

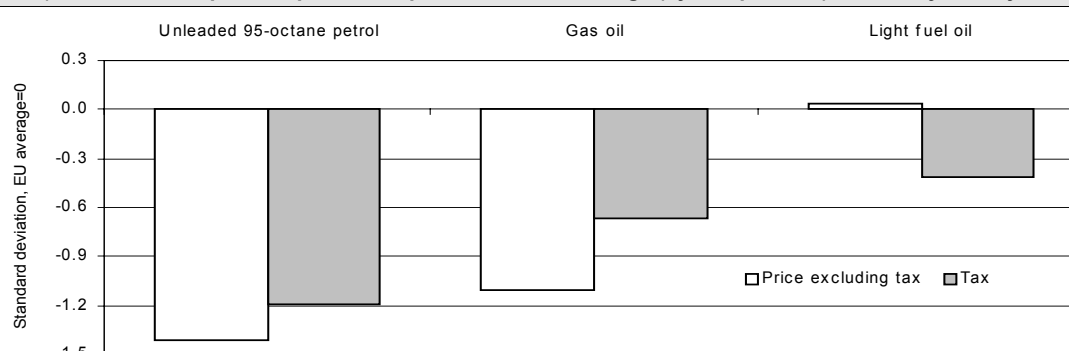
Selected indicators, growth rates in %	Apr-June 2002, GWh	Apr-June 2003, GWh	Apr-June 2003/ Apr-June 2002, %
Production of electricity	3,000	2,816	-6.1
Prod. in hydroelectric plants	783	737	-5.9
Prod. in thermal plants	1,241	1,207	-2.7
Prod. in nuclear power plant	976	872	-10.7
Consumption of electricity	2,880	2,996	4.0
Through distribution network	2,153	2,221	3.2
Direct consumers	665	713	7.2
Net electricity exports	120	-180	n.s.

Source of data: ELES, Electricity Balance for September, additional calculations by the IMAD.

In the **second quarter**, **electricity production** fell by 6.1% compared to the same period last year, while **electricity consumption** increased by 4.0%. As a result, 300 GWh more electricity had to be imported. **Production** in hydro-electric power plants dropped by 5.9% and was over one-third below the quantities planned in Slovenia's production-consumption balance, where the same hydrologic conditions are assumed as seen in the last decades. Production in the nuclear power plant dropped by 10.7% as a result of the low water levels of the Sava River, which the power plant uses as a coolant. Production in thermal power plants fell by 2.7%, but exceeded the quantities planned in the balance by 14.3%. Growth in electricity **consumption** only slowed down slightly and reached 4.0% in the second quarter (6.9% in 2002 and 7.2% in the first quarter), which was still about twice as high as the annual average growth in the second half of the 1990s and projections for 2000-2010 (the draft national energy programme). Direct consumers – domestic iron and steelworks and aluminium production – increased their consumption much more than distribution consumers. Electricity consumption rose by 7.2% in the former and by 3.2% in the latter. Distribution consumers include households, whose consumption is on the increase in summer primarily due to the more widespread use of air-conditioning.

In the first six months, Slovenia's **retail price** of light fuel oil was above the average of more than half EU member states, as revealed by an international comparison of fuel prices. After the world **oil price** (Brent oil to be delivered next month) again exceeded USD 29 per barrel in mid-July, the stock prices of liquid fuels increased; this, coupled with a rise in the US dollar's exchange rate, pushed up the domestic pre-tax liquid fuel prices set by the model. As a result, the government intervened on 22 July by lowering **excise duties** by the amount necessary to keep most liquid fuel prices unchanged for two weeks. This type of intervention was carried out most intensively in March this year, when the government cut excise duties by SIT 14.2 on petrol, SIT 6.7 on gas oil, and SIT 3.3 on light fuel oil compared to the beginning of the year. We used weekly (Monday) prices to calculate the average retail prices of liquid fuels for Slovenia and EU members for the **period from 6 January to 14 July 2003**. As far as **pre-tax prices** are concerned (in Slovenia they are fixed by the model), Slovenia's price of unleaded 95-octane petrol had a standard deviation of 1.4, or 9%, below the EU average (the average is not weighted by consumption of individual members), and the price of gas oil had a standard deviation of 1.1, or was 7% lower. The domestic price of light fuel oil was roughly the same as the average EU price. Only six EU members had a higher price of light fuel oil than Slovenia, including those that are often compared to Slovenia (Greece, Portugal, Ireland). As far as **taxation** is concerned (which covers excise duty, CO₂ tax and VAT), Slovenia's tax on unleaded 95-octane petrol had a standard deviation of 1.2, or 25%, below the EU average, tax on gas oil had a standard deviation of 0.7, or was 17% lower, while tax on light fuel oil had a standard deviation of 0.4, or was 33% lower. Despite the counter-inflationary adjustments of excise duties, Slovenia's tax on gas oil was higher than in four EU members, while tax on light fuel oil was higher than in six members. Tax on unleaded 95-octane petrol was relatively low compared to the EU; it was higher than in only two EU members, Greece and Luxembourg. If we look at **retail prices**, the price of unleaded 95-octane petrol had a standard deviation of 1.5, or 20%, below the EU average, the price of gas oil had a standard deviation of 0.9, or was 13% lower, while the price of light fuel oil had a standard deviation of 0.4, or was 13% lower. Even though the gap behind the EU average was 13% in both gas oil and light fuel oil, the former was cheaper in two EU members, while the latter was cheaper in eight members. This is the reason why the use of standard deviations in comparing prices is more appropriate.

Graph: **Slovenia's liquid fuel prices compared to the EU average (by components), 6 January-14 July**



Sources of data: EC, Oil Bulletin; www/petrol.si; calculations by the IMAD.