

## **SLOVENIAN ENERGY EFFICIENCY OBLIGATION SCHEME**

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### **ABSTRACT**

*The Energy Agency has in the year 2016 started to monitor for the first time the reporting of the achieved energy savings, which are reached by the suppliers of electricity, gas, heat, solid and liquid fuels in the year 2015. With this, in Slovenia the monitoring of the energy efficiency obligation scheme of suppliers begins, which is carried out by the Energy Agency. The paper presents the characteristics of the energy efficiency obligation scheme in Slovenia by suppliers and the legal basis for this obligation system. In conclusion, we provide the first information on the activities of suppliers in increasing energy efficiency.*

### **1. INTRODUCTION**

The European Union is facing in the last decades on the field of energy the following problems: increased dependence on energy imports, dominance by using the limited energy resources, climate changes and economic crisis. The challenge, how to solve these problems, is to increase energy efficiency in all areas of the human activity (Directive, 2012). Energy efficiency will help improve the security of energy supply and consequently, therefore, reduce primary energy consumption, energy imports and at the same time, greenhouse gas emissions will be reduced. Efficient use of energy should enable the user to reduce consumption of final energy to reach the same result. All this is allowed by the use of modern technologies and measures that require less energy. In the economy it is possible to achieve energy efficiency through the introduction of innovative technological solutions, which can improve competitiveness and stimulate economic growth, which creates high-quality jobs. A result of the positive aspects of the EU energy efficiency policy is in the spotlight of energy strategy, and is identified as a key factor in ensuring sustainable use of energy resources.

### **2. THE ENERGY EFFICIENCY POLICY**

#### **2.1 DIRECTIVE ON ENERGY EFFICIENCY**

The basic goal of energy efficiency policies is to reduce primary energy consumption for 20% and increase energy efficiency by 20% by the year 2020 (Directive, 2012). To achieve these objectives, the Directive 2012/27/ EC has been adopted, which sets out the ways of implementing energy efficiency policies. It requires from the Member States that they decide on the saving targets of the final energy consumption by 2020, define the energy efficiency

obligation scheme, identify suppliers that will reduce energy consumption by 1.5% of the annual quantities of energy sold, publish all the savings of the suppliers and establish a system for measuring and verifying the achievement of savings. With the implementation of the Directive, a specific role to increasing energy efficiency is given to suppliers of energy products, and what is also important, the suppliers get a control over the implementation of achieving the savings. International Confederation of Energy Regulators (2010) notes that suppliers collect very limited information about the achievement of the objectives of energy efficiency and the data of final energy consumption of their end customers. Therefore, the Directive in Article 7 clearly defines the energy efficiency obligation scheme for suppliers, which should improve the integration of suppliers to the common goal of increasing energy efficiency.

## **2.2 POLICY OF ENERGY EFFICIENCY IN THE EUROPEAN UNION**

The Directive in Article 7 defines three forms of energy efficiency obligation scheme: energy savings achieved only by suppliers, the use of alternative measures (taxes, regulations, standards ...) or a combination of the two proposed models. It is important that the selected model reduces the final energy consumption by end-users. Of the 27 Member States, there are only four that decided to implement energy efficiency obligation scheme for suppliers, 11 chose alternative measures, and all the others have decided for a combined system (Implementing the EU Energy Efficiency Directive: Analysis of Article 7 of the Member States reports, 2014).

## **2.3 THE IMPLEMENTATION OF THE ENERGY EFFICIENCY POLICY IN SLOVENIA**

With the adoption of the Energy Act (EA-1) (2014), Slovenia implemented the requirements of the Directive in its national legal system. The implementation of energy efficiency obligation scheme is defined in the implementing regulations: Decree on Energy Savings Requirements (2014) and the Decree on the Method of Determining Energy Savings at Final Customers (2015).

Energy saving target by 2020 is equal to the annual energy savings in the period from 1 January 2014 to 31 December 2020, in the amount of 1.5% of the annual quantity of energy sold to final customers by suppliers over the average of the last three years before 1 January 2013. The starting point for the calculation of liabilities is amounted to 34,874 GWh. Slovenia decreased this value by 25%, which is allowed as exception by Article 7 of the Directive. Target savings will be lowered by using the lower value of savings by suppliers in the first three years and the implementation of the actions in the transformation, distribution and transmission, including those on the infrastructure for efficient district heating. Slovenia will have to reach 3,139 GWh of final energy savings by 2020, cumulative savings will in the period 2014-2020 amounted to 11,596 GWh (AN URE, 2015).

### 3. THE ENERGY EFFICIENCY OBLIGATION SCHEME IN SLOVENIA

Slovenia has chosen a combined energy efficiency obligation scheme, and for this purpose it has set up a national fund for energy efficiency, which aims to promote the improvement of the energy efficiency and it is managed by the Eko Sklad. Suppliers and Eko Sklad have together achieved 1.5% of annual quantity of energy sold to final customers, but suppliers have special relief.

In Slovenia, the energy efficiency obligation scheme has been in place since 2010, but the changes in the EA-1 changed the obligation for the suppliers. Now all suppliers are obligated parties, which have to achieve the savings of the final energy. In Slovenia the energy savings needs to be achieved by the suppliers of the electricity, gas, heat, solid and liquid fuels (Article 318 EA-1, 2014). Energy savings have to be achieved by final customers, by encouraging the use of different measures, which save energy. Savings are achieved through different measures, which are clearly defined in the Decree on the Method of Determining Energy Savings at Final Customers (2015); the document determines the methodological basis of the calculations for energy savings for each measure. Suppliers are required to achieve different target savings per year (Decree on Energy Savings Requirements, 2014):

- In 2015, as a transitional period, savings in the amount of 0.25% of energy sold in 2014 have to be achieved.
- In the years 2016 and 2017, they need to achieve savings in the amount of 0.50% of energy sold in the previous calendar year.
- In the period 2018-2020 they have to achieve the total objective of saving energy in the system of obligations energy efficiency, namely 0.75% compared to the energy sold in the previous calendar year.

A supplier of supplying liquid fuel has to achieve each year the savings of 0.25% of petrol and diesel fuels sold in the previous year. As an exception it may be considered also the primary energy savings achieved in the sectors of conversion, distribution and transmission of energy, including infrastructures for efficient district heating and cooling in final energy savings (Decree on Energy Savings Requirements, 2014).

Supplier may use different ways to achieve the savings. They can be achieved by investing in prescribed measures, with the granting of incentives, with the implementation of energy services, by contracting energy savings (contracting) or by any other way. At this point it is important that the method selected by the supplier shows that the intervention of the supplier has contributed to the realization of the savings (Decree on Energy Savings Requirements, 2014). Such financing of the measures is not determined in advance, the cost of implementation of the energy efficiency obligation are transferred to the suppliers, but at the same time this system allows them the greater flexibility of ways of the implementation and financing the measures.

A supplier has the option not to implement the measures or to implement them only partially. In this case, he has to pay the financial means to Eko Sklad in an amount equal to the product of savings, which should be achieved by end-users and the specific cost of achieving

savings; this is the same "price" of achieving one kilowatt hours of savings and is determined by the Eko Sklad (EA-1, 2014).

A key role in monitoring the implementation of energy efficiency obligation of suppliers is on the basis of Article 321 of the EA-1 (2014) assigned to the Energy Agency, which monitors the achievement of the target energy savings by suppliers. Suppliers have to provide a report of the achieved energy savings in the previous year, but not later than 31 March of the current year. In this reporting are excluded suppliers, which do not do any actions on energy savings by themselves. The Energy Agency by 30 April of the current year must publish all achieved savings by all suppliers for the previous year (EA-1, 2014). The Energy Agency is also responsible for supervision of the achieved energy savings, which were achieved by the different measures. Measures and suppliers will be randomly selected for the inspection.

#### **4. CONCLUSION**

About 200 suppliers were included in the system of reporting of the achieved energy savings in 2016. Most suppliers have decided to achieve their mandatory target for energy savings with different models. This demonstrates greater responsibility of suppliers to increase the energy efficiency. The first reporting year also showed many needs to develop interconnections between energy services, which will make easier to achieve the target energy savings by small suppliers in the coming years.

#### **5. SOURCES**

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