

PANORAMIC
**ELECTRICITY
REGULATION**

Slovakia



LEXOLOGY

Electricity Regulation

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LEGAL FRAMEWORK

Policy and law

What is the government policy and legislative framework for the electricity sector?

The government policy for the electricity sector is primarily set out in the Energy Policy and the Energy Security Strategy, which are both developed by the Ministry of Economy (MOE) and approved by the Slovakian government. The most recent update to the Energy Policy was adopted in 2019 and another update is expected in autumn or winter 2024.

The Energy Policy closely follows the policies and targets set by the European Union. Accordingly, one of the main priorities of Slovakia in the electricity sector is the promotion of low-carbon electricity generation. Notably, in addition to the promotion of renewable sources of energy and high-efficiency cogeneration, the Energy Policy specifically mentions the use of nuclear power as a low-carbon source of electricity.

The Energy Security Strategy defines the objectives and means of ensuring national energy security. The main goals are ensuring self-sufficiency of electricity generation, establishing optimal pricing of electricity, strengthening the position of Slovakia as a pro-export and transit country, and maintaining reliable domestic supplies of electricity.

The Slovakian legislative framework for the electricity sector is largely based on EU laws governing the internal market for electricity. The national legislative framework governing the electricity sector consists mainly of the following acts adopted by the National Council of Slovakia:

- [Act No. 250/2012 Coll](#) on Regulation in Network Industries (the Regulation Act) sets out the principles of regulation in network industries and established the national regulatory authority, the Regulatory Office for Network Industries.
- [Act No. 251/2012 Coll](#) on Energy sets out the conditions for conducting business in the energy sector.
- [Act No. 309/2009 Coll](#) on Promotion of Renewable Energy Sources and High-efficiency Cogeneration (the Act on Promotion of Renewable Energy) defines which sources of energy are considered renewable, and sets out the mechanisms for promotion of renewable electricity generation and high-efficiency cogeneration.
- [Act No. 541/2004 Coll](#) on Peaceful Use of Nuclear Energy sets of the rules for the use of nuclear energy for electricity generation and states the supervision thereof.

Law stated - 1 august 2024

Organisation of the market

What is the organisational structure for the generation, transmission, distribution and sale of power?

In accordance with the EU unbundling rules set out in the Third Energy Package, Slovakian law requires the separation of activities subject to competition (generation and supply of

electricity) from activities with limited or no competition (transmission and distribution of electricity).

Transmission

Slovenska elektrizacna prenosova sustava (SEPS) is the single transmission system operator (TSO) in Slovakia. SEPS is fully owned by the state and is fully unbundled from other activities in the electricity sector under the ownership unbundling model.

Distribution

Distribution of electricity is carried out by three regional distribution system operators (DSOs) – Zapadoslovenska distribucna, Stredoslovenska distribucna and Vychodoslovenska distribucna. Slovakian law does not require full ownership unbundling of DSOs. The respective groups to which the regional DSOs belong are also active in the supply of electricity. There is also a large number of local distribution systems, which are not, however, subject to unbundling rules.

Generation

The biggest electricity producer – Slovenske elektrarne (co-owned by EPH, Enel and the state) – operates a diversified portfolio of generation sources that include nuclear, photovoltaic and hydroelectric power plants. More than 50 per cent of total electricity production in Slovakia comes from the two nuclear power plants operated by Slovenske elektrarne. The rest of production comes mainly from the hydroelectric, thermal (mostly gas-fired and biomass-fired) and photovoltaic power plants. There are no major wind power plants in Slovakia yet.

Storage

A storage facility operator is entitled to store electricity in its facility to enable the postponement of its consumption to a time later than that at which it was generated or to convert the electricity into a form of energy that can be stored.

Sale

Electricity supply to end customers is liberalised and carried out by end suppliers. Notably, the supply of electricity to certain end customers is subject to price regulation.

Other market participants

These include:

- the short-term electricity market operator OKTE, which is also responsible for clearing of imbalances, central billing of charges related to the operation of the power system and other important tasks;
-

electricity purchasers appointed by the MOE to purchase electricity from producers that are eligible under the Act on Promotion of Renewable Energy;

- end customers;
- aggregators who combine multiple customer loads or generated electricity for sale, purchase or auction in the market;
- operators of direct lines; and
- non-profit energy communities performing various tasks serving the needs of their members.

Law stated - 1 august 2024

REGULATION OF ELECTRICITY UTILITIES – POWER GENERATION

Authorisation to construct and operate generation facilities

What authorisations are required to construct and operate generation facilities?

A certificate of compliance with the Energy Policy issued by the Ministry of Economy (MOE) is required for the construction of a new generation facility or the expansion of an existing one. Small generation facilities (up to 5MW for photovoltaic and wind power plants, and up to 1MW for other power plants) are exempted and do not require a certificate of compliance.

The construction of a generation facility will typically require planning, building and occupancy permits issued by the competent construction authority. A prior environmental impact assessment procedure may also be applicable.

Other specific permits may be required depending on the type of generation facility in question. Nuclear power plants require permits issued by the Nuclear Regulatory Authority of Slovakia. Hydroelectric power plants require permits issued by the state water administration authority. The construction of generation facilities that burn fuels and have installed capacity of 50MW or more also require an integrated permit issued pursuant to Act No. 39/2013 Coll on Integrated Pollution Prevention and Control of Environmental Pollution.

Pursuant to Act No. 251/2012 Coll on Energy (the Energy Act), the operation of a generation facility is subject to a licence issued by the Regulatory Office for Network Industries (RONI). A simplified notification procedure applies to small installations with installed capacity of up to 1MW. No licence is required for the generation of electricity used exclusively for the sole consumption of the producer (such a producer is still obligated to notify the RONI).

Law stated - 1 august 2024

Grid connection policies

What are the policies with respect to connection of generation to the transmission grid?

The transmission system operator (TSO) is obliged to grant access on transparent and non-discriminatory terms to any applicant. Detailed rules governing the connection of

generation facilities to the transmission system are set out in the Energy Act, the Market Rules, and the operational and technical rules issued by the TSO.

Based on the application process and under the grid connection agreement (subject to the fulfilment of technical and commercial terms and conditions), any electricity producer has the right to connect its generation facility to the system. Slovenska elektrizacna prenosova sustava (SEPS) (as the single TSO in Slovakia) has the obligation to connect such an applicant. In cases where connection may compromise the safety, reliability and the stability of system operation, or if the system lacks capacity, SEPS may refuse connection to the system.

Law stated - 1 august 2024

Alternative energy sources

Does government policy or legislation encourage power generation based on alternative energy sources such as renewable energies or combined heat and power?

In accordance with EU energy policy and priorities, Slovakia promotes power generation from renewable energy sources and high-efficiency cogeneration of heat and electricity. Pursuant to Act No. 309/2009 Coll on Promotion of Renewable Energy Sources and High-efficiency Cogeneration (the Act on Promotion of Renewable Energy), eligible projects can benefit from the following types of support:

- preferential connection of the generation facility to the distribution system; access to the system; and distribution, transmission and supply of electricity;
- guaranteed purchase of electricity by a designated market participant at a market price (however, the producer is free to sell the produced electricity to any market participant);
- assumption of responsibility for the imbalance; and
- price premium in the form of a feed-in tariff determined by the RONI or a feed-in premium determined in a tender procedure.

The scope of eligible projects and the amount of price premiums is being gradually reduced. The Act on Promotion of Renewable Energy also provides for a system of guarantees of origin for electricity produced from renewable sources, which can be traded in the European market.

In addition to the operational aid provided under the Act on Promotion of Renewable Energy, the construction of new generation facilities may also benefit from investment aid schemes financed from state budget or EU funds.

Law stated - 1 august 2024

Climate change

What impact will government policy on climate change have on the types of resources that are used to meet electricity demand and on the cost and amount of power that is consumed?

Slovakia became a party to the Paris Climate Agreement in 2016 and agreed to reduce its greenhouse gas emissions according to the set targets. Slovakia is also obliged to meet the targets set forth by the European Union. Against this backdrop, Slovakia successfully phased out the use of coal for electricity generation in 2024 by decommissioning both large coal-fired power plants (Novaky and Vojany). At the same time, the third unit, Mochovce nuclear power plant, was commissioned in late 2023, adding 471MW of new installed capacity. The fourth unit (having capacity of up to 535MW) of the Mochovce plant is expected to be commissioned in 2025.

To meet renewable electricity generation targets, the TSO gradually increases the available capacity for new generation facilities. In July 2024, the TSO increased the available capacity for generation facilities by an additional 763MW to 2,600MW.

The regulatory framework incentivises the construction of small-scale renewable facilities by active consumers and allows for the sharing of electricity within energy communities.

Law stated - 1 august 2024

Storage

Does the regulatory framework support electricity storage including research and development of storage solutions?

The construction of an electricity storage facility with installed capacity in excess of 10MW requires a certificate of compliance with the Energy Policy issued by the MOE. The operation of electricity storage facilities is generally subject to a licence issued by the RONI (with limited exceptions).

TSO and distribution system operators (DSOs) are generally prohibited from constructing and operating electricity storage facilities. The RONI may grant an exception to the TSO or the DSO if:

- the storage facility is a fully integrated network component (ie, it is used only to ensure the secure and reliable operation of the system, not for balancing or congestion management); or
- the TSO or DSO was not able to procure the necessary storage services in a transparent and non-discriminatory tendering procedure.

The operator of an electricity storage facility has a right to non-discriminatory access to the transmission or distribution system subject to compliance with the applicable commercial and technical requirements as well as the conclusion of connection and access agreements.

The European Commission has approved a €44 million aid scheme to support the construction of electricity storage facilities to accelerate the transition towards a net zero economy. The aid will take form of direct grants covering up to 65 per cent of the total investment costs with a maximum amount of aid per project of €25 million.

Law stated - 1 august 2024

Government policy

Does government policy encourage or discourage development of new nuclear power plants? How?

The Energy Policy emphasises the key role of nuclear power in the Slovakian energy mix as a low-carbon energy source. In addition to the existing nuclear power plants in Mochovce (three units in operation and one unit expected to be commissioned in 2025) and in Jaslovske Bohunice (two units in operation), the Energy Policy also mentions the possibility of constructing new facilities.

In May 2024, the Slovakian government adopted a resolution approving a plan to build a new nuclear power plant with an installed capacity of up to 1200MW using the existing infrastructure in Jaslovske Bohunice. The resolution instructed the MOE to analyse the conditions for the construction of such a new nuclear power plant, dates of preparatory and implementation works, expected construction schedule, financial security of the construction, and the process of selecting a suitable investor and technology by the end of October 2024.

Slovakia is also a member of the ALLEGRO project, which facilitates cooperation in the field of nuclear energy between Slovakia, Hungary, the Czech Republic and Poland.

Law stated - 1 august 2024

REGULATION OF ELECTRICITY UTILITIES – TRANSMISSION

Authorisations to construct and operate transmission networks

What authorisations are required to construct and operate transmission networks?

The operation of transmission system is subject to a license issued by the Regulatory Office for Network Industries (RONI). The transmission system operator (TSO) must also receive certification from the RONI of its compliance with the unbundling requirements and subsequently has to be appointed by the Ministry of Economy (MOE). The RONI has certified that Slovakia's single TSO, Slovenska elektrizacna prenosova sustava (SEPS), is compliant with the ownership unbundling model and was subsequently appointed as the TSO for an indefinite term in 2013.

A certificate of compliance with the Energy Policy is required for the construction of any new transmission infrastructure. Additionally, such construction will typically require planning, building and occupancy permits as well as an environmental impact assessment. Pursuant to Act No. 251/2012 Coll on Energy (the Energy Act), the TSO may benefit from statutory easements allowing it to use land owned by third parties.

Both consumers and producers of electricity may request a consent from the RONI to construct a direct line connecting a generation site with a customer. The RONI will grant such consent only if the applicant was denied access to the transmission system, the construction is in compliance with the Energy Policy and it will not distort effective competition in the electricity market.

Law stated - 1 august 2024

Eligibility to obtain transmission services

Who is eligible to obtain transmission services and what requirements must be met to obtain access?

Pursuant to applicable EU and Slovakian law, market participants have a right to non-discriminatory access to the transmission system. To be connected to the transmission system, the system user has to:

- file a request for connection;
- fulfil the commercial and technical conditions of the transmission grid;
- enter into an agreement on connection to the transmission grid; and
- pay the connection fee.

The TSO is obliged to grant access to all users of the transmission systems that fulfil the technical and commercial requirements, and enter into an agreement on access to the system and transmission of electricity. The TSO may only refuse access if it lacks the necessary capacity. In such cases, the TSO must justify the refusal of access based on objective, and technically and economically justified criteria, and the system user can challenge the refusal with the RONI or at court.

Law stated - 1 august 2024

Government transmission policy

Are there any government measures to encourage or otherwise require the expansion of the transmission grid?

SEPS is obliged to develop a national 10-year network development plan at least once every two years. The 10-year plan is subject to public consultation and has to be submitted to the RONI and the MOE. If the 10-year plan does not take into account reasonable, and economically and technically feasible requirements for the implementation of investments in the transmission system or if it is in conflict with the EU-wide system development plan, the RONI can require SEPS to make necessary adjustments.

The costs of investment into the transmission system (including its expansion) are primarily financed by the system charges collected by SEPS from system users. SEPS has recently received funding from the Recovery and Resilience Plan, which will be used for the construction of a new power station and modernisation of approximately 250km of existing high-voltage lines. SEPS also participates in two projects of common interest, which are co-financed by the Connecting Europe Facility administered by the European Climate, Infrastructure and Environment Executive Agency, ACON and Danube InGrid.

Law stated - 1 august 2024

Rates and terms for transmission services

Who determines the rates and terms for the provision of transmission services and what legal standard does that entity apply?

The rates and terms of provision of transmission services are regulated by the RONI pursuant to Act No. 250/2012 Coll on Regulation in Network Industries (the Regulation Act). The RONI issues a price decree that specifies detailed rules for setting the regulated prices in the electricity sector during the contemporaneous regulatory period (currently Decree No. 154/2024 Coll). Pursuant to the Regulation Act, price regulation applies to:

- connection to the transmission system;
- access to the transmission system and transmission of electricity; and
- provision of ancillary services and system services.

At the beginning of each five-year regulatory period, the TSO is obliged to submit a price proposal and the RONI issues a price decision in accordance with the procedure laid down in the Regulation Act. The price decision remains valid during the entire regulatory period, unless the TSO files a proposal to change the price decision or the RONI changes it ex officio due to a variation in economic circumstances or legislative framework.

The terms for the provision of transmission services are governed by the rules of operation issued by the TSO and standardised contracts for the provision of transmission services. Once the rules of operation or their amendments are drawn up by the TSO, they are subject to public consultation and approval by the RONI in an administrative procedure governed by the Regulation Act. The contracts for transmission services must comply with the requirements set forth in the Market Rules issued in the form of a decree by the RONI.

Law stated - 1 august 2024

Entities responsible for grid reliability

Which entities are responsible for the reliability of the transmission grid and what are their powers and responsibilities?

The TSO, SEPS, is responsible for ensuring the reliable, safe and efficient operation of the system in cooperation with the TSOs in neighbouring states and the DSOs. Specific tasks of the TSO are set out in the Energy Act.

SEPS is responsible for purchasing ancillary services necessary for the safe operation of the system. SEPS procures the ancillary services in transparent auctions that are open to market participants. In 2023, SEPS ran a pilot project to identify the legislative and technical barriers preventing the entry of smaller, decentralised sources of flexibility and flexibility aggregators into the market for the provision of ancillary services. As a result of the pilot project, SEPS amended its rules of operation and technical conditions (following public consultations) with the aim of improving the conditions for the provision of ancillary services for providers of flexibility.

The RONI is responsible for monitoring and supervising the TSO.

Law stated - 1 august 2024

REGULATION OF ELECTRICITY UTILITIES – DISTRIBUTION

Authorisation to construct and operate distribution networks

What authorisations are required to construct and operate distribution networks?

The operation of distribution system is subject to a licence issued by the Regulatory Office for Network Industries (RONI). The regional distribution system operators (DSOs) must comply with the unbundling requirements set out in Act No. 251/2012 Coll on Energy (the Energy Act). The operators of local distribution systems to which fewer than 100,000 customers are connected are exempted from the unbundling requirements.

A certificate of compliance with the Energy Policy issued by the Ministry of Economy (MOE) is required for construction of new distribution infrastructure. The MOE will not issue the certificate for projects located in an area where the existing distribution system has sufficient capacity or the incumbent DSO already plans to expand the existing distribution system under its development plan. The construction of distribution system also requires planning, building and occupancy permits as well as environmental impact assessments. The DSO may benefit from statutory easements for the purpose of construction and maintenance pursuant to the Energy Act.

Law stated - 1 august 2024

Access to the distribution grid

Who is eligible to obtain access to the distribution network and what requirements must be met to obtain access?

The DSOs are obliged to provide access to the distribution system on a non-discriminatory basis to all connected users. System users can request access to the distribution system subject to the fulfilment of the technical and commercial requirements set out in the binding rules of operation and technical conditions of the DSO, and conclusion of applicable contracts. The DSO may only refuse access to the distribution system if there is insufficient capacity. The DSO must justify the refusal of access based on objective, and technically and economically justified criteria. The system user can challenge the refusal with the RONI or at court.

Law stated - 1 august 2024

Government distribution network policy

Are there any governmental measures to encourage or otherwise require the expansion of the distribution network?

Pursuant to the Energy Act, DSOs must operate, maintain and develop their distribution systems.

The DSOs are obliged (on a biannual basis) to draw up a system development plan for a period of five to 10 years. The development plan must specify (among other things) the requirements for planning the development of the distribution system, investment requirements for the development and planned projects within the European Union. The DSO

must perform a public consultation on the development plan with market participants, and submit the plan to the MOE and the RONI. If the development plan does not comply with the requirements set out in the Energy Act, the RONI can require the DSO to make necessary adjustments.

The investment costs are primarily financed by system charges collected by the DSOs from system users. Investment projects can also receive funding from state resources or EU programmes. For example, ZSD (the DSO that operates a regional distribution system in the western part of Slovakia) participates in projects of common interest co-financed by the European Union: ACON and Danube InGrid.

Law stated - 1 august 2024

Rates and terms for distribution services

Who determines the rates or terms for the provision of distribution services and what legal standard does that entity apply?

Pursuant to Act No. 250/2012 Coll on Regulation in Network Industries (the Regulation Act), connection to the distribution system, access to the distribution system and distribution of electricity are subject to price regulation by the RONI. The RONI issues a price decree which specifies detailed rules for setting the regulated prices (currently Decree No. 154/2024 Coll) during a five-year regulatory period. At the beginning of each five-year regulatory period, the DSO submits a price proposal and the RONI issues a price decision in accordance with the procedure laid down in the Regulation Act. In principle, the price decision remains valid during the entire regulation period unless the DSO proposes a change, or the RONI adopts a change *ex officio* due to change in economic circumstances or legislative changes.

The terms for the provision of distribution services are governed by the rules of operation issued by the DSO and standardised contracts for distribution services. Once the rules of operation or their amendments are drawn up by the DSO, they are subject to public consultation and approval by the RONI in an administrative procedure governed by the Regulation Act. The contracts for distribution services must comply with the requirements set forth in the Market Rules issued in the form of a decree by the RONI.

Law stated - 1 august 2024

REGULATION OF ELECTRICITY UTILITIES – SALES OF POWER

Approval to sell power

What authorisations are required for the sale of power to customers and which authorities grant such approvals?

Sale of electricity is subject to a licence issued by the Regulatory Office for Network Industries (RONI). The licence is issued for an indefinite period unless requested otherwise by the applicant. The licence requirements are set out in Act No. 251/2012 Coll on Energy (the Energy Act).

A person authorised to sell electricity in any EU member state can request a licence to sell electricity in Slovakia in a simplified procedure by submitting the licence from its home state.

The licence issued to such a person by the RONI will expire if the person's domestic licence is terminated.

The Energy Act also allows active consumers with small renewable electricity installations (up to 1MW) to sell certain amounts of electricity on the market without a licence (under specific statutory conditions).

Law stated - 1 august 2024

Power sales tariffs

Is there any tariff or other regulation regarding power sales?

The supply of electricity to vulnerable customers is subject to price regulation by the RONI. Vulnerable customers include household customers, small business customers (with an annual offtake of electricity up to 30MWh), social service facilities, etc. The price for the supply of electricity to vulnerable customers must not exceed a maximum price set by the RONI for the supplier of electricity (provided that it supplies electricity to vulnerable customers) in a decision issued in a price regulation proceeding. The supplier is entitled to supply electricity at a rate lower than the maximum regulated price.

Vulnerable customers are entitled to opt out from the price-regulated supply of electricity and also to opt back in. The right to opt out has not been broadly used to date because the Slovakian government has subsidised the prices of electricity for vulnerable customers since the beginning of the energy crisis in 2022.

Law stated - 1 august 2024

Rates for wholesale of power

Who determines the rates for sales of wholesale power and what standard does that entity apply?

The rates for wholesale trade in the electricity sector are not regulated, and are formed as a result of supply and demand. Electricity trading usually takes the form of commodity trading through energy exchanges, bilateral contracts or auctions. Since 2015, OKTE has been acting as the nominated electricity market operator (NEMO) for the Slovakian trading area (as required under the Capacity Allocation and Congestion Management Regulation). Currently, OKTE is appointed to perform the NEMO function until 2027.

In exceptional cases, the state can interfere with price formation in the wholesale market by imposing public service obligations on market participants.

Law stated - 1 august 2024

Public service obligations

To what extent are electricity utilities that sell power subject to public service obligations?

Pursuant to the Energy Act, the Ministry of Economy (MOE) can impose public service obligations on electricity producers, the transmission system operator, distribution system operators and electricity suppliers. The public service obligation must be in the general economic interest that was approved by the Slovakian government on the basis of a proposal by the MOE. The public service obligation must be unambiguous, enforceable, controllable, transparent and non-discriminatory, and must ensure equal access for market participation to end customers.

Public service obligations include, in particular, the obligation to ensure safety, regularity, quality, price and energy efficiency of the electricity supply, and the supply of electricity by the supplier of last resort. The MOE recently imposed an obligation on the largest electricity producer in Slovakia to supply 6.15TWh of electricity for household customers at a predetermined price.

The supplier of last resort (or multiple suppliers of last resort) is selected by the RONI in an administrative procedure. The appointed supplier is obliged to temporarily (no more than three months) supply electricity to customers if their original supplier were to lose the ability to supply electricity. The supplier of last resort supplies electricity at a price regulated by the RONI.

Law stated - 1 august 2024

REGULATORY AUTHORITIES

Policy setting

Which authorities determine regulatory policy with respect to the electricity sector?

The National Council of Slovakia is the legislative body that adopts laws, including the laws that regulate the electricity sector. As an EU member state, Slovakia is obligated to ensure that its legislation follows the laws of the European Union.

The Slovakian government influences policy with respect to the electricity sector mainly by proposing laws and by approving the Energy Policy. The government also has the power to adopt temporary crisis measures if end customers are at risk due to a disproportionate increase in the prices of electricity or the state is threatened with significant economic damage.

The Ministry of Economy is the central governmental authority for electricity sector, which is responsible for drawing up the Energy Policy.

The Regulatory Office for Network Industries (RONI) is the independent regulatory authority responsible for the formulation and implementation of regulatory policy for the electricity sector in Slovakia. The RONI (specifically, its Regulatory Board) adopts the regulatory policy for each five-year regulatory period, in which it sets out the strategic direction and the concept of regulation in the electricity sector.

Law stated - 1 august 2024

Scope of authority

What is the scope of each regulator's authority?

The RONI is the single regulatory authority at national level which performs the tasks set out in the Directive (EU) 2019/944 and Act No. 250/2012 Coll on Regulation in Network Industries (the Regulation Act). The RONI is responsible for ensuring transparent and non-discriminatory functioning of the electricity market, including:

- conditions for connection and access to the transmission and distribution systems;
- transmission, distribution and supply of electricity;
- storage of electricity;
- price regulation and ancillary services;
- services for system balancing; and
- monitoring the independence of the transmission system operator.

It issues, amends and withdraws licences for electricity undertakings, and sets out and monitors the standards of quality. It adopts the methodologies for price regulation and issues price decisions for regulated entities. The RONI monitors whether regulated entities comply with the applicable laws and is entitled to impose sanctions. The RONI has broad investigative powers, including the power to inspect business premises.

Law stated - 1 august 2024

Establishment of regulators

How is each regulator established and to what extent is it considered to be independent of the regulated business and of governmental officials?

The RONI is a public authority with broad powers established by the Regulation Act. It is independent from the government, other state authorities and businesses. The RONI is headed by a chair appointed and dismissed by the Slovakian government. The RONI also has a Regulatory Council, which is responsible for strategic management. The Regulatory Council is led by its chairman and has six members, who are appointed and dismissed by the president of Slovakia (based on a proposal from the government and parliament). Each member of the Regulatory Council, including the chair, must fulfil strict independence criteria.

Law stated - 1 august 2024

Challenge and appeal of decisions

To what extent can decisions of the regulator be challenged or appealed, and to whom? What are the grounds and procedures for appeal?

In general, first instance decisions are issued by a designated department of the RONI. Decisions of the RONI can be appealed to the Regulatory Council, except for decisions imposing fines, which can be appealed to the chair of the RONI. As a general rule, an appeal has suspensive effect; however, price decisions become immediately effective, even if appealed. The procedure is subject to the requirements laid down by the Regulation Act

and Act No. 71/1967 Coll. If the appeal has been dismissed, the decision can be challenged in court pursuant to Act No. 162/2015 Coll.

Law stated - 1 august 2024

ACQUISITION AND MERGER CONTROL – COMPETITION

Responsible bodies

Which bodies have the authority to approve or block mergers or other changes in control over businesses in the sector or acquisition of utility assets?

Except for concentrations that are subject to European Commission review under Regulation (EC) No. 139/2004, the Antimonopoly Office of Slovakia has the power to assess mergers or acquisitions of control. Transactions are subject to the Antimonopoly Office's assessment of whether the turnover thresholds laid down by Act No. 187/2021 Coll on Protection of Competition (the Act on Protection of Competition) are met. The Antimonopoly Office assesses whether the proposed transaction creates or strengthens a dominant position of an undertaking, which may result in significant barriers to effective competition in the relevant market. Decisions of the Antimonopoly Office can be appealed to the council of the Antimonopoly Office. The appellate decision of the council of the Antimonopoly Office are subject to judicial review.

Law stated - 1 august 2024

Review of transfers of control

What criteria and procedures apply with respect to the review of mergers, acquisitions and other transfers of control? How long does it typically take to obtain a decision approving or blocking the transaction?

Concentrations are subject to the Antimonopoly Office's assessment if in the previous accounting period:

- the combined total annual turnover in Slovakia of the undertakings concerned was at least €46 million and at least two of the undertakings concerned had an aggregate turnover of at least €14 million in Slovakia; or
- the worldwide aggregate turnover of one of the undertakings concerned was at least €46 million and at the same time:
 - another undertaking being a party to the merger (consolidation); or
 - an undertaking or part thereof over whom the control is being acquired (target) had an aggregate turnover of at least €14 million in Slovakia.

Two or more transactions that take place within two years between the same undertakings are considered as one transaction occurring on the date of the last transaction.

The Antimonopoly Office issues a decision within 25 business days of the date of delivery of a complete notification of a transaction. The chair of the Antimonopoly Office can reasonably

extend the period in complex cases by a maximum of an additional 90 business days. Merging parties may not exercise the rights and obligations arising from the transaction closing until the final decisions have entered into force.

On the other hand, the notification of a transaction may also be submitted to the Antimonopoly Office in the form of an intent before the conclusion of the contract or before there is another relevant legal fact establishing a merger or acquisition of control. It is therefore possible, through careful structuring of the transaction, to optimally plan obtaining consent to avoid unnecessary complications and delays. In addition, upon request, the Antimonopoly Office may grant an exemption from the prohibition against exercising the rights and obligations arising from the transaction before the final Antimonopoly Office decision, provided that serious grounds for doing so are identified (eg, risks of imminent damage or other serious harm caused by the prohibition).

Law stated - 1 august 2024

Prevention and prosecution of anticompetitive practices

Which authorities have the power to prevent or prosecute anticompetitive or manipulative practices in the electricity sector?

In general, the Antimonopoly Office and the European Commission have the power to pursue and prosecute anticompetitive conduct in Slovakia. If the Regulatory Office for Network Industries (RONI) becomes aware of a violation of competition rules, it is obliged to notify the Antimonopoly Office. Furthermore, the RONI is obliged to notify the National Bank of Slovakia, the Antimonopoly Office, the European Commission and the ACER of a violation of the Wholesale Energy Market Integrity and Transparency Regulation.

Law stated - 1 august 2024

Determination of anticompetitive conduct

What substantive standards are applied to determine whether conduct is anticompetitive or manipulative?

Regarding substantive standards for assessing whether conduct is anticompetitive or manipulative, Slovakia applies standards established by EU legislation, in particular articles 101 and 102 of the Treaty on the Functioning of the European Union (TFEU).

The Act on Protection of Competition defines the substantive standards in light of articles 101 and 102 of the TFEU – specifically that agreements and concerted practices between undertakings, as well as decisions of their associations, the objective or effect of which is, or may be, the restriction of competition are prohibited. The Act provides exceptions for which this generally worded prohibition does not apply, copying the standard exceptions stipulated under article 101 of the TFEU.

It is prohibited to abuse a dominant position in the market. An entrepreneur or several entrepreneurs have dominant positions when they are not exposed to substantial competition and when, given their economic power, they can act independently. Although the Act on Protection of Competition does not expressly provide for the denial of access to

essential facilities as a separately named type of anticompetitive conduct, EU and Slovakian case law and doctrine establish that the denial of access to an essential facility is abuse of a dominant position. 'Essential facility' comprises equipment, infrastructure, right or place where the construction or acquisition by other undertakings is not objectively possible and without access to which there would, or might, be a distortion of competition in the market concerned.

Law stated - 1 august 2024

Preclusion and remedy of anticompetitive practices

What authority does the regulator (or regulators) have to preclude or remedy anticompetitive or manipulative practices?

The Antimonopoly Office has the power to decide whether certain conduct or activity of an entrepreneur is prohibited, impose an obligation to refrain from such conduct and impose an obligation to remedy the unlawful situation.

In this context, it has the right to request information and the documents necessary for the participant's activities, and require explanations from concerned persons. It also has the right to engage in a general investigation of the market, as well as the right to initiate individual proceedings against a particular entrepreneur (both on its own initiative as well as on the motion of a third party).

The Antimonopoly Office has the right to enter an entrepreneur's buildings, premises or vehicles related to its activities or conduct. Other buildings, notably private premises, can be entered only with the consent of the court. In all cases, the Antimonopoly Office has the right to require assistance and help from the Slovakian police.

If the Antimonopoly Office finds a violation of competition law, it imposes a fine of up to 10 per cent of the undertaking's turnover. It may also impose an obligation to do or to refrain from doing something, an obligation concerning a change in the undertaking's structure (namely, an obligation to waive certain rights or part of ownership) or an obligation to appoint an impartial trustee at the undertaking's expense. Such obligations must be proportionate to the violation and necessary to bring the violation to an effective end.

There is a formalised option to terminate proceedings concerning agreements restricting competition and abuse of a dominant position with commitments. In this case, the entrepreneur proposes measures to be taken to eliminate possible distortion of competition and, if these measures are accepted as adequate for the removal of the market discrepancy, the Antimonopoly Office imposes the obligation to implement the measures. In such cases, the Antimonopoly Office does not declare a violation of law and refrains from imposing a fine.

In 2021, the Antimonopoly Office issued its Guidelines on Commitments Procedure regarding details of the terms and conditions of the commitments. The settlement procedure enables the Antimonopoly Office and the entrepreneur to agree on a settlement of a case and the decrease of a corresponding fine. As opposed to the commitments procedure, the entrepreneur must admit its participation in the violation of law and assume responsibility for it, and the Antimonopoly Office imposes a fine, albeit decreased. For the sake of completeness, the leniency programme is also applicable in Slovakia, according to which

if the entrepreneur admits its participation in a restrictive agreement the participants of which operate at the same level of the production or distribution chain and produces decisive evidence of a restrictive agreement or information and evidence that is decisive for an inspection of a restrictive agreement, the Antimonopoly Office may decide not to impose a fine on such an entrepreneur. The Antimonopoly Office may reduce a fine by up to 50 per cent if the entrepreneur admits its participation in the restrictive agreement and, on its own initiative, provides the Antimonopoly Office with evidence of significant added value.

The RONI also monitors the activities of market participants, within a similar scope of designated powers. The RONI imposes penalties for anticompetitive conduct, such as a refusal to connect or to provide access, or another violation of energy market rules. The RONI also monitors the independence of system operators according to the standards of legal and functional unbundling.

Law stated - 1 august 2024

INTERNATIONAL

Acquisitions by foreign companies

Are there any special requirements or limitations on acquisitions of interests in the electricity sector by foreign companies?

Slovakia has adopted Act No. 497/2022 Coll on Screening of Foreign Investments, which entered into force on 1 March 2023. The foreign direct investment (FDI) screening regime applies to investments by foreign investors, which includes:

1. individuals that are not nationals of any EU member state;
2. legal entities without a seat or place of business in the European Union;
3. a legal entity that is controlled by (or its beneficial owner is) an individual or an entity mentioned in (1) or (2);
4. a public authority of a non-EU country or an entity the management of which participates in a public authority of a non-EU country; and
5. anyone financing the investment through financial resources provided by a public authority of a non-EU country or an entity the management of which participates in a public authority of a non-EU country.

A foreign investment is an investment made or planned by a foreign investor if it enables the foreign investor, directly or indirectly, to:

- acquire the target or a part of the target;
- exercise effective participation in the target (in the case of non-critical foreign investments, effective participation is an interest of at least 25 per cent and in the case of critical foreign investments, effective participation is an interest of at least 10 per cent);
- increase effective participation in the target (in the case of non-critical foreign investments, increase to 50 per cent and in the case of critical foreign investments, increase to 20 per cent and always when reaching at least 33 per cent or 50 per cent);

- exercise control over the target; or
- acquire ownership of or other rights to the substantial assets of the target (only in case of a critical foreign investments).

Foreign investments made by foreign investors falling under the category of critical foreign investments can be made only after approval by the Ministry of Economy (MOE). Critical foreign investments will generally include investments in the electricity sector. The foreign investor must file an application with the MOE for assessment prior to making the foreign investment. The MOE will review the notified foreign investment with respect to its effect on the security and public order of Slovakia and the European Union.

Also, the certification of the transmission system operator (TSO) involves special screening rules if the TSO is controlled by an entity from a third country (non-EU member state). In such a case, the Regulatory Office for Network Industries would assess, among other things, whether the control would endanger the security of the electricity supply in Slovakia and the European Union.

Law stated - 1 august 2024

Authorisation to construct and operate interconnectors What authorisations are required to construct and operate interconnectors?

Interconnectors are a part of the transmission network; therefore, the rules applicable to the construction and operation of the transmission system apply. The single TSO, Slovenska elektrizacna prenosova sustava, is responsible for the secure and efficient operation of the existing interconnectors, and the construction of new interconnectors in accordance with its 10-year network development plan.

Law stated - 1 august 2024

Interconnector access and cross-border electricity supply What rules apply to access to interconnectors and to cross-border electricity supply, especially interconnection issues?

In 2022, 16 TSOs of the core capacity calculation region (Core CCR), together with 10 nominated electricity market operators (NEMOs), introduced core flow-based day-ahead market coupling. The project provides for the daily operation of flow-based day-ahead market coupling across the whole Core CCR in the framework of single day-ahead coupling. In addition to Slovakia, the Core CCR consists of the bidding zone borders between the following EU member states: Austria, Belgium, Croatia, the Czech Republic, France, Germany, Hungary, Luxembourg, the Netherlands, Poland, Romania and Slovenia.

The flow-based approach is a capacity calculation method in which the physical limits of the network are based on available margins on critical network elements (branches) and power transfer distribution factors, which are defined for every critical branch and every bidding zone within the Core CCR. The flow-based capacity calculation method is required by the European Commission under Regulation (EU) 2015/1222 establishing a guideline

on capacity allocation and congestion management. The integration of the energy market is crucial to the energy transition and allows the efficient management of weather-related fluctuations in the generation of renewable energy.

The allocation of cross-border transmission capacities takes place on an annual and monthly basis on profiles SK-PL, SK-CZ and SK-HU through the Joint Allocation Office, based in Luxembourg. Cross-border capacities are allocated in the form of explicit auctions. Cross-border capacities on the SK-HU, SK-CZ and SK-PL profiles are allocated implicitly on a daily basis. The platform for submission of bids by participants registered on the Slovakian market is operated by OKTE (the NEMO in Slovakia).

Law stated - 1 august 2024

TRANSACTIONS BETWEEN AFFILIATES

Restrictions

What restrictions exist on transactions between electricity utilities and their affiliates?

Pursuant to Act No. 250/2012 Coll on Regulation in Network Industries, a transmission system operator or a distribution system operator wishing to enter into a service contract (if its value exceeds €100,000) with another company from the same vertically integrated undertaking has to seek and obtain a prior approval by the Regulatory Office for Network Industries (RONI). The same requirement applies to amendments of such contracts. The RONI will grant the approval if the terms of the contract or amendment are at arm's length.

Pursuant to the Slovakian Commercial Code, if a joint stock company acquires assets from its founder or shareholder for a consideration in the amount of at least 10 per cent of its share capital, the value of the assets must be determined by an expert and the contract must be deposited in an official registry.

Law stated - 1 august 2024

Enforcement and sanctions

Who enforces the restrictions on utilities dealing with affiliates and what are the sanctions for non-compliance?

The RONI can impose a penalty of up to €10 million or up to 10 per cent of the vertically integrated undertaking's turnover for a breach of the obligation to obtain the prior approval of the service contract or its amendment. In addition, the contract or its amendment is invalid without the prior approval of the RONI.

Failure to comply with the requirements laid down in the Commercial Code may also cause the contract between affiliates to be invalid.

Law stated - 1 august 2024

UPDATE AND TRENDS

Key developments of the past year

Are there any emerging trends or hot topics in electricity regulation in your jurisdiction?

The main trends and topics in the Slovakian electricity sector include the expansion of nuclear capacity, the development of renewable power facilities and subsidised electricity supplies.

Nuclear power is already dominant in the Slovakian energy mix. Following the commissioning of the third unit of the Mochovce nuclear power plant in 2023 and the planned commissioning of its fourth unit in 2025, Slovakia will significantly strengthen its position as net electricity exporter. Moreover, the Slovakian government is exploring the possibility of building two new nuclear reactors (1,200MW) using the existing infrastructure of the Jaslovské Bohunice nuclear power plant. The government announced this plan in May 2024 and the initial feasibility studies are expected to be prepared by October 2024.

The production of electricity from renewable energy sources in Slovakia has traditionally been dominated by hydroelectric and photovoltaic power plants. The development of wind power plants has been constrained by various factors including the rule issued by the Slovakian Public Health Office, which required that they are located at least 3km from residential areas. In July 2024, the Public Health Office changed the rules and decreased the minimum distance to 1km, which should lead to renewed interest in the development of wind power plants.

The Slovakian government introduced subsidised prices of electricity for certain groups of customers as a result of the energy crisis in 2022. The government is expected to end this measure by 2025 due to its high cost.

Law stated - 1 august 2024