly to the Inspection Department, which handled a total of 38 consumer complaints.

7. ALTERNATIVE DISPUTE RESOLUTION

The Office received a total of 11 proposals for alternative dispute resolution in accordance with statutory requirements. Of this, nine related to consumer disputes under Act no. 391/2015 Coll. on Alternative Resolution of Consumer Disputes as amended and two proposals to alternative dispute resolution for non-household consumers pursuant to Art. 37 of Act No. 250/2012. One proposal was rejected because of the failure to comply with the statutory requirements of the alternative dispute resolution institute.

8. PRICE REGULATION SUPPORT AND REGULATED ACTIVITIES MONITORING

The Office monitored the activities of regulated entities to obtain necessary information and sufficient tools for verification of the structure and level of costs incurred in the regulated activities, with the aim to set up transparent and non-discriminatory regulation and prevent abuse of vertical integration.

Overviews of recorded events and breaches of quality standards

Electricity	transmission	distribution	supply
No. of submitted assessments	1	132	182
No. of recorded events	5	9 284 223	1 788 956
No. of recorded events with a breach of quality standard	0	23 421	1 122
Share of recorded events with a breach of quality standard to recorded events	0.00%	0.25%	0.06%

Heat	supply
No. of submitted assessments	338
No. of recorded events	84 375
No. of recorded events with a breach of quality standard	134
Share of recorded events with a breach of quality standard to recorded events	0.16%

Water	drinking water	wastewater
No. of submitted assessments	382	373
No. of recorded events	86 625	60 894
No. of recorded events with a breach of quality standard	467	148
Share of recorded events with a breach of quality standard to recorded events	0.54%	0.24%

Gas	storage	transmission	distribution	supply
No. of submitted assessments	2	1	41	70
No. of recorded events	939	337	85 833	1 238 288
No. of recorded events with a breach of quality standard	0	41	44	558
Share of recorded events with a breach of quality standard to recorded events	0.00%	12.17%	0.05%	0.05%

Overview of compensation payments for non-compliance with quality standards

	Regulated activity	€
Electricity	Transmission	0.00
	Distribution	576 583.18
	Supply	37 830.21
	Total	614 413.39
Gas	Storage	0.00
	Transmission	0.00
	Distribution	3 455.00
	Supply	16 954.75
	Total	20 409.75
Heat	Supply	2 008.03
	Total	2 008.03
Water	Drinking water supply	322.33
	Wastewater collection	127.79
	Total	450.12

For 2018, a total of € 637 281.29 was paid to consumers in compensation payments.

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

The Office approved 25 service level agreements, thereby helping to achieve optimal and reasonable level of costs in the performance of regulated activities and consolidating the content of contractual relationships.

The Office listed 657 public tenders announced by 25 regulated entities. Of the public tenders announced in 2018 and in the previous period, 592 were closed and 52 were cancelled. Two public tenders were closed without announcing a winner. As of December 31, 2018, 115 public tenders were in progress.

Pursuant to Art. 29 (4) of Act 250/2012, 81 regulated entities reported to the Office 872 completed orders exceeding € 300 000 in value.

The gas TSO was required to submit proposals of commercial and financial agreements with vertically integrated undertakings to the Office for approval. In 2018, four such commercial agreements were approved by the Office.

9. INSPECTION

The Office carried out onsite inspections in 73 regulated entities, of which 14 were based on received submissions and 59 were based on the Office's onsite inspection plan. Of the above, 53 onsite inspections were completed with inspection result protocol, i.e. with detected breach of the applicable legislation, and 20 inspections were completed with inspection result report, i.e. with no breach of the applicable legislation found.

In 2018, onsite inspections focused on compliance with applicable legislation

in the performance of regulated activities in network industries between 2014 and 2018. In this context, inspections were focused on compliance with the approved scope of price (tariff) regulation, non-tariff regulation and regulation of quality standards.

The Office carried out onsite inspection in 39 electricity companies. With 26 of them, it found 77 breaches of Act no. 250/2012 and Act no. 251/2012 Coll. on Energy as amended (hereinafter referred to as „Act 251/2012“ or the „Energy Act“). In gas, the Office carried out inspections in 13 companies, where with ten of them 24 breaches of Act 250/2012 and Act 251/2012 were found.

The most frequent kind of breach of Act 250/2012 on the part of electricity companies was failure to perform regulated activity in accordance with a valid decision or approval of the Office, and non-compliance with price regulation requirements according to a generally binding legal regulation issued by the Office, in particular their non-compliance with a price decision or business terms and conditions approved by the Office. The most frequent breach of Act 250/2012 by gas companies was non-compliance with market rules. One onsite inspection was also carried out in a company operating in the field of fuels and oil - operation of pressure vessel filling equipment

and here breach of Act 250/2012 was found, in particular failure to comply with the obligation to appoint a new authorized representative within 15 days and to request a change to the license without delay.

In the heat sector, the Office inspected 41 entities. Here, with 26 of them 61 violations of Act 250/2012 and Act 657/2004 Coll. on thermal energy, as amended (hereinafter referred to as „Act 657/2004“) were found. The most frequent kind of breach concerned Act 250/2012, in particular failure to account heat generation, distribution and supply costs, which are not considered economically justified, within the time limit and in the manner established by the Office. In the water sector, the Office carried out onsite inspection in eight entities, where in six of them 13 violations of Act 250/2012 were detected, the most frequent of them having been non-compliance with the obligation to submit to the Office true and complete information and data.

In addition to carrying out onsite inspections in regulated entities, the Office also found breaches of the provisions of Act 250/2012 and Act 251/2012 during its regular administrative procedures. As a result, a fine was imposed on 17 entities totalling € 13 900.

Inspection Department received 39 submissions from natural and legal persons, of which 30 were fully addressed, nine were partially and one was found to be in breach of the law.

OVERVIEW OF INSPECTION FINDINGS

The overview shows the number of respective breaches of Act 250/2012, Act 251/2012 and Act 657/2004, found by Inspection Department during their onsite inspections or by their administrative activities.

1. breach of Art. 29 (1) c) of Act 250/2012 - failure to account heat generation, distribution and supply costs, which are not considered economically justified, within the time limit and in the manner established by the Office - 35 findings in the heat sector
2. breach of Art. 29 (1)b) of Act 250/2012 - failure to conduct regulated activity in accordance with a valid decision or approval of the Office and non-compliance with price regulation requirements according to a generally binding legal regulation issued by the Office - 34 findings, of which in:

• electricity	21
• gas	5
• heat	5
• water	3
3. breach of Art. 29 (1) o) of Act 250/2012 - failure to abide by the market rules - 28 findings, of which in:

• electricity	20
• gas	8
4. breach of Art. 29 (1) k) of Act 250/2012 - failure to provide to the Office free of charge complete and truthful data, documents and any other information necessary for the purposes specified by this Act and for the exercise of the Office's powers in the scope, manner and time limits specified by the Office - 24 findings, of which in:

• electricity	6
• gas	1
• heat	8
• water	9
5. breach of Art. 29 (1) j) of Act 250/2012 - failure to notify the Office by the end of February of the calendar year of discontinuing regulated activity under an issued license or confirmation of fulfilment of the notification duty - 17 findings, of which in:

• electricity	8
• gas	9
6. breach of Art. 22 (4) h) of Act 250/2012 - failure to submit to the Office by the end of February of the calendar month an assessment of quality standards for the previous year and failure to publish the assessment on the regulated company's website or in another usual form if the regulated company does not have a website in place - 11 findings, of which in:

• electricity	3
• gas	3
• heat	4
• water	1
7. breach of Art. 29 (1) a) of Act 250/2012 - failure to perform regulated activity according to and within the scope of the license, confirmation of fulfilment of the notification duty or registration confirmation - 9 findings, of which in:

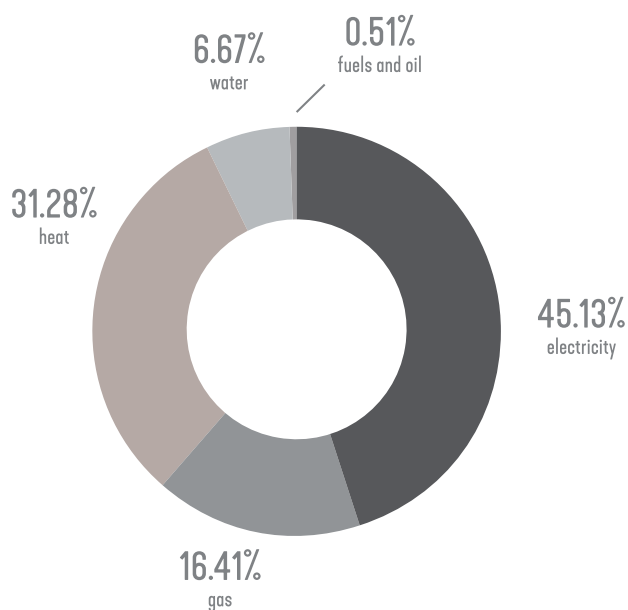
• electricity	4
• heat	5
8. breach of Art. 13 (4) of Act 250/2012 - non-compliance with the DSO grid code - three findings in electricity
9. breach of Art. 22 (5) of Act 250/2012 - failure to pay compensation payment to the customer at the set amount and in the determined manner in case of a demonstrable non-compliance with a quality standard - two findings, of which in:

• electricity	1
• gas	1

10. breach of Art. 22 (4) c) of Act 250/2012 – failure to publish complete and truthful information on the rights and obligations of the regulated company's customers on its website – one finding in electricity
11. breach of Art. 4 (7) of Act 251/2012 – non-compliance with the notification duty - five findings, of which in:
 - electricity 3
 - gas 2
12. breach of Art. 34 (3) of Act 251/2012 - failure to comply with the obligation to provide information pursuant to Article 34 (2) c), d) and h) of Act 251/2012 on the invoice for electricity supply or in the material sent simultaneously with such an invoice and in promotional materials sent to the end customers - four findings in electricity
13. breach of Art. 34 (2) c) of Act 251/2012 - failure to fulfill the obligation towards the electricity consumer to provide information on the share of the types of primary energy sources - three findings in electricity
14. breach of Art. 34 (2) d) of Act 251/2012 - failure to fulfill the obligation towards the electricity consumer to provide information on the electricity generation impact - three findings in electricity
15. breach of Art. 6 (1) of Act 251/2012 – doing business in the energy industry without license or not in accordance with the license or confirmation of compliance with the notification duty - two findings in electricity
16. breach of Art. 9 (5) of Act 251/2012 - failure to comply with the obligation to appoint a new authorized representative within the set time limit and to request a change to the license without delay – one finding in the field of fuels and oil - operation of pressure vessel filling equipment
17. breach of Art. 16 (4) b) of Act 251/2012 – failure to submit for RONI's approval rules of assets/liabilities and/or costs/revenues breakdown within 30 days from the day of commencement of the regulated company's business - one finding in electricity
18. breach of Art. 17 (12) of Act 251/2012 – failure to deliver final billing to household customer for the supply of electricity or gas no later than four weeks after the customer has switched their supplier - one finding in gas
19. breach of Art. 17 (14) of Act 251/2012 - failure to provide information on the invoice or in the material sent simultaneously with the invoice to household consumer, about the individual components making up the price (tariff) for electricity or gas supply incl. the unit price - one finding in gas
20. breach of Art. 31 (2) u) of Act 251/2012 – failure to publish business conditions of grid connection and business conditions of access to the distribution system and electricity distribution on the DSO website - one finding in electricity
21. breach of Art. 31 (2) y) of Act 251/2012 - failure on the part of DSO to fulfill the obligation to submit to the Office by 31 January a list of customers connected to the distribution system who changed their supplier in the previous year - one finding in electricity
22. breach of Art. 32 (3) e) in conjunction with Art. 32 (4) the first sentence in Act 251/2012 - failure on the part of the DSO which is part of a vertically integrated electricity undertaking to fulfill the obligation to appoint or designate the compliance officer - one finding in electricity
23. breach of Art. 32 (8) b) of Act 251/2012 - failure to submit to the Office by 30 April a compliance report for the previous year including adopted measures to implement the compliance program - one finding in electricity

24. breach of Art. 34 (2) h) of Act 251/2012 – failure to provide the electricity consumer with information about their rights regarding the means of settling the dispute - one finding in electricity
25. breach of Art. 76 (7) of Act 251/2012 - failure to provide data on the invoice (indicate separately the amount for regulated supplies and services and the amount for non-regulated supplies and service plus the code of the supply point) - gas supplier's billing obligations - one finding in gas
26. breach of Art. 5 (1) of Act 657/2004 - doing business in the heat sector without license or not in accordance with the license - four findings in heat

Share of breaches found by RONI, by sectors



MEASURES IMPOSED TO REMEDY FAILURES

The Office imposed 30 measures to eliminate and remedy the failures discovered during its inspection activities, in:

• electricity	2
• heat	26
• water	2

The Office ordered 14 regulated entities to return to heat and water consumers the amounts representing the difference between the price charged and the price that was to be charged under applicable regulations, in total amount of € 167 616.02 of which:

- to heat consumers (maximum price variable part)
€ 154 803.35
- to heat consumers (maximum price fixed part)
€ 11 245.44
- for wastewater collection and treatment by public sewers
€ 1 567.23

SANCTIONS IMPOSED AT THE 1ST LEVEL OF ADMINISTRATIVE PROCEEDING

Fines for breaches of statutory obligations

ADMINISTRATIVE PROCEEDING		DECISIONS ISSUED	
		Quantity	Fine (€)
I. Resulting from onsite inspection findings		50	119 050.00
II. Resulting from breaches found by RONI' s regular administrative procedures	failure to comply with notification duty towards the Office	15	8 900.00
	failure by a vertically integrated electricity DSO to designate a compliance officer	1	5 000.00
	failure to submit actual costs (heat) or other data (water)	17	9 100.00
	failure to comply with price regulation requirements	3	22 000.00
	failure to submit quality standards	124	71 000.00
	failure to submit rules for assets/liabilities and/or costs/revenues breakdown	1	500.00
TOTAL		211	235 550.00

10. LICENSES IN NETWORK INDUSTRIES

Overview of submitted applications and issued decisions in 2018

	new licenses	revoked licenses	amended licenses	suspended proceedings	terminated proceedings
electricity	15	60	78	26	8
gas	12	37	24	6	2
heat	8	14	117	49	3
fuel and oil	1	0	1	2	0
total	36	111	220	83	13

Overview of valid electricity licenses pursuant to Art. 6 (2) a) and b) of Act 251/2012

electricity generation	2
electricity transmission	1
electricity distribution	11
electricity generation and supply	102
electricity generation, distribution and supply	25
electricity distribution and supply	110
electricity supply	136
short-term electricity market operation	1
total	388

Overview of valid gas licenses pursuant to Art. 6 (2) c) of Act 251/2012

gas production	1
gas transmission	1
gas distribution	5
gas distribution and supply	40
gas production, distribution, storage and supply	1
gas storage	2
gas supply	108
total	158

Overview of valid energy licenses - fuels and oil pursuant to Art. 6 (2) d), e), f) and g) of Act 251/2012

operation of fuel transmission pipelines	1
operation of pressure vessel filling installations	13
operation of oil transmission pipelines	2
operation of liquefied gaseous hydrocarbon distribution installations	0
operation of pressure vessel filling installations and operation of liquefied gaseous hydrocarbon distribution installations	1
total	17

Overview of valid heat licenses

heat generation and distribution	325
heat generation	6
heat distribution	15
total	346

REGISTRATION CONFIRMATIONS IN WATER

On the basis of requests from regulated entities, the Office made pursuant to Art. 23 of Act No. 250/2012 a total of 43 registration confirmations.

Registration confirmations

	2013	2014	2015	2016	2017	2018
Total no. of valid registration confirmations	586	616	636	650	646	656

Confirmations of complying with notification duty as of 31 December 2018

Confirmations of complying with notification duty pursuant to Art. 6 (5) of Act 251/2012 on Energy	No. of confirmations issued for new entities/ installations	No. of valid confirmations	No. of issued confirmations - amendments	
electricity generation and supply from power generating units with total installed output up to 1 MW				
small hydropower plants	9	177	18	
wind power plants	0	1	0	
photovoltaic installations	48	1 935	84	
biogas stations and wastewater treatment plants	1	122	10	
co-generation units	1	85	10	
sale of CNG for motor vehicles propulsion	11	104	6	activities overlap
oil transport from extraction site to refinery				
sale of liquefied gaseous hydrocarbons in pressure vessels				
sale of liquefied gaseous hydrocarbons for motor vehicles propulsion, including the filling of motor vehicle fuel tanks with liquefied gaseous hydrocarbons intended for motor vehicles propulsion, with the exception of pressure vessels filling				
transport of liquefied gaseous hydrocarbons in pressure vessels				
total	70	2 424	128	
confirmations of activity termination in 2018	31			
confirmations of activity termination in total	217			



11. INTERNATIONAL COOPERATION AND REMIT

RONI continued also in 2018 developing international cooperation and participated in meetings of the ACER Board of Regulators, as well as meetings and teleconferences held in order to develop and approve methodologies resulting from the network codes establishing rules for the future EU single electricity market (in particular in the CORE capacity calculation region).

In gas, the Office participated in meetings and discussions on the EU funded projects of public interest (PCIs), with the participation of the European Commission, as well as meetings related to the implementation of gas network codes. Cooperation with the Energy Regulators Regional Association (ERRA) focused mainly on the exchange of experience in the regulatory practice among ERRA members, participation in ERRA general assembly meetings, working groups on retail markets, licenses and competition, and participation in ERRA energy investment and regulation conference. The Office also contributed to the building of ERRA electricity and gas databases by submitting data on behalf of the Slovak energy sector.

The Office also participated in negotiations regarding the interim project of day-ahead electricity market coupling between Germany, Austria, Poland and the 4M countries (Czech Republic, Slovakia, Hungary and Romania) based on the net transmission capacity (NTC) method. In 2018, the Office welcomed ERRA representatives in its premises. In March, RONI hosted a meeting with representatives of the Czech Regulatory Office (ERO) and in December the Office received representatives of the Ukrainian Regulatory Authority and the Ministry of Energy and Coal Industry of Ukraine.

RONI's International Cooperation Department also monitors the obligations arising from Regulation (EU) No 1227/2011 of the European Parliament and of the Council on wholesale energy market integrity and transparency (REMIT) which lays down rules for market participants trading in wholesale energy markets and prohibits insider trading and market manipulation.

As of 31 December 2018, 104 market participants were registered in the national market participants' register which is administered by the Office and is also part of the Centralised European Register of Energy Market Participants (CEREMP). Following the registration, a special identifier (ACER code) is assigned to the market participant which is used to report their trading data to ACER through a registered reporting mechanism (RRM). RRM in the Slovak Republic are OKTE, a.s. and Solien, s.r.o.



12. HUMAN RESOURCES

As of 31 December 2018, RONI had a total of 115 employees (92 % of the target headcount of 125), of which 96 were civil servants and 19 were in regular employment relationship. Apart from staff working at RONI's Bratislava headquarters, 21 employees were based in local offices across the country, i.e. at Inspection Department's offices in Trenčín, Košice, Martin and Strategy and Analysis Department's office in Martin.

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