

GENERAL CONCLUSIONS OF REALISE FORUM NATIONAL DESK ACTIVITIES IN SLOVENIA (draft)

1. The majority of stakeholders are considering present instrument of support to RES-E (Feed-in tariff/premium) is both adequate to support development and dissemination of RES-E technologies and consistent with liberalised energy markets. Bearing in mind that for a small country like Slovenia it seems in principle not possible to establish liquid tradable »green certificates« market no one is consider quota and certificate instrument as an alternative. Only the representatives of wood panel industry are opposing the FIT however only when it refers to support to RES-E generation from wood biomass from residuals from primary wood processing respectively high quality timber.
2. No agreement among stakeholders is agreed on the level of openness and liberalisation of the market. While representatives of state owned utilities expressed belief that electricity market in the country is indeed opening and liberalizing their counter-parts from small scale independent producers claimed excessive market power of state owned generators and many of technical provisions for accessing the public grid as the main barriers toward fair and competitive market.
3. RECS scheme based certification of all mid and large scale hydro power plants that represents large majority of RES-E generated electricity in the country has been carried out by Holding of Slovene Power Plants (HSE) that owns and operates the hydro PP in question. Bearing in mind implementation of EU directive on certificates of origin of generated electricity RECS scheme is providing considerable potential of knowledge and experience for down-scaling the certification to the small(er) RES-E generation capacities. Based on RECS certification HSE has developed and successfully started to market a new product under the trademark Modra energija (Blue/wise energy). This is however neither first nor the only trademark for RES-E in the country however it is the first based on international certification standards as well the first that is promoted to the customers in partnership with all electricity distribution companies in the country. Despite of being of a niche-character this market is demonstrating considerable dynamics in growth and structure of demand.
4. Because it does not provide strong guarantees for the level of feed in tariff/premium in the future nor is the government implementing its decision to annually adjust the tariff/premium level to the inflation the present design of the instrument is not exploited to its full scope and size. On the other side its current design does not prevent against excessive rents/profits and is not stimulating reduction of costs.
5. In opinion of majority of stakeholders from (energy) industry the level of feed in support is – with some exception - not sufficient to stimulate considerable increase of new RES-E capacities especially when compared to high transaction costs due to complex, contradictory and time consuming administrative and technical procedures. Especially spatial planning and environmental impact assessment procedures are endangering any chances of success for at very first small scale projects. Considerable efforts of the government on the level of co-ordination of different sector administration are needed in order to eliminate administrative contradictions, reduce complexity of procedures and install investor's friendly administrative capacities. The later is only possible when administrators are aware of the positive contribution of RES-E and familiar with their basic technical characteristics and demands.

6. Despite insufficient level of feed in support, weak guarantees on the future FIT based incomes and huge administrative barriers some positive signs of new RES-E capacities can be identified after 2004. Positive synergies with improved feed in support and access to EU that brought removal of tax duties on technology and equipment purchase on the one side and stricter respect of environmental, health and consumers protection on the other can be indicated by instalment of new (natural gas and biogas based) CHP and PV capacities since 2004.
7. Introduction of feed in premium option in 2004 together with increased prices of electricity – at very first for mid-sized industrial consumers – and increased demand for »green electricity« opened space for pooling of small scale qualified production in Slovenia. The initiative has been taken over by Istrabenz-Gorenje Electricity Selling Ltd. - one of the new players on the electricity market. This is providing certain proof that market liberalisation is stimulating also innovative feed-in approaches of RES-E by market actors.
8. Environmental NGOs, at very first nature and/or landscape protection organisation, are in principle also supporting the idea the RES-E needs to be (financially) supported, however they are neither familiar with differences in types of support instruments nor interested on the issue and can be thus considered as indifferent to the type of the instrument. Their primary and highly exposed concern is the impact of RES-E on nature and landscape, at very first on rare and endangered species/habitats and well preserved (semi) wilderness and traditional landscapes. They express considerable high level of mistrust on the capacities and impartiality of the public administration on the issue of environmental impact assessment for RES-E capacities, especially when project are designed/proposed by the state owned companies. Legally unclear and disputed provisions on the right to obtain the status of the party in procedure within environmental impact assessment forced coalition of environmental NGOs to increased public opposition against instalment of wind parks in areas that would according to the criteria of Nature 2000 qualified to be integrated into protection regime.
9. Fast growth of electricity consumption in the country, subsidizing of domestic coal based electricity generation and cross-subsidizing of certain large industrial electricity consumers are not only increasing energy intensity of the country but are undermining the legitimating basis for RES-E and support to RES-E. Within excessive demands to build new fossil and nuclear generation capacities proposed by (state owned) energy industry RES-E capacities play a minor role yet are representing new and additional environmental burdens, especially for rare and endangered species/habitats and for well preserved traditional landscapes whereas the sum of environmental footprint of the traditional (fossil and nuclear) electricity generation (plus transmission and distribution) is not shrinking. When fast growing demand on electricity is at policy level addressed primarily or exclusively by state support to supply side and not by wider and more comprehensive set of instruments - including de facto market based prices of electricity and gradual but permanent internalisation of externalities of electricity generation/transmission/distribution in to electricity prices – then within well industrialized country with per capita consumption of electricity above EU average and growing standard of living also increased resistance of environmental protection organisations and local civil initiatives against investments that are demanding new industrial sites can be expected, at very first when this is not (enough) compensated by growth of local employment and development opportunities.