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of 31 July 2012

## on regulation in the network industries

The National Council of the Slovak Republic has passed this law:

### § 1 Subject of modification

This law regulates

- a) regulation in network industries,
- b) the status and powers of the Office for the Regulation of Network Industries (hereinafter referred to as "the Office"),
- c) Obligations of persons carrying out regulated activities on the basis of a permit,<sup>1</sup> ) a certificate of compliance with the notification obligation<sup>2</sup> ) or a certificate of registration (hereinafter referred to as the regulated entity),
- d) the rules for the functioning of the internal market in electricity and the rules for the functioning of the internal market in gas (hereinafter referred to as "the market rules"), e) proceedings in matters under this Act.

### § 2 Basic provisions

For the purposes of this Act it shall mean

- a) networked industries
    1. Electricity,
    2. Gas industry,
    3. Thermal energy,
    4. water management,
  - b) goods electricity, gas, heat, drinking water, wastewater, surface water, hydropower potential of watercourse and energy water,
  - c) regulated activities
    1. generation, transmission, distribution and supply of electricity and related services,
    2. the performance of the activities of the short-term electricity market organiser,
    3. the performance of the activities of an electricity buyer,
    4. production, transportation, distribution, storage and supply of gas and related services,
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5. production, distribution and supply of heat,
  6. production, distribution and supply of drinking water by public water supply, )<sup>3</sup>

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7. Wastewater disposal and treatment through public sewers, )<sup>4</sup>
  8. abstraction of surface water and energy water from watercourses and exploitation of the hydropower potential of watercourses, )<sup>5</sup>
- d) the regulatory period shall be the period specified by the regulatory policy during which the specified scope of price regulation and the manner in which price regulation is applied,
  - e) economically justifiable costs shall be the costs demonstrably and to the extent necessary for the performance of the regulated activity, the extent and amount of which shall be determined by the Authority,
  - f) a reasonable profit, which is based on the development of a normal profit share of economically justified costs, taking into account quality, normal business risk, the evolution of market demand and consumer protection, and which also takes into account the scale of investment needed to ensure the long-term operability of the system and the network,
  - g) the maximum price, which cannot be exceeded<sup>É</sup>,
  - h) a fixed price is a price that cannot be changed; a tariff that is linked to a technical unit is also considered a fixed price,
  - i) quality standards a set of indicators that determine the quality of goods and related regulated activities,
  - j) the supply of electricity to household electricity customers
    1. the supply of electricity to the electricity consumption points of household electricity consumers,
    2. the supply of electricity to points of supply which are the place of consumption of electricity to the common parts of the dwelling house, the common facilities of the dwelling house and the accessories of the dwelling house;<sup>6</sup> ) this shall not apply to a point of supply which is the place of consumption of electricity to a consumption facility operated for business purposes, k) vulnerable customers
      1. household electricity consumer,
      2. household gas consumer,
      3. a non-household electricity customer with a total annual electricity consumption for the previous year of 30 000 kWh or less,
      4. a non-household gas customer with a total annual gas consumption for the previous year of 100 000 kWh or less,
      5. non-household electricity consumer, except for the electricity consumer under point 3, who consumes electricity for the operation of a social services facility registered in the register of social services,<sup>6a</sup> ) for the operation of a facility for social protection of children and social guardianship,<sup>6b</sup> ) for the operation of a residential building with rental flats owned by a municipality or a higher territorial unit, which are intended for social housing according to a special regulation,<sup>6ba</sup> ) or for the operation of a residential building with rental flats within the framework of state-supported rental housing according to a special regulation, )<sup>6bb</sup>
      6. A non-household gas consumer, except a gas consumer under point 4, who takes gas for the operation of a social services facility registered in the register of social services,<sup>6a</sup> ) for the operation of a facility for the social protection of children and social welfare,<sup>6b</sup> ) for the operation of a residential building with rental flats owned by a municipality or a higher territorial unit, which are designated for social housing under a special regulation,<sup>6ba</sup> ) or for the operation of a residential building with rental flats within the framework of a statesupported rental housing under a special regulation, )<sup>6bb</sup>

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7. a group of end-users of gas, which are the owners of flats and non-residential premises in a residential building, consuming gas for the production of heat and domestic hot water, legally represented by a natural person or a legal person administering a common heat source supplying heat and domestic hot water to a residential building, )<sup>6c</sup>
8. a group of end-users of electricity, which are owners of flats and non-residential premises in a residential building, consuming electricity for the production of heat and domestic hot water, legally represented by a natural person or a legal person performing the management of a common heat source supplying heat and domestic hot water to a residential building, )<sup>6c</sup>

- l) wholesale energy products contracts and derivatives under a specific regulation<sup>7</sup> ) regardless of where and how they are traded,
- m) confidential information information under a specific regulation,<sup>7</sup> ) which has not been disclosed, is directly or indirectly related to a wholesale energy product and which would be likely to have a significant effect on the price of the wholesale energy product if it were disclosed,
- n) Energy poverty is a condition where the average monthly household expenditure<sup>8</sup> ) on electricity, gas, heating and domestic hot water, drinking water supply by public water supply and waste water disposal by public sewerage form a significant proportion of the average monthly household income, )<sup>8</sup>
- o) system operation tariff a fixed price in euros per unit of electricity quantity, related to a technical unit, which takes into account the proportionate share of the costs of electricity production from renewable energy sources, of electricity production by high-efficiency combined generation and of the activities of the short-term electricity market organiser, including the correction of the costs incurred for the settlement of the support for the production of electricity from renewable energy sources and by high-efficiency combined generation; the system operation tariff shall be applied to the scope, manner and conditions of electricity consumption pursuant to § 40(1)(p),
- p) tariff for electricity production from renewable energy sources, a fixed price in euros per unit quantity of electricity linked to a technical unit, which takes into account the proportion of the costs of electricity production from renewable energy sources and constitutes a component of the tariff for the operation of the system,
- q) system services tariff a fixed price in euro per unit of electricity quantity related to a technical unit, which takes into account the transmission system operator's allowed costs for the purchase of ancillary services and other allowed costs of the transmission system operator for the provision of system services; the system services tariff shall be applied to the final consumption of electricity.

### § 3 Purpose and object of regulation

(1) The purpose of regulation under this Act is to ensure, in a transparent and nondiscriminatory manner, the availability of goods and related regulated activities at reasonable and competitive prices and of specified quality.

(2) The following shall be subject to regulation under this Act

- a) prices in network industries and the conditions for their application
- b) the conditions for carrying out regulated activities.

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### § 4

#### Office

(1) The Authority is the central government authority for the regulation of the network industries.

(2) The Authority shall act impartially and independently in the exercise of its powers. State authorities, local self-government authorities, other public authorities or other persons shall not influence the Authority in the exercise of its powers.

(3) The organs of the Authority shall be the Chairman of the Authority and the Regulatory Board (hereinafter referred to as the Board).

(4) The seat of the Authority is Bratislava.

(5) The Authority may establish offices outside its seat.

(6) The Authority, in exercising powers within the scope of its powers under this Act or any special regulation )<sup>7</sup>

- a) promote the achievement of a competitive, flexible, secure and environmentally sustainable internal market for electricity and internal market for gas within the European Union and the effective opening of the electricity and gas markets for electricity and gas customers, gas customers, electricity suppliers and gas suppliers in the European Union,

- and ensure adequate conditions for the efficient and reliable operation of systems and networks, taking into account long-term objectives,
- b) supports the development of competitive and well-functioning regional cross-border markets within the European Union,
- c) removes restrictions on electricity and gas trade between Member States of the European Union (hereinafter "Member State") and promotes the strengthening of market integration,
- d) helps to develop secure, reliable and energy-efficient consumer-oriented systems and networks in the most cost-effective way, promotes the adequate integration of electricity generation from renewable energy sources into the system and gas generation from renewable energy sources into the network, and distributed generation,
- e) facilitates the access of new electricity generation and electricity storage facilities to the grid and new gas generation facilities to the grid,
- f) ensures that system operators and system users are provided with incentives to improve system efficiency and market integration,
- g) ensures that electricity consumers benefit from the efficient functioning of markets, promotes effective economic competition and ensures consumer protection,
- h) assists in the achievement of universal service and public service objectives for the supply of electricity and gas and contributes to the protection of vulnerable electricity and gas customers,
- i) contributes to the compatibility of data exchange procedures for switching between electricity and gas suppliers by electricity and gas customers and for other market practices, including at regional level,
- j) ensures that electricity undertakings comply with transparency obligations.

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### § 5

#### The President and the Vice-Presidents of the Authority

(1) The Authority is headed by a Chairman, who is appointed and dismissed by the Government of the Slovak Republic (hereinafter referred to as "the Government"). The Chairman of the Authority shall receive a salary equal to the remuneration of the Chairman of the Board. The Authority shall have two Vice-Chairpersons. The Vice-Chairmen of the Authority shall be appointed and dismissed by the Government on a proposal of the Chairman of the Authority. Each ViceChairman shall receive a salary equal to the remuneration of the Vice-Chairman of the Council.

(2) The Chairperson and the Vice-Chairpersons of the Authority shall be civil servants under a special regulation.<sup>9</sup> ) The provisions of the special regulation<sup>9</sup> ) on remuneration shall not apply to the salary of the President of the Authority and the salary of the Vice-Presidents of the Authority.

(3) The term of office of the President of the Authority shall be six years. The same person may be appointed Chairperson of the Authority for a maximum of two consecutive terms.

(4) In his absence or in the absence of his appointment, the President of the Authority shall be represented, within the scope of his rights and duties, by the Vice-President of the Authority.

(5) The Chairperson of the Authority and the Vice-Chairpersons of the Authority shall meet the prerequisites laid down in Article 7(7).

(6) The President of the Authority

- a) manage the Authority and act externally on behalf of the Authority in all matters,
- b) decides at first instance in proceedings pursuant to Article 13(1)(e) and (g) and Article 14,
- c) decides on the imposition of the fine in the appeal procedure,
- d) decides on objections in proceedings for the issue of a certificate under a special regulation, )<sup>10</sup>

- e) represents the Authority in the European Union Agency for the Cooperation of Energy Regulators (hereinafter referred to as "the Agency"),
- f) authorises another person to represent him or her in the Agency,
- g) issue the Authority's Rules of Organisation,
- h) decides on objections of bias of the Authority's employees in the exercise of the Authority's powers.

(7) In the exercise of his/her powers, the President of the Authority shall act independently of instructions from State authorities, local self-government bodies, other public authorities and other persons.

(8) The office of President of the Authority shall be terminated

- a) at the end of the term of office,
- b) by resigning,
- c) removal from office,
- d) by death or by being declared dead.

(9) The President of the Authority may resign by written notice to the Government. The term of office shall end on the date on which the written notice of resignation of the President of the Authority is received by the Government, unless the notice specifies a later date of resignation.

(10) The Government shall remove the President of the Authority from office if

- a) has been convicted by a final court decision of a deliberate or negligent criminal offence directly related to the performance of his or her duties,
- b) has been deprived of legal capacity by a final decision of a court or has had his or her legal capacity limited by a final decision of a court,

c) the President of the Authority

1. become a member of the management, supervisory or controlling bodies of regulated entities,
  2. started a business in the network industries,
  3. has begun to perform the function of a member of the National Council of the Slovak Republic, a member of the Government, a function or membership in a body of local selfgovernment,
  4. has an ownership interest in the business of regulated entities,
- d) has been absent from office for more than two consecutive calendar months; this shall not apply if the President of the Authority is temporarily incapacitated by sickness or accident,
- e) has acted in the exercise of its powers contrary to paragraph 7.

(11) The Government shall also dismiss the Chairman of the Authority if a person close to him pursuant to Section 116 of the Civil Code is an employee of the regulated entities, has a proprietary interest in the business of the regulated entities, engages in regulated activities in his own name or in a foreign name, or through an association of persons, or is a member of the management, supervisory or controlling bodies of the regulated entities.

(12) The President of the Authority and the Vice-Presidents of the Authority shall be bound by the obligation of confidentiality with regard to confidential information and facts of which they have become aware in the performance of their duties. This obligation shall continue after the end of the term of office of the President and the Vice-Presidents of the Authority. The obligation of confidentiality shall not apply to the provision of assistance to law enforcement authorities or in proceedings before a court. The provision of confidential information to the European Commission, the Agency, the regulatory authorities of the Member States, the state administration authorities or the short-term electricity market operator for the purpose of the performance of their duties and for the fulfilment of the tasks of the Authority shall not be considered a breach of the obligation of confidentiality.

## § 6 Council

(1) The Council provides strategic direction and design for regulation in the network industries.

(2) The Council has six members. The activities of the Council shall be directed by its President, who shall in particular convene and preside over the meetings of the Council. In his absence, or in the absence of his appointment, the Vice-Chairman of the Board shall act for the Chairman of the Board to the full extent of his rights and duties.

(3) Council

- a) adopts regulatory policy,
- b) shall elect a candidate for appointment as Chairperson of the Board from among its members,
- c) submits to the President of the Slovak Republic a proposal of a candidate for appointment as the Chairman of the Board and a proposal for dismissal of the Chairman of the Board,
- d) elects the Vice-Chairman of the Board from among its members,
- e) Approves
  1. draft agreements on mutual cooperation with the regulatory authorities of the Member States,
  2. the rules of procedure of the Council,
  3. a report on the Authority's activities,
  4. the establishment of offices outside the seat of the Authority,
  5. the annual accounts of the Authority,
- f) decides on appeals, except decisions imposing fines,

- g) comments on draft general binding legislation issued by the Authority,
- h) examine objections to the confirmation of the net cost of the SGEI or objections to the confirmation of the estimated net cost of the SGEI pursuant to a specific regulation.)<sup>(10a)</sup>

(4) The Council shall meet as necessary, but at least twice a month. Meetings of the Board shall not be public. The Chairperson of the Board may invite a member of the staff of the Authority or other persons to attend meetings of the Board.

(5) A quorum shall be present if the Chairman or Vice-Chairman of the Board and at least three other members of the Board are present. The Council shall act by a majority of all its members. In the event of an equality of votes, the Chairman of the Board shall have a casting vote or, in his absence or in the absence of his appointment, the Vice-Chairman of the Board shall have a casting vote. Only the members of the Board and the staff member of the Authority drawing up the minutes referred to in paragraph 6 may be present when the vote is taken.

(6) Minutes shall be taken of the vote of the Board. If a member of the Board so requests, his or her opinion, differing from the decision taken, shall be annexed to the minutes. The minutes of the vote shall be published on the Authority's website within eight working days of the date of the minutes.

### § 7 Members of the Council

(1) The members of the Council shall be appointed and dismissed by the President of the Slovak Republic. The President of the Slovak Republic shall appoint the Chairman of the Council from among the members of the Council on the proposal of the Council. The President of the Slovak Republic shall dismiss the chairman of the Council on the proposal of the Council. Membership of the Council shall be a public office.

(2) The term of office of a member of the Board shall be six years. The same person may be appointed as a member of the Board for a maximum of two consecutive terms. If membership of the Board ceases otherwise than on expiry of the term of office, a new Board member shall be appointed for the remainder of the term of office.

(3) The President of the Slovak Republic shall appoint the members of the Council on the proposal of the National Council of the Slovak Republic and the Government, so that three members of the Council shall be appointed on the proposal of the National Council of the Slovak Republic and three members of the Council shall be appointed on the proposal of the Government.

(4) One third of the Council shall be renewed every two years in order to comply with paragraph 3. A vacancy on the Board shall be filled by nomination by the person who nominated the Board member whose membership has lapsed. The proposal shall be submitted to the President of the Slovak Republic within 30 days of the termination of membership pursuant to paragraph 16. Two candidates shall be nominated for each seat on the Board.

- (5) A member of the Board may not
  - a) byĎ employees of the Authority,
  - b) byĎ employees of regulated entities,
  - c) doing business in network industries on their own behalf or on behalf of others, or through an association of persons,
  - d) have an ownership interest in the business of regulated entities,
  - e) beĎ a member of the management, supervisory or controlling bodies of regulated entities.
- (6) The restrictions under paragraph 5(b) to (e) shall be complied with by the member of the Board for a period of 12 months after the termination of the member's office.
- (7) A member of the Board may be a citizen of the Slovak Republic who meets the following prerequisites:
  - a) a second-class university degree in engineering, economics or law and at least 10 years' experience in network industries or in pricing or concept development

in the energy sector, of which five years in a managerial capacity, or a third-level technical, economic or legal degree and at least seven years' experience in the network industries, pricing or conceptualisation in the energy sector, of which five years in a managerial capacity, b) full legal capacity,

c) integrity.

(8) A member of the Board shall be presumed to be of good character unless he has been convicted of a deliberate criminal offence. Integrity shall be proved by an extract from the criminal record. For the purpose of proving good character pursuant to paragraph 7(c), a citizen of the Slovak Republic shall provide the data necessary for requesting an extract from the criminal record.<sup>(10a)</sup> The data pursuant to the third sentence shall be sent without delay in electronic form by the Office of the National Council of the Slovak Republic and the Office of the Government of the Slovak Republic through electronic communication to the Office of the Attorney General of the Slovak Republic for the issue of an extract from the criminal record.

(9) Membership of the Board is incompatible

- a) with the function of a member of the National Council of the Slovak Republic,
- b) as a member of the Government,
- c) with an office or employment in a public administration body,
- d) with a function or with membership in a body of local self-government.

(10) A member of the Board may not be a person whose close person, pursuant to Section 116 of the Civil Code, is a senior employee of the Authority, has a proprietary interest in the business of regulated entities, is engaged in regulated activities or is a member of the management, supervisory or controlling bodies of regulated entities.

(11) In exercising his/her powers, a member of the Board shall act independently of instructions from state authorities, local self-government authorities, other public authorities and other persons.

(12) A member of the Board shall receive a monthly remuneration in the amount of four times the average nominal monthly wage of an employee in the national economy of the Slovak Republic for the preceding calendar year, rounded up to the nearest euro. The Chairman of the Board shall receive a monthly remuneration of 1.5 times the remuneration of a member of the Board and the Deputy Chairman of the Board shall receive a monthly remuneration of 1.3 times the remuneration of a member of the Board.

(13) A member of the Board participates in discussions with government authorities and regulated entities on regulatory governance strategy, as directed by the Chair of the Board.

(14) If the Board sends a member on a mission, the Authority shall reimburse the member's expenses in accordance with a special provision.)<sup>(1)</sup>

(15) A member of the Board shall be deemed to be an employee in an employment relationship for the purposes of health insurance while in office.

(16) Membership of the Board shall cease

- a) at the end of the term of office,
- b) by resigning,
- c) removal from office,
- d) by death or by being declared dead.

(17) Upon resignation, membership in the Board shall terminate on the date of delivery of a written notice of resignation of a member of the Board to the President of the Slovak Republic, unless the notice specifies a later date of resignation.

(18) The President of the Slovak Republic shall dismiss a member of the Council if

- a) has been convicted by a final court decision of a deliberate or negligent criminal offence directly related to the performance of his or her duties,
- b) has been deprived of legal capacity by a final decision of a court or has had his or her legal capacity limited by a final decision of a court,
- c) ceases to meet the conditions laid down in paragraphs 5, 9 and 10,
- d) has not been in office for more than two consecutive calendar months; this shall not apply if a member of the Board is temporarily recognised as unfit for work due to sickness or accident,
- e) has acted in the exercise of its powers contrary to paragraph 11.

(19) The President of the Slovak Republic shall dismiss all members of the Council if the Council fails to approve the nomination of a candidate for appointment as Chairman of the Council in three consecutive elections. Upon removal, the Council shall continue to function until a new Council is appointed.

(20) A member of the Board is obliged to maintain confidentiality of confidential information and facts of which they become aware in the performance of their duties. The provisions of Article 5(12) shall apply mutatis mutandis.

### § 8 Regulatory policy

(1) A regulatory policy is a strategy that governs the implementation of regulation over a specified regulatory period.

(2) The regulatory policy shall include in particular

- a) determining the length of the forthcoming regulatory period,
- b) an assessment of the need for further regulation for the forthcoming regulatory period, including a justification of the proposed scope of price regulation and the manner in which price regulation will be implemented,
- c) the scope of price regulation and the manner in which price regulation will be implemented in the forthcoming regulatory period,
- d) an assessment of the impacts of the proposed scope of price regulation and the manner of implementation of price regulation in the upcoming regulatory period on the market for goods and services, including the prices of goods and services; in the case of a proposed change in the scope of price regulation or a change in the manner of implementation of price regulation, also an assessment of the impacts of the proposed changes in the scope and manner of implementation of price regulation as compared to the scope and manner of implementation of price regulation in the current regulatory period.

(3) The Authority shall publish the draft regulatory policy on its website by 30 November of the penultimate calendar year of the regulatory period and allow regulated entities, system users and network users to comment on the published draft by 15 January of the last calendar year of the regulatory period. The Authority shall evaluate the comments on the draft regulatory policy and publish the evaluation of the comments on its website by 28 February of the last calendar year of the regulatory period.

(4) The Council shall submit a draft regulatory policy by 28 February of the last calendar year of the regulatory period to the Ministry of Economy of the Slovak Republic (hereinafter referred to as "the Ministry") and the Ministry of the Environment of the Slovak Republic. The Ministry shall assess the consistency of this proposal with the objectives of the energy policy and send its statement to the Council by 15 March. The Ministry of the Environment of the Slovak Republic shall assess the consistency of this proposal with the intentions of the water policy and send its statement to the Council by 15 March. The Council may notify the regulatory policy even if the Ministry or the Ministry of the Environment of the Slovak Republic fails to send its opinion on the

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Republic draft regulatory

policy within the specified time limit.

(5) The regulatory policy shall be adopted by the Board by 31 March of the last calendar year of the regulatory period.

(6) The Authority shall publish the Regulatory Policy on its website within 15 days of its adoption. If the statement of the Ministry or the Ministry of the Environment of the Slovak Republic pursuant to paragraph 4 is accompanied by a comment which is not accepted by the Board and the Board adopts the Regulatory Policy, the Authority shall publish together with the Regulatory Policy the statement of the Ministry or the Ministry of the Environment of the Slovak Republic with the reasons for not accepting the comment.

(7) The regulatory policy is binding for a specified regulatory period on all market participants in the network industries.

(8) By 31 March of the calendar year following the end of the regulatory period, the Council shall prepare an assessment of the previous regulatory period in terms of the market transparency achieved and the impact of price regulation on the market.

(9) Where necessary to achieve the purpose of regulation under section 3(1), the Board shall, by resolution, adopt an amendment or supplement to the regulatory policy in the form of an addendum to the regulatory policy. Paragraphs 3 and 4 shall apply mutatis mutandis. The Authority shall publish the supplement to the regulatory policy on its website within 15 days of its adoption by the Board.

(10) Paragraph 9 shall also apply to the limitation of the scope or non-implementation of price regulation of the supply of electricity or gas to vulnerable customers pursuant to § 11(6) during the regulatory period. Prior to the publication of the draft amendment to the regulatory policy, the Regulatory Board shall publish an analysis of the reasons for the limitation of price regulation and an analysis of the impacts on electricity and gas market participants, in particular vulnerable customers concerned, on the public administration budget and on the business environment.

### Proportion of the Uraduation

### § 9

(1) Office

- a) issue generally binding legislation,
- b) done by
  1. price regulation pursuant to Sections 11, 12 and 14, including special regulations, )<sup>11a</sup>
  2. substantive regulation under sections 13, 15 and 23, including special regulations, )<sup>11b</sup>
  3. extraordinary regulation pursuant to § 16,
  4. quality control pursuant to § 22,
  5. control of compliance with this Act, general binding legal regulations issued for its implementation pursuant to § 40, special regulations,<sup>12</sup> ) general binding legal regulations issued for the implementation of special regulations<sup>13</sup> ) and final decisions of the Authority and the Agency by persons carrying out regulated activities and other electricity market participants, gas market participants, heat market participants and natural persons or legal entities carrying out the management of a residential building, which allocate the amount of heat produced to final consumers, pursuant to § 31 to 35,
  6. supervision of compliance with obligations under specific regulations<sup>13aa</sup> ) by the European Network of Transmission System Operators for Electricity and the Body of Distribution System Operators of the European Union,
  7. supervision of the transmission system operator and the transmission system operator

pursuant to § 26 (11),

8. supervision of auctions for the sale of electricity pursuant to § 30,
  9. Supervision of guarantees of origin of electricity from renewable energy sources and guarantees of origin of electricity produced by high-efficiency combined generation according to a special regulation, )<sup>13a</sup>
  10. Supervision of compliance with consumer protection legislation, )<sup>13b</sup>
  11. control of the application of prices determined by government regulation pursuant to § 16a(3) and § 45j,
- c) Decided by
1. in matters pursuant to §§ 11 to 17,
  2. on the certification of the transmission system operator and the transmission system operator pursuant to §§ 25 to 28,
  3. on the imposition of fines for administrative offences committed in breach of the obligations laid down in this Act and in special regulations, )<sup>14</sup>
  4. on the use of revenues from the allocation of interconnector capacity where they cannot be effectively used to guarantee the actual availability of the allocated capacity, maintaining or increasing the capacity of interconnectors through investments in the systems, in particular in new interconnectors,
  5. imposing an obligation on an electricity or gas supplier to offer electricity or gas to the supplier of last resort,
  6. on the certification of a gas storage operator under a special regulation, )<sup>14a</sup>
  7. on the approval of the methodology for cross-border auctions of the transmission system operator which are not subject to European Union legislation and which are not part of the operating rules of the transmission system operator,
  8. on the terms and conditions of the tendering procedure for the procurement of support services, d) assesses the independence of the transmission system operator and the transmission system operator under this Act and under a special regulation, )<sup>14</sup>
- e) impose measures for the elimination and correction of deficiencies detected in the course of the inspection or deficiencies detected in the course of the supervision of compliance with obligations under specific regulations<sup>12</sup> ) by the European Network of Transmission System Operators for Electricity and the European Union Distribution System Operators' Entities,
- f) cooperates with the Agency, the European Commission, ministries and other central government bodies,
- g) issue an annual report on the activities of the Authority,
- h) organises a tender procedure according to a special regulation<sup>17</sup> ) for a supplier of technology that ensures an increase in the energy efficiency of the system or a reduction in electricity consumption and a supplier that ensures the preparation of the construction and the construction of new electricity facilities for which economic incentives are provided,
- i) resolve disputes under §§ 37 and 38,
- j) performs the settlement of financial obligations of regulated entities towards the State for the purposes of price regulation, substantive regulation and fulfilment of the conditions of support according to a special regulation, )<sup>12a</sup>
- k) ensuring the application of energy efficiency principles in regulation,
- l) monitors and evaluates the consumption of electricity end-users, gas end-users and heat endusers,
- m) carries out alternative dispute resolution of consumer disputes<sup>17b</sup> ) of the end user of electricity, Page 12

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end user of gas, a customer who uses the supplied heat for his own consumption, a water customer or a waste water producer who is a consumer under a special regulation,<sup>17c</sup> ) and decides on the imposition of penalties for administrative offences committed in breach of the obligations laid down in the special regulation, )<sup>17b</sup>

- n) in exercising the powers provided for by this Act or by special regulation<sup>17</sup> ) shall comply with the network regulations and guidelines of the European Commission and the decisions of the European Commission and the Agency,
- o) issue, amend or withdraw certificates of the net cost of the SGEI and certificates of the estimated net cost of the SGEI, )<sup>10aa</sup>
- p) is a competent authority designated under special regulations;<sup>17d</sup> ) the Authority may, by mutual agreement, entrust the performance of tasks under a special regulation<sup>17c</sup> ) to another central government authority.

(2) The Authority shall have the right to request information on all acts relating to a commercial public competition organised by a regulated entity which

- a) carries out regulated activities in the electricity or gas industries and is part of a vertically integrated undertaking,
- b) carries out the transmission of electricity or the transport of gas and is not part of a vertically integrated undertaking.

(3) The Authority shall draw up

- a) by 31 December 2013 and every two years thereafter on 30 December 2013. In cooperation with the Ministry, it shall update methodological guidance for electricity and gas undertakings and other electricity and gas market participants on optimising the use of electricity and gas, including the provision of services to electricity and gas customers aimed at increasing energy efficiency, the application of prices and conditions for the supply of electricity and gas in a manner aimed at increasing energy efficiency, the introduction of smart metering systems, and the modernisation of systems and networks aimed at increasing energy efficiency,
- b) by 31 December 2013, and every two years thereafter by 30 June, update the methodological guidance for electricity and gas undertakings on measures to protect vulnerable electricity and gas customers,
- c) by 31 December 2013, methodological guidance for electricity suppliers on how to determine the share of each type of primary energy source in electricity purchased or produced by the supplier for the purpose of supply to electricity customers, including electricity customers outside the defined territory, and the environmental impact of the production of electricity purchased or produced by the electricity supplier for the purpose of supply to electricity customers, including electricity customers outside the defined territory, including data on CO<sub>2</sub> and the radioactive waste generated in the production of this electricity,
- d) by 31 May 2013 and every two years thereafter, report on the measures necessary to improve the rules on the payment and cost allocation of technical adjustments for connection to and reinforcement of the distribution system, the improvement of the operation of the system and the rules on the non-discriminatory application of the rules necessary for the integration of producers of electricity from renewable energy sources, and adopt by 30 June 2013 and every two years thereafter, the measures resulting from the report,
- e) by 31 December 2013, methodological guidance for distribution system operators, distribution network operators, electricity suppliers and gas suppliers on the method, scope and conditions for keeping records of electricity and gas customers' records

gas and regarding the scope of data and the manner of submission of data from the register of accounts to the Authority,

- f) by 31 December 2013 and for each regulatory period thereafter, in cooperation with the Ministry, the Ministry of Finance of the Slovak Republic and the Ministry of Labour, Social Affairs and Family of the Slovak Republic, a concept for the protection of customers meeting the conditions of energy poverty, in which the Authority shall propose measures for the purpose of protecting and reducing the number of electricity or gas customers who are at risk of energy poverty; the Authority shall submit this concept to the Government,

g) by 31 December 2024 and every three years thereafter, an analysis of the need to maintain the scope of price regulation of electricity or gas supply to vulnerable customers pursuant to § 11(5) and the effects of possible limitation of the scope of, or non-implementation of, price regulation pursuant to § 11(6),

h) a cost-benefit analysis of distributed energy resources by 31 December 2022 and every two years thereafter.

(4) The Authority may, in the event of serious repeated breaches of the obligations of a transmission system operator which is part of a vertically integrated natural gas undertaking under this Act or special regulations,<sup>18</sup> ) which the transmission system operator which is part of a vertically integrated natural gas undertaking fails to remedy within a reasonable period determined by the Authority, which may not be less than three months, decide to impose an obligation to entrust the operation of the transmission system to an independent network operator pursuant to a special regulation. )<sup>19</sup>

(5) Serious repeated infringements of the obligations referred to in paragraph 4 shall be understood as infringements for which the Authority has twice, within five consecutive years, validly imposed a fine exceeding EUR 5 000 000 on a transmission system operator which is part of a vertically integrated natural gas undertaking, provided that none of those fines has been cancelled or reduced below EUR 5 000 000.

(6) If the Authority decides to impose an obligation to entrust the operation of the transmission network to an independent network operator pursuant to a special regulation,<sup>19</sup> ) the Authority shall

a) approve the terms of the tender procedure on the basis of which the transmission system owner selects the independent network operator,

b) gives prior approval

1. with the appointment, appointment or removal of a person required to ensure compliance under a specific regulation, )<sup>20</sup>

2. with the conclusion or modification of a contract between the independent system operator and the transmission system owner,

c) monitor contractual relations and communication between the transmission system owner and the independent system operator to ensure compliance with their obligations under the special regulation, )<sup>19</sup>

d) decide, on a proposal from the independent system operator or transmission system owner, on the imposition of an obligation on the independent system operator or transmission system owner in disputes concerning the obligations of the independent system operator and transmission system owner under a specific regulation, )<sup>19</sup>

e) approve the ten-year network development plan submitted annually to the Authority by the independent network operator and the investments decided by the independent network operator,

f) approve contracts for the financing of investments in the transmission network by a third party pursuant to a special regulation, )<sup>19</sup>

g) take measures to ensure that network access tariffs levied by the independent network operator include compensation for the transmission system owner which constitutes adequate compensation for the use of transmission system assets and new investments in the transmission provided they are cost-effective and efficient,

- h) carry out inspections at the premises of the transmission system owner and the independent system operator, including unannounced inspections,
- i) provide the Slovak Antimonopoly Office without delay with all information on possible infringements of the rules of competition by the transmission network owner.

(7) The Authority is the supervisory authority for compliance with the prohibition on the use of unfair commercial practices and unfair terms in consumer contracts, the prohibition on acting contrary to good morals and the prohibition on discrimination against consumers, and for compliance with the obligation to inform the consumer about the price in the electricity and gas business pursuant to a special regulation. <sup>20a</sup>

#### § 9a

##### The Authority's cooperation with regulators, the European Commission and the Agency and the Authority's remit in relation to the Regional Coordination Centre

- (1) The Authority shall cooperate with the Agency and the regulatory authorities of the Member States and shall provide them with the information and documentation necessary for the exercise of their competences.
- (2) The Authority shall cooperate with the regulatory authorities of the Member States at regional level on matters
  - a) support operational measures aimed at enabling efficient system management, the operation of common electricity exchanges and cross-border capacity allocation and the achievement of an adequate level of interconnection capacity,
  - b) coordination of joint supervision of entities performing functions at regional level,
  - c) coordination with other supervisors on national, regional and European assessments of resource adequacy,
  - d) coordination in the drafting of network rules and guidelines for transmission system operators and other market participants,
  - e) coordinating the development of rules on management of over-management.
- (3) The Authority may enter into agreements with the regulatory authorities of Member States and third countries to promote regional regulatory cooperation.
- (4) The Authority shall further exchange information with the regulatory authorities of the Member States for the purpose of
  - a) promoting regional cooperation and bilateral cooperation in the electricity and gas markets pursuant to specific regulations<sup>20b</sup> ) and shall inform the European Commission and the other Member States of this cooperation,
  - b) promoting cooperation between transmission system operators and transmission system operators at regional level, including on cross-border issues,
  - c) creating the conditions for transmission system operators and transmission system operators to have one or more integrated systems covering two or more integrated systems at regional level for the purposes of capacity allocation and system and network security control,
  - d) the adoption of measures to enable transmission system operators and transmission system operators to
    - 1. gas interchange,
    - 2. allocation of cross-border capacity,
    - 3. cooperate in the development of rules for managing over-management,
  - e) monitoring of the wholesale electricity market and the wholesale gas market according to
    - of a special regulation. <sup>20c</sup>
- (5) The Authority, in coordination with the regulatory authorities of the Member States of the region of operation of the system in which a regional coordination centre is established pursuant to a special regulation, <sup>20c</sup>
  - a) decides on the approval of a proposal for the establishment of a regional coordination centre in accordance with a specific regulation, <sup>20d</sup>

- b) decides on the approval of the costs related to the activities of the regional coordination centre,
- c) decides on the approval of the cooperative decision-making procedure,
- d) ensure that the Regional Coordination Centre is equipped with the human, technical, material and financial resources necessary to carry out its duties and perform its functions independently and impartially,
- e) proposes additional duties and tasks to be assigned to the Regional Coordination Centre,
- f) Supervise compliance with the duties of the Regional Coordination Centre under a specific regulation, <sup>20a</sup>
- g) monitor the provision of coordination of the system and report the result of the monitoring annually to the Agency in accordance with a specific regulation. <sup>20b</sup>

(6) The Authority shall impose measures for the elimination and correction of deficiencies detected in the performance of an inspection or deficiencies detected in the performance of supervision of compliance with obligations under a special regulation<sup>20a</sup> ) by the Regional Coordination Centre.

(7) The Authority may

- a) É require the Regional Coordination Centre to provide documents, documents and any information necessary for the exercise of the Authority's competences,
- b) É inspections at the premises of the Regional Coordination Centre, including unannounced inspections,
- c) issueÉ decisions relating to the regional coordination centre where this section or a special regulation so provides. <sup>20a</sup>

(8) The Regional Coordination Centre shall

- a) provide the necessary assistance to the Authority in the exercise of its powers under this Act within the time limits specified by the Authority,
- b) provide the Authority free of charge with complete and truthful data, documents, documents and information necessary for the purposes under this Act and for the exercise of the Authority's competence in the scope, manner and within the time limits determined by the Authority.

(9) Where the Authority obtains information or documentation from the Agency, the regulatory authorities of the Member States or the Regional Coordination Centre, it shall ensure that the information or documentation is protected to the same level as the Agency, the regulatory authority of a Member State or the Regional Coordination Centre which provided the information or documentation.

#### § 10

The Authority shall further

- a) determined by
  - 1. criteria for selecting the supplier of last resort,
  - 2. the individual rates of the tariff for system services and the tariff for operating the system,
  - 3. a tariff for the production of electricity from renewable energy sources,
- b) Evaluated by
  - 1. the register<sup>21</sup> ) kept by the regulated entity,
  - 2. quality standards,
- c) Followed by
  - 1. technical cooperation between transmission system operators from the territory of the European Union and from the territory of third countries,
  - 2. the implementation of the ten-year system development plan or the ten-year network development plan,
  - 3. the electricity and gas markets, the degree of openness of the electricity and gas markets and the level of transparency of the electricity and gas markets, assesses the level of economic competition achieved on the



- electricity and gas markets and the preconditions for extraordinary regulation, and makes recommendations for improving competition conditions on the electricity and gas markets,
4. the management of overloading and the application of measures to address the prevention of system and network overloading and to address system and network overloading, evaluates these measures and imposes new measures to address these conditions,
  5. the state and changes in the state of the gas stored in the gas storage facility,
  6. the application of electricity supply contracts and electricity pooling contracts with dynamic electricity pricing on the electricity market and the risks associated with the negotiation of such contracts for electricity end-users, and shall draw up and annually update a report on the result of monitoring the development of the market for electricity supply contracts and electricity pooling contracts with dynamic electricity pricing,
  7. the progress of the deployment of smart metering systems and the evolution of the costs related to the installation of smart metering systems at the request of the final electricity customer according to a specific regulation<sup>21aa</sup>) and shall review at least every two years the reasonableness of the applied costs related to the installation of smart metering systems,
  8. refusals of access to the transmission system by the transmission system operator and the reasons for them,
  9. the contractual penalties and other similar monetary payments applied in the event of a breach of the obligation of the household electricity customer or household gas customer to take electricity or gas or to provide the flexibility agreed in the contracts between the electricity supplier, gas supplier or aggregator and the household electricity customer or household gas customer during the agreed period or during the duration of the contractual relationship,
  10. the measures taken by the transmission system operator and distribution system operators in the deployment and development of smart grids and shall produce a report at least every two years on the assessment of the level of smart grid deployment achieved,
  11. compliance with the safety and reliability requirements of the system and verifies their operation,
  12. the application of conditions in electricity or gas market contracts agreed by electricity suppliers or gas suppliers with electricity end-users or gas end-users that restrict or exclude their rights,
  13. the period of time for which the transmission system operator or distribution system operators shall ensure the connection of the equipment of the users of their system and the repair,
  14. investments in electricity generation and storage facilities,
  15. the application of legal or factual barriers limiting production possibilities and the consumption of electricity generated in its own electricity generation facilities or within energy communities and communities producing energy from renewable sources,
- d) submit a report on the activities of the Authority to the National Council of the Slovak Republic, the European Commission and the Agency by 30 June each year,
  - e) shall fulfil the information and notification obligations towards the European Union authorities arising from legally binding acts of those authorities and shall provide the European Union authorities with information on regulated activities,
  - f) publishes on its website
    1. the Authority's regulatory policy, methodologies and guidelines on price regulation,
    2. final decisions of the Authority on the substance of the case,
    3. a report on the Authority's activities,
    4. a list of holders of authorisations to carry out regulated activities,
    5. list issued by certificates of compliance notification of the notification obligation at carrying out regulated activities,
    6. a list of holders of a certificate of registration pursuant to § 23,

7. List of holders of a certificate of generation of electricity in a local source according to a special regulation, )<sup>21aa</sup>
  8. Results by and verifications adequacy applied costs related to the installation of smart metering systems pursuant to point (c) of the seventh subparagraph,
  9. an assessment of the quality standards and the required level of compliance with the quality standards,
  10. the results of the consultation on the 10-year network development plan and the 10-year network development plan,
  11. criteria for selecting the supplier of last resort,
  12. recommendations for the protection of the customer,
  13. a list of universal service providers on a quarterly basis, together with a link to their websites,
  14. information for household electricity and household gas customers on their rights, applicable legislation and available dispute settlement mechanisms,
  15. a recommendation to improve the competitive conditions in the electricity and gas markets under point (c) of the third subparagraph,
  16. a list of energy communities and communities producing renewable energy,
  17. at least once a year, a recommendation to ensure that the supplier's electricity or gas prices are in line with the prices on the wholesale electricity market and the wholesale gas market,
  18. information on the entrustment of the State Contributory Organisation with the operation of the portal for the comparison of offers of electricity and gas suppliers on the market pursuant to point (l),
  19. information on the invitation of the electricity supplier or the gas supplier providing the universal service to make a change to the commercial terms and conditions for the provision of the universal service and on the manner in which the electricity supplier or the gas supplier providing the universal service has dealt with the invitation,
  20. the values of economic parameters necessary for the purposes of price regulation, to the extent, in the manner and within the time limits determined by the Authority,
  21. certificates of origin for electricity from renewable energy sources, certificates of origin for electricity produced by high-efficiency cogeneration, certificates of origin for biogas and the price certificate pursuant to § 14(8),
- g) take measures to achieve universal service and public service and contribute to the protection of vulnerable electricity and vulnerable gas customers and customers in fuel poverty in accordance with the concept under § 9(3)(f),
  - h) prepare, in cooperation with the Ministry, an analysis of the economic benefits resulting from the introduction of different forms of smart metering systems and the costs of their procurement, installation and operation for different categories of electricity end-users according to a specific regulation, )<sup>21ab</sup>
  - i) informs the National Bank of Slovakia, the Antimonopoly Office of the Slovak Republic, the European Commission and the Agency about violations of a special regulation<sup>7</sup>) in trading on the wholesale electricity market and the wholesale gas market and the Antimonopoly Office of the Slovak Republic about possible violations of the rules of economic competition<sup>8</sup>) detected when monitoring the electricity market and the gas market or when carrying out other activities,
  - j) keep a register of electricity market participants and gas market participants for the purposes of monitoring the wholesale electricity market and the wholesale gas market pursuant to a special regulation, )<sup>7</sup>
  - k) provides the short-term electricity market organiser with the data necessary for the performance of the activities of the short-term electricity market organiser pursuant to a special regulation, )<sup>21a</sup>
  - l) operate a portal for comparing offers of electricity suppliers and gas suppliers on the market; the Authority may entrust the operation of the portal to a contributory organisation of the State,
  - m) keep a record of certificates issued and revoked for the establishment of an energy community or renewable energy community,

- n) carry out a survey to determine the potential interest of operators of electricity storage facilities in providing their services to the system operator and a subsequent public consultation,
- o) take measures to remove barriers to competition and to improve competition conditions in the electricity and gas markets.

### § 11 Price regulation

(1) Price regulation in the electricity sector is subject to

- a) production of electricity from renewable energy sources and production of electricity produced by high-efficiency combined heat and power,
- b) connection to the system,
- c) access to the transmission system and transmission of electricity,
- d) access to the distribution system and distribution of electricity,
- e) providing support services,
- f) provision of system services,
- g) the performance of the activities of the short-term electricity market organiser,
- h) performance of the activities of supplier of last resort<sup>21b</sup> ), including the supply of electricity by the supplier of last resort,
- i) the performance of the activities of an electricity buyer,
- j) tariff for operating the system.

(2) The following shall be subject to price regulation in the gas sector

- a) network connection,
- b) the provision of support services in the gas industry,
- c) access to the transmission network and transport of gas,
- d) access to the distribution network and gas distribution,
- e) supply of gas to the supplier of last resort,
- f) purchase of gas equipment,
- g) provision of services related to the operation of the Renewable Gas Registry, )<sup>21b</sup>
- h) access to and storage of gas.

(3) Price regulation in the thermal energy sector is  
subject to

- a) production and supply of heat, excluding cold,
- b) production, distribution and supply of heat, excluding cold,
- c) distribution and supply of heat, excluding cold.

(4) Price regulation in the water sector is subject to

- a) production and supply of drinking water by public water supply,
- b) production and distribution of drinking water by public  
water supply,
- c) public water supply,
- d) waste water disposal and treatment by public sewerage,

- e) waste water disposal by public sewerage,
- f) treatment of wastewater fed to the wastewater treatment plant by public sewerage,
- g) abstraction of surface water from watercourses,
- h) exploiting the hydropower potential of watercourses,
- i) abstraction of energy water from watercourses,
- j) connection to the public sewerage system.

(5) If paragraph 6 is not followed, the electricity and gas industries shall further be subject to price regulation

- a) the supply of electricity to vulnerable customers who have entered into a pooled electricity supply contract at a price regulated by the Authority,
- b) the supply of gas to vulnerable customers who have entered into a pooled gas supply contract at a price regulated by the Authority.

(6) The Authority may, by a generally binding legal regulation issued pursuant to § 40(1), limit the scope of price regulation pursuant to paragraph 5 or provide that price regulation pursuant to paragraph 5 shall not be implemented if the reasons for price regulation have ceased to exist, in particular if the market action is sufficient to maintain the purpose of regulation pursuant to § 3(1). The scope of price regulation pursuant to paragraph 5 may be limited to the supply of electricity or the supply of gas by electricity suppliers or universal service gas suppliers supplying electricity or gas to more than 100 000 customer premises.

(7) Pricing decisions issued by the Authority to regulated entities pursuant to this Act shall not apply if the price is determined pursuant to a special regulation. )<sup>21d</sup>

### § 12 Method of implementing price regulation

(1) The method of implementing price regulation is

- a) direct determination of the fixed price,
- b) direct determination of the maximum price,
- c) determining how the fixed price is calculated,
- d) determining how the maximum price is calculated,
- e) Determining the extent of economically justifiable costs that can be included in the price and the amount of a reasonable profit,
- f) price discovery using market-based measures, such as auctions,
- g) direct determination of the tariff and determination of the method of tariff calculation or cost allocation under specific regulations. )<sup>1a</sup>

(2) The maximum price and the fixed price may also be determined by comparing

- a) the economically justified costs of the regulated activities with the justified costs of the same regulated activities in the Slovak Republic or the Member States, or
- b) the economically justifiable costs of the individual parts of the regulated activities with the justifiable costs of the individual parts of the same regulated activities in the Slovak Republic or the Member States, or
- c) the individual components forming the price structure for regulated activities with the components forming the price structure for the same regulated activities in the Slovak Republic or Member States, or
- d) the price for the regulated activity with the price for the same regulated activity in the Slovak Republic or Member States.

(3) The method of implementing price regulation under paragraphs 1 and 2 shall take into account economically justifiable costs, economic efficiency and reasonable profit, including the extent of investment that may be included in the price or economically justifiable costs and reasonable profit that have been included

in the price approved or determined by the Authority. Economic efficiency means a quantity expressing the relationship between inputs in terms of value and their economic effects.

(4) The maximum price and the fixed price may be multicomponent.

(5) The different ways of implementing price regulation pursuant to paragraph 1 may be combined.

(6) In determining the method of implementing price regulation pursuant to paragraph 1, the Authority shall determine an individual tariff rate for system services for electricity end-users directly connected to the transmission system with an annual peak usage period in a calendar year exceeding 6 800 hours and a relative deviation of the settlement entity of less than 0.025; annual peak period means the ratio of the total annual electricity carried forward in a calendar year to the reserved capacity and the clearing entity's proportional deviation means the deviation determined as the ratio of the average of the absolute values of the hourly deviation of the clearing entity and the higher of the average of the absolute values of the agreed off-take and the average of the absolute values of the agreed delivery from the registered daily diagram over the preceding four months.

(7) In determining the method of implementing price regulation pursuant to paragraph 1, the Authority shall determine the individual tariff rate for the operation of the system for electricity endusers whose

- a) electricity consumption is at least 1 GWh,
- b) the code of the enterprise according to the statistical classification of economic activities<sup>22</sup> ) is listed according to § 40(1)(o),
- c) the electricity demand of the undertaking shall be at least the amount referred to in section 40(1)(o).

(8) The end-user of electricity shall be obliged to demonstrate the fulfilment of the conditions under paragraph 7 for the three years preceding the commencement of proceedings under this section by a report drawn up in the scope and structure pursuant to section 40(1)(o) and certified by an auditor or an auditing company registered in the list pursuant to a special regulation.<sup>23a</sup> ) An electricity end-user who has been in existence for less than three years prior to the initiation of proceedings under this Section shall be required to submit a report pursuant to the preceding sentence for the entire period of the electricity end-user's existence.

(9) The tariff for the operation of the system shall apply to the electricity consumed pursuant to § 40(1)(n), unless a special regulation<sup>17a</sup> ) provides otherwise, and shall be paid to the organiser of the short-term electricity market directly or through the settlement entity by the end-user of electricity, the producer of electricity who consumes the electricity produced by it or the operator of the electricity storage facility who consumes the electricity stored by it.

(10) Price regulation of access to the transmission system or distribution system shall apply only to one access to the transmission system or one access to the distribution system for a producer of electricity who is also a consumer of electricity.

(11) Price regulation of regulated activities pursuant to § 11(4)(g) to (i) shall be carried out by determining the method of calculation of the fixed price.

(12) The Ministry may provide funds to the account of the short-term electricity market organiser to finance the costs reflected in the tariff for the operation of the system pursuant to § 2(o). The funds pursuant to the preceding sentence shall be transferred through the State budget chapter of the Ministry.

### § 13 Substantive regulation

(1) Substantive regulation is the decision-making on

- a) Issuing, changing and cancelling the authorisation to carry out regulated activities according to special regulations, )<sup>23</sup>
- b) consent for the construction of a direct line or a direct pipeline,
- c) exempting a regulated entity, a group of regulated entities, a regulated activity or a group of regulated activities from regulation if the grounds for regulation have ceased to exist, in particular if the operation of the market is sufficient to preserve the purpose of regulation pursuant to § 3(1),

- d) reserving storage capacity and storing gas for the network operator,
- e) granting exemptions from system access obligations for new interconnectors or for existing interconnectors,
- f) granting a temporary exemption from the obligation to ensure third party access to the network and to storage and determining the rules and procedures for the management and allocation of capacity of new major gas installations,
- g) exempting new interconnectors from the obligation to provide third party access to new interconnectors, exempting new interconnectors from regulation under this Act and exempting the use of revenues from the allocation of new interconnectors,
- h) the adoption of measures pursuant to § 10(g),
- i) the issuance of prior consent to
  - 1. by appointing or appointing and removing the person responsible for ensuring the compliance of the distribution system operator,
  - 2. the appointment or election and removal of the statutory body or a member of the statutory body of the transmission system operator,
  - 3. termination of the employment of an employee of the transmission system operator who is under the direct management responsibility of the statutory body of the transmission system operator in matters relating to the operation, maintenance or development of the network of the transmission system operator by termination of employment or immediate termination of employment,
  - 4. the election and dismissal of a member of the supervisory commission of the transmission system operator,
  - 5. the conditions for the provision of services by the transmission system operator to another person which is part of the same vertically integrated natural gas undertaking as the transmission system operator or which directly or indirectly exercises control over a person which is part of the same vertically integrated natural gas undertaking as the transmission system operator,
  - 6. by appointing or appointing and removing the person responsible for ensuring the compliance of the transmission system operator or transmission system owner and the distribution system operator,
- j) the issuance of prior consent to
  - 1. the conclusion or amendment of a contract for the performance of the functions of a statutory body or a member of the statutory body of the transmission system operator,
  - 2. by concluding or amending a contract for the performance of the functions of a member of the supervisory commission of the transmission system operator,
  - 3. the conclusion or amendment of a contract between the transmission system operator and the person obliged to ensure compliance,
- k) imposition of an obligation on the transmission system operator and the transmission system operator pursuant to a special regulation, )<sup>24</sup>
- l) the appointment of an expert for the expert assessment of facts relevant to the performance of the Authority's activities,
- m) the transmission system operator's proposal on the design of reverse flow capacity and on the request for exemption from the obligation to allow reverse flow pursuant to a specific regulation, )<sup>25</sup>
- n) the cancellation of the point of connection of an electricity end-user, electricity producer, electricity storage facility operator, energy community or distribution system operator to the transmission system or distribution system,
- o) termination of the permit holder's rights to the property of another and the obligations corresponding to such rights pursuant to a special regulation, )<sup>26</sup>
- p) imposing an obligation on an electricity supplier or gas supplier to offer electricity or gas to a supplier of last resort under a special regulation, )<sup>26a</sup>
- q) the procurement of non-frequency support services by the transmission system operator other than on the basis of transparent, non-discriminatory and market-based procedures,

- r) the procurement of non-frequency support services or flexibility by the distribution system operator other than on the basis of transparent, non-discriminatory and market-based procedures,
  - s) consent to the ownership, development, management or operation of an electricity storage facility by the transmission system operator or distribution system operator,
- consent to the ownership, development, management or operation of an electricity storage facility or a publicly accessible charging station by the local distribution system operator of the system, and on its abolition,

- t) consent to the launch of a tendering procedure for the provision of electricity storage facility services,
- u) disputes over the content of the contract for the operation or management of the local distribution system of an energy community or a community producing energy from renewable sources, including the remuneration for the operation or management of the local distribution system,
- v) the issue, amendment and revocation of a certificate of establishment of an energy community or renewable energy community,
- w) the imposition of obligations pursuant to specific regulations. )<sup>36b</sup>

(2) Substantive regulation is also the decision to approve

- a) the operating rules of the system operator, short-term electricity market operator, network operator or storage tank operator,
- b) dispatching rules of the transmission system operator,
- c) rules for the sale of electricity by auction,
- d) rules for the allocation of assets and liabilities, costs and income,
- e) supplier of last resort and deciding on its selection,
- f) conditions for the transport of electricity through the distribution system in the electricity transport regime, whereby the approved conditions shall be sent by the Authority to the transmission system operator and the distribution system operator, conditions for the provision of services by the transmission system operator and the transmission system operator to other parts of the vertically integrated undertaking of which the transmission system operator and the transmission system operator are part,
- g) commercial contracts and financial contracts of the transmission system operator with the vertically integrated undertaking, including draft amendments thereto pursuant to a special regulation, )<sup>37</sup>
- h) the compliance programme of the transmission system operator,
- i) contracts for the provision of services pursuant to § 29(2) and (8) and § 45f(2),
- j) contracts related to the implementation of investments in the transmission system and in the transmission network pursuant to a special regulation, )<sup>38</sup>
- k) market demand testing rules for an individual investment under a specific regulation, )<sup>39</sup>
- l) Rules for the allocation of revenues from unbundled interruptible gas transportation capacity and reasonable prices for unbundled interruptible capacity, )<sup>30</sup>
- m) conditions or methodologies for the transmission system operator, transmission system operator or short-term electricity market operator for access to cross-border infrastructure pursuant to specific regulations, )<sup>11b</sup>
- n) the technical conditions of the system operator in the part that regulates the conditions for the connection of electricity generation and electricity storage facilities to the system,
- o) technical requirements for regulatory services procured by the transmission system operator,
- p) the technical requirements for the non-frequency support services to be procured and the conditions for the procurement of non-frequency support services on the basis of market procedures by the transmission system operator,
- q) the technical requirements for the non-frequency ancillary services or flexibility to be procured and the conditions for the procurement of non-frequency ancillary services or flexibility on the basis of market procedures by the distribution system operator.

(3) The substantive regulation is also the issuance of

- a) certificate of origin of electricity from renewable energy sources, certificate of origin of electricity produced by high-efficiency combined production, certificate of origin of biomethane according to a special regulation, )<sup>31</sup>

- b) confirmation of compliance with the notification obligation for persons carrying out activities for which a permit is not required,
- c) a certificate of registration pursuant to § 23,
- d) confirmation of electricity production at the local source.

(4) Substantive regulation is further

- a) imposing an obligation to amend the distribution system development plan or to remedy deficiencies in the plan,
- b) Approving the terms and conditions of a tender procedure for the procurement of electricity storage facility services or their determination at the initiative of the Authority.

(5) Decisions issued by the Authority pursuant to paragraph 2(a) to (c), (e) and (m) shall be binding on all electricity market participants and gas market participants.

#### § 14 Price regulation proceedings

(1) The price regulation procedure (hereinafter referred to as the "price procedure") shall be initiated by the delivery of a proposal for the price of goods and related regulated activities and the conditions for their application (hereinafter referred to as the "price proposal") by the regulated entity to the Authority or at the initiative of the Authority.

(2) Pricing proceedings for regulated activities pursuant to § 11(1)(e), (f) and (i) shall be initiated at the initiative of the Authority. The Ministry shall notify the Authority of the person selected or designated<sup>31a</sup>) for the activity pursuant to § 11(1)(i) within 15 days of his selection or designation by the Ministry.

(3) The participant in the pricing procedure is the regulated entity that submitted the price proposal. If the price procedure has been initiated at the initiative of the Authority, the regulated entity which the Authority intends to price regulate shall be a party to the procedure. The Ministry shall also be a party to the price procedure if the price procedure is a price procedure pursuant to Section 11(1)(c), Section 11(1)(d) for the operator of a regional distribution system, Section 11(2)(c) and Section 11(2)(d) for the operator of a distribution network to which more than 100 000 points of consumption are connected, or the Ministry of the Environment of the Slovak Republic if the price procedure is a price procedure pursuant to Section 11(4)(a) to (c).

(4) The prize proposal shall include

- a) the designation of the regulated entity,
- b) the proposed prices, the conditions for the application of the prices and the documents referred to in § 40(1),
- c) proof of approval of the price proposal by the supreme body of the commercial company or cooperative or by the partners of the public commercial company or by the partners of the limited partnership of the regulated entity pursuant to a special regulation<sup>32</sup>) not older than one year,
- d) an assessment of the impact of the price proposal on individual customer groups,
- e) a notification by the regulated entity carrying out the regulated activity pursuant to Section 2(c)(5) whether it is an affiliated undertaking,<sup>31b</sup>) and the identification of the legal entity with which it is affiliated.

(5) The regulated entity is obliged to submit a price proposal for the first year of the regulatory period to the Authority

to

- a) 31 August of the last calendar year of the regulatory period for regulated activities under § 11(1)(a) to (c) and § 11(4)(g) to (i),
- b) 30 September of the last calendar year of the regulatory period for regulated activities pursuant to § 11(1)(d) for regional distribution systems, § 11(1)(h), § 11(2), § 11(3)(a) to (c) and § 11(4)(a), (b), (d) to (f) and (j),
- c) 31 October of the last calendar year of the regulatory period for regulated activities under § 11(1)(d) for local distribution systems, § 11(1)(g) and (j) and § 11(5),
- d) by 30 November of the last calendar year of the regulatory period for the supply of drinking water through the public water supply system, which the regulated entity purchases from another regulated entity pursuant to § 11(4)(c).

(6) The obligation to submit a price proposal for regulated activities pursuant to Section 11(1)(a) within the deadlines referred to in paragraph 5(a) shall not apply to a regulated entity which carries out a regulated activity pursuant to Section 11(1)(a) and does not claim the right to a surcharge or a surcharge pursuant to a special regulation.<sup>32a</sup>) The obligation to submit a price proposal for connection to the distribution system within the time limit referred to in paragraph 5(a) shall not apply to the operator of the local distribution system. The obligation to submit a price proposal for connection to the distribution network within the time limit referred to in paragraph 5(b) shall not apply to the operator of a distribution network to which no more than 100 000 final gas customers are connected.

(7) The regulated entity shall for the first time submit to the Authority a price proposal for the remainder of the regulatory period, prepared pursuant to § 40(1), for approval within 15 days of receipt of the authorisation, confirmation of compliance with the notification obligation or confirmation of registration.

(8) If the regulated entity is a municipality that owns a public water supply or public sewerage system Category III pursuant to a special regulation<sup>33</sup>) and holds a registration certificate pursuant to Section 23, shall notify the Authority in writing of the price calculated in the manner and to the extent referred to in Section 40(1) within the time limit referred to in paragraph 5(b) or (d) and at least 30 days before any change in the price during the regulatory period. On the basis of the notification, the Authority shall issue a price confirmation to the regulated entity.

(9) If the price proposal received is incomplete or has been drawn up in breach of Section 40(1), the Authority shall invite the party to the price procedure to remedy the deficiencies within a time limit set by the Authority, which may not be shorter than five days; at the same time, it shall inform the party of the possibility of discontinuing the procedure. If the party to the price procedure fails to remedy the deficiencies in the price proposal, the Authority shall discontinue the procedure or determine the price in the same procedure on the basis of the documents available to it. The Authority shall also discontinue the proceedings if the price proposal has not been approved by the supreme body of the company or cooperative or by the members of the public company or the members of the limited partnership pursuant to a special regulation<sup>32</sup>) prior to its submission.

(10) The Authority shall decide in the pricing procedure within 30 days from the commencement of the procedure for activities pursuant to § 11(1)(b) and (c), (e) to (i), § 11(2), § 11(4)(g) to (j) and § 11(5), and within 60 days from the commencement of the procedure for activities pursuant to § 11(1)(a), (d) and (j), § 11(3) and § 11(4)(a) to (j).

(f) The Authority shall suspend the pricing procedure for activities under § 11(1)(a) if the issuance of a pricing decision would result in exceeding the total installed capacity of new installations for the production of electricity from renewable energy sources or by high-efficiency combined generation published by the Ministry for the relevant calendar year pursuant to a special regulation.<sup>33a</sup>) The proceedings may be continued in the calendar year for which the Ministry publishes the next total installed capacity of new installations for the production of electricity from renewable energy sources or by high-efficiency combined heat and power. Pricing decisions in price **250/2012 Coll.** Page 25

Republic proceedings that have been suspended shall be issued by the Authority in the order in which the price proceedings were initiated.

(11) In the price procedure, the Authority shall approve or determine the price of the regulated entity by issuing a price

decisions. The Authority may also approve or specify the conditions for the application of the price in the pricing decision. An assessment of the impact of the price on customers shall also form part of the justification of the price decision. The justification of the price decision for prices for regulated activities pursuant to Article 11(1)(c) and (d) shall also include the method of calculation of the proposed or determined price. The pricing decision shall be signed by the Chairman of the Authority and the Vice-Chairman of the Authority.

(12) The price decision for the first year of the regulatory period shall be valid for the entire regulatory period, unless the Authority approves a change to the price decision.

(13) The Authority may issue an interim measure setting prices and conditions for the application of prices if there is a delay in approving or setting prices. The difference between the provisional price and the final price shall be taken into account in the final price.

(14) The Authority may issue a pricing decision for a regulated entity which carries out a regulated activity pursuant to Section 11(1)(a) for the entire duration of the support by a surcharge or a surcharge pursuant to a special regulation.<sup>34</sup> ) If the Authority issues a pricing decision pursuant to the first sentence, the regulated entity shall not be subject to the obligation to submit a price proposal pursuant to paragraph 5(a). If, during the period of support by means of a surcharge or a surcharge, the price of electricity for the determination of the surcharge or surcharge or the technology of electricity production changes, the regulated entity shall be obliged to submit a proposal for a change to the pricing decision within 30 days from the date on which the change occurred. If the surcharge has been reduced pursuant to a special regulation<sup>17a</sup> ) and further reconstruction or modernisation of the technological part of the electricity producer's installation is carried out during the period of support by the surcharge, the Authority shall amend the pricing decision only if the sum of the costs of the individual reconstruction or modernisation has changed the conditions of support pursuant to a special regulation<sup>17a</sup> ) and the completion of the further reconstruction or modernisation has taken place at the latest within three years of the notification of the pricing decision. A change in the conditions of support pursuant to the previous sentence shall not affect the length of the period of support by way of additional payment and shall be evidenced by an expert's report accompanying the proposal to amend the pricing decision.

(15) A regulated entity which is a commercial company or a cooperative shall submit to the Authority a price proposal and a supplement to the price proposal on its own initiative, if such supplement has an impact on the price change, only after they have been approved by the supreme body of the commercial company or cooperative or by the partners of the public commercial company or the partners of the limited partnership of the regulated entity pursuant to a special regulation.<sup>32</sup> ) A regulated entity which is a commercial company or a cooperative shall submit to the Authority a supplement to the proposal at the request of the Authority only after it has been approved by the statutory body of the commercial company or cooperative.

(16) If the regulated entity, on its own initiative, supplements a proposal in the pricing procedure which has an impact on the change of the price without the prior consent of the supreme body of the commercial company or cooperative or the partners of a public commercial company or the partners of a limited partnership pursuant to a special regulation,<sup>32</sup> ) the Authority shall not take this supplement into account.

(17) The provisions of paragraph 15 shall also be fulfilled if the regulated entity has submitted a price proposal and a supplement to the price proposal on its own initiative, if this supplement has an impact on the price change, approved by the statutory body of the commercial company or cooperative pursuant to a special regulation,<sup>32</sup> ) prior to their submission. The regulated entity is obliged to demonstrate to the Authority that the conditions for delegation of the power to approve the price proposal and the supplement to the price proposal to the statutory body of the company or cooperative are met.

(18) The legislation issued pursuant to Section 40(1) shall apply mutatis mutandis to the pricing procedure referred to in Section 12(1)(g).

## § 15 Proceedings for substantive regulation

(1) A substantive regulation proceeding is a proceeding on matters pursuant to Section 13.

(2) Proceedings on substantive regulation shall be initiated at the request of a party to the proceedings or at the initiative of the Authority.

(3) The complainant is a party to the substantive regulation procedure. Where proceedings for substantive regulation have been initiated at the initiative of the Authority, the person whom the Authority intends to regulate substantively shall be a party to the proceedings. In addition to the complainant, the electricity end-user, electricity producer, electricity storage facility operator, energy community or distribution system operator shall be a party to the substantive regulation procedure, which is the decision to disconnect the point of connection of an electricity end-user, electricity producer, electricity storage facility operator, energy community or distribution system operator to the transmission system or distribution system at such point of connection.

(4) In proceedings at first instance, the decision shall be taken by the competent organisational unit of the Office, except in proceedings pursuant to Article 13(1)(e) and (g), in which the decision shall be taken by the President of the Office.

(5) The Authority shall decide in the proceedings under Section 13(1)(i) and (j) within 21 days of the commencement of the proceedings.

(6) Unless otherwise provided for in this Act, the system operator, the short-term electricity market operator, the network operator or the storage tank operator shall for the first time submit to the Authority the draft operating rules for approval within 15 days of receipt of the authorisation. A local distribution system operator and a distribution network operator which provides services to less than 100 000 connected gas customers shall submit a draft operating order to the Authority for approval within the time limit referred to in the first sentence or shall notify the Authority that it is adopting the model operating order. A transmission system operator, a regional distribution system operator, a short-term electricity market organiser, a transmission system operator, a distribution system operator providing services to more than 100 000 connected gas customers, a storage system operator or a local distribution system operator and a distribution system operator, which provides services to less than 100 000 connected gas customers and which has an operating order approved by the Authority, shall submit to the Authority for approval a proposal for amending the operating order within 90 days of the date on which the conditions on the basis of which the operating order was approved have changed, including changes resulting from generally binding legislation. Together with the draft operating rules or amendments thereto, the transmission system operator, the regional distribution system operator, the short-term electricity market operator, the transmission system operator, the distribution system operator providing services to more than 100 000 connected gas customers or the storage system operator shall submit a record of the public consultation.

(7) The distribution network operator which, by virtue of a decision of the Ministry pursuant to a special regulation<sup>14a</sup> ), performs the tasks of gas dispatching in the defined territory shall be obliged to consult the draft operating regulations or draft amendments thereto, which are related to the operation of the renewable gas register,<sup>21ba</sup> ) with the renewable gas producers, gas suppliers, renewable gas suppliers and relevant renewable gas consumers before submitting them to the Authority for approval. The evaluation of the consultation shall be part of the submitted draft operating rules or draft amendments thereto.

(8) Proceedings for the issue, amendment and revocation of authorisation to carry out regulated activities, proceedings for prior approval pursuant to Section 13(1)(i) and (j) and certification proceedings shall not be subject to Section 17.

## § 16 Extraordinary regulation

(1) Where necessary to achieve the purpose of regulation under section 3(1) and where an exceptional market situation arises or where the market is threatened by the effects of an insufficiently developed competitive environment or

where consumer protection so requires, the Authority may regulate other activities, goods or prices in network industries in addition to those referred to in sections 11 and 13 (hereinafter referred to as 'exceptional regulation'). Extraordinary regulation may be carried out by the Authority only after prior consultation with the European Commission.

(2) The Authority shall carry out extraordinary regulation if it results from the general economic interest or if it is necessary during a state of emergency in the electricity sector, a crisis situation in the gas sector, a state of emergency in the thermal energy sector, a state of emergency declared pursuant to a special regulation<sup>34b</sup>) or to achieve a purpose pursuant to special regulations.<sup>34b</sup>) When emergency regulation is carried out pursuant to the first sentence, the second sentence of paragraph 1 shall not apply.

(3) Emergency regulation proceedings shall be initiated by the Authority.

(4) The Authority may decide in an emergency regulation procedure to regulate other activities, goods or prices in network industries in addition to those referred to in sections 11 and 13, and

- a) notification of a measure consisting of the imposition of an obligation and its conditions,
- b) determine the extent and manner of regulating other activities, goods or prices, c) determine the price.

(5) In the case of emergency regulation, the procedure set out in Sections 12 to 15 shall apply mutatis mutandis.

#### § 16a Crisis regulation

(1) If there is an emergency situation on the market for goods and related regulated activities, if customers are endangered by a disproportionate increase in the price of goods or if the State is threatened with significant economic damage, the Government, on the proposal of the Ministry, may carry out crisis regulation of activities, goods or prices in the network industries referred to in Section 11 (hereinafter referred to as "crisis regulation").

(2) Crisis regulation shall be implemented for a maximum period of one year. If the reasons for which the crisis regulation was implemented persist, the government may extend the crisis regulation for the time strictly necessary.

(3) When implementing crisis regulation, the Government shall determine the prices and the conditions for their application by Government Decree. The Government may determine prices for regulated activities pursuant to Section 11 or individual prices for a regulated entity.

(4) The difference between the prices approved or determined by the Authority in the implementation of price regulation under this Act and the prices determined by Government Regulation pursuant to paragraph 3 shall be taken into account by the Authority in the implementation of price regulation under this Act for the following period of not more than four years after the end of the crisis regulation, unless the difference is settled by means of reimbursement from the State budget.

(5) Price decisions issued by the Authority to regulated entities pursuant to this Act shall not apply if the price is determined pursuant to paragraph 3.

(6) Section 12 shall apply mutatis mutandis to the determination of how crisis regulation is to be

#### § 17 Amendment of a decision, annulment of a decision and discontinuance of proceedings

(1) If necessary to achieve the purpose of the regulation pursuant to § 3(1), the Authority shall, on the application of a party or on its own initiative, amend or revoke the decision.

(2) The Authority shall, on the application of a party or on its own initiative, also amend or annul the decision if

- a) was issued on the basis of false or incorrect information submitted by a party to the proceedings,
- b) it is an electricity emergency or a gas emergency,
- c) the scope of price regulation or the manner in which price regulation is implemented has changed,
- d) the economic parameters on which the price or price approval was based have changed significantly,
- e) the regulated entity has ceased to exist,
- f) the regulated entity has been exempted from regulation or has ceased to carry out the regulated activity,
- g) the conditions on the basis of which the decision under Section 13 was made have changed or facts have arisen which justify such a change,
- h) requested by the European Commission,
- i) this follows from legally binding acts of the European Union,
- j) the regulated entity's authorisation to carry on business in the energy sector or authorisation to carry on business in the thermal energy sector has been revoked pursuant to a special regulation.

)<sup>34c</sup>

(3) The Authority shall, by decision, discontinue the proceedings if

- a) a change to the same decision is already pending,
- b) finds that there are no grounds for modifying or annulling the decision,
- c) an infringement of a generally binding legal provision was found in the preliminary ruling procedure initiated by the Authority, which has an impact on the Authority's decision on the substance of the case,
- d) the regulated entity ceased to exist during the proceedings.

(4) The provisions of Sections 14 to 16 shall apply mutatis mutandis to proceedings for the amendment or revocation of a decision.

(5) In addition to the grounds under the general regulation on administrative proceedings<sup>35</sup>), the Authority shall also discontinue proceedings if the reason for the proceedings initiated at the request of a party to the proceedings has ceased to exist.

(6) The decision to annul the decision under paragraph 2(e) and the decision to discontinue the proceedings under paragraph 3(d) shall merely be noted in the case-file.

(7) A regulated entity may submit a proposal to amend the same pricing decision only after the pricing decision in the previous pricing proceeding has become final.

(8) A regulated entity which is a commercial company or a cooperative shall submit to the Authority a proposal to amend the pricing decision and a supplement to the proposal on its own initiative, if such supplement has an impact on the price change, only after their approval by the supreme body of the commercial company or cooperative or by the partners of the public commercial company or the partners of the limited partnership of the regulated entity pursuant to a special regulation.<sup>32</sup>) A regulated entity which is a commercial partnership or a cooperative shall submit to the Authority a supplement to the proposal at the invitation of the Authority only

after its approval by the statutory body of the company or cooperative.

(9) If the regulated entity, on its own initiative, supplements a proposal for a change to the pricing decision in the pricing procedure, which has an impact on the price change without the prior consent of the supreme body of the commercial company or cooperative or the partners of the public commercial company or the partners of the limited partnership pursuant to a special regulation,<sup>32</sup> ) the Authority shall not take into account this supplementation.

(10) The provisions of paragraph 8 shall also be fulfilled if the regulated entity has submitted a proposal to amend the pricing decision and a supplement to the proposal on its own initiative, if the supplement has an impact on the price change, approved by the statutory body of the commercial company or cooperative pursuant to a special regulation,<sup>32</sup> ) prior to their submission. The regulated entity shall be obliged to demonstrate to the Authority that the conditions for delegation of the power to approve the proposal to amend the pricing decision and the supplement to the proposal to amend the pricing decision to the statutory body of the company or cooperative are fulfilled.

### § 18 Appeal

(1) The time limit for lodging an appeal against decisions of the Authority shall be 15 days from the date of their notification, except for decisions issued in the pricing procedure. The time limit for lodging an appeal against decisions taken in the pricing procedure shall be 40 days from the date of their notification.

(2) A decision to annul a decision pursuant to Section 17(2)(e) and a decision to discontinue proceedings pursuant to Section 17(3)(d) may not be appealed.

(3) Appeals against decisions of the Authority, other than decisions to impose a fine, shall be decided by the Board.

(4) Appeals in pricing and emergency regulation proceedings shall not have suspensive effect.

(5) A regulated entity that is a commercial partnership or cooperative shall submit to the Authority an appeal in the pricing procedure and a supplement to the appeal on its own initiative, if the supplement has an impact on the price change, only after their approval by the supreme body of the commercial partnership or cooperative or by the partners of the public company or the partners of the limited partnership of the regulated entity pursuant to a special regulation. )<sup>32</sup>

(6) If the regulated entity completes the appeal in the pricing procedure on its own initiative, if this completion has an impact on the change of the price, without the prior consent of the supreme body of the commercial company or cooperative or the partners of the public commercial company or the partners of the limited partnership pursuant to a special regulation,<sup>32</sup> ) the Board shall not take into account this completion.

(7) The provisions of paragraph 5 shall also be met if the regulated entity has submitted an appeal in the pricing procedure and a supplement to the appeal on its own initiative, if the supplement has an impact on the price change, approved by the statutory body of the commercial company or cooperative pursuant to a special regulation,<sup>32</sup> ) prior to their submission. The regulated entity shall be obliged to demonstrate to the Board that the conditions for delegating the power to approve the appeal in the pricing procedure and the supplementation of the appeal to the statutory body of the company or cooperative have been met.

### § 19 Oral hearing

(1) Where the proceedings include an oral hearing, the Authority shall not be obliged to take into account facts which the party has not pleaded at the oral hearing at the latest if

a) the party to the proceedings has been served with the summons to the oral hearing at least three Page 30  
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days  
before the hearing; and

b) the party was informed in the summons that the Authority is not obliged to take into account facts which the party does not plead at the oral hearing at the latest.

(2) A party to the proceedings is entitled to apply for supplementation of the decision only at the first oral hearing.

### § 20 Joinder of cases and exclusion of a case for separate proceedings

(1) In the interests of economy of procedure, the Office may join together for joint proceedings cases which are factually related or involve the same parties.

(2) If the application for initiation of proceedings raises matters which are more appropriately dealt with in separate proceedings, or if the grounds for joining the cases fall away, the Office may exclude the case for separate proceedings.

(3) The Office shall issue a decision on the consolidation of the cases and on the exclusion of the case for separate proceedings within the time limit applicable to the earlier proceedings.

(4) A decision to join cases and a decision to exclude a case for separate proceedings may not be appealed.

### § 21 Compliance of decisions with European Commission guidelines

(1) The Authority may ask the Agency for an opinion on the compliance of the Authority's decision with the network rules and guidelines of the European Commission.

(2) The Authority may submit a complaint to the European Commission to review the compliance of a decision of another regulatory authority of a Member State concerning cross-border trade with the European Commission's network rules and guidelines within two months of the decision of the other regulatory authority.

(3) If the European Commission decides that a decision of the Authority is contrary to its network rules or guidelines, the Authority shall revoke or amend such decision within two months of receipt of the European Commission's decision and shall inform the European Commission thereof.

### § 21a Agency decisions under European Union network regulations

(1) The decision of the Agency in the case of cross-border infrastructure under specific regulations<sup>35a</sup> ) shall be binding on electricity market participants or gas market participants.

(2) Decisions of the Agency pursuant to paragraph 1 shall be published on the website of the Authority and on the website of the transmission system operator, transmission system operator or short-term electricity market organiser.

### § 21b Coordinated decisions

(1) Where the Authority is conducting proceedings in a case in which coordination with the regulatory authorities of other Member States is required under a special regulation<sup>35b</sup> ) in the issuance of a decision, the Authority shall, before issuing a decision, inform the other relevant regulatory authorities of other Member States of the draft operative part of the decision and the reasons for it. The Authority shall immediately inform the other relevant regulatory authorities of the other Member States of the adoption of the decision and shall send them a copy of the issued



decisions.

(2) If, during the course of proceedings under paragraph 1, a fact arises under a special regulation,<sup>35b</sup> ) as a result of which the competence of the Agency to decide on the matter arises, the Office shall discontinue the proceedings. The decision to discontinue proceedings may not be appealed.

(3) If the Authority issues a decision in a matter pursuant to paragraph 1 imposing an obligation<sup>É</sup> or conferring a right and, within a time limit specified by a special regulation<sup>35b</sup> ), the decision of the regulatory authority of another Member State which is competent in the matter of the coordinated decision is not issued, or that other regulatory authority issues a decision which is contrary to the Authority's decision, the Authority shall annul the decision issued. The Authority shall proceed in the same way if, in a case in which the Authority issues a decision, a decision issued by a regulatory authority of another Member State is annulled.

## § 22 Quality regulation

(1) Subject to quality regulation

- a) electricity transmission, electricity distribution, electricity supply,
- b) gas transportation, gas distribution, gas supply and gas storage,
- c) heat supply,
- d) public water supply,
- e) waste water disposal by public sewerage.

(2) Quality control shall be exercised by determining

- a) quality standards,
- b) the required level of compliance with quality standards,
- c) the amount of the compensation payment,
- d) the method for calculating the compensation payment,
- e) the method and conditions of payment of the compensation payment.

(3) An electricity market participant, a gas market participant, a customer,<sup>36</sup> ) a water customer<sup>37</sup> ) and a waste water producer<sup>38</sup> ) (hereinafter referred to as the "customer") shall have the right to the delivery of goods and related regulated activities in the quality determined by the quality standards.

(4) The regulated entity is obliged to

- a) adhere to quality standards,
- b) record, evaluate and publish data on quality standards and submit them to the Authority on request,
- c) publish on its website complete and truthful information about the rights and obligations of its customers,
- d) record submissions relating to non-compliance with quality standards,
- e) archive the quality standards data, submissions and documents related to the individual quality standards events evaluated in the quality standards evaluation for five years,
- f) by the end of February each year, send the Authority a summary of compensation payments made for the previous calendar year,
- g) meets<sup>É</sup> the required level of quality standards,
- h) by the end of February of the calendar year, send to the Authority an evaluation of the quality standards for the previous year and publish this evaluation on its website or in another usual way if the regulated entity does not have a website.

(5) If the regulated entity fails to comply with the quality standards and such failure is demonstrable, the regulated entity shall be obliged to make a compensation payment to its customer in the amount and in the manner determined pursuant to § 40(2).

(6) Paragraph 5 shall not apply if the quality standards have not been complied with due to the occurrence of an emergency,<sup>39</sup> ) an electricity or gas emergency, an accident caused by a third party and the customer's decision not to take or deliver the agreed or specified quantity of water.

(7) The customer is not obliged to prove non-compliance with the quality standards.

(8) The payment of the compensation payment shall be without prejudice to the right to compensation.

## § 23 Confirmation of registration

(1) A person who has an ownership or lease relationship to property used for the performance of a regulated activity pursuant to § 2(c)(6) and (7) shall apply to the Authority for registration on the basis of a written application within 30 days of the inclusion of the property in the accounting records or the date of conclusion of the lease agreement. Registration may be applied for by the operator of the public water supply system or public sewerage system instead of the owner of the public water supply system or public sewerage system,<sup>40</sup> ) on the basis of a contract for the operation of the public water supply system or public sewerage system, which at the same time authorises the operator of the public water supply system or public sewerage system to conclude contracts for the supply of drinking water with customers and for the disposal of waste water with producers; the operator of the public water supply system or public sewerage system shall at the same time keep separate accounting records of the regulated activities it carries out.

(2) The application referred to in paragraph 1 shall include

- a) the name and surname, date of birth, permanent address and identification number, if any, of the natural person or the business name, registered office and identification number of the legal person,
- b) the regulated activity carried out by the applicant pursuant to § 11(4)(a) to (f),
- c) the place of performance of the regulated activity; the place of performance of the regulated activity shall be understood to be, in particular, a county, a district, a municipality, a municipal district or a street,
- d) a description of the water management equipment used for the performance of the regulated activity, in particular
  - 1. category of public water supply<sup>41</sup> ) or public sewerage,<sup>42</sup>
  - 2. the total length of the water or sewerage network,
  - 3. the total number of water or sewerage connections,
  - 4. the total number of consumers of drinking water from the public water supply or the number of producers of waste water discharged through the public sewerage system,
  - 5. the total quantity of drinking water supplied by the public water supply system to all drinking water customers in a year or the total quantity of waste water discharged by the public sewerage system from all waste water producers in a year,
  - 6. the designed and actual used capacity of the wastewater treatment plant,
  - 7. the date of commencement of the regulated activity from the date of inclusion of the property in the accounting records or from the date of conclusion of the lease agreement.

(3) The application shall be accompanied by the person referred to in paragraph 1

- a) a document proving the ownership or lease of the property used to carry out the regulated activity,
- b) information on the provision of public water supply or public sewerage according to a special regulation. )<sup>43</sup>

(4) If the application contains the particulars referred to in paragraph 2 and the person referred to in paragraph 1 submits the documents referred to in paragraph 3, the Authority shall issue a certificate of registration within 30 days of the date of receipt of the application.

(5) The regulated entity is obliged to notify the Authority in writing of any change in the data specified in the registration certificate within 15 days of the occurrence of the change and of the termination of the ownership or lease relationship to the property used for the performance of the regulated activity 15 days before its termination.

#### § 24 Market rules

(1) The market rules shall regulate in a transparent and non-discriminatory manner the conditions for the operation of the electricity market, the conditions for the operation of the gas market and the conditions for the performance of regulated activities in the electricity and gas sectors, including the commercial terms and conditions.

(2) In particular, the market rules shall regulate the terms and conditions of

- a) access to the system and network and to gas storage,
- b) cross-border exchanges of electricity,
- c) connections to the system and network,
- d) electricity transmission and gas transport,
- e) electricity and gas distribution,
- f) gas storage,
- g) the supply of electricity, including the supply of regulated electricity and the performance of the activities of the supplier of last resort, and the supply of gas, including the supply of gas by the supplier of last resort,
- h) the provision of support services in the electricity sector,
- i) the provision of system services in the electricity sector,
- j) production, transmission, distribution and supply of electricity produced from renewable energy sources, high-efficiency combined heat and power and electricity produced from domestic coal, k) balancing the system and the network,
- l) assumption of responsibility for deviations of electricity and gas market participants and for system and network deviations, the method of evaluation, settlement and settlement of deviations and regulatory electricity of electricity and gas market participants and system and network deviations,
- m) preventing the occurrence of system and network overloads and addressing system and network overloads,
- n) the allocation and principles for the use of type diagrams for electricity and gas consumption,
- o) access to the organised short-term cross-border electricity market,
- p) organising and evaluating the short-term cross-border electricity market,
- q) the provision of information by market participants to the transmission system operator on the operation and measurements in the electricity system,
- r) the scope, manner and procedure for the publication of information by the system and network operator and the short-term electricity market organiser,
- s) central invoicing of charges related to the operation of the system and related activities for settlement entities,
- t) management, collection and access to measured data in the electricity sector,
- u) the procedure for switching electricity supplier, switching aggregator and switching gas supplier,
- v) protection of vulnerable electricity and gas customers,
- w) the provision of data to the short-term electricity market operator by all market participants in sufficient scope, quality and time.

(3) The market rules shall also regulate the manner of application of the conditions referred to in paragraph 2 on the electricity market and on the gas market, including the time limits for access to the system and network, the time limits for connection to the system and network, the time limits for the supply of electricity and gas and the time limits for the provision of the service, as well as the particulars of the contracts concluded on the electricity market and on the gas market.

#### § 25 Certification and designation of transmission system operator and transmission system operator

(1) Certification of a transmission system operator or transmission system operator is a procedure in which the Authority ascertains whether

- a) the transmission system operator complies with the conditions of ownership unbundling of the transmission system operator under a special regulation, )<sup>44</sup>
- b) the transmission system operator complies with
  1. the conditions of unbundling of the transmission system operator pursuant to a specific regulation,<sup>45</sup> ) or
  2. conditions of ownership unbundling of the transmission system operator under a specific regulation, )<sup>46</sup>
- c) The transmission system owner and the person who is to perform the activities of an independent system operator pursuant to a special regulation,<sup>49</sup> ) meet the conditions for the operation of the transmission network by an independent system operator. )<sup>49</sup>

(2) Office in the proceedings on certification Issued by decision granting certification,

the decision not to grant certification, the decision to withdraw certification and the decision to discontinue proceedings on certification (hereinafter referred to as the 'certification decision').

(3) The Authority shall issue a decision on granting certification if the transmission system operator or transmission system operator demonstrates that it meets the conditions under the special regulation.<sup>47</sup> ) The Authority shall immediately notify the Ministry of the decision to grant certification after it has become final.

(4) The Authority shall issue a decision not to grant certification if the transmission system operator or transmission system operator fails to demonstrate compliance with the conditions under the special regulation. )<sup>47</sup>

(5) The Authority shall issue a decision on withdrawal of certification if the transmission system operator or transmission system operator designated by the Ministry pursuant to paragraph 6 fails to prove in the certification proceedings initiated by the Authority that it complies with the conditions pursuant to the special regulation<sup>47</sup> ) and fails to remedy the breach of the conditions pursuant to the special regulation<sup>47</sup> ) within a reasonable period of time determined by the Authority, which may not be shorter than three months. The Authority shall immediately notify the Ministry of the decision to withdraw certification after it has become final.

(6) On the basis of the Authority's decision to grant certification, the Ministry shall designate by decision the transmission system operator or transmission system operator as a transmission system operator or transmission system operator that meets the conditions under a special regulation.<sup>47</sup> ) The Ministry shall notify the designation of the transmission system operator or transmission system operator to the European Commission without delay and shall ensure that the designation of the transmission system operator or transmission system operator is published in the Official Journal of the European Union.

(7) On the basis of the Authority's decision on withdrawal of certification, the Ministry shall revoke the decision on the designation of the transmission system operator or transmission system operator pursuant to paragraph 6; it shall notify the European Commission of the revocation without delay after the entry into force of that decision.

## § 26

(1) The certification procedure shall be initiated

- a) on a written proposal from the transmission system operator or transmission system operator for certification,
- b) at the initiative of the Authority,
  - 1. if the transmission system operator or transmission system operator notifies it of the facts pursuant to paragraph 9,
  - 2. where the Authority reasonably believes that the transmission system operator or transmission system operator has ceased to meet the conditions under a special regulation<sup>47</sup>) or may cease to meet them,
  - 3. at the reasoned request of the European Commission.

(2) The participant in the certification procedure shall be the transmission system operator or the transmission system operator.

(3) The transmission system operator or transmission system operator shall without delay submit to the Authority documents within the scope provided for by a generally binding legal regulation issued pursuant to Section 40(5) also in the case of certification proceedings initiated at the initiative of the Authority.

(4) The Authority shall prepare a draft certification decision within four months from the date of receipt of the proposal for a certification decision or within four months from the date of initiation of proceedings at the initiative of the Authority in the case of proceedings pursuant to paragraph 1(b) first and second subparagraphs or within four months from the date of receipt of a reasoned request from the European Commission to the Authority in the case of proceedings pursuant to paragraph 1(b) third subparagraph, and shall forward it to the European Commission for its observations together with all the documents relating to the draft certification decision.

(5) The Authority shall give the participant the opportunity to comment on the draft certification decision before it is sent to the European Commission. The Authority shall, no later than the time limit referred to in paragraph 4, invite the party to the proceedings to remedy the deficiencies relating to compliance with the conditions under the special regulation<sup>47</sup>) identified in the certification procedure within a time limit which may not be less than 30 days.

(6) If the Authority does not prepare a draft decision concerning certification within four months from the date of receipt of the application for certification, from the date of initiation of proceedings at the initiative of the Authority in the procedure referred to in paragraph 1(b), first subparagraph and second subparagraph, or from the date of receipt of a reasoned request by the European Commission to the Authority in the procedure referred to in paragraph 1(b), third subparagraph, the Authority shall be deemed to have issued a decision granting certification, the date of receipt of which shall be deemed to be the date of receipt of the

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of the decision to the party shall be deemed to be the third day following the expiry of the fourmonth period; the Authority shall notify the European Commission of this fact and shall send it all the documents relating to the certification procedure. The Authority may amend the decision to grant certification after receipt of the opinion of the European Commission or after the expiry of the time limit for receipt of the opinion of the European Commission pursuant to a special regulation.<sup>48</sup>)

(7) The Authority shall, without delay after receipt of the opinion of the European Commission pursuant to a special regulation<sup>48</sup>), deliver the opinion of the European Commission to the party to the proceedings and invite it to remedy the deficiencies relating to compliance with the conditions pursuant to a special regulation<sup>47</sup>) set out in the opinion of the European Commission within a period of time which may not be shorter than 30 days. The Authority shall issue a decision concerning the certification within two months from the date of receipt of the opinion of the European Commission or from the date of expiry of the time limit for receipt of the opinion of the European Commission pursuant to a special regulation.<sup>48</sup>)

(8) The Authority shall take the opinion of the European Commission pursuant to a specific regulation<sup>48</sup>) into account as far as possible when issuing a decision concerning certification; the Authority shall not be bound

by the opinion of the European Commission. The Authority shall publish the opinion of the European Commission together with the certification decision on the Authority's website. The Authority shall also take into account, when issuing the certification decision, the remedying of deficiencies relating to compliance with the conditions pursuant to the special regulation<sup>47</sup>) by the party to the proceedings in accordance with the Authority's invitation pursuant to paragraph 5 or paragraph 7.

(9) The transmission system operator and the transmission system operator shall notify the Authority of any change in facts, including planned transactions, as a result of which it ceases or may cease to meet the conditions pursuant to a special regulation<sup>47</sup>) without delay after becoming aware of the change in facts, including planned transactions; it shall also submit to the Authority all documents relating to such change in facts.

(10) The transmission system operator, transmission system operator, electricity producer, gas producer, electricity supplier and gas supplier shall provide the Authority and the European Commission with the data and documents necessary for certification and for the supervision of the transmission system operator or transmission system operator pursuant to paragraph 11. The Authority shall keep confidential data and documents which are subject to commercial secrecy,<sup>49</sup>) other commercial data of a confidential nature and data the disclosure of which to a third party could cause harm to the person who provided such data.

(11) The transmission system operator and the transmission system operator shall be supervised by the Authority; the supervision of the transmission system operator and the transmission system operator shall be the continuous monitoring of the fulfilment of the conditions of the granting of the decision on certification and the compliance with the obligations under the special regulation.<sup>47</sup>)

## § 27

(1) The provisions of Sections 25, 26 and 28 shall also apply mutatis mutandis in the case of an application for a decision on certification by a person intending to operate a transmission system or a transmission network; in such a case, the Ministry shall decide on its designation as a transmission system operator or a transmission network operator pursuant to Section 25(6) only after the Authority has issued it with a permit for the transmission of electricity or the transport of gas.

(2) The provisions of Sections 25, 26 and 28 shall also apply mutatis mutandis in the case of a joint application for a certification decision by the transmission system owner and a person who is to perform the activities of an independent system operator pursuant to a special regulation;<sup>49</sup>) in the case of such a joint application for a certification decision of an independent system operator

- a) the Authority shall issue a decision on the certification of an independent system operator if the transmission system owner and the person who is to perform the activities of an independent system operator pursuant to a specific regulation ) demonstrate in the certification procedure that they are capable of fulfilling their obligations

- according to a special regulation;<sup>19)</sup> otherwise the Authority shall issue a decision not to grant certification,
- b) the transmission system owner shall provide the Authority in the certification procedure with all draft contracts necessary to prove the facts referred to in point (a),
- c) the transmission system owner shall provide the Authority and the European Commission with the data and documents necessary for the certification procedure and for the supervision of the independent system operator pursuant to Article 26(10),
- d) The Authority may not decide on certification contrary to the opinion of the European Commission pursuant to a specific regulation. )<sup>28)</sup>

## § 28

### Certification and designation of a transmission system operator or transmission system operator under the control of a person or persons from a third country

(1) The provisions of § 25 (1), (2), (6) and (7), § 26 (1) to (7) and (9) to (11) shall apply mutatis mutandis to a transmission system operator or a transmission system operator over which control is exercised directly or indirectly<sup>29)</sup> by a person or persons from a third State.

(2) When certifying a transmission system operator or a transmission system operator over which a person or persons from a third country exercise control directly or indirectly, the Authority shall, in addition to the conditions pursuant to a special regulation<sup>27)</sup>, assess compliance with the security of supply of electricity or gas in the defined territory and in the territory of the European Union, taking into account the rights and obligations of the European Union in relation to the third c o u n t r y , which arise from international law, including an international treaty concluded with a third State or third States to which the European Union is a party, and which relate to the question of security of electricity or gas supply, the rights and obligations of the Slovak Republic in relation to a third State which arise from an international treaty concluded between the Slovak Republic and a third State and which are in conformity with European Union law, as well as other facts or circumstances worthy of special consideration.

(3) The Authority shall issue a decision on the granting of certification if the transmission system operator or transmission system operator demonstrates that it meets the conditions under the special regulation<sup>27)</sup> and also demonstrates that the acquisition or exercise of control by a person or persons from a third country over the transmission system operator or transmission system operator or transmission system or transmission network does not jeopardise the security of supply of electricity or gas in the defined territory or in the European Union.

(4) The Authority shall issue a decision not to grant certification if the transmission system operator or transmission system operator over which control is exercised directly or indirectly by a person or persons from a third State fails to demonstrate compliance with the conditions under a special regulation<sup>27)</sup> or fails to demonstrate that the acquisition or exercise of control by a person or persons from a third State over the transmission system operator or transmission system operator or transmission system or transmission network does not jeopardise the security of supply of electricity or gas in the demarcated territory or in the territory of the European Union.

(5) The Authority shall issue a decision on withdrawal of certification if the designated transmission system operator or transmission system operator over which a person or persons from a third country has acquiredÉ control or exercises directly or indirectly control does not prove in the certification procedure that it meets the conditions under the special regulation<sup>27)</sup> and does not remedy the breach of the conditions under the special regulation<sup>27)</sup> within a reasonable period of time determined by the Authority, which may not be less than three months, or if it does not demonstrate that the acquisition or exercise of control over the transmission system operator or the transmission system operator or the transmission system or the transmission network by a person or persons from a third State does not endanger the security of supply of electricity or gas in the defined territory or in the territory of the European Union.

(6) If the certification procedure is initiated at the request of a transmission system operator or transmission system operator or transmission system owner or transmission system owner over which a person or persons from a third country exercise control, directly or indirectly, the Authority shall notify the European Commission of that fact.

(7) When certifying a transmission system operator or a transmission system operator over which a person or persons from a third country exercise control, directly or indirectly, the Authority shall request the Ministry to issue an opinion on

the observance of security of supply of electricity or gas in the defined territory and in the territory of the European Union. The Ministry shall issue an opinion within 30 days of receipt of the request for an opinion.

(8) The Authority shall take the opinion of the European Commission pursuant to a specific regulation<sup>28)</sup> into account as far as possible when issuing a decision concerning certification; the Authority shall not be bound by the opinion of the European Commission. The Authority shall have the right to decide not to grant a certification decision, in particular where the granting of a certification decision would jeopardise the security of supply of electricity or gas in the defined territory or in the territory of another Member State. The Authority shall publish the opinion of the European Commission together with the certification decision on its website; where the Authority's certification decision differs from the opinion of the European Commission, the Authority shall also publish on its website the reasons for the difference in the certification decision.

(9) The transmission system operator and the transmission system operator shall notify the Authority of any fact as a result of which a person or persons from a third country acquire or may acquire, directly or indirectly, control over the transmission system or the transmission network or the transmission system operator or the transmission system operator, as soon as it becomes aware of such fact; it shall also submit to the Authority all documents relating to such fact.

(10) The Authority shall without delay inform the European Commission of any fact as a result of which a person or persons from a third country acquire or may acquire control over a transmission system or transmission network or a transmission system operator or transmission system operator; it shall also initiate certification proceedings on its own initiative.

## § 29 Obligations of the regulated entity

(1) The regulated entity shall, in addition to other obligations set out in this Act, be obliged to

- carry out regulated activities on the basis of and within the scope of a permit, notification certificate or registration certificate,
- carry out the regulated activity in accordance with the final decision or confirmation of the Authority and comply with the price regulation and the substantive regulation according to the generally binding legal regulation issued by the Authority, unless a special regulation<sup>214)</sup> stipulates otherwise,
- account for costs in the production, distribution and supply of heat which are not considered to be economically justifiable costs, within the time limit and in the manner laid down by the Authority,
- observe the proportionality of the costs incurred in carrying out the regulated activity,
- submitÉ to the Authority a summary of mutual financial and other transactions between related undertakings, if it is a related undertaking, by 15 July of the calendar year for the preceding year,
- hostÉ, keepÉ for five years after the end of the supply of the goods and after the end of the performance of the regulated activity, and provideÉ on requestÉ to the Authority records of the price of the goods and related regulated activities, including cost and profit calculations,
- publish on its website or in any other appropriate way that guarantees access to the public, the price for the regulated activity subject to price regulation, including the conditions of its application within three working days from the date of delivery of the price decision,
- provide the necessary assistance to the Authority in the exercise of its powers under this Act within the time limits specified by the Authority,
- inform the Authority annually by the end of February of the calendar year that in the previous year it did not carry out a regulated activity for which it has a licence or a certificate of compliance with the notification obligation,
- provide the Authority free of charge with complete and truthful data, documents, documents and any information necessary for the purposes under this Act and for the exercise of the Authority's powers in the scope, manner and within the time limits specified by the Authority,

- k) implement within a specified period the measures imposed by the Authority pursuant to Section 9(1)(e),
- l) comply with the conditions on the basis of which the certification decision was issued,
- m) enable the Authority to carry out supervision pursuant to Section 26(11) and supervision of auctions for the sale of electricity pursuant to Section 30,
- n) follow market rules,
- o) submit to the Authority, to the extent, in the manner and at the times specified by the Authority, data on
  - 1. the price for the supply of electricity and for the supply of gas and the delivery period of electricity and gas to the final electricity customer and to the final gas customer,
  - 2. the method used for pricing goods and services and the method of calculating that price,
  - 3. the amount of electricity and gas consumption by category of customer, including a quantification of the actual costs of ensuring the supply of electricity and gas by category of customer,
  - 4. an overview of the different categories of electricity and gas customers, and enable the Authority and the Statistical Office of the European Union to check this data.

(2) A regulated entity that carries out regulated activities in the electricity or gas sector and is part of a vertically integrated undertaking and carries out at least one of the activities of electricity transmission, electricity distribution, gas transportation, gas distribution, operation of gas liquefaction facilities or gas storage, is required to submit to the Authority for approval a service contract or a legal act modifying that contract (hereinafter referred to as a 'contract modification') through which it ensures the performance of a regulated activity, if it concludes that contract with a person who is part of that vertically integrated undertaking and if the expected value of the subject matter of the service contract is more than EUR 100 000; the contract or a modification of the contract shall be void without the prior approval of the Authority. The Authority shall approve the service contract if the regulated entity demonstrates that the terms of the contract or the amendment to the contract correspond to those customary in the ordinary course of business, otherwise the Authority shall not approve the service contract. The Authority shall take a decision on the approval of the service contract or the amendment of the contract within 45 days of the initiation of the proceedings. If the Authority does not decide on the regulated entity's proposal within 45 days, the Authority shall be deemed to have issued a decision approving the service contract or the contract modification; the Authority shall, upon request of the regulated entity, issue a confirmation of this fact within five working days.

(3) A regulated entity which carries out regulated activities in the electricity or gas sector and is part of a vertically integrated undertaking is obliged to put out a commercial tender for a contract with an estimated value exceeding EUR 100 000, unless it procures it pursuant to a special regulation.<sup>51</sup> ) The obligation does not apply to a regulated entity which is a supplier of electricity or a supplier of gas.

(4) A regulated entity which carries out a regulated activity in the electricity or gas sector and is part of a vertically integrated undertaking is not obliged to announce a commercial public tender if

- a) procures a contract which does not ensure the performance of a regulated activity,
- b) an accident or emergency situation threatening life, health, property or the environment has occurred,
- c) there is only one exclusive supplier on the market with copyright or other rights in the subjectmatter of the procurement; or
- d) the contract is procured through an exchange or trading portals,
- e) fuel is procured for the production of electricity and it is a regulated entity whose revenues from regulated activities subject to price regulation on the basis of eligible costs and reasonable profit do not represent more than 25% of the total revenues for the preceding calendar year.

(5) A regulated entity that does not declare a commercial public tender for one of the reasons referred to in paragraph 4 shall notify the Authority without undue delay of the reason for not declaring a commercial public tender, a description of the subject of the contract, the company name, registered office and identification number

of the selected contractor who is a legal entity, the business name, place of business and identification number of the selected contractor who is a natural person-entrepreneur and the estimated value of the contract.

(6) A regulated entity to which a price decision has been issued and which is not part of a vertically integrated undertaking is obliged to notify the Authority in writing or in electronic form of any contract whose estimated value exceeds EUR 300 000 no later than 30 days after its implementation.

(7) A regulated entity under paragraph 3 shall

- a) notify the Authority in writing or in electronic form of the subject matter of the commercial tender and the conditions of the commercial tender without undue delay after the announcement of the commercial tender; the date and manner of such notification must enable the Authority to exercise its rights under this paragraph,
- b) send to the Authority, in writing or in electronic form, a list of all tenderers who have entered the competitive tendering procedure, no later than two working days after the deadline for entering the competitive tendering procedure,
- c) notify the Authority in writing or electronically of the date and place of the evaluation of the proposals submitted to the competitive tendering procedure at least three days before the evaluation,
- d) notify the Authority of the results of the evaluation of the competitive tendering procedure within 30 days of the end of the competitive tendering procedure.

(8) A regulated entity which carries out a regulated activity<sup>52</sup> in the thermal energy sector or in the water sector and which is a procuring entity under a special regulation,<sup>51</sup> ) is obliged to submit to the Authority for approval a draft contract or a proposal for the amendment of a service contract through which it ensures the performance of the regulated activity, if, on the basis of an authorisation under a special regulation<sup>51a</sup> ), it intends to conclude it with a related undertaking<sup>51b</sup> ) without the use of procurement procedures; without such approval, neither the contract nor the amendment of the service contract may be concluded. The Authority shall approve a draft contract or a proposal to amend a service contract if the regulated entity demonstrates that the terms and conditions of the draft contract or the proposal to amend the service contract correspond to those customary in the ordinary course of business, otherwise the Authority shall not approve the draft contract or the proposal to amend the service contract. The Authority shall not, before

by a decision not to approve the draft contract or the proposal for amendment of the contract, set a time limit for the elimination of the deficiencies which lead to the Authority's decision to do so, if such elimination is possible.

(9) A contract or an amendment to a contract pursuant to paragraphs 2 and 8 shall not comply with the terms and conditions customary in the ordinary course of business, in particular if it contains arrangements which result in a breach of the regulated entity's obligation under paragraph 1(d), arrangements which provide for an unreasonable legal consequence for a breach of the regulated entity's obligation, or arrangements which allow the other party to the contract to unilaterally terminate the contract or the amendment to the contract without the regulated entity having been granted a similar right. A contract or a variation of a contract pursuant to paragraphs 2 and 8 shall not conform to the terms and conditions customary in the ordinary course of business even if the content of that contract or that variation of contract is incompatible with European Union law or European Union policies.

(10) The obligation under paragraph 8 shall not apply to a contract or variation of a contract for the provision of services concluded under a framework agreement which has been procured using procedures under a special regulation.<sup>51</sup> ) The obligation under paragraph 8 shall not apply to a contract or a change to a contract for the provision of services concluded by a regulated entity which carries out a regulated activity in the thermal energy sector and which in the preceding calendar year supplied more than half of the heat for thermal energy uses other than heating and domestic hot water.

(11) The provisions of the special regulation shall apply to determine the estimated value of the subject-matter of the contract and the estimated value of the contract. )<sup>52</sup>

(12) An electricity market participant or a gas market participant who trades wholesale energy products on the wholesale electricity market or the wholesale gas market shall, under the conditions pursuant to a special regulation<sup>7</sup> ), be obliged to

- a) register in the register kept by the Authority for the purpose of monitoring the wholesale electricity market and the wholesale gas market; this shall not apply if the electricity market participant or gas market participant is already registered for this purpose in another Member State,
- b) viesÉ records of trading on the wholesale electricity market and the wholesale gas market,
- c) report to the Agency and the Authority information on trading on the wholesale electricity market and on the wholesale gas market,
- d) disclose confidential information about trading on the wholesale electricity market and the wholesale gas market.

(13) An electricity market participant and a gas market participant shall notify the Authority in writing of any reasonable suspicion of a breach of a specific regulation<sup>7</sup> ) when trading on the wholesale electricity market and the wholesale gas market.

(14) The entity carrying out the regulated activity or the person who, on the basis of a power of attorney or a contract concluded with the entity carrying out the regulated activity, carries out activities related to the rights and obligations of the regulated entity, shall be obliged to allow the Authority to carry out an inspection. In the case of on-site inspection, they shall furthermore be obliged to provide the necessary assistance to the Authority or a person authorised by it, in particular to allow access to their premises without delay upon request.

### § 30 Supervision of auctions for electricity sales

- (1) The auctions for the sale of electricity of an electricity producer and an electricity supplier shall be supervised by the Authority.
- (2) The provisions on control shall apply mutatis mutandis to the exercise of supervision pursuant to paragraph 1.
- (3) The Authority's employee in charge of supervision shall draw up a record of the supervision carried out.

### § 31 Control in network industries

(1) Control under this Act shall be exercised by the Authority.

(2) In justified cases, the Authority may invite persons who are not employees of the Authority to carry out the inspection. The person invited shall be a specialist or a person professionally qualified in the field covered by the subject-matter of the inspection.

(3) The subject of the audit in the audited entity is the verification of

- a) compliance with this Act, general binding legal regulations issued to implement this Act pursuant to Section 40, special regulations,<sup>12</sup> ) general binding legal regulations issued to implement special regulations<sup>13</sup> ) and final decisions of the Authority and the Agency,
  - b) the accuracy and veracity of the data, documents, documents and information submitted to the Authority,
  - c) the implementation of the measures imposed to eliminate and remedy the deficiencies identified during the audit,
  - d) adequacy of costs<sup>13</sup> ) related to regulated activities,
  - e) other facts necessary for the exercise of the Authority's powers.
- (4) An inspection shall commence on the date of the submission of the Authority's authorisation to carry out the inspection (hereinafter referred to as

"authorisation") by an employee of the Authority to the statutory representative of the audited entity or by delivery of the authorisation to the audited entity. The mandate is a document authorising the Authority's employee to carry out an inspection in the audited entity.

(5) The mandate shall contain in particular

- a) the name and registered office or the name and residence or place of business of the inspected entity,
- b) the name and seat of the Authority,
- c) the names and surnames of the Authority's staff and invitees,
- d) the subject of the inspection,
- e) audited period,
- f) the date and place of execution of the mandate.

(6) He shall indicate on the credentials

- a) office
  - 1. the name, surname, function and signature of the Authority employee authorised to grant the authorisation,
  - 2. the stamp of the Office if the mandate is submitted in paper form,
- b) the audited entity, if the mandate is submitted in paper form,
  - 1. the date of submission of the mandate to the statutory representative of the audited entity,
  - 2. the signature of the statutory representative of the audited entity and the stamp of the audited entity.

(7) If, in the course of the inspection, the Authority discovers facts justifying an extension of the subject matter of the inspection, of the audited period, or has reasons to entrust another employee of the Authority or an invited person with the performance of the audit, it shall issue an addendum to the authorisation. Paragraphs 5 and 6 shall apply to the supplement to the authorisation.

## § 32

**Bias in control activities**

(1) Employees of the Authority and invited persons who are aware of facts justifying doubts as to their impartiality shall be obliged to communicate those facts in writing to the President of the Authority without undue delay.

(2) If the audited entity has doubts about the impartiality of the Authority's employees or invited persons with regard to their relation to the subject of the audit, to the audited entity or to its employees, the audited entity may submit written objections against their participation in the audit to the President of the Authority, stating the reason. The submission of objections giving rise to doubts as to the impartiality of the Authority's employees and invited persons shall not have suspensive effect.

(3) Employees of the Authority and invited persons who have notified the President of the Authority of doubts as to their impartiality pursuant to paragraph 1 or against whom the audited entity has lodged objections pursuant to paragraph 2 shall be entitled to perform only such acts during the audit as do not allow delay.

(4) The President of the Authority shall decide on the notification referred to in paragraph 1 or on the objections referred to in paragraph 2 within five working days of their lodging at the latest and shall inform the objector in writing of the decision. The decision on the objections shall not be subject to appeal.

**§ 33 Rights and obligations of the Authority's staff**

(1) In carrying out an inspection, the staff of the Authority shall be authorised to the extent necessary

- a) to enter the premises, facilities and establishments, land and other premises of the inspected entity or entity, or of a person who, on the basis of a power of attorney or a contract concluded with the entity performing the regulated activity, performs activities related to the rights and obligations of the regulated entity, if they are directly related to the subject of the inspection; the inviolability of the dwelling may not be affected by the exercise of this authorisation,
- b) required from the audited entity, as well as from the statutory bodies of the audited entity or from members of the statutory bodies of the audited entity, from the auditing bodies of the audited entity or from members of the auditing bodies of the audited entity, or from employees of the audited entity, from the entity, or from a person who, on the basis of a power of attorney or a contract entered into with the entity, performs a regulated activity, performs activities related to the rights and obligations of the regulated entity, to provide them within a specified period of time, which must be reasonable, with documents, original documents, other documents, statements and information, including data records on electronic media, necessary for the performance of the control, and to make copies and extracts thereof or to require their officially certified translations into the Slovak language,
- c) to also outside the premises of the audited entity to provide evidence of original documents, other documents and records on electronic media.

(2) Employees of the Authority shall

- a) notify the audited entity at the latest at the start of the audit of the subject of the audit and the date of the start of the audit,
- b) present their credentials and an addendum to the credentials, together with their service card or other document proving their identity,

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- c) when taking away the original documents, issue the auditee with a certificate of their removal and ensure their proper protection against loss, destruction, damage and misuse; if the original documents are not necessary for further performance of the audit, they are obliged to return them to the person from whom they were taken away,
- d) acquaint the audited entity with the protocol on the result of the audit (hereinafter referred to as 'the protocol') before its discussion and request a written statement from it on the audit findings within a specified reasonable time; a written statement disputing the audit findings shall be deemed to be an objection,

- e) verify the validity of the objections to the audit findings and take into account the valid and proven objections to the audit findings in an addendum to the protocol, informing the audited entity thereof; objections to the audit findings submitted after the deadline set by the Authority's staff shall not be taken into account,
- f) to justify in writing the unfounded objections to the audit findings and to notify the audited entity at the latest by the date of the discussion of the protocol,
- g) invite the audited entity to a hearing within a specified time and discuss the protocol, including its components, and the addendum to the protocol with the audited entity,
- h) to hand over to the inspected entity the protocol, or an addendum to the protocol, and the minutes of the discussion of the protocol or the record of the result of the inspection carried out,
- i) shall keep secrecy about the facts of which they have become aware in the course of the inspection, unless they are exempted from this obligation in writing by the person in whose interest they have this obligation, or in the public interest by the President of the Authority,
- j) report to law enforcement authorities facts indicating that a crime has been committed.

(3) The rights and obligations of the Authority's employees under paragraph 1 and paragraph 2(b) to (i) shall also apply to invitees.

**§ 34 Rights and obligations of the audited entity**

(1) The audited entity is entitled to

- a) comment in writing on the audit findings during the audit,
- b) at the time of familiarisation with the report, comment on the audit findings and object to the audit findings within the time limit set by the Authority's staff.

(2) The audited entity is obliged to

- a) indicate on the authorisation submitted by the Authority's employee at the start of the inspection the details referred to in Section 31(6)(b),
- b) provide the Authority with the required assistance in the performance of the inspection corresponding to the powers of the Authority's employees pursuant to Section 33(1)(a) and (b) and provide the Authority free of charge with complete and truthful data, documents, supporting documents and any information necessary for the exercise of the Authority's powers under this Act to the extent, in the manner and within the time limits specified by the Authority,
- c) create appropriate material and technical conditions for carrying out the inspection,
- d) lend documents and original copies of documents to the Authority's employees and invitees outside the seat or premises of the audited entity and confirm their return to the Authority's employees,
- e) to attend the commencement of the inspection, the familiarisation with the record or the report and the discussion of the report within the time limit set by the Authority; if the inspected subject cannot attend the commencement of the inspection, the familiarisation with the record or the report for serious reasons and negotiation of the protocol, he/she shall notify the Authority in writing at least two days before the date set,
- f) submit to the Authority, at its request, the results of inspections carried out by other bodies relevant to the subject matter of the inspection carried out by the Authority.

**§ 35 Resulting materials from the audit**

(1) The Authority's staff shall draw up a report on the result of the inspection carried out, which shall include, in particular

- a) the name of the audited entity, its registered office or place of business and its identification number, if assigned,

- b) the names and surnames of the Authority's staff and invitees who carried out the inspection, c) the name and seat of the Authority,
- d) the time of the inspection,
- e) the subject of the inspection,
- f) audited period,
- g) a description of the proven audit findings, statements of the audited entity on the audit findings; the annex to the protocol are documents and documents proving the audit findings,
- h) the date on which the protocol was drawn up,
- i) the handwritten signature of the Authority's staff and of the persons invited to carry out the inspection, if the report is submitted in paper form,
- j) the signature of the representative of the audited entity who was familiar with the protocol,
- k) the date on which the report was received and the time-limit for the addressee's comments on the report,
- l) a written acknowledgement of receipt of one copy of the protocol by the inspected entity.

(2) Where valid objections are made to the inspection findings, the Authority's staff member shall draw up an addendum to the protocol, which shall form part of the protocol. Paragraph 1 shall apply mutatis mutandis to the drawing up of an addendum to the report.

(3) The Authority staff member shall draw up a record of the discussion of the protocol, which shall include in particular

- a) the date on which the inspected entity was notified of the report,
- b) the date on which the minutes were discussed,
- c) the names and surnames of the persons present at the discussion of the minutes and their handwritten signatures, if the minutes of the discussion of the minutes are submitted in paper form,
- d) the measures imposed by the Authority to eliminate and remedy the deficiencies identified in the course of the inspection, including the time limit set for the elimination and remedy of the deficiencies identified in the course of the inspection,
- e) confirmation by the audited entity of the return of the original documents and documents provided for the audit.

(4) A record of the result of the inspection shall be drawn up by an employee of the Authority if no deficiencies have been detected in the performance of the inspection, in particular breaches of generally binding legal regulations and decisions of the Authority. Paragraph 1 shall apply mutatis mutandis to the drawing up of the record.

(5) The inspection shall be concluded by the discussion of the minutes and the signing of the minutes of the discussion

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the protocol or the signing of the record by the inspected subject. When the inspection is completed electronically, the inspection is completed by delivery of the receipt of the protocol and subsequently the minutes of the discussion of the protocol or by delivery of the receipt of the receipt of the record. The record shall also be deemed to have been discussed if the inspected entity refuses to acquaint itself with the record, fails to attend the discussion of the record without prior written notification to the Authority, or avoids the discussion of the record, refuses to comment on it in writing or refuses to sign the minutes of the discussion of the record. This fact shall be indicated by an official of the Authority in the minutes of the discussion of the minutes.

(6) If the Authority finds deficiencies during the inspection, in particular violations of generally binding legal regulations, the resolution of which falls within the competence of other authorities, it shall draw the attention of the competent authorities to these deficiencies.

### § 36 Administrative offences

(1) A regulated entity commits an administrative offence under this Act if

- a) fails to comply within the time limit specified with the measures imposed by the Authority pursuant to Section 9(1)(e),
- b) fails to submit a price proposal within the time limits referred to in Article 14(5) to (7) or (14),
- c) does not submit a price proposal for approval pursuant to Section 44(2),
- d) fails to notify the Authority of the price pursuant to Section 14(8),
- e) fails to submit the draft operating rules or amendments thereto to the Authority for approval or fails to notify the Authority of the acceptance of the model operating rules pursuant to Section 15(6),
- f) fails to record, evaluate or disclose the quality standards data, submissions and documents related to the individual quality standards events evaluated in the quality standards evaluation, or fails to submit them to the Authority upon request,
- g) does not publish on its website complete and truthful information about the rights and obligations of its customers,
- h) does not record submissions related to non-compliance with quality standards,
- i) does not archive data on quality standards for five years,
- j) has not sent the Authority by the end of February a statement of compensation payments made for the previous calendar year,
- k) it does not meet the required level of quality standards pursuant to Article 22(4)(g),
- l) fails to submit to the Authority an evaluation of the quality standards pursuant to Section 22(4)(h) or fails to publish that evaluation on its website or in another usual manner, if the regulated entity does not have a website,
- m) fails to make a compensation payment to its customer pursuant to § 22(5),
- n) fails to notify a change in the details in the registration certificate or the termination of the ownership or leasehold relationship to the property used for the performance of the regulated activity pursuant to Section 23(5),
- o) fails to notify the Authority of changes pursuant to Section 26(9) and the facts pursuant to Section 28(9),
- p) does not carry out a regulated activity in accordance with a final decision or confirmation of the Authority pursuant to Sections 14 to 17 and 29(1)(a) or fails to comply with price regulation or substantive regulation pursuant to a generally binding legal regulation issued by the Authority,
- q) in the production, distribution and supply of heat, fails to account for costs which are not considered economically justified costs within the time limit and in the manner laid down by the Authority,
- r) fails to comply with the proportionality of the costs incurred in carrying out the regulated activity,
- s) fails to submit to the Authority a statement of mutual financial and other transactions between related undertakings, if it is a related undertaking, by 15 July of the calendar year for the preceding year,
- t) fails to keep, maintain for five years after the end of the supply of the goods and after the end of the performance of the regulated activity, or submit to the Authority upon request, records of the price of the goods and related regulated activities, including cost and profit calculations,
- u) fails to publish on its website or in any other appropriate manner that guarantees public access the price for a regulated activity subject to price regulation, including the conditions for its application, within three working days of receipt of the price decision,
- v) fails to provide the necessary assistance to the Authority in the exercise of its powers under this Act within the time limits specified by the Authority,
- w) fails to provide the Authority and the European Commission, free of charge, with true data, documents, supporting documents or any information necessary for the purposes of this Act and for the exercise of the Authority's competence in the scope, manner and within the time limits specified by the Authority,



- x) does not inform the Authority by the end of February of the calendar year that in the previous year it did not carry out a regulated activity for which it has a licence or a certificate of compliance with the notification obligation,
  - y) fails to comply with the conditions on the basis of which the certification decision was issued,
  - z) shall not allow the Authority to carry out supervision pursuant to Section 26(11), supervision of auctions for the sale of electricity pursuant to Section 30, aa) does not issue a call for tenders pursuant to Section 29(3) for a contract with an estimated value exceeding EUR 100 000 which it does not procure pursuant to a special regulation,<sup>52</sup> ) or fails to fulfil the obligations pursuant to Section 29(2), (6), (7) or (8) or Section 45f(2),
- (ab) breaches the obligations connected with the exercise of control pursuant to sections 31 to 35, (ac) breaches the obligations pursuant to special regulations, )<sup>54</sup>
- (ad) fails to comply with market rules,
- (ae) fails to submit to the Authority, to the extent, in the manner and within the time limits specified by the Authority, data on
1. the price for the supply of electricity and for the supply of gas and the delivery period of electricity and gas to the final electricity customer and to the final gas customer,
  2. the method used for pricing goods and services and the method of calculating that price,
  3. the amount of electricity and gas consumed by each category of customer,
  4. an overview of the different categories of electricity and gas customers,
- or fails to allow the Authority and the Statistical Office of the European Union to check that data,
- (af) fails to comply with the operating rules approved by the Authority or the model operating rules adopted,
- (ag) fails to incorporate the special conditions for the supply of electricity or gas into the model terms and conditions of supply or fails to submit the terms and conditions of supply to the Authority for approval pursuant to Section 45(6),
- (ah) fails to comply with a decision of the Agency pursuant to Section 21a,
- (ai) fails to provide the Authority with an explanation, to produce requested documents, to attend a hearing or to allow the Authority to inspect its business or other records pursuant to section 38(6) where it is a party to a dispute decided by the Authority,
- (i) applies a price in contravention of a government regulation pursuant to section 16a(3)

if) he applies a price in violation of § 45j.

(2) A person shall also be guilty of an administrative offence under this Act who

- a) carries out regulated activities in the electricity and gas industries without a permit or confirmation of compliance with the notification obligation,
- b) carries out regulated activities in the thermal energy sector without a permit, )<sup>55</sup>
- c) performs a regulated activity pursuant to § 2(c), sixth point and seventh point without a certificate of registration pursuant to § 23,
- d) is subject to control pursuant to Section 31 and has breached the obligations associated with the exercise of control pursuant to Sections 31 to 35,
- e) fails to comply with the operating rules approved by the Authority or with the model operating rules adopted by the Authority,
- f) applies a price in contravention of a government regulation pursuant to section 16a(3) or in contravention of section 45j.

(3) The Authority shall impose a fine on the regulated entity

- a) from EUR 500 to EUR 10 000 000 for an administrative offence under paragraph 1(o), (r), (y), (aa), (ac) and (ag),
- b) from EUR 500 to EUR 100 000 for an administrative offence under paragraph 1(a), (b), (c), (e), (f) to (m), (p), (q), (s) to (w), (x), (z), (ab), (ad) to (af), (ah) to (ak),
- c) from EUR 100 to EUR 1 000 for an administrative offence under paragraph 1(d) and (n).

(4) The Authority shall impose a fine for an administrative offence on a person pursuant to paragraph 2 ranging from EUR 100 to EUR 100 000.

(5) Where a vertically integrated undertaking commits an administrative offence, the Authority shall impose on it a fine of

EUR 500 to 10 % of the turnover in the year preceding the year in which the vertically integrated undertaking infringed the obligation.

(6) If the Authority quantifies a positive difference between the applied price and the price including eligible costs and reasonable profit, or the extent of the benefit derived from noncompliance with the price regulation method determined by the Authority or from non-compliance with the Authority's decision, it shall impose a fine up to the amount of the identified difference or the extent of the difference.

(7) In determining the amount of the fine, the Authority shall take into account in particular the manner, duration and consequences of the unlawful situation; the Authority shall also take into account whether the regulated entity or the person on whom the fine is imposed has committed the administrative offence repeatedly within 3 years from the date of the final decision on the imposition of the fine.

(8) Proceedings for the imposition of a fine may be initiated within one year from the date on which the Authority became aware that an administrative offence has been committed, but at the latest within five years from the date on which the administrative offence was committed.

(9) In proceedings at first instance, the decision shall be taken by the relevant organisational unit of the Office.

(10) The proceeds of fines imposed by the Authority are revenue of the State budget.

### § 37 Alternative dispute resolution

(1) An end-user of electricity, an end-user of gas, a customer who uses the supplied heat for his own consumption or budgets the supplied heat to final consumers, a water customer or a waste water producer **250/2012 Coll.** Page

who is not a consumer under a special regulation, ) is entitled to submit<sup>66</sup> to the Authority for alternative dispute resolution with the regulated entity, which is an electricity supplier, a gas supplier, an aggregator, a distribution system operator, a distribution network operator, a heat supplier, an owner, lessee or operator of a public water supply system or an owner, lessee or operator of

public sewerage system, if a complaint procedure has been carried out with regard to the subject matter of the dispute<sup>66</sup> ) and the end user of electricity, end user of gas, user who uses the supplied heat for his own consumption or who distributes the supplied heat to final consumers, water user or waste water producer disagrees with the result of the complaint or with the manner of its handling; the possibility of going to court shall not be affected thereby.

(2) The application for alternative dispute resolution shall contain

- a) the name, surname and electronic address or postal address if it is a natural person or the name, registered office and electronic address if it is a legal person who is an electricity end-user, a gas end-user, a customer who uses the supplied heat for his own consumption or who distributes the supplied heat to final consumers, a water customer or a waste water producer,
- b) the name and registered office of the regulated entity,
- c) subject matter of the dispute,
- d) the reasons for disagreement with the outcome of the complaint or the way the complaint was handled,
- e) an indication of what the claimant is seeking.

(3) A proposal for the initiation of an alternative dispute resolution shall be submitted by the end user of electricity, end user of gas, user who uses the supplied heat for his own consumption or budgets the supplied heat to final consumers, water user or waste water producer without delay, at the latest within 45 days from the receipt of the complaint.

(4) The regulated entity pursuant to paragraph 1 and the end user of electricity, the end user of gas, the user who uses the delivered heat for his own consumption or who allocates the delivered heat to end users, the water user or the waste water producer as parties to the dispute resolution shall be obliged and entitled to propose evidence and its supplementation, to submit the documents necessary for the substantive assessment of the dispute. The Authority shall resolve the submitted dispute impartially with a view to its settlement. The time limit for the completion of the alternative dispute resolution shall be 60 days from the submission of a complete application, or 90 days in complex cases from the submission of a complete application.

(5) Alternative dispute resolution shall be terminated by the conclusion of a written agreement binding on both parties to the dispute or by the expiry of the time limit referred to in paragraph 4 if no agreement has been concluded. The Office shall notify the parties to the dispute proceedings of the termination of the alternative dispute resolution on the grounds of the expiry of the time limit.

(6) No special regulation shall apply to alternative dispute resolution under paragraph 1. )<sup>76</sup>

(7) The Office shall discontinue the alternative dispute resolution procedure if, after examination of the application, it finds that the application does not contain the elements referred to in paragraph 2 and the applicant has not supplemented it even after being requested to do so, if the application is unfounded, or if an application has been made to the court in the same matter.

### § 38 Dispute Resolution

(1) The Authority shall adjudicate disputes between

- a) independent transmission system operators and transmission system owners if they have breached their obligations under this Act or a special regulation, )<sup>57</sup>
- b) by a system operator who has breached its obligation under this Act or a special regulation<sup>57</sup> ) and by a participant in the electricity market,
- c) a network operator who has breached its obligation under this Act or a special regulation<sup>57</sup> ) and a participant in the gas market,

- d) vertically integrated undertaking and the transmission system operator if it is part of that vertically integrated undertaking and if they have breached their obligations under this Act or a special regulation, )<sup>57</sup>
- e) vertically integrated undertaking and the transmission system operator, if it is part of that vertically integrated undertaking, and if they have breached their obligations under this Act or a special regulation, )<sup>57</sup>
- f) by the system operator and the applicant for connection to the system, if a breach of the obligation of the system operator to conclude a contract for connection to the system pursuant to a special regulation is contested, )<sup>57a</sup>
- g) aggregators and electricity market participants if they have breached their obligations under this Act or a special regulation. )<sup>57</sup>

(2) The Authority shall decide disputes pursuant to paragraph 1 if the parties to the dispute procedure have not reached an agreement on the settlement of the dispute, if both parties to the dispute procedure agree to it and if no more than one year has elapsed since the breach of the obligation of the party to the dispute procedure, otherwise the matter shall be decided by the court. The consent of the parties to the dispute to the resolution of the dispute by the Office shall not be required in disputes under paragraph 1(f).

(3) Dispute proceedings shall be initiated on the claimant's application.

(4) The persons referred to in paragraph 1 shall be parties to the dispute proceedings.

(5) The applicant's proposal shall, in addition to the particulars required by the special rule,<sup>35</sup> ) include

- a) identification of the parties to the dispute,
- b) a description of all the relevant facts, including the proposed evidence,
- c) the application on the merits,
- d) evidence of failure to reach an agreement on the settlement of the dispute,
- e) the consent of the parties to the dispute resolution, if required under paragraph 2.

(6) The Office shall examine the proposal together with the evidence submitted by the parties to the dispute in support of their claims or its own findings. The Authority shall be entitled to require the parties to the dispute to produce any evidence in support of their claims, including the submission of oral explanations. A party to the proceedings shall, upon request and within a time limit set by the Authority

- a) provide explanations, submit the requested documents relating to the subject matter of the dispute and participate in the oral hearing,
- b) allow the Authority to inspect its business or other records relating to the dispute.

(7) If a party to the dispute who has been duly notified of the time and place of the oral hearing fails to appear at the oral hearing after having been previously instructed, fails to produce the required documents relating to the subject matter of the dispute or fails to allow the Authority to inspect its business or other records relating to the dispute, the Authority may proceed with the dispute and decide on the basis of the evidence submitted to it.

(8) The Office shall decide the dispute within 60 days from the date of receipt of the petition. The Authority may extend this period by 60 days if further evidence and information is necessary to decide the dispute. The time limit so extended may be further extended by the Office only with the consent of the complainant.

(9) The Office shall discontinue the proceedings if, after examining the application, it finds that the application is unfounded or if an application has been made to the courts in the same matter. **250/2012 Coll.**  
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(10) The Authority's decision may be appealed. The Board shall decide on the appeal.

### § 38a Delivery

The retention period<sup>57b</sup> ) for proceedings in matters under this Act and under special regulations<sup>57c</sup> ) shall be five calendar days from the day following the day on which the electronic official report is deposited.

### § 39 Cooperation with the Authority

(1) Where necessary for the purposes of achieving the objectives of the Authority under this Act, the Authority shall cooperate with the authorities of the State administration, other public authorities, authorities of Member States and third countries.

(2) State authorities, local self-government bodies, bodies of interest self-government, other public authorities and other persons shall cooperate with the Authority and, at its request, shall submit to it the information and data necessary for the performance of its activities which are at their disposal.

### § 40 Enabling provisions

- (1) The Authority shall issue a general binding legal regulation which shall lay down
- a) the scope of price regulation,
  - b) how price regulation is implemented,
  - c) the procedure and conditions for the application of prices,
  - d) the conditions for carrying out regulated activities,
  - e) the scope, structure and amount of economically justifiable costs and the method of their payment,
  - f) the date and method of accounting for the planned and actual economically justified costs included in the price of the regulated goods provided and related regulated activities,
  - g) the extent of investment related to the regulated activity,
  - h) the method of determining the amount of reasonable profit; the Authority may, in the interests of preventing and remedying an emergency and in the general economic interest, also set a maximum rate of reasonable profit,
  - i) the documents supporting the price proposal and the method of submitting the price proposal,
  - j) the method of tracking economically justified costs for the regulated activity pursuant to § 11(4)(a) to (f),
  - k) the method of determining the price and the content of the price notification of the municipality which is the owner of the public water supply system or public sewerage system of category III,
  - l) the extent, manner and timing of the submission of actual data on goods and related regulated activities,
  - m) the method and date of clearing costs that are not considered to be economically justified costs,
  - n) details on the application of the system operation tariff and the individual rates of the system services tariff and the system operation tariff,
  - o) the list of eligible industries pursuant to Section 12(7)(b), the amount of electricity intensity of the undertaking pursuant to Section 12(7)(c) and the scope and structure of the report pursuant to Section 12(8),

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- p) details on the determination of the price for the trader's services for the supply of gas to the final gas customer for the production of heat and the supply of heat,
- q) the extent, manner and conditions of electricity consumption to which the s y s t e m operation tariff applies.

(2) The Authority shall issue a general binding legal regulation which shall lay down

- a) the quality standards and their indicators pursuant to § 22 and the deadlines related to their compliance,
- b) the manner in which quality standards are monitored, recorded and evaluated by the regulated entity,
- c) how regulated entities publish data on quality standards,
- d) the manner in which data on quality standards are archived by the regulated entity,
- e) the required level of quality standards,
- f) the amount of the compensation payment and the method for calculating the compensation payment for non-compliance with quality standards,
- g) the method and conditions of payment of the compensation payment.

(3) The Authority shall issue a generally binding legal regulation which shall lay down the rules for the sale of electricity by auction for a producer of electricity who is also a supplier of electricity and for a supplier of electricity, namely

- a) the method of calling the auction,
- b) the content of the auction notice,
- c) the conditions of participation in the auction,
- d) the rule for determining the lowest hand,
- e) the content of the tender and the tender documents,
- f) auction course,
- g) setting up a commission,
- h) criteria for evaluating tenders,
- i) evaluation of tenders,
- j) announcing the result of the auction.

(4) The Authority shall issue a general binding legal regulation pursuant to Section 24, which shall lay down the market rules, namely the conditions

- a) access to the system and network and to gas storage and to the organised short-term electricity market,
- b) cross-border exchanges of electricity,
- c) connections to the system and network,
- d) electricity transmission and gas transport,
- e) electricity and gas distribution,
- f) gas storage and the provision of unused storage capacity,
- g) supply of electricity, including the supply of control electricity and the supply of gas,
- h) the provision and procurement of support services and flexibility in the electricity sector,
- i) the provision of system services in the electricity sector,
- j) electricity generation from domestic coal,

- k) the liability for deviations of electricity market participants and gas market participants and the procedures for the transfer of liability for deviations between electricity market participants or gas market participants,
- l) evaluation, clearing and settlement of deviations and regulatory electricity of individual market participants and deviations of the system and the network,
- m) disclosure of information by the system operator, the network operator and the short-term electricity market organiser and the provision of data by electricity market participants and gas market participants to the system operator, the network operator and the short-term electricity market organiser for the purpose of disclosure of information,
- n) preventing the occurrence of an overload on the national system or network and dealing with an overload on the national system or network,
- o) the use of electricity or gas consumption type diagrams,
- p) activities and tasks of the gas dispatching,
- q) billing for electricity supply and billing information for electricity supply to electricity customers, billing for gas supply and billing information for gas supply to gas customers, and billing for the provision of flexibility to flexibility providers, their particulars and breakdown, the dates of their provision and the billing period,
- r) billing for support services and system services provided,
- s) billing for electricity generated from domestic coal,
- t) the procedure for the registration of market participants, clearing entities or balance sheet groups and changes thereto,
- u) the procedure for changing the electricity supplier, aggregator, gas supplier and the electricity end-user or gas end-user at the off-take point and the conditions for the supply of electricity or gas by multiple electricity suppliers or gas suppliers at a single off-take point,
- v) the scope of provision of information by electricity market participants to the transmission system operator for the purpose of keeping a central record of data on operation and measurements of electricity in the electricity system,
- w) organising and evaluating the short-term electricity market,
- x) central invoicing of charges related to the operation of the system and related activities for settlement entities,
- y) management, collection and access to measured data and data after evaluation of activated flexibility, electricity storage and electricity sharing or after evaluation of gas sharing,
- z) the method for determining the financial security of the clearing entity, aa) the commencement and termination of the supply of electricity and gas by the supplier of last resort, the performance of the activities of the supplier of last resort, the supply of electricity and gas by the supplier of last resort, and the procedure of electricity market participants and gas market participants for the commencement of the supply of last resort,
- (ab) the particulars of contracts concluded on the electricity market and on the gas market,
- (ac) the provision of data and information to the short-term electricity market operator by all market participants in sufficient scope, quality and time,
- (ad) access to the data of the electricity end-user by authorised persons, (ae) evaluation of the clearing entity's deviation when flexibility is activated, af) evaluation of activated flexibility, electricity storage, electricity sharing and sharing

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Gas, ag) access to the data and functional interface of the electronic system operated by the short-term electricity market organiser, the rules of operation and use of the electronic system operated by the short-term electricity market organiser and the scope of activities performed through the electronic system operated by the short-term electricity market organiser, (ah) keeping records of vulnerable electricity and vulnerable gas customers, ai) the cooperation of the transmission system operator in the activities of the short-term electricity market organiser,

- i) the provision of data and corrective data for the purposes of the clearing of deviations, the billing of electricity and gas supplies and the billing for flexibility,

- (ak) limiting the activation of flexibility by the transmission system operator and the distribution system operator, al) curtailment of electricity production in the control of electricity production,
- (am) the determination of the values of the consumption or supply of electricity by alternative means,
- (an) the provision of electricity and gas quantities for the supply of electricity to electricity end-users and the supply of gas to gas end-users, and the dates and extent of the submission of data on the extent of the provision of electricity and gas quantities and the manner of such provision.

(5) The Authority shall issue a generally binding legal regulation laying down the details of the application for a certification decision and the list of documents that the applicant is obliged to submit with the application.

#### § 41 Relationship to the Administrative Procedure Rules

(1) The General Administrative Procedure Act applies to proceedings under this Act<sup>35</sup>) except

- a) § Section 33(2), where the proceedings were based solely on the documents submitted by the party to the proceedings and, at the same time, the party to the proceedings was granted in full,
- b) § Sections 62 to 68 and 71 to 80 in the case of pricing proceedings, unless otherwise provided for in this Act,
- c) § 61, where the review is of a decision on appeal.

(2) The General Administrative Procedure Act<sup>35</sup>) does not apply to

- a) the issue of a certificate pursuant to Sections 13(3) and (4) and 14(8),
- b) the issue of a certificate of registration pursuant to § 23,
- c) the issue, amendment and revocation of a certificate pursuant to Section 9(1)(o) and the examination of objections to a certificate pursuant to Section 6(3)(h), d) exercise of control,
- e) deciding on the notification of the Authority's employees and invited persons of facts giving rise to doubts as to their impartiality and objections of the statutory representative of the audited entity during the performance of the audit,
- f) the decision of the Ministry on the designation of the transmission system operator and the transmission system operator pursuant to Section 25(6) and (7).

#### Preservices

#### § 42

(1) The Office for the Regulation of Network Industries under the previous regulation is an authority under this Act.

(2) The Government shall submit for the first time a proposal for the appointment of the President of the Office to the President of the Slovak Republic by 31 October 2012. Until the President of the Slovak Republic appoints the Chairperson of the Authority, the Chairperson of the Regulatory Council, acting as the Chairperson of the Authority under the previous regulation, shall be deemed to be the Chairperson of the Authority. After the appointment of the Chairperson of the Authority, a member of the Board shall be elected on the proposal of the Government in accordance with the procedure referred to in Section 7(4) until all members of the Board have been appointed. On the date of the appointment of the Chairman of the Authority under this Act, the office of Chairman of the Regulatory Board under the former Regulation shall cease.

(3) The President of the Authority shall appoint a Vice-Chairman of the Authority within two months of his appointment as Chairman of the Authority under this Act.

(4) The Regulatory Board under the previous regulation shall be the Board under this Act. The term of office of the members of the Regulatory Board appointed under the former Regulation shall expire on the expiry of the term of office for which they were appointed under the former Regulation.

(5) The report on the activities of the Authority under this Act shall be submitted for the first time to the National Council of the Slovak Republic, the European Commission and the Agency in 2013.

(6) The regulatory policy under the previous regulation shall be deemed to be the regulatory policy under this Act. The Council shall bring the regulatory policy under the former Regulation into line with this Act by 31 October 2012 at the latest.

(7) The transmission system operator and the transmission system operator shall submit a proposal for the initiation of the certification procedure by 28 February 2013 at the latest.

#### § 43

(1) Decisions and certificates of the Authority issued under the previous regulation shall remain valid until the expiry of the period for which they were issued.

(2) They shall remain in force and effect until the entry into force of generally binding legislation issued pursuant to this Act:

1. Government Regulation of the Slovak Republic No. 317/2007 Coll., laying down rules for the operation of the electricity market, as amended by Act No. 309/2009 Coll. and Government Regulation No. 211/2010 Z. z. and Government Regulation No. 440/2011 Z. z.,
2. Government Regulation of the Slovak Republic No. 409/2007 Coll., laying down rules for the operation of the gas market, as amended by Government Regulation No. 212/2010 Coll.

(3) Decree of the Office for Regulation of Network Industries No. 189/2011 Coll. on the scope of price regulation in network industries and the method of its implementation as amended by Decree No. 168/2012 Coll., Decree of the Office for Regulation of Network Industries No. 216/2011 Coll. establishing price regulation in the gas industry as amended by Decree No. 169/2012 Coll., Decree of the Office for Regulation of Network Industries No. 217/2011 Coll., No 218/2011 Coll., establishing price regulation of the provision of water management services related to the use of water flows, Decree No 219/2011 Coll., establishing price regulation of the provision of water management services related to the use of water flows, Decree No 219/2011 Coll., establishing price regulation of the provision of water management services related to the use of water flows, Decree No 218/2011 Coll., establishing price regulation of the provision of water management services related to the use of water flows, Decree No 218/2011 Coll., establishing price regulation of the provision of water management services related to the use of water flows, Decree No 218/2011 Coll., establishing price regulation of the provision of water management services related to the use of water flows, Decree No 218/2011 Coll., establishing price regulation of the No. 225/2011 Coll., establishing price regulation in the electricity sector, as amended by Decree No. 438/2011 Coll. and Decree No. 184/2012 Coll. issued under the previous regulation shall remain valid and effective until 31 December 2013.

(4) The Authority shall issue a general binding legal regulation pursuant to Section 40(4) by 30 June 2013.

#### § 44

(1) This law applies for the first time to price regulation for 2014. The regulated entity is obliged to submit a price proposal for 2014 within the time limit pursuant to § 14(5). The price decision for 2014 shall also apply for 2015 and 2016, unless the Authority approves a change to the price decision. For the price regulation for 2013, the existing regulation shall apply, unless otherwise provided for below.

(2) The price regulation of vulnerable customers pursuant to § 2(l) of the third point shall be implemented for the first time for the year 2013. The regulated entity shall submit a price proposal pursuant to the first sentence by 31 October 2012.

(3) A regulated entity which, under the previous regulation, carries out a regulated activity under a special regulation,<sup>88</sup> shall carry out that activity under the previous regulation until 31 December 2013.

(4) A regulated entity that performs a regulated activity pursuant to § 2(c), fifth and sixth points, must have for the first time a confirmation of registration pursuant to § 23 when submitting a price proposal pursuant to § 14(5)(c) and (e) for the year 2014.

(5) Price regulation of gas supply for the production of heat intended for household use and gas storage under the previous regulation shall be implemented until 31 December 2012.

#### § 45

(1) Proceedings commenced and not finally terminated under the previous regulation shall be completed under the previous regulation, unless otherwise provided hereafter. The Board shall be the appellate body for proceedings under the first sentence, except for proceedings for the imposition of a fine. The provisions of the previous regulation on the statement of the Ministry and the Ministry of the Environment of the Slovak Republic on the price proposal of the regulated entity shall not apply to price proceedings initiated as of 1 September 2012. The Ministry shall not be a party to the pricing proceedings in pricing proceedings initiated from 1 September 2012.

(2) An inspection commenced and not completed before the entry into force of this Act shall be completed in accordance with the existing provisions.

(3) The provisions of the previous regulations shall apply to the imposition of fines for infringements of the provisions of the previous regulations which arose before the date of entry into force of this Act.

(4) The system operator, the short-term electricity market organiser, the network operator and the gas storage operator shall be obliged to incorporate the market rules into the operating rules and submit them to the Authority for approval within 60 days of the entry into force of the generally binding legal regulation issued pursuant to § 40(4).

(5) By 31 March 2013, the Authority shall draw up model operating rules for a regional distribution system operator, model operating rules for a local distribution system operator and model operating rules for a distribution network operator. The distribution system operator and the distribution system operator shall incorporate the specific conditions for the operation of their distribution system or distribution network into the model operating rules and submit them to the Authority for approval by 31 May 2013 at the latest.

250/2012 Coll.

(6) By 31 May 2013, the Authority shall develop model terms and conditions for the supply of electricity and model

the commercial terms and conditions for the supply of gas, where universal service is provided for the supply. Electricity and gas suppliers providing universal service shall incorporate the specific conditions of their electricity or gas supply into the model terms and conditions of supply and submit it to the Authority for approval by 31 August 2013 at the latest.

(7) The provisions of this Act shall apply to contracts for the provision of services pursuant to section 29(2) concluded after 1 September 2012. Contracts for the provision of services concluded under the previous regulations which are in conflict with this Act shall be brought into conformity with this Act by the parties to the contracts by 31 December 2013.

#### **§ 45a Transitional provision to the modifications effective from 1 February 2016**

Out-of-court dispute resolution pursuant to Section 37 that has been initiated and has not been completed by 31 January 2016 shall be completed in accordance with the regulation in force by 31 January 2016.

#### **§ 45b Transitional provisions to the modifications effective from 28 June 2017**

(1) The Vice-Chairman of the Authority appointed under the regulations in force before 27 June 2017 shall be deemed to be the Vice-Chairman of the Authority under the regulations in force from 28 June 2017. The Chairperson of the Authority shall submit to the Government a proposal for the appointment of the Vice-Chairpersons of the Authority within 90 days of his or her appointment.

(2) The term of office of the members of the Board appointed under the regulation in force before 27 June 2017 shall expire on the expiry of the term for which they were appointed under the regulation in force before 27 June 2017.

(3) Proceedings commenced and not finally terminated under the regulation in force before 27 June 2017 shall be completed under the regulation in force from 28 June 2017.

#### **§ 45c Transitional provisions to the modifications effective from 1 January 2019**

(1) Decisions of the Authority in the case of cross-border infrastructure issued for a transmission system operator, a transmission system operator and a short-term electricity market organiser pursuant to this Act in the wording effective until 31 December 2018 shall be deemed to be decisions issued pursuant to this Act in the wording effective from 1 January 2019.

(2) By 31 March 2019, the Authority will publish on its website the amount of the tariff for the production of electricity from renewable energy sources for 2018.

#### **§ 45d Common provision**

Decisions of the Authority issued in price regulation proceedings and in substantive regulation proceedings pursuant to this Act, as in force until 31 December 2018, shall remain in force for the entire period for which they were issued. This is without prejudice to the provision of Section 17.

#### **§ 45e Transitional provision to the modifications effective from 1 September 2020**

For pricing proceedings initiated and not finally concluded by 31 August 2020, the regulation in force as from 1 September 2020 shall apply.

#### **§ 45f Transitional provisions to the arrangements effective from 1 November 2020**

(1) Section 29(6) shall apply to service contracts concluded after 1 November 2020. The provision under the first sentence and paragraphs 2 and 3 shall also apply to amendments to the contract.

(2) Service contracts pursuant to Section 29(6) concluded before 1 November 2020 shall be submitted for approval by the Authority by 31 January 2021 at the latest. The Authority shall approve the service contract if the regulated entity proves that the terms of the service contract correspond to the terms and conditions customary in the ordinary course of business, otherwise the Authority shall not approve the service contract. Before deciding not to approve the service contract, the Authority shall set a time limit for the elimination of the deficiencies, if such elimination is possible. On the date on which the Authority's decision not to approve the service contract becomes final, the parties to the contract shall have the right to withdraw from the contract.

(3) The obligation under paragraph 2 shall not apply to a contract for the provision of services concluded on the basis of a framework agreement which has been procured using procedures under a special regulation.<sup>51</sup>) The obligation under paragraph 2 shall not apply to a service contract concluded by a regulated entity which carries out a regulated activity in the thermal energy sector and which in the preceding calendar year supplied more than half of the heat for thermal energy uses other than heating and domestic hot water.

#### **§ 45g Transitional provision to the modifications effective from 1 January 2022**

The price regulation of the connection to the public sewerage system pursuant to § 11(4)(j) shall be implemented for the first time for the year 2023.

#### **§ 45h Transitional provisions to the arrangements effective from 1 April 2022**

(1) The price regulation of electricity supply and gas supply to vulnerable customers for the year 2022 shall be carried out in accordance with this Act in the wording effective until 31 March 2022. Price decisions for regulated entities performing regulated activities of electricity supply or gas supply to vulnerable customers shall remain in force until the issuance of new price decisions.

(2) Price regulation for regulated activities pursuant to § 11(5) shall be implemented for the first time for the year 2023.

#### **§ 45i Transitional provisions to the arrangements effective from 1 October 2022**

(1) Proceedings, other than pricing proceedings, commenced and not finally concluded by 30 September 2022 shall be completed under this Act as in force on 30 September 2022.

(2) Until the entry into force of generally binding legal regulations issued on the basis of this Act in the wording effective from 1 October 2022, the Decree of the Office for Regulation of Network Industries No 24/2013 Coll., establishing the rules for the functioning of the internal electricity market and the rules for the functioning of the internal gas market, as amended, shall remain in force and in effect, but no later than until 31 March 2023.

#### **§ 45j Transitional provisions effective from the date of promulgation**

(1) A regulated entity which performs a regulated activity pursuant to § 11(3)(a) to (c) and for which the Authority has approved or determined the price by a price decision for the first year of the regulatory period beginning on 1 January 2023, may apply the approved or determined price up to a maximum price increase limit set by the Government by regulation.

(2) The limit of the increase of the approved or determined price shall be set by the Government in relation to the price last approved or determined by the authorities by a price decision for the respective locality for the last year of the regulatory period ending on 31 December 2022, whereby the limit of the increase may be differentiated for individual components of the maximum heat price and for the nature of the heat consumption.

(3) If the regulated entity did not have a price approved or determined by a pricing decision for the last year of the regulatory period ending 31 December 2022 or in the 5th regulatory period, the limit of increase under paragraph 2 shall be applied to the average of the prices, which shall be calculated from the prices approved or determined by the Authority by pricing decisions for regulated entities for the last year of the regulatory period ending 31 December 2022.

(4) For the purposes of the Government Regulation, the Authority shall, within five working days from the date of entry into force of this Act, develop an average price figure, which shall be calculated from the prices that the Authority has approved or determined by price decisions for regulated entities performing regulated activities pursuant to Section 11(3)(a) of this Act, and shall be calculated from the prices that the Authority has approved or determined by price decisions for regulated entities performing regulated activities pursuant to Section 11(3)(b) of this Act.

(a) to (c) in the last year of the regulatory period ending 31 December 2022.

(5) The difference between the price approved or determined by the Authority and the price applied pursuant to paragraphs 1 and 2 may be subsidised pursuant to a special regulation.)<sup>99</sup>

(6) Price decisions for regulated entities remain in force until new price decisions are issued.

(7) The Authority shall decide in the pricing procedure on the price proposal for the first year of the regulatory period pursuant to § 14(5) within 180 days, with the prices pursuant to the pricing decision being applied from 1 January 2023.

(8) Proceedings on price regulation pursuant to Section 14 which have been initiated and have not been legally terminated by the date of entry into force of this Act shall be completed pursuant to this Act.

(9) In order to protect customers from disproportionate price increases, the Authority may take § 2(o), as in effect on the date of promulgation, into account for the first time in price proceedings for 2023.

#### **§ 45k Transitional provisions to the arrangements effective from 1 August 2024**

(1) Price regulation of access to storage and storage of gas pursuant to § 11(2)(h) shall be implemented for the first time for the year 2025.

(2) Proceedings commenced and not finally concluded by 31 July 2024 shall be completed in accordance with the rules in force until 31 July 2024.

#### **Provideral assessments**

#### **§ 46**

This Act transposes the legally binding acts of the European Union listed in the Annex.