

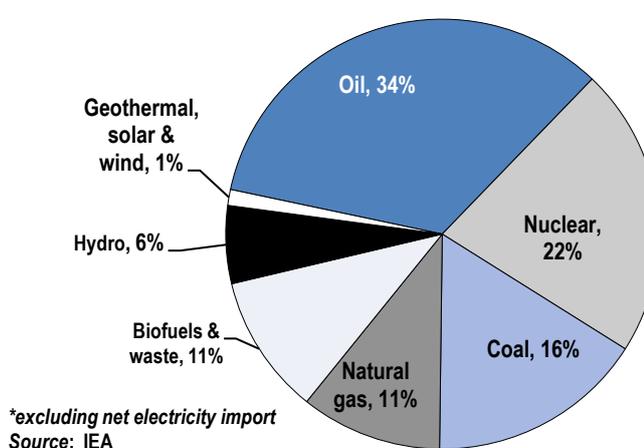
Slovenia

The OECD Inventory of Support Measures for Fossil Fuels identifies, documents and estimates direct budgetary support and tax expenditures supporting the production or consumption of fossil fuels in OECD countries and eight partner economies (Argentina, Brazil, the People’s Republic of China, Colombia, India, Indonesia, the Russian Federation, and South Africa) and EU Eastern Partnership (EaP) countries (Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine).

Energy resources and market structure

Slovenia is a country not particularly endowed in fossil fuels resources. It imports virtually all of its oil natural gas, the latter of which is purchased through long-term contracts and trading hubs in Austria and Italy. Indigenous energy sources – in the form of domestic coal, nuclear power, hydropower, and renewables – satisfy slightly more than half of Slovenia’s energy needs. In 2018, around 26% of all electricity in Slovenia was generated from domestic lignite, currently produced in the Velenje mine. Domestic production of lignite met about 80% of the demand for solid fuels in the same year. This coal is of very low calorific value (with an approximate calorific value of 12 MJ/kg) and contains high levels of sulphur and ash.

Total Primary Energy Supply* in 2018



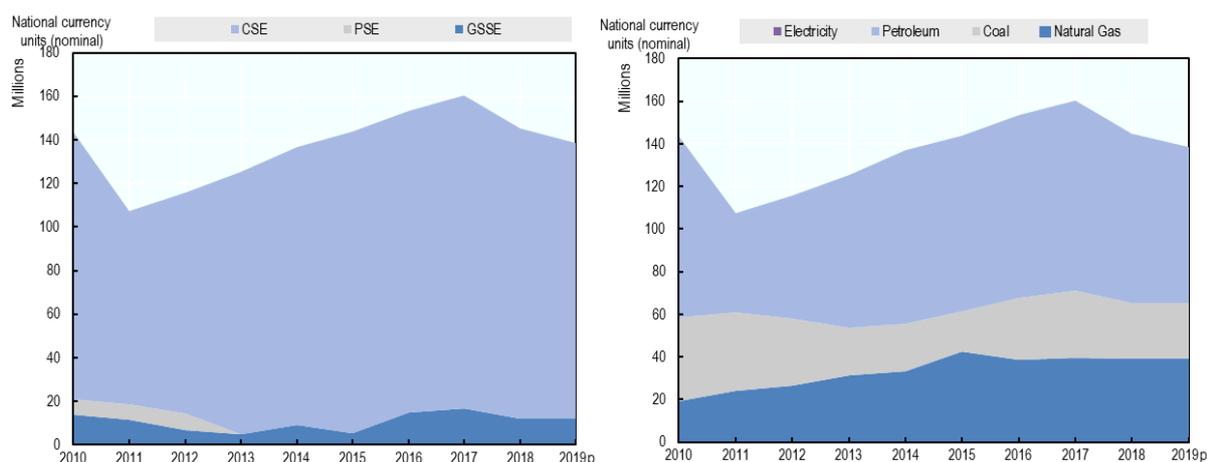
In 2018, nuclear and hydropower were the primary sources of electricity generation (accounting for about 36% and 29% of national electricity generation, respectively). The nuclear PP Krško, the thermal PP Šoštanj and the hydro PP Dravske Elektrarne are the main power plants in Slovenia. These power plants are either fully or mostly state-owned. The electricity distribution system is owned by five distribution companies that are also largely state-owned. State-owned company SODO, Ltd. oversees the electricity distribution system and state-owned ELES, Ltd. operates the electricity transmission network. Another state-owned company, Borzen, Ltd. acts as Slovenia’s electricity power market operator, and has a 50% share of BSP, the country’s power exchange operator. In 2017, there were 21 active suppliers in the Slovenian retail market, delivering electricity to final consumers.

The framework for the energy market in Slovenia is provided by the Energy Act of 2014. The National Energy Programme (NEP), adopted in April 2004, defines the main energy-policy objectives, diversification of energy sources and ensures a secure, sustainable and competitive energy supply. The Administration has published proposal for a new long-term development strategy document – The Energy Concept of Slovenia – laying out objectives for a sustainable and competitive energy supply in the country up until 2060. In accordance with the nation’s energy policy commitments in the EU, Slovenia adopted its national Energy Efficiency Action Plan, Action Plan for Renewable Energy Sources, Action Plan for Nearly Zero-Energy Buildings and Long-term Strategy for the Energy Renovation of Buildings. According to EU Regulation 2018/1999 on the governance of the Energy Union and climate action rules, Slovenia will develop integrated national energy and climate plans (NECPs) covering five dimensions of the energy union for the period 2021 to 2030.

Energy prices and taxes

Competition in the energy market is monitored by the national energy regulator, the Slovenian Energy Agency. The electricity and natural gas markets were opened in 2001 for companies and in 2007 for households; therefore all consumers can choose their own electricity and natural gas supplier. Besides a 22% VAT, most fossil fuels are taxed with excise duty, tax on CO₂ emissions and energy taxes (e.g. compensation for commodity reserves, contribution for supporting electricity production from renewable energy sources (RES) and Combined Heat and Power (CHP) plants, contribution for supporting energy efficiency programmes and contribution for electricity market operator).

Total support for fossil fuels in Slovenia by support indicator (left) and fuel type (right)



Note: CSE=Consumer Support Estimate; PSE=Producer Support Estimate; GSSE=General Services Support Estimate

Recent developments and trends in support

Most of the support for fossil fuels in Slovenia is in the form of consumer support to end-users and industries. The refund on excise duty for diesel in commercial transport which has breached EUR 50 million mark in 2017, retreated its 2015 level to around EUR 44 million in 2018 as a result of lower excise duty rates for diesel (which makes lower residual to excise duty rate used for commercial transport sector). It still, however, represents nearly half of all fossil fuel support identified. In 2012, market price support for coal, the main producer support, was terminated. Following this, support for the use of coal use suddenly fell and the virtual elimination of producer support followed. Slovenia's support scheme for combined heat and power (CHP) plants and renewable plants (RES) encourages the use of natural gas in CHP plants through feed-in-tariffs, which explains the rising support for natural gas. By encouraging natural gas use and reducing direct producer support for coal, Slovenia hopes to diversify its energy sources in line with the Energy Act of 2014.

The draft National Energy and Climate Plan (NCEP) states that subsidies that encourage inefficient use of fossil fuels and those that are inconsistent with the objectives of reducing greenhouse gas (GHG) emissions will be gradually reduced. The Operational Programme for Reducing Greenhouse Gas emissions until 2020 (OP GHG 2020) also aims at gradually cutting fossil fuel support.

Examples of measures

Exemption from Excise Duty for Certain Uses of Energy Products (July 1999-)	Energy products are exempt from excise duty when used for certain purposes, e.g. electricity generation.
Energy Tax Rebate for Diesel Used for Commercial Transport (July 2009-)	Diesel used as fuel for commercial carriage of goods and passengers is granted a refund of excise duty which exceeds the amount, set in Article 7 of the Energy Tax Directive as minimum rate (EUR 330 per 1 000 litres).