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# SLOVAKIA'S APPROACH TOWARDS THE ENERGY UNION

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## Abstract:

*This article aims to identify Slovakia's approach towards the Energy Union initiative launched by the European Commission in February 2015.<sup>1</sup> It maps expectations voiced in Slovakia regarding how the Energy Union could be or could not be instrumental in addressing main energy challenges for Slovakia as they are identified by the Slovak government and energy community. In addition, this article summarizes main positions of Slovakia on the most important segments of the Energy Union proposal as they are viewed from a Slovak perspective, including planned measures in strengthening energy security, developing single energy market and reviewing regulatory policy, improving energy efficiency and meeting the EU goals in climate policy. The research findings presented in this article are based on analytical review of respective discourse in Slovakia, including governmental documents in the field of energy and foreign policy.*

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<sup>1</sup> Energy Union. European Commission. <[http://ec.europa.eu/priorities/energy-union/index\\_en.htm](http://ec.europa.eu/priorities/energy-union/index_en.htm)> [20. 9. 2015].

## Expectations and challenges

Slovak political class has been viewing the Energy Union initiative from its very beginning primarily through the lenses of security of natural gas supply. After the EU summit in March 2015, which discussed the agenda of the Energy Union, Prime Minister of Slovakia Robert Fico shared his reading of the initiative as follows: "Energy Union means additional integration of the European common area. Its goal is to achieve security of each member state when it comes to supply of natural gas, to ensure availability of energy sources should it be gas or electricity, for affordable price. In addition, its goal is to create a common energy market that will defend the EU against a move of anyone who would like to misuse supply of natural gas as a political tool".<sup>2</sup> The understanding of the Energy Union primarily as a tool, which should aim at improving energy security of the member states in the field of natural gas supply as identified by PM Fico

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<sup>2</sup> Robert Fico: Energetická únia obráni EÚ pred zneužívaním plynu ako politického nástroja [Robert Fico: Energy Union will defend the EU against misusing of gas as a political tool]. Úrad vlády SR, 20. 3. 2015. Retrieved from: <<http://www.vlada.gov.sk/robert-fico-energeticka-unia-obrani-eu-pred-zneuzivanim-plynu-ako-politickeho-nastroja/>> [21. 9. 2015].

above is widely shared in Slovakia. Moreover, it is possible to conclude that energy security is a prevailing understanding of very sense of the Energy Union in/for Slovakia, which dominates public discourse providing answers to key questions like why we need it, what to expect from it, and finally, why to support it. A sort of "securitized approach" towards the Energy Union and/or its understanding rather as a "European Gas Union" in Slovakia could be explained by the following factors:

First, after the gas crisis in January 2009, security of natural gas supply became the top priority for Slovakia's energy policy. Economic loss of Slovakia, an outcome of full stoppage of gas supply from Russia through Ukraine for almost two weeks in January 2009, exceeded 1 billion euro. In order to face the stop of supply, the Government introduced the state of emergency, under which consumers consuming more than 60 thousand cm of gas a year had to stop taking of gas from distribution system, with the main aim to save gas for households during the crisis. As a result circa 800 companies in Slovakia stopped their economic activities during the two weeks; moreover, many of them were considering an option to move their production activities to neighbouring countries.<sup>3</sup> The January 2009 gas crisis was the first and so far the most challenging threat to both energy and economic security of Slovakia since it became independent state in 1993. It is natural that security of gas supply has been identified as the priority number one for energy policy of Slovakia in the years following the January 2009 gas crisis. Reflection of the 2009 crisis still strongly affects both national debate and energy policy planning in Slovakia.

Second, diplomatic activities of both the European Commission and the Czech Presidency in the EU Council (the first half of 2009) did

play an important role in resolving the gas crisis in January 2009. Moreover, the EU support for the development of gas interconnectors between Slovakia and neighbouring EU member countries under the European Energy Program for Recovery has been a crucial factor for achieving a relative high level of gas security of Slovakia as of today against the pre-2009 crisis conditions. Nowadays the installed capacity of reverse flows of gas from Austria (launched into operation in October 2010 with capacity 16.8 mcm/day), the Czech Republic (firstly launched yet in January 2009 as a part of an effort to find a solution to the gas crisis; however, only in November 2011 it achieved the current capacity 35.3 mcm/day) and Hungary (starting from July 2015 with capacity 1.8 bcm/year) exceed far above historical maximum of daily gas consumption in Slovakia equal to 46.9 mcm, which was measured on 14 December 2001. Together with the construction of new compressor capacities, which for now allow transmission of gas on the whole territory of Slovakia from the West to the Eastern border with Ukraine, including from the underground gas storage facilities located in Western part of Slovakia (with actual storage capacity of 3.6 bcm), cross-border interconnectors with Austria, the Czech Republic, and Hungary, are main pillars of Slovakia's gas supply security.<sup>4</sup> There is a consensual understanding across the political spectrum, expert community and wider public in Slovakia that the substantial improvement of national gas supply security achieved within the last five post-crisis years would hardly become possible without both political and financial support from the EU. That's another factor, which helps to explain why the Energy Union in Slovakia is predominantly perceived as an initiative relevant in terms of enhancing gas supply security.

And finally, the sort of a "gas first" perception of the Energy Union is not a unique Slovak reading of the initiative. The very idea of the creation of the Energy Union has been raised

<sup>3</sup> For analysis see - Duleba, Alexander: Poučenia z plynovej krízy v januári 2009. Analýza príčin vzniku, pravdepodobnosti opakovania a návrhy opatrení na zvýšenie energetickej bezpečnosti SR v oblasti dodávok zemného plynu [Lessons from the January 2009 gas crisis. Analysis of its reasons, probability of a gas crisis re-emergence and proposals on enhancing energy security of Slovakia in the field of natural gas supply]. Bratislava: Výskumné centrum Slovenskej spoločnosti pre zahraničnú politiku, október 2009. Retrieved from: <<http://www.old.sfpa.sk/dokumenty/publikacie/281>> [21. 9. 2015].

<sup>4</sup> For data on reverse flows of gas from Austria, CR and Hungary to Slovakia, see Eustream, a.s. Slovak Gas TSO. <<http://www.eustream.sk/>> [25. 9. 2015]. For data on gas storage facilities in Slovakia see the web sites of operating companies: Nafta, a.s., <<http://www.nafta.sk/>>, Pozagas, a.s., <<http://www.pozagas.sk/>>, SPP Storage, a.s., <<http://www.sppstorage.cz/>>.

by the former Polish Prime Minister and the President of the European Parliament Jerzy Buzek in December 2009 also in the context of gas supply security of the EU. The series of Russian-Ukrainian gas crises in 2006 - 2009 that led to several interruptions of gas supply to the EU has been one of the main motivations beyond Buzek's proposal. He called the EU leaders to create "European Energy Community" that could become the next big EU project similar to the European Coal and Steel Community. He argued that the project would encompass cross-border connections and major investments, as well as gas purchases from third countries and measures to meet all the major challenges facing the EU today, including the economic downturn.<sup>5</sup> In 2014 when Russia started its military aggression against Ukraine successor of Jerzy Buzek on the post of Polish Prime Minister Donald Tusk who was the first EU leader who used the term "Energy Union" pointed out that the EU has to decrease its energy dependence on Russia as it makes Europe weak. He argued that Europe should undertake the lengthier task of breaking up the Russian gas monopoly and restoring free market competition. As to Donald Tusk, Europe should confront Russia's monopolistic position with a single European body charged with buying its gas.<sup>6</sup> The idea of a joint purchase of Russian gas became the core element of the Tusk's proposal. The then European Energy Commissioner Günther Oettinger supported it arguing that the EU wants a uniform price for Russian gas for all its member states in order to prevent Russia to play her "divide and rule" games.<sup>7</sup> However, the Slovak government took rather a reserved position when it comes to

joint purchase of gas from Russia (for more about this position of Slovakia see below).

Nevertheless, the prevailing understanding of what to expect from the Energy Union in Slovakia might be summarized as follows: first, the Energy Union should be instrumental in strengthening the gas security of the member states; and second, it should facilitate better coordination within the EU when it comes to development of missing cross-border energy infrastructure, and especially in the region of Central and South-Eastern Europe, including more robust funding for respective projects. In general, Slovak expectations concerning the Energy Union are framed with Slovakia's own positive experience with the EU that helped Slovakia to address gas security challenges brought by the January 2009 gas crisis. However, Slovak expectations in this regards have not yet gone far beyond the role of the EU in developing missing cross-border energy infrastructure.

In June 2014 the spokesperson of the Slovak Ministry of Economy Stanislav Jurikovič, when responding on the question from media what is Slovakia's position on the plan to create Energy Union, said: "Any concrete setting of the Energy Union should bring added value [to member states] and should not threaten functioning of domestic market [in Slovakia] especially in terms of competition between [energy] sources."<sup>8</sup> Protection of the energy sovereignty of the EU member states expressed as, first, their right to decide about their national energy mix, and second, their right to exercise their own national regulatory policy, is the main and most frequently used argument by Slovak official representatives when they comment on Energy Union. There is not a clear understanding as yet how to synchronize the protection of Slovak domestic energy market with the main goal of the project, i.e. creation a single energy market within the EU. The Slovak government views the formation of the Energy Union rather as a complex process with an open end. In general, it supports strengthening of the EU ener-

<sup>5</sup> Buzek calls for EU "energy community".

EurActiv.com, 11. 12. 2009. Retrieved from: <<http://www.euractiv.com/energy/buzek-calls-eu-energy-community-news-223116>> [25. 9. 2015].

<sup>6</sup> Tusk, Donald: A United Europe can end Russia's energy stranglehold. Financial Times, 21. 4. 2015. Retrieved from:

<[http://www.ft.com/intl/cms/s/0/91508464-c661-11e3-ba0e-00144feabdc0.html#axzz3ml58k\]hc](http://www.ft.com/intl/cms/s/0/91508464-c661-11e3-ba0e-00144feabdc0.html#axzz3ml58k]hc)> [25. 9. 2014].

<sup>7</sup> EU wants same price for Russian gas for all its members: Oettinger. EurActiv.com, 2. 5. 2014, Retrieved from:

<<http://www.euractiv.com/sections/energy/eu-wants-same-price-russian-gas-all-its-members-oettinger-301890>> [26. 9. 2015].

<sup>8</sup> K návrhu vytvorit' Energetickú úniu sme zatiaľ zdržanliví [We are restrained yet when it comes to proposal on the creation of the Energy Union]. vEnergetike, 2. 6. 2014. Retrieved from: <<http://venergetike.sk/aktuality/clanok/1334-k-navrhu-vytvorit-energeticku-uniu-sme-zatial-zdrzanlivi/>> [26. 9. 2015].

gy policy, however, when it comes to single energy market, there are still many open questions, on which the Slovak government does not have an exact answers. It has identified its basic starting points for talks with the European Commission and the governments of the member states (see below); however, it rather waits for further clarification of their positions and following discussions within the EU.

### Political context

The peculiarity of Slovakia's approach towards the Energy Union project leans on the fact that the leader of the project on behalf of the EU institutions is a Slovak member of the European Commission Maroš Šefčovič who was nominated by the current Slovak government. Maroš Šefčovič is the Vice-President of the European Commission for the Energy Union in the Juncker's team. His portfolio includes also coordination of agendas of seven other Commissioners (climate action, environment, agriculture, transport, internal market, regional policy and research).<sup>9</sup>

In order to meet the condition of a political legibility of the members of the new Juncker's commission Maroš Šefčovič was running successful election campaign to the European Parliament in Slovakia in May 2014 as the leader of the ballot of the SMER Social Democracy party led by the Slovak Prime Minister Robert Fico. After the successful elections Prime Minister Fico confirmed nomination of Maroš Šefčovič as a Slovak representative to the European Commission saying: "Our expectation is that Maroš Šefčovič will become Vice-President of the Commission again. We are interested in important economic portfolio he could take over".<sup>10</sup> Actually the expectations of the Slovak Prime Minister when it comes to a portfolio of Maroš Šefčovič in the Juncker's

Commission were met, however, it is too early to assess how the political relationship as well as personal contacts between the Vice-President of the European Commission for the Energy Union and the current Slovak government will affect Slovakia's positions as well as its engagement in the implementation of the Energy Union. Anyway, present discourse shows that there are some important nuances, which make Brussels EU perspective on Energy Union represented by a Slovak member of the Commission, a bit different to the Slovak Government's one.

Progress in the implementation of the "Energy Union with a forward-looking climate change policy" has been identified as one of the five priorities of the Slovak Presidency in the EU Council in the second half of 2016 as well as the respective EU Presidency Trio Program (Netherlands, Slovakia, Malta: January 2016 – June 2017).<sup>11</sup> Deputy Foreign Minister for EU affairs of the Slovak Republic Peter Javorčík responsible for the preparation of the Slovak EU Presidency 2016 on the margin of the above priority said that the Energy Union will be a strong topic for Slovak Presidency.<sup>12</sup> As the main challenge for Slovakia as the EU Presidency country Peter Javorčík identified a capacity to match heterogeneous interests and priorities of the member states in the field. As to him, Energy Union is more sensitive topic for Slovakia than for some other member states due to higher level of energy intensity of Slovak economy. The share of industry in the primary energy consumption of Slovakia is 40 % against the EU average, which is 25 %. Slovakia is more vulnerable in terms of energy security whereas northern member states prioritize energy efficiency and climate policy. Slo-

<sup>9</sup> See - The Commission's structure. European Commission. Retrieved from: <[http://ec.europa.eu/about/structure/index\\_en.htm#te](http://ec.europa.eu/about/structure/index_en.htm#te)> [27. 9. 2015].

<sup>10</sup> Premiér Fico očakáva, že Maroš Šefčovič sa opäť stane podpredsedom Európskej komisie. Teraz Slovensko, 25. 6. 2014. Retrieved from: <<http://www.teraz.sk/slovensko/fico-sefcovic-ek-podpredseda/89415-clanok.html>> [27. 9. 2015]. Previously Maroš Šefčovič served as the Vice President for institutional affairs in the Barroso Commission (2008 – 2014).

<sup>11</sup> Východiská 18-mesačného Programu Rady EÚ – príspevkov Slovenskej republiky [Basis of the 18-month EU Council Program – Contribution of the Slovak Republic]. Government of the Slovak Republic, material no. UV-23758/2015, adopted on 1. 7. 2015. Retrieved from: <<http://www.rokovanie.sk/Rokovanie.aspx/BodRokovaniaDetail?idMaterial=24754>> [27. 9. 2015].

<sup>12</sup> Javorčík: Slovensko musí počas šéfovania EÚ skĺbiť energetické záujmy [Javorčík: Slovakia has to match energy interests during its EU Presidency]. TASR, 12. 3. 2015. Retrieved from: <<http://www.teraz.sk/ekonomika/javorcik-slovensko-musi-pocas-sef/124632-clanok.html>> [27. 9. 2015].

vak Presidency will aim at eliminating barriers between member states when it comes to the creation of a single energy market. However, he said, "we will not aim at the creation of one central European regulatory authority; rather we will aim at strengthening ACER (Agency for the Cooperation of Energy Regulators), which represents a network of national regulators."<sup>13</sup>

It is expected that during the Netherlands - Slovakia - Malta Trio Presidency (January 2016 - June 2017) the EU institutions will draft and adopt a new directive on the gas supply security as well as revise the decision on transparency of intergovernmental agreements with external energy suppliers. When it comes to climate policy it is expected that the new directive on energy efficiency will be adopted as well as that there will be talks on the revision of the directive on the use of renewable sources of energy. Following the program document adopted by the Slovak Government, during its EU Council Presidency Slovakia will pay priority attention to the further development of the energy infrastructure that is a basic precondition for strengthening energy security and the completion of the EU energy market. As far as further measures in energy efficiency and climate policy is concerned Slovakia will advocate a costs efficient approach in order to enhance competitiveness of European companies. Special attention Slovakia will be pay to the safe use of nuclear energy, including to its important role in achieving goals of climate policy and decarbonisation for 2030.<sup>14</sup>

Priorities of Slovakia's EU Presidency 2016 program in the field of energy fully reflect energy policy of the current Slovak Government, including its present approach towards the Energy Union.

### Public debate

Positions of main actors in the Slovak national debate on the Energy Union (Government, opposition parties, businesses and NGOs) might be summarized as follows:

First, the current Slovak Government welcomes the initiative and supports its goals, especially in the area of strengthening security of

natural gas supply, including the development of cross-border gas transmission infrastructure in the region of Central Europe; however, it has strong reservations when it comes to harmonization of regulatory policy on the EU level. Furthermore, the Slovak government will insist upon inclusion of nuclear energy into the concept of the Energy Union, especially when it comes to achieving Union's goals in the field of decarbonisation and climate policy. And finally, it will be pushing ahead the inclusion of the Easting gas pipeline project into the list of PCI;<sup>15</sup>

Second, most of Slovak opposition parties that are represented in the Slovak parliament express a general support to the Energy Union, however, without more detailed arguments. The exception is a liberal Freedom and Solidarity (SaS), which sees the Energy Union rather as a new bureaucratic initiative of Brussels that brings additional feckless regulations as well as strengthens concentration of both administrative and political competences in hands of the EU-crats.<sup>16</sup> Representatives of the Slovak Christian Democratic Union (SDKU) criticise the current Government for insufficient focus on the use of renewables and improving energy efficiency, and believe that Energy Union will be pushing the Slovak Government to change its slow-moving approach in the field;<sup>17</sup>

Third, representatives of Slovak business associations are rather sceptical when it comes to expectations that the Energy Union might lead to cutting energy prices and thus improving competitiveness of Slovak companies

<sup>15</sup> For Slovakia's "red lines" see interview with the Economy Minister Pavol Pavlis - Pavlis: pri Energetickej únii si kladieme podmienky [Pavlis: we impose conditions when it comes to the Energy Union]. Pravda, 20. 3. 2015. Retrieved from: <<http://spravy.pravda.sk/ekonomika/clanok/349343-pri-energetickej-unii-si-kladieme-podmienky/>> [27. 9. 2015].

<sup>16</sup> Vačko, Filip: Energetická únia prinesie aj väčšiu regulačnú záťaž [Energy Union will bring also major regulatory burden]. Europskaunia.sulik.sk, 27. 7. 2015. Retrieved from: <<http://europskaunia.sulik.sk/energeticka-unia-prinesie-regulacnu-zataz/>> [28. 9. 2013].

<sup>17</sup> Slovensko by malo investovať do OZE, tvrdí europoslanec Štefanec [Slovakia should invest into renewables]. Denník N, 31. 5. 2015. Retrieved from: <<http://energia.dennikn.sk/spravodajstvo/obnovitelne-zdroje/slovensko-by-malo-investovat-do-oze-tvrdi-europoslanec-stefanec/16557/>> [28. 9. 2015].

<sup>13</sup> Ibid.

<sup>14</sup> Východiská 18-mesačného programu... ibid.

because, first, it is still not clear what the Energy Union brings in the field of subsidies to the use of renewable sources of energy, and second, member states will hardly oust of national regulatory policies;<sup>18</sup>

And finally, green activists and NGOs in Slovakia criticise the Energy Union as an insufficient project as it does not prevent the Slovak Government in relying on the use of nuclear and coal in the national energy mix.<sup>19</sup>

### Security of gas supply

The idea raised by Donald Tusk concerning a joint purchase of gas has been overridden by rather negative assessments in the Slovak discourse. The main argument raised by energy experts and also some officials against a joint purchase of gas on the EU level is that a monopolistic position of a European gas purchaser would violate liberal principles of the gas market within the EU, including the rule of competitiveness. As to the head of the ÚRSO (Regulatory Office for Network Industries - Slovak national regulatory authority) Jozef Holjenčík: "It would be worse even in comparison with the former COMECON planning, as each state has different priorities and different industrial conditions. Who and how would decide how much gas is needed for a particular state and what a given authority would do if some states would take more or some of them less of purchased gas?", pointed out Holjenčík.<sup>20</sup> Minister of Economy of SR Pavol Pavlis

admitted that Slovakia is open to discuss a joint purchase of gas, however, provided, first, that it would be designed only for a case of supply crisis, and second, a joint European agency would act on a regional scale that means it would represent only member states affected by a given supply crisis.<sup>21</sup> Definitely, the idea raised by Slovak Ministry of Economy about joint purchasing of gas, however, only in case of crisis and only on regional scale represents important shift from the original Tusk's proposal, however, there is still no clarity how that might work under real conditions.

When it comes to a review of the contracts with external suppliers by the European Commission, Slovakia's position voiced by Economy Minister Pavlis is that it should be applied only on intergovernmental contracts; however, commercial contracts concluded between private commercial entities should not fall into this procedure. He added: "All contracts regardless of who are contracting parties should comply with the EU legislation. We are ready to discuss pragmatic ways to improve transparency of contracts that affect internal market of the EU and energy security of the member states under condition of respect for freedom to conclude contracts as well as a clear division of competences between the EU level and the national level of member states". Pavlis also admitted that the European Commission could be given a competence to review intergovernmental contracts of the member states before they are concluded.<sup>22</sup> Again, the line dividing competences between the EU and the member states when it comes to reviewing of intergovernmental contracts with non-EU suppliers is an idea, which still should be specified in more detail way; however, it is still not the case.

As far as it concerns new infrastructure projects in the field of gas interconnections that have been mentioned in the context of the Energy Union debate in Slovakia, together with the Polish - Slovak interconnector, Slovak government promotes the inclusion of the Easting gas pipeline project into the PCI list.

<sup>18</sup> Odkladal, Martin: Firmy podporujú Energetickú úniu, ak prinesie nižšie ceny a vyššiu bezpečnosť [Companies support Energy Union if it is about to bring lower prices and more security]. Energie Portal, 26. 2. 2015. Retrieved from:

<<http://www.energie-portal.sk/Dokument/firmy-podporuju-energeticku-uniu-ak-prinesie-nizsie-ceny-a-vyssiu-bezpecnost-102320.aspx>> [27. 9. 2015].

<sup>19</sup> Greenpeace: Energetická únia musí dať jasný stop uhliu a jadru [Greenpeace: Energy Union should clearly bring a stop to coal and nuclear]. TASR, 5. 6. 2015. Retrieved from:

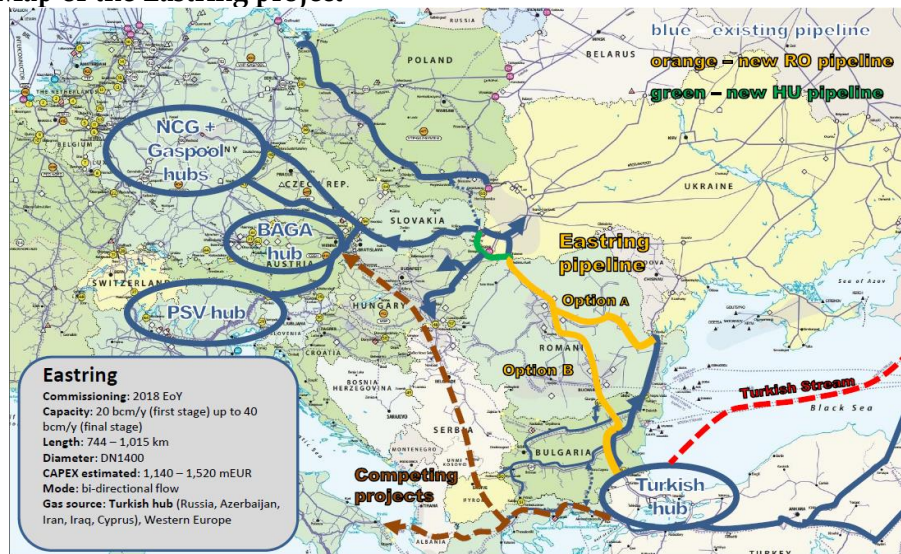
<<http://www.teraz.sk/ekonomika/greenpeace-sefcovic-eastring-reakcia/138892-clanok.html>> [27. 9. 2015].

<sup>20</sup> Holeš, Michal: Nedoplatí Slovensko na spoločný nákup plynu? [Will not Slovakia suffer from a joint purchase of gas?]. Pravda, 6. 5. 2014. Retrieved from: <<http://spravy.pravda.sk/ekonomika/clanok/316780-nedoplati-slovensko-na-spolocny-nakup-plynu/>> [27. 9. 2015].

<sup>21</sup> Pavlis: pri Energetickej únii si kladieme podmienky..., *ibid.*

<sup>22</sup> *Ibid.*

Map of the Eastring project



Source: *eustream, a.s.*

The Eastring gas pipeline project has been presented for the first time by the Slovak gas TSO *eustream, a.s.* in November 2014. The main arguments in favour of the project proposed by *eustream, a.s.* are as follows: first, it provides for alternative route of supply of Russian gas to the Visegrad 4 countries should Russia terminate transit via Ukraine after 2019 (and if the Turkish stream becomes a reality); second, it meets need in security of supply for 100 % of all Balkan countries' consumption; third, it offers additional utilization for CZ, SK, PL, UA, RO, BG transit and storage capacities; fourth, it provides Western shippers with possibility to supply Balkan countries and even Turkey from NCG/Gaspool/Baumgarten; fifth, it provides corridor for exporting Romanian gas from new deposits (offshore, shale), including utilization of Romanian transit pipelines (contracts expiring 2015/2016); sixth, it creates corridor ready for future gas imports to Europe from alternative sources – AGRI, TANAP, Caspian, Iran, Iraq, Egypt, Israel, Cyprus, etc. via a perspective Turkish natural gas hub/border Turkey/BG; and finally, it is in full compliance with all EU rules (implemented by existing EU TSOs without any involvement of a specific shipper).<sup>23</sup>

<sup>23</sup> Eastring. New gas pipeline project for Central and South Eastern Europe. Retrieved from: <<http://www.eastring.eu/>> [27. 9. 2015].

<sup>24</sup> Javorčík: Slovensko musí... *ibid.*

To sum up, when it comes to gas security measures discussed within the Energy Union initiative Slovak officials raised some specific ideas about joint purchase of gas and the review of intergovernmental contracts with external suppliers, however, they are not yet elaborated in details.

### Energy market and regulatory policy

As already noted above Slovakia does not support creation of a central regulatory authority on the EU level, however, it is open to discuss strengthening competences of ACER on the provision that it remains a network for co-operation of national energy regulators.<sup>24</sup>

Prime Minister Fico and members of his cabinet are very clear in this respect: "We are asserting that national regulators shall have possibility to regulate energy prices as we have to see differences between both markets and the conditions of consumers in Germany and Slovakia, in France, Italy, and also in Bulgaria and Romania."<sup>25</sup> The head of the ÚRSO

<sup>25</sup> Energetická regulácia musí zostať na Slovensku, tvrdí Fico [Energy regulation should remain under competence of Slovakia, Fico says]. *EurActiv.sk*, 30. 3. 2015. Retrieved from:

<<http://www.euractiv.sk/energetika/clanok/energeticka-regulacia-musi-ostat-na-slovensku-tvrdi-fico-023572>> [27. 9. 2015].

<sup>26</sup> Predseda regulačného úradu: ceny energií zostanú v krajinách Únie rôzne [Chairman of the regulatory



(Slovak national regulatory authority) Jozef Holjenčík thinks that there will be different energy prices in the EU member states anyway since each member state has a different energy mix, different energy system, different structure of industry and different structure of consumers. Therefore, he added, prices have to be and will remain to be different even if there will be Energy Union with common rules.<sup>26</sup> The spokesperson of the ÚRSO Miroslav Lupták added: „Project [of the Energy Union] offers overall approaches to the solutions of problems from the position of old member states, it does not consider essentially lower economic production rate and social conditions of new member states. Income structure of our citizens differs fundamentally from developed Western European countries and therefore it is a mistake to think that there is a general solution good for all.“<sup>27</sup>

To sum up, Slovakia strongly opposes the idea concerning creation of a central European regulatory authority as well as unified regulatory policy on the EU level. It is open to discuss strengthening the role of ACER, however, unlike in case of European gas purchaser or the matter of reviewing contracts with external gas suppliers, the members of the government or Slovak officials have not yet presented any specific proposal how they see a strengthened role of ACER. One can assume that the current understanding of what the EU single energy market might be in the future reflects Slovakia's experience with a quite successful regional market-coupling in electricity between CZ-SK-HU-RO.

The project of regional integration of electricity markets started from the coupling of day-ahead electricity markets between the Czech Republic (CZ) and Slovakia (SK) in 2009. Hungary (HU) joined the CZ-SK project in 2012 followed by Romania (RO) in 2014. On 19 No-

vember 2014 the CZ-SK-HU-RO Market Coupling (also called 4M Market Coupling or 4M MC) was successfully launched, integrating the Czech, Slovak, Hungarian and Romanian day-ahead electricity markets. The project started in August 2013 with the aim to extend the CZ-SK-HU Market Coupling towards Romania and to implement the PCR (Price Coupling of Regions) solution. Transmission system operators (ČEPS, SEPS, MAVIR and Transelectrica) together with power exchanges (OTE, OKTE, HUPX and OPCOM) supported by national energy regulators (ERÚ, ÚRSO, MEKH and ANRE) collaborate to develop and implement all necessary solutions which ensure technical and procedural compatibility of 4M MC with the target European solution which is already implemented in other coupled European regions. Market coupling allows higher efficiency of trading and capacity allocation, which leads to higher security of supply, higher liquidity and lower price volatility.<sup>28</sup>

The CZ-SK-HU-RO market-coupling, in which Poland has an observer status, does present the regional integration of electricity markets still with autonomous and different national regulatory policies of the participating states. And that is also how Slovak authorities see the future EU energy market.

### Energy efficiency and decarbonisation

Slovakia will insist on the principle of subsidiarity and technological neutrality in the field of energy, including the EU climate policy. In other words it will be defending the right of the EU member states to decide about the composition of their national energy mix. As to Economy Minister of SR Pavol Pavlis, Slovakia will aim at anchoring nuclear energy as an energy source critically important for achieving the goals of the EU climate policy in the context of the EU discussions on Energy Union. The decision of Germany to cease from nuclear energy is a sovereign decision of German government whereas Slovakia will continue to use

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<sup>27</sup> ÚRSO má vážne výhrady k Energetickej únii [ÚRSO has serious objections against the Energy Union]. Energie Portal, 26. 3. 2015. Retrieved from:

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<sup>28</sup> Stanciu, Oana: The Czech-Slovak-Hungarian-Romanian Day-ahead Electricity Market Coupling successfully started. Visegrad Plus, 27. 11. 2014. Retrieved from:

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nuclear energy as well as to develop its existing and also new nuclear capacities.<sup>29</sup>

Slovakia is quite successful in meeting the goals of the EU climate policy stated for 2020. So far it was the most successful among the V4 countries as the EU new member states when it comes to reduction of greenhouse gas emissions. In 2014 it reduced greenhouse gas emissions by 41.7 % against 1990 (Czech Republic - 35.5 %, Hungary - 38.8 %, and Poland - 15.1 %). There are estimations stipulating that following the 2030 goals Slovakia will be expected to reduce its greenhouse emissions by additional 10 %. When it comes to the use of renewables Slovakia is committed to increase their share in national energy mix to 14 % by 2020. Yet in 2012 it achieved 12 %. As far as energy efficiency is concerned following the Slovak Ministry of Environment by the end of 2013 Slovakia met 81 % of its commitment till 2020.<sup>30</sup>

The share of nuclear energy in generation of electricity in Slovakia steadily exceeds 50 % (54.96 % in 2014). The nuclear energy will remain the cornerstone of Slovakia energy mix. As to Economy Minister Pavlis Slovakia can agree with the EU ambitious goals in climate policy, however, on the proviso that it will rely on the use of nuclear energy.<sup>31</sup> Following assessments of the Slovak government one can conclude that Slovakia is neither a driver of the climate policy of the EU nor it has serious problems to meet its ambitious goals identified within the framework of the Energy Union.

## Conclusion

The prevailing understanding of what to expect from the Energy Union in Slovakia might be summarized as follows: first, the Energy Union should be instrumental in strengthening the gas security of the member states; and second, it should facilitate better coordination within the EU when it comes to development of missing cross-border energy infrastructure, and especially in the region of Central and South-Eastern Europe, including more robust funding for respective projects. In general, Slovak expectations concerning the Energy Union are framed with Slovakia's own positive experience with the EU that helped Slovakia to address gas security challenges brought by the January 2009 gas crisis. However, Slovak expectations in this regards have not yet gone far beyond the role of the EU in developing missing cross-border energy infrastructure.

At the same time, Slovakia strongly opposes the idea about a creation of central European regulatory authority as well as unified regulatory policy on the EU level. It is open to discuss strengthening of the role of ACER, however, the members of the government or Slovak officials have not yet presented any specific proposal how they see a strengthened role of ACER. One can assume that the current understanding of what the EU single energy market might be in the future reflects Slovakia's experience with a quite successful regional market-coupling in electricity between CZ-SK-HU-RO, which is a case for integrated regional market in electricity, however, with regulatory policies being fully under national control.

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