

Energy Sector	Slovenian Economic Mirror	IMAD
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Selected indicators, growth rates in %	July-Sept 2002, GWh	July-Sept 2003, GWh	July-Sept 2003/ July-Sept 2002, %
Production of electricity	3,114	2,850	-8.5
Prod. in hydroelectric plants	816	582	-28.7
Prod. in thermal plants	842	1,031	22.4
Prod. in nuclear power plant	1,456	1,238	-15.0
Consumption of electricity	2,879	2,984	3.6
Through distribution network	2,140	2,235	4.4
Direct consumers	681	691	1.4
Net electricity exports	235	-134	-

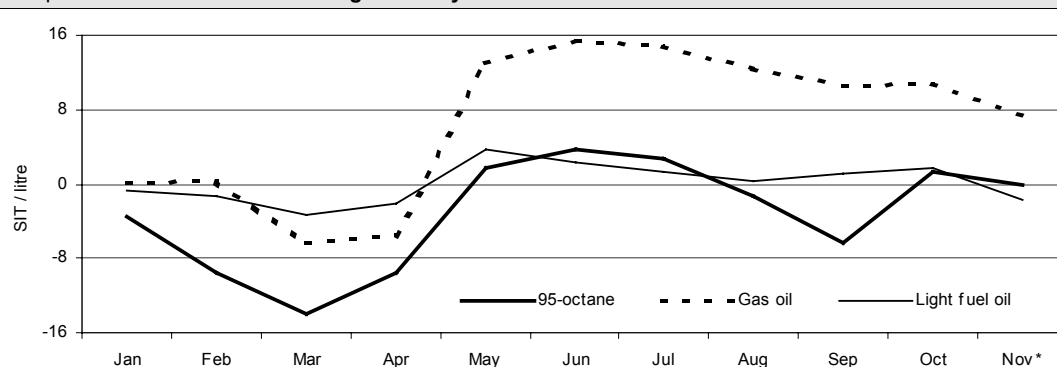
Source of data: ELES, Electricity Balance for September, additional calculations by the IMAD.

Electricity production fell by 8.5% in the **third quarter** over the same period last year, while **electricity consumption** increased by 3.6%. **Production** in hydro-electric power plants dropped by 28.7% and was 36.8% below the levels planned in Slovenia's production-consumption balance, where the same hydrological conditions seen in the last few decades are assumed. Production in the nuclear power plant fell by 15.0% mainly due to August's low water levels of the Sava river, which the power plant uses as a coolant so production capacity had to be reduced in line with environmental standards. In order to partly offset the shortfalls in hydro- and nuclear generation, production in thermal power plants increased by 22.4% and overran the quantities planned in the production-consumption balance by over 50%. While growth in electricity **consumption** of direct users slowed down from 22.4% in the first and 7.2% in the second quarter, when growth was fuelled by the expansion and modernisation of aluminium production facilities, to 1.4% in the third quarter, consumption from the distribution network further increased to 4.4%. The overall rise in electricity consumption was almost twice as high as the average annual rise projected for 2000-2010 (the draft national energy programme). With consumption growing and production falling, Slovenia recorded **net electricity imports** for the second quarter in a row and they totalled GWh 134 in the third quarter, accounting for 4.5% of Slovenia's electricity consumption.

In the **first nine months**, electricity production fell by 3.5% compared to the same period a year ago. Production in hydro-electric power plants was over a quarter lower and production in thermal power plants was close to a quarter higher than planned in the production-consumption balance. Production in the nuclear power plant roughly matched the balance. At the same time, electricity consumption climbed by 5.0%. Direct users increased their electricity consumption by 9.4% and users from the distribution network by 3.9%. The latter consumed 3.7% more electricity than planned. Slovenia became a net importer of electricity in the first nine months, totalling 1.5% of consumption. If consumption does not excessively exceed the planned levels and production roughly equals the planned quantities in the last quarter, the total annual production and consumption should be more or less balanced. It should also be noted that these figures cover production in large public power plants, or a good 95% of Slovenia's total electricity production. If we include electricity generated by distribution and independent power plants (for which no monthly data are available), Slovenia should have a surplus of a few percent in production over consumption.

World **oil prices** are still volatile and relatively high. After the price of Brent oil dropped to close to USD 25 per barrel in mid-September, it exceeded USD 31 in mid-October. Whereas the government did not change the level of **excise duties on liquid fuels** in 2002 (except the SIT 1.0 rise in excise duties on petrol), it carried out counter-inflationary adjustments because of the high and rising oil prices seen in early 2003. In March, when the oil price surged to USD 34 per barrel in anticipation of the war in Iraq, the government lowered the excise duty on light fuel oil by almost SIT 4 compared to 2002, the excise duty on gas oil was lowered by a good SIT 6, while that on petrol by SIT 14 (see graph). Excise duties remained at these low levels in April (because of the decision to freeze liquid fuel prices taken earlier) even though the oil price fell markedly in the meantime. Following the favourable conditions in oil markets, excise duties were raised above the 2002 levels in the next few months in order to compensate for shortfalls in budget revenues from the first four months. The biggest rise was seen in the excise duty on gas oil, which was over SIT 10 higher than in 2002 up until October, while the excise duty on petrol was again lower than in 2002 in August and September.

Graph: **Differences between average monthly excise duties in 2003 and excise duties in December 2002**



Source of data: www.petrol.si; calculations by the IMAD. Note: * average from 1 to 10 November.