

Energy Sector	Slovenian Economic Mirror	IMAD
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Selected indicators, growth rates in %	Q2 2003, in GWh	Q2 2004, in GWh	Q2 2004/Q2 2003, in %	Q2 2003/Q2 2002, in %
Production of electricity	2,812	3,520	25.2	-6.1
Prod. in hydroelectric plants	734	1,133	54.4	-5.9
Prod. in thermal plants	1,207	975	-19.2	-2.7
Prod. in nuclear power plant	872	1,412	62.0	-10.7
Consumption of electricity	2,993	3,034	1.4	4.0
Through distribution network	2,218	2,238	0.9	3.2
Direct consumers	713	722	1.3	7.2
Transmission losses	62	74	19.5	0.0
Net electricity exports	-180	486	n/a	n/a

Source of data: ELES, Electricity Balance for March and June, additional calculations by the IMAD. Notes: n/a – not applicable.

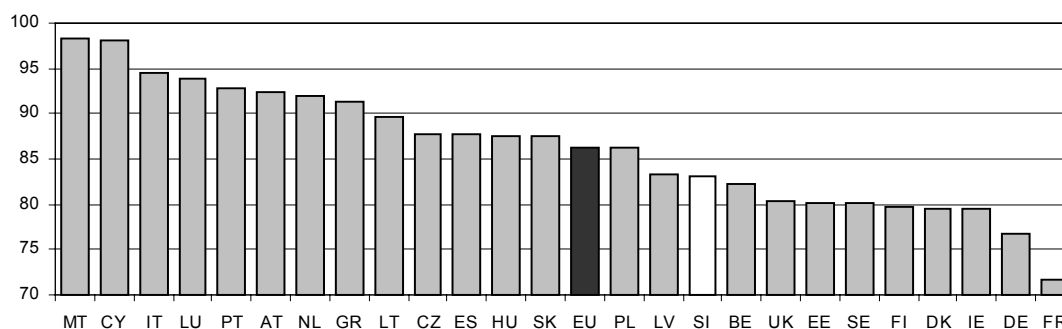
Electricity production surged in the **second quarter** owing to favourable hydrologic conditions and the postponement of the overhaul of the nuclear power plant to September. Electricity consumption increased moderately, while electricity exports rose substantially.

Electricity production increased by 25.2% in the second quarter compared to the same period last year. The biggest rise of 62.0% was seen in the production of the nuclear power plant. It should be noted that last year's regular overhaul took place in May and early June, while this year's should be carried out in September. Hence, a significant year-on-year fall is expected in the third quarter. As the interval between two overhauls is lengthening to a period of over one year, there will not be an overhaul each year. This should next happen in 2005. The rise in total electricity production was also due to the favourable hydrologic conditions, which allowed production in hydro-electric power plants to surge by 54.4% from the same period last year. As a result, the share of hydro-electric power plants in total electricity generation was large (32.2% compared to the 26.1% seen in the same period last year). Production in thermal power plants dropped by 19.2% owing to some overhauls and lower demand resulting from increased hydro-generation.

Growth in **electricity consumption** eased off in the second quarter to 1.4% year on year and was two percentage points lower than in the first quarter. Users from the distribution network increased consumption by 0.9%, while direct users from the transmission network increased consumption by 1.3%. Losses rose the most in the transmission network, going up by 19.5% and representing 2.4% of total consumption, which was the result of increased international trade in electricity. Electricity exports leapt by 75.2% chiefly due to resumed exports from the nuclear power plant to Croatia (since 19 April 2003), while electricity imports fell by 11.1%. While the second quarter of 2003 recorded 180 GWh of net imports, the export-import balance was highly positive in the same period this year as **net exports** totalled 486 GWh, representing 13.8% of total electricity production.

Contrary to expectations from early 2004, **oil prices** did not slow down in the second quarter and recorded a strong upward trend throughout the year. The difference between the highest and lowest monthly value exceeded USD 4, which undermines the reliability of forecasts. From early January, when the price per barrel was around USD 30, the price surged to USD 38 per barrel until mid-July (Brent crude to be delivered in the next month). A comparison of liquid fuel prices made on 14 June this year shows that the **retail price** of 95-octane petrol was lower in five EU members than in Slovenia, the price of gas oil for commercial use was lower in eight members, and the price of light fuel oil for households was lower in half of all EU members. Even though the minimum excise duties prescribed in the EU applied on that day (EUR 359 on petrol, EUR 302 on gas oil and EUR 21 on fuel oil per 1000 litres), Slovenia's **taxation of liquid fuels** was not one of the lowest. The reason is the transitional periods negotiated by some countries, while some members impose a reduced VAT rate on fuel oil. The amount of tax in the retail price of 95-octane petrol was higher than in six members, taxation of gas oil was higher than in nine members, while taxation of light fuel oil was higher than in ten EU members. Slovenia's **pre-tax prices of liquid fuels** were relatively low in gas oil, but they were relatively high in fuel oil (only four members recorded lower gas oil prices, but 14 members had lower fuel oil prices). As regards petrol, Slovenia was ahead of nine members, of which Estonia was the only new member-state (see graph).

Graph: **Prices of 95-octane petrol excluding tax in EU members, 14 June 2002, SIT/litre**



Source of data: EC, Oil Bulletin, No. 1216; calculations by the IMAD.