

Overhaul of Slovak System for Support of Renewable Energy Sources

In mid-October, the Slovak parliament adopted an amendment to the Act on Support of Renewable Energy Sources and High Efficiency Combined Heat and Power (Act No. 309/2009 Coll.) that substantially modifies the existing system for the support of these sources with the aim of centralizing the system and making these sources less expensive for customers.

The amendment marks a transition from a system of feed-in-tariffs to a system of feed-in-premiums (*príplatok*) for all new RE sources with an installed capacity of over 500 kW to be paid through the short-term electricity market operator (a government-controlled entity). Such new sources are to be selected in auctions organized under conditions yet to be specified by the Ministry of Economy and the Regulatory Office for Network Industries (**URSO**). Unlike under the previous system that obliged regional distribution system operators to off-take the electricity for the price of electricity losses (regulated by the URSO) and to make up for any deviations in supply, the producer of energy from RE sources will now sell the electricity on the market and will be responsible for deviations. The premiums should compensate for the difference between the price received by the producer on the market and the price offered by such producer at the abovementioned auction.

Electricity from new RE energy sources with an installed capacity of up to 500 kW will be off-taken (and the responsibility for deviation will be borne) by the designated purchaser for the price set by the URSO for each year depending on the type of the RE source. Any difference between the price paid by the designated purchaser (this amount is based on the market price but also set by the URSO) and the price set by the URSO for the calendar year is to be made up for by an additional payment (*doplatok*) paid by the short-term electricity market operator. This type of feed-in-tariff support will cease by 31 December 2033 at the latest.

Both types of support are to be provided for 15 years after commissioning of the facility. This support is, under certain conditions, guaranteed also for certain refurbished high efficiency CHP electricity producing facilities, mainly those that supply heat through central heating systems.

The amendment also provides for a framework of state aid to be provided to energy intensive industries in the form of compensation for payments that each of the consumers pay to support RE sources.

Newly defined local RE sources with an installed capacity of up to 500 kW to be used for local consumption shall not receive any of the abovementioned support but shall be treated preferentially when connected to the local distribution network.

The existing support (feed-in-tariffs) for RE sources granted under previous schemes remains in place.

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