Visegrad Fund

AN INFORMATIVE ARTICLE OUTLINING THE CURRENT REGULATORY LANDSCAPE OF SLOVAKIA'S PUBLIC UTILITY SECTOR

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1. Introduction

The Regulatory Office for Network Industries (hereinafter referred to as the Regulatory Office) holds a central role as the national regulatory authority supervising the following sectors: electricity, natural gas, heat sector, and water management. Established in August 2001, the Office operates as an independent state entity mandated to ensure a balance between the interests of investors and consumers and stands as the singular state (public) authority entrusted with the oversight of network industries.[1]

Its core mandate is to safeguard the interests of both parties, recognizing that investment viability hinges on profitability while ensuring consumers are not subjected to unfair pricing practices. Thus, the Regulatory Office is tasked with fostering an investment-friendly environment without compromising consumer welfare, thereby fostering fairness in pricing for all stakeholders.

The establishment of the Regulatory Office stemmed from the necessity to adjust the regulation of the energy sector to the changes brought about by its transformation and privatization during the pre-accession period to the EU, especially the implementation of Directive 96/92/EC of the European Parliament and of the Council of 19 December 1996 concerning common rules for the internal market in electricity and Directive 98/30/EC of the European Parliament and of the Council of 22 June 1998 concerning common rules for the internal market in natural gas.[2]

Its primary objective lies in monitoring the performance of regulated activities within the electricity, natural gas, and heat sectors, safeguarding the rights of all the parties. Legislatively, the authority of the Regulatory Office stems from primary legislation, notably Act on Network Industries No. 250/2012 Coll., empowering it to regulate prices and substance within network industries. However, each sector within the network industry operates under specific legislative provisions, imposing the conditions for their respective activities.

Although the Regulatory Office operates independently, the government retains the exclusive right to appoint its Chairman (see Annex I for detailed organizational structure). This dynamic underscores the crucial role of Regulatory Office in implementing governmental policies, particularly concerning the regulation, or capping, of end-user prices for electricity and natural gas, especially for vulnerable customers such as households and small businesses. Annually, regulated entities within these sectors must submit proposals for heat and electricity prices to the

[1] About URSO (2024). Regulatory Office for Network Industries. Available online: https://www.urso.gov.sk/about-urso/ (accessed on 30, April, 2024).

[2] Annual Report (2002). Regulatory Office for Network Industries. Available online: https://www.urso.gov.sk/data/att/5ec/549.1df729.pdf (accessed on 30, April, 2024).

Regulatory Office, which evaluates, approves, or determines these prices through a formalized procedure, ensuring fairness and transparency in pricing mechanisms.[3]

Moreover, the Regulatory Office extends its regulatory reach beyond price management. For instance, it issues certificates of origin for electricity sourced from renewable energy, licenses business operations within these industries and also it set Feed-in Tariff (FiT) rates. Since its inception, the Regulatory Office has been instrumental in establishing licensing frameworks for DH production and distribution while rigorously regulating prices across the DH supply chain.

2. Legislation

The Regulatory Office was established by the Act on Regulation in Network Industries No. 276/2001 Coll. The Act regulated the following activities:

- Subject, scope, conditions, and methods of regulation in network sectors
- Establishment, position, and powers of the Regulatory Office
- The conditions for carrying out regulated activities and the rights and obligations of regulated entities
- Rules for the operation of the electricity and gas market
- Proceedings in matters pursuant to the law
- Administrative offenses for violations of obligations established by the law[4]

The Act was repealed in 2012 when the Act on Energy No. 251/2012 Coll. and the Act on Regulation in Network Industries No. 250/2012 Coll. were approved by the National Council on 31 July 2012. According to the Act on Regulation in Network Industries No. 250/2012 Coll the Regulatory Office *operates impartially and independently in fulfilling its mandate. State bodies, local self-government bodies, other public authorities, or individuals are prohibited from exerting influence over the Regulatory Office in the execution of its duties*.[5]

The Regulatory Office is led by a chairman, appointed and dismissed by the government of the Slovak Republic. Additionally, the Regulatory Office has two vice- chairman, whose appointments and dismissals are determined by the government upon the recommendation of the chairman. And finally, the Regulatory Board is responsible for ensuring strategic management and the conceptualization of regulation within network industries. The Regulatory Board (see Annex I)

[3] Energy Policies of IEA Countries: Slovak Republic 2018 Review (2018). International Energy Agency. Available online: https://www.iea.org/reports/energy-policies-of-iea-countries-slovak-republic-2018-review (accessed on 30, April, 2024).

[4] Act on Regulation in Network Industries (2001). Zákony pre ľudí. Available online: https://www.zakonypreludi.sk/zz/2012-250 (accessed on 30, April, 2024).

[5] Act on Regulation in Network Industries (2012). Zákony pre ľudí. Available online: https://www.zakonypreludi.sk/zz/2012-250 (accessed on 30, April, 2024).

serves as the governing body of the Regulatory Office, responsible for providing strategic direction and shaping regulatory concepts within network industries. As per Act on Regulation in Network Industries No 250/2012 Coll., the Regulatory Board comprises six members, appointed and dismissed by the President of the Slovak Republic. These appointments reflect a balanced representation, with three members nominated by the National Council of the Slovak Republic (the parliament) and three by the Government of the Slovak Republic.

All the relevant legislation related to the Regulatory Office encompasses a broad spectrum of laws governing various aspects of network industries, energy, renewable resources, and consumer rights. These laws collectively provide the legal framework within which the Regulatory Office operates, guiding its regulatory functions, consumer protection initiatives, and overall governance within the network industries and related sectors. These include:

- Act No. 250/2012 Coll. on regulation in network industries, which establishes the framework for regulatory oversight in key sectors
- Act No. 251/2012 Coll. on energy, outlining regulations pertinent to energy production, distribution, and consumption
- Act No. 309/2009 Coll. on the support of renewable energy sources and highly efficient combined production, aimed at promoting renewable energy
- Act No. 657/2004 Coll. on thermal energy, governing the production and distribution of thermal energy
- Act No. 442/2002 Coll. on public water supplies and public sewers addressing water management and related infrastructure
- Act No. 364/2004 Coll. on water (Water Act), regulating water resources and usage
- Act No. 71/1967 Coll. on administrative proceedings (administrative order), outlining procedures for administrative matters
- Act No. 391/2015 Coll. on alternative resolution of consumer disputes, providing mechanisms for resolving consumer grievances outside of traditional legal avenues
- Act No. 9/2010 Z. z. on complaints, detailing procedures for lodging complaints and grievances
- Act No. 321/2014 Coll. on energy efficiency, aimed at promoting energy efficiency measures
- Act No. 98/2004 Coll. on excise duty on mineral oil, governing taxation related to mineral oil products
- Act No. 609/2007 Coll. on excise duty on electricity, coal, and natural gas addressing taxation of electricity, coal, and natural gas
- Act No. 211/2000 Coll. on free access to information ensuring transparency and access to information for citizens

3. Regulatory policy

The regulatory policy outlines the strategy governing the scope and fundamental parameters of regulation across sectors such as electricity, gas, heat sector, and water management. It

encompasses the entire spectrum of activities, spanning from production to the delivery of services to end customers, including infrastructure operation like transmission, transportation, distribution, and storage. The goal of regulatory policy is to establish the foundational frameworks, rules, and objectives for regulation implementation within a defined regulatory period. Notably, it does not contain specific economic formulas and associated variables; these are determined by the regulatory authority through the issuance of generally binding legal regulations and decrees. The regulatory policy remains binding for all market participants in network industries throughout the regulatory period,[6] providing regulated entities with rule stability and enabling them to make medium-term strategic decisions.

In March 2023, the Regulatory Office adopted a regulatory policy for the sixth regulatory period (2023-2027). The primary objective of this policy was to assess the need for further regulation and to justify the scope and manner of implementing price regulation. Additionally, the new regulatory policy aimed to consider and appropriately respond to external factors and events in Europe. These factors arose from economic recovery post-Covid-19 pandemic, ongoing war in Ukraine, and related developments in the wholesale gas market. Alignment with EU policies was deemed crucial, with the regulatory policy designed to establish a transparent and predictable environment conducive to investment and effective implementation of EU policies. These policies primarily emanate from the legislative package "Clean Energy for all Europeans" (4th energy package) and forthcoming packages "Fit for 55" and "Gas Package".[7]

Regulated activities include:[8]

- Production, transmission, distribution, and supply of electricity and related services
- Organizing short-term electricity market activities
- Purchasing electricity
- Production, transportation, distribution, storage, and supply of gas and related services
- Production, distribution, and supply of heat
- Production, distribution, and supply of drinking water by public water supply
- Removal and purification of wastewater through public sewerage systems
- Extraction of surface water, energy water from watercourses, and utilization of hydropower potential

Traditionally, a significant aspect of regulatory policy focuses on protecting vulnerable energy consumers and encompasses end-user prices. These vulnerable consumers include households and small enterprises with an annual electricity consumption of at most 30 megawatt hours (MWh) and a gas consumption of at most 100 MWh (calculated based on the previous year's

[6] Act on Regulation in Network Industries (2012). Zákony pre ľudí. Available online: https://www.zakonypreludi.sk/zz/2012-250 (accessed on 30, April, 2024).

[7] Regulatory Policy (2022). Regulatory Office for Network Industries. Available online: https://www.urso.gov.sk/data/files/321_20220329_regulacna_politika_final.pdf (accessed on 30, April, 2024).

[8] Act on Regulation in Network Industries (2012). Zákony pre ľudí. Available online: https://www.zakonypreludi.sk/zz/2012-250 (accessed on 30, April, 2024).

consumption).[9] The Regulatory Office establishes maximum prices, although suppliers have the freedom to offer lower prices to customers. If economic parameters significantly change, the regulated entity may request a price adjustment from the Regulatory Office. Additionally, the Ministries of Economy and the Environment have the authority to intervene in price-setting proceedings.

Electricity

Electricity market participants are defined in the Act on Energy No. 251/2012 Coll. and include:

- electricity producers
- the short-term electricity market operator, OKTE
- the transmission system operator (TSO), SEPS
- distribution system operators (regional distribution systems; local distribution system operators)
- companies
- electricity suppliers
- end users
- the electricity buyer
- aggregators
- storage facility operators
- energy communities
- direct line operator

Electricity is the most complex sector, especially because of energy transition towards renewable energy sources, while the Regulatory Office carries out tariff and technical (non-tariff) regulation. In technical regulation, the Regulatory Office approves grid codes for system operators, sets conditions for electricity transmission through distribution systems, establishes methodologies for transmission system operators under EU law, and develops/upgrades model grid codes for local distribution operators.[10] For instance the TSO (owned and operated by Slovak Power Grid SPS, which is 100% state-owned) is obliged to draw up each year a transmission system development plan for the following ten years (the Ten-Year Network Development Plan) and submit it to the Ministry of Economy and Regulatory Office and to report on the implementation of the plan.

The Regulatory Office determines network tariffs for TSO grid users (tariffs for reserved capacity (power-based), transmitted energy tariff (energy-based), and transmission losses tariff), as well as for all electricity end-users (tariff for system services). For operators of regional distribution systems, the Regulatory Office sets network tariffs applied to distribution grid users (tariffs for electricity distribution without losses, including electricity transmission - reserved capacity

[9] Act on Regulation in Network Industries (2012). Zákony pre ľudí. Available online: https://www.zakonypreludi.sk/zz/2012-250 (accessed on 30, April, 2024).

[10] Annual Report (2022). Regulatory Office for Network Industries. Available online: https://www.urso.gov.sk/data/att/7dc/2683.305ded.pdf (accessed on 30, April, 2024).

component; electricity distribution without losses, including electricity transmission - component for distributed electricity; and distribution losses). Tariff regulation also applies to local distribution network operators. The system operation tariff (TPS) is one component of the final electricity price and applies to each final electricity consumer. Its purpose is to recover the costs of system operation, mainly supporting electricity generation from RES and CHP, electricity generation from indigenous coal, and the costs of the electricity short-term market operator, providing organization, evaluation, and other activities for the spot electricity market.[11]

While the previous regulatory period (2017-2022) had to reflect the challenges stemming from the completion of transposing European legislation grouped within the Clean Energy Package into national legislation, the new regulatory policy for the sixth regulatory period (2023-2027) had to reflect dynamic changes in electricity market during energy crisis. Therefore the regulatory period envisages the development of new innovative supply products supported by dynamic tariffs and new types of distribution tariffs. This aims to stimulate the use of new technologies or support the provision of storage and flexibility services to other electricity market participants. One condition for the development of current and emerging trends (aggregation, flexibility) is dynamic prices, in addition to the introduction of IMS. A new element of regulatory policy will be a more dynamic pricing of reserved capacity and distribution. The Regulatory Office will support the management of distribution system loads, either by using flexibility or by developing the concept of dynamic tariffication (including dynamic valuation of reserved capacity). This aims to make more efficient use of existing distribution system capacity, reduce system deviation over time, and support the needs of new electricity market participants.

Wholesale electricity markets are increasingly interconnected across the EU. In the wholesale electricity market, the competence of the Regulatory Office is limited to creating legislative conditions and monitoring compliance. Electricity on the wholesale market is traded freely within the EU. The wholesale electricity price is formed within the interconnected single European electricity market and does not reflect the actual cost of electricity production (EUR/MWh) in individual member states. Instead, it reflects the electricity market prices published by the relevant power exchange for the product concerned (in the case of Slovakia and the Czech Republic, the determining factor is the PXE commodity exchange).[12]

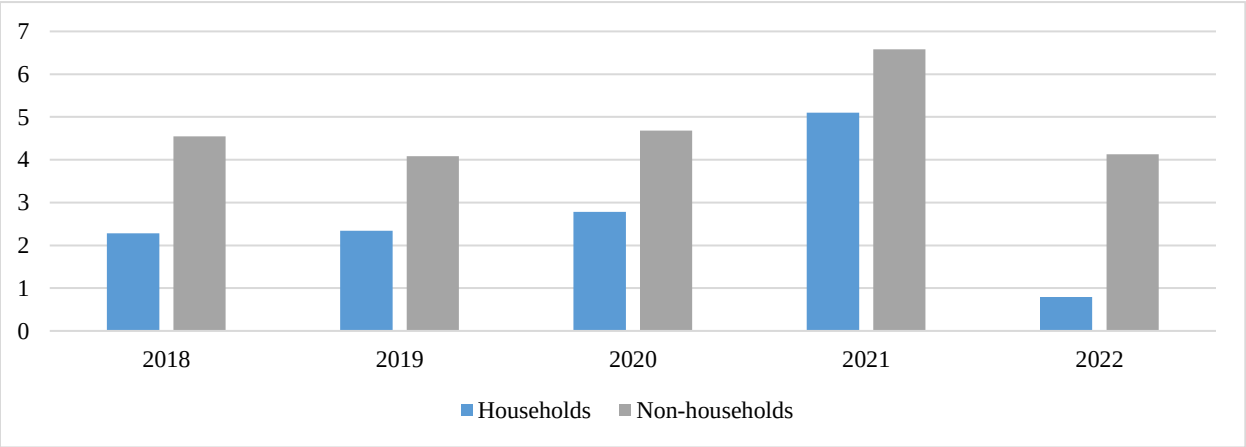
Competition and consumer involvement are crucial for well-functioning retail markets, with consumer switching of energy suppliers serving as a key indicator. Switching rates come in two forms: internal, where customers renegotiate contracts with their current supplier, and external, where customers voluntarily change suppliers. Data for annual switching rates for consumers are provided according to ACER methodology, which is used by the Regulatory Office, representing the share of customers who switched suppliers out of all eligible meter points. Generally, a high switching rate indicates increased competition and a well-functioning market. Conversely, a low

[11] Annual Report (2022). Regulatory Office for Network Industries. Available online: https://www.urso.gov.sk/data/att/7dc/2683.305ded.pdf (accessed on 30, April, 2024).

[12] Draft update of the Integrated National energy and climate plan for 2021-2030 (2023). European Commission. Available online: https://commission.europa.eu/document/download/4f373d12-ce73-403a-a2d5-0107bf3e0c24_en?filename=SLOVAKIA%20-%20DRAFT%20UPDATED%20NECP%202021-2030_EN.pdf (accessed on 30, April, 2024).

switching rate may signal either a lack of market competition or insufficient incentives from alternative suppliers, discouraging consumers from switching (see Figure 1).

Figure 1. Switching rate in electricity (in %)



Data source: The Regulatory Office for Network Industries

Natural gas

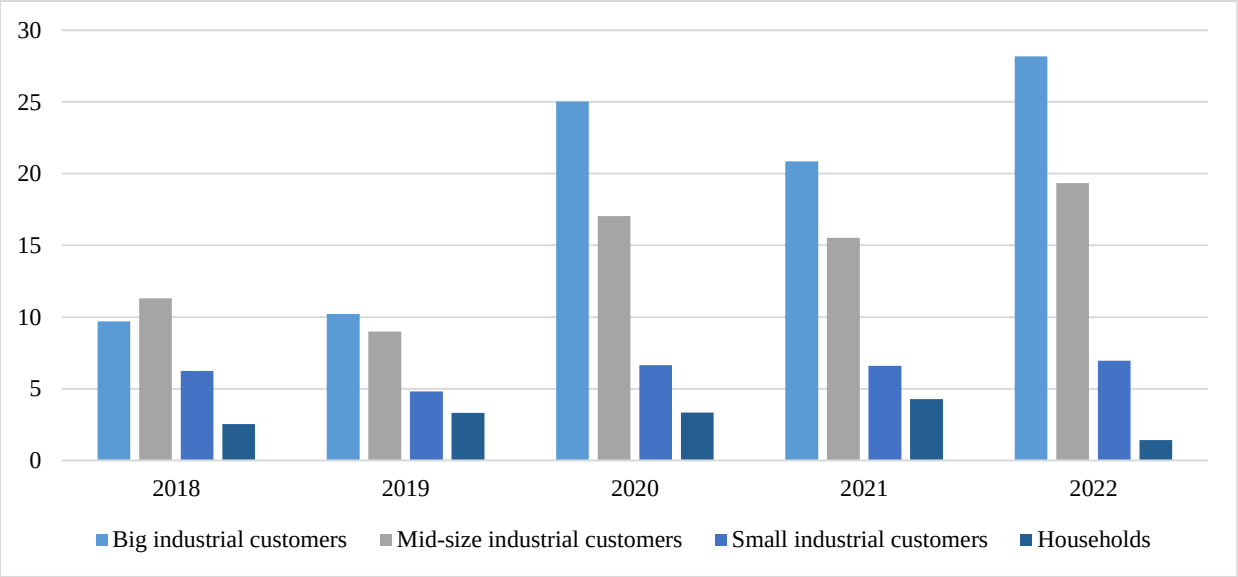
Gas market participants are defined in the Act on Energy No. 251/2012 Coll. and include:

- gas producers
- the transmission system operator (TSO), eustream
- distribution system operator (SPP-distribucia), local distribution network operators
- underground gas storage (UGS) operators
- gas suppliers
- gas consumers
- community generating renewable energy

The Regulatory Office oversees both tariff and technical (non-tariff) regulation in the gas sector for regulated activities outlined in Acts No. 250/2012 Coll. and No. 251/2012 Coll. Tariff regulation in gas infrastructure focuses on access to transmission and distribution networks, as well as network connection for gas producers and new consumers. Non-tariff regulation in network infrastructure includes approving operation rules for network operators, including storage facilities, and ensuring compliance with legislation. The Regulatory Office evaluates technical requirements for network access and connection, providing feedback and requesting modifications as needed. Until 2023, consumer tariffs were divided into six tariff groups based on annual gas consumption; from 2023, the Regulatory Office sets tariffs for eight tariff groups.

The level of gas market liberalization is, as in electricity sector, measured by the switching ratio, which indicates the proportion of customer supply points changing gas suppliers. Recent data shows a significant increase in switching rates, particularly among large and mid-size industries.

Figure 2. Switching rate in natural gas (in %)



Data source: The Regulatory Office for Network Industries

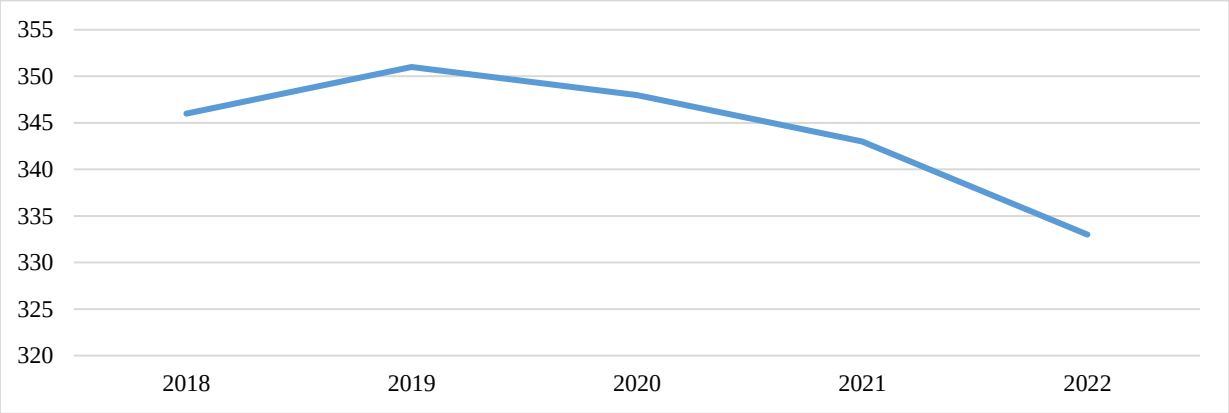
Heat sector

Heat market participants are defined in the Act on Thermal Energy No. 657/2004 Coll. and include:

- heat producers
- heat suppliers
- heat distributors
- end-users

The heat market is primarily shaped by the nature of heat installation systems. There were 333 licensed entities in 2022 involved in heat generation, distribution, and supply within the country's heating sector. The key supplier of heat for households is the state-owned joint stock company MH Teplárenský holding, a.s. with its plants in Bratislava, Košice, Trnava, Žilina, Martin and Zvolen. Their supply from individual plants ranges from 120 GWh to 800 GWh per year

Figure 3. Entities operating in the heating sector



Data source: The Regulatory Office for Network Industries

Tariff regulation in 2022 was applied to the generation, distribution and supply of heat and tariffs (prices) were fixed by a determined method of calculating the maximum heat tariff based on the cost method utilizing some elements of price cap. The Regulatory Office determines the heat price for each local district heating network, comprising fixed and variable components. The fixed component includes a reasonable return on investments, calculated based on delivered capacity from two years prior. Fixed costs may only increase due to investments aimed at enhancing heat generation and distribution efficiency. At the end of each year, companies must submit actual costs to the Regulatory Office. If actual costs are lower than approved costs, the surplus must be refunded to customers. The price remains uniform for all network customers, regardless of size, and is set annually throughout the regulatory period. Suppliers lack flexibility to vary fees across customer groups or time periods within the year.[13]

Moreover, the prices of heat suppliers can vary significantly from the average in different regions. This variation is attributed to differences in district heating systems, such as size, generation technology, fuel types, and investments in heat installations. Another significant factor impacting the final heat price is supply chaining, where heat supply to the final customer involves multiple suppliers in succession. This can lead to an increase in the heat price, particularly the fixed component.[14]

The Regulatory Office annually monitors and evaluates the actual heat consumption for heating and domestic hot water in households. The sample monitored comprises 41,000 dwellings. Heat

[13] Energy Policies of IEA Countries: Slovak Republic 2018 Review (2018). International Energy Agency. Available online: https://www.iea.org/reports/energy-policies-of-iea-countries-slovak-republic-2018-review (accessed on 30, April, 2024).

[14] Annual Report (2022). Regulatory Office for Network Industries. Available online: https://www.urso.gov.sk/data/att/7dc/2683.305ded.pdf (accessed on 30, April, 2024).

consumption per household in 2022 amounted to 5,722 kWh, representing an 11.1% decrease compared to 2021. This reduction in heat consumption can be attributed to energy-saving measures and warmer weather conditions in 2022.[15]

Water management

Subject to price regulation in water management are defined in the Act on Energy No. 251/2012 Coll. and include:

- production and supply of drinking water by public water supply
- production and distribution of drinking water by public waterworks
- supply of drinking water by public water supply
- drainage and purification of waste water through public sewerage
- discharge of waste water through public sewerage
- cleaning of waste water supplied to the waste water treatment plant through public sewerage
- abstraction of surface water from watercourses
- use of the hydropower potential of water streams
- extraction of energetic water from waterways
- connection to public sewage

Tariff regulation in the water management sector, including public water supply, public sewerage, and surface water services, is overseen by the Regulatory Office. In public water supply and sewerage, regulated activities include the production, distribution, and supply of drinking water, as well as wastewater collection and treatment. Surface water use is regulated for the abstraction of surface water and hydropower exploitation. Companies operating in these sectors typically hold a monopoly within their defined areas, with 14 large water companies dominating the market. Most of Slovakia's population is served by these companies, with smaller operators also present. In services related to the use of surface water, the only regulated entity with a monopoly position is *Slovenský vodohospodársky podnik* (Slovak Water Management Company), as the state-appointed entity administering the country's strategically significant watercourses. The management of water assets can be carried out by the owner or entrusted to another entity. Regulatory entities are issued registration certificates by the Regulatory Office, ensuring compliance with tariff regulations and defining the scope of their activities.

The Regulatory Office establishes tariffs through tariff proceedings by issuing tariff decisions for regulated entities operating public water supply and/or public sewerage of categories I and II. Additionally, it issues tariff confirmations for regulated entities operating public water supply and/or public sewerage of category III. As of the end of 2022, a total of 680 regulated entities operating public water supply and public sewerage systems were registered: 14 water companies,

[15] Annual Report (2022). Regulatory Office for Network Industries. Available online: https://www.urso.gov.sk/data/att/7dc/2683.305ded.pdf (accessed on 30, April, 2024).

one city, 40 municipalities and 86 smaller companies operating public water supply or public sewerage systems of category I and II. Also, there were 539 small towns and municipalities operating public water supply or public sewerage systems of category III.[16]

4. Energy Poverty

The pressing issue of compensating for rising energy prices was highlighted during the energy crisis. However, it was acknowledged by the analysts that a blanket compensation approach is not sustainable in the long run, necessitating targeted measures. To effectively address this, the most vulnerable groups affected by energy price hikes must be identified, a discussion taking place at both EU and member state levels. For example, an analysis by the European Trade Union Confederation revealed that even before the onset of the war in Ukraine and subsequent energy price spikes, 9.5 million workers struggled to pay their energy bills. Greece and Estonia emerged as countries where workers had to labor the most days to cover their annual electricity expenses. In Slovakia, individuals on average salaries had to work 30 days annually to settle energy bills, ranking fourth highest in the EU, while those on minimum wages had to toil for 45 days.[17]

The challenge of shielding consumers from energy poverty has historically received insufficient attention from the governments and state institutions. For instance, although the Regulatory Office outlined a draft concept between 2019 and 2020 to safeguard customers facing energy poverty, it was not discussed at the governmental level. The Regulatory Office has taken initiative and elaborated an important document that started the very much needed debate on energy poverty in Slovakia. By the end of 2022, the government deliberated over materials put forth by the Regulatory Office, which included a proposed definition of energy poverty.[18] This material, positively received by energy analysts, revealed that nearly a quarter of Slovak households grapple with energy poverty. Various financial, legislative, and supportive measures were presented to combat this issue.

The proposal includes a methodology for defining energy poverty, recommending a cross-ministerial working group to devise specific criteria and implementation measures. A cross-

[16] Annual Report (2022). Regulatory Office for Network Industries. Available online: https://www.urso.gov.sk/data/att/7dc/2683.305ded.pdf (accessed on 30, April, 2024).

[17] Energy now costs month's wages for low paid (2022). European Trade Union Confederation. Available online: https://etuc.org/en/pressrelease/energy-now-costs-months-wages-low-paid (accessed on 30, April, 2024).

[18] ÚRSO opens public consultation on draft concept for consumer protection against energy poverty (2022). Regulatory Office for Network Industries. Available online: https://www.urso.gov.sk/urso-otvara-verejne-pripomienkovanie-navrhu-koncepcie-ochrany-odberatelov-pred-energetickou-chudobou/ (accessed on 30, April, 2024).

ministerial group was formed by the Regulatory office in March 2023, comprising relevant government bodies (including social and family affairs, finance, the economy, and the environment), aiming to define a methodology, propose qualification criteria, and suggest measures to protect the consumers from energy poverty.[19] The suggested methodology defines a household at risk of energy poverty based on the balance between total energy and water costs and disposable household income. It also considers a baseline energy standard and minimum subsistence income, aligning with national and EU legislation.

Additionally, legislative amendments are proposed to introduce measures such as tariff optimization, free payment schedules, bans on service interruptions during winter, and prohibition of door-to-door energy sales. Furthermore, the Regulatory Office proposes tax incentives, increased financial aid, and expanded access to energy efficiency and renewable energy initiatives. It also advocates for stricter energy evaluation rules for buildings, widespread energy advisory networks, and active involvement of local authorities in combating energy poverty. The creation of a centralized information hub on energy poverty is also recommended.

To further enhance consumer protection, the Regulatory Office established a dedicated Consumer Protection Department and a website subsection for consumer complaints.[20] It aims to raise public awareness as well.

5. International Cooperation

The Regulatory Office actively cooperates with EU bodies, international organizations, and regulatory partners. It participates in meetings of the Board of Regulators under Regulation (EU) 2019/942, overseeing tasks of the European Union Agency for the Cooperation of Energy Regulators (ACER) located in Ljubljana, Slovenia. This involvement facilitates integration of European energy markets and harmonization of regulatory frameworks in line with EU energy policy objectives, but also cross-border cooperation and better coordination with other regulatory agencies.[21] Additionally, the Regulatory Office engages in Council of European Energy Regulators (CEER) meetings, fostering knowledge exchange and contributing to the development of a unified internal market for electricity and gas in Europe. Since 2001, the Regulatory Office has been a

[19] Draft update of the Integrated National energy and climate plan for 2021-2030 (2023). European Commission. Available online: https://commission.europa.eu/document/download/4f373d12-ce73-403a-a2d5-0107bf3e0c24_en?filename=SLOVAKIA%20-%20DRAFT%20UPDATED%20NECP%202021-2030_EN.pdf (accessed on 30, April, 2024).

[20] URSO Ombudsman (2024). Regulatory Office for Network Industries. Available online: https://www.urso.gov.sk/121183-en/urso-ombudsman/ (accessed on 30, April, 2024).

[21] Mission (2024). European Union Agency for the Cooperation of Energy Regulators. Available online: https://acer.europa.eu/the-agency/our-mission (accessed on 30, April, 2024).

member of the Energy Regulators Regional Association (ERRA), promoting cooperation, sharing regulatory experiences, and facilitating access to regulatory knowledge globally through workshops and conferences.[22]

6. Conclusion

The Regulatory Office oversees regulatory policies aimed at creating transparent and independent regulation within the energy sector. These are essential for ensuring stability and providing a framework for medium-term strategic decisions for market participants in network industries and protecting energy consumers.

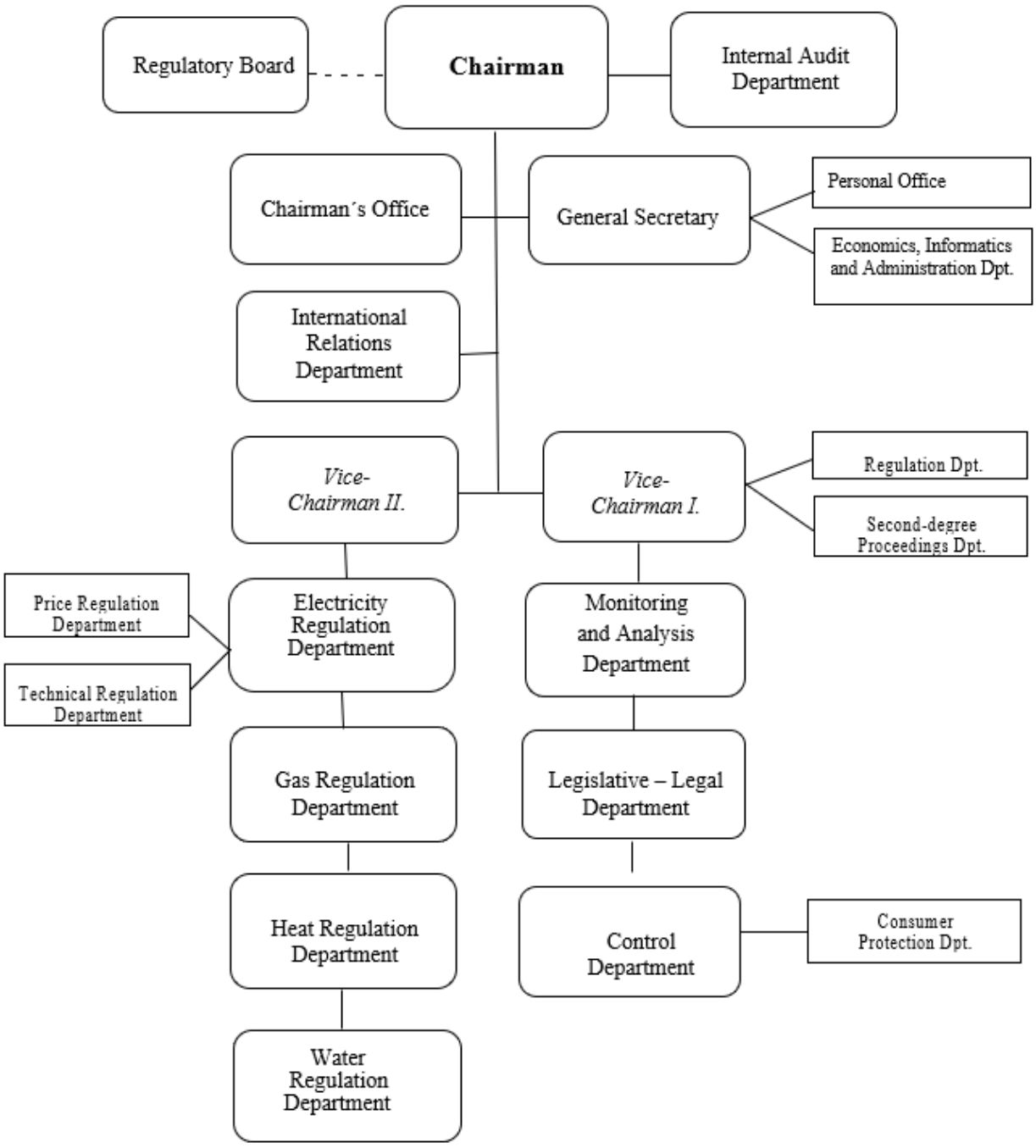
The future challenges of the regulatory policy are also defined in the current regulatory period (2023-2027).[23] Firstly, regulatory policy must address unpredictable events, as witnessed during the energy crisis. Secondly, it must align with EU legislation promoting low-carbon energy sources and increased deployment of renewables, which presents a particular challenge for Slovakia. This entails embracing new concepts related to the EU's market design and governance of the Energy Union, aiming to empower consumers to become "active consumers" capable of producing, storing, and providing electricity, along with flexibility services to the system. The overarching goal is to ensure that every EU end customer has access to environmentally sustainable energy at a reasonable price, necessitating the availability of new technological solutions across all customer segments, from large industrial companies to small households.

Implementation of regulatory policy will also consider evolving energy market dynamics in broader regional contexts in Europe. Moreover, future EU initiatives responding to these challenges will need to be incorporated into common European rules to promote more affordable, safer, and sustainable energy. Diversifying resources to reduce dependence on fossil fuel imports and accelerating the transition to low-carbon energy sources are also crucial objectives.

[22] International Cooperation (2024). The Regulatory Office for Network Industries. Available online: https://www.urso.gov.sk/international-cooperation/ (accessed on 30, April, 2024).

[23] Regulatory Policy (2022). Regulatory Office for Network Industries. Available online: https://www.urso.gov.sk/data/files/321_20220329_regulacna_politika_final.pdf (accessed on 30, April, 2024).

Annex I. Organizational structure of the Regulatory Office for Network Industries (since January 2024)



Source: The Regulatory Office for Network Industries