

Assessment of country performance and opportunities from the Energy Union

Slovakia shows good performance along all the following dimensions of the Energy Union:

- Concerning the *Internal Energy Market*, the successful coupling of the day-ahead markets between the Czech Republic, Slovakia, Hungary and Romania has improved price stability in the region. Also the interconnection capacity for electricity was of 61% in 2014 for Slovakia, which is well above the 2020 and 2030 objectives. However, regulation in the electricity and gas retail markets remains high, as end-user prices for all households and SMEs are regulated.
- *Energy Efficiency*: Slovakia is on track to meet its 2020 energy efficiency target. Primary and final energy consumption has been decreasing in 2005-2013 at a rate which is very close to the EU average. At the same time, Slovakia still has the fifth highest energy intensity of the economy in the EU, with the industry having large potential for improvement. If Slovakia continues its efforts regarding energy efficiency, the 2020 target can be reached even if the economy continues to grow. In particular, there is scope for cost-efficient investments in energy efficiency with regard to retrofitting of buildings.
- *Decarbonisation*: The country is on track to meet its 2020 targets for greenhouse gas emission reductions and renewable energy.

Nevertheless, **Slovakia faces challenges** along all the remaining dimensions of the Energy Union:

- *Energy Security* is a pressing issue for Slovakia as it imports all its gas from Russia. Although gas infrastructure would allow for good diversification of sources and routes, Slovakia thereby remains one of the most vulnerable EU countries to possible gas disruptions. The establishment of a reverse flow mechanism with Ukraine was an important milestone for energy security in the region.
- *Research and Innovation*: Slovakia lags behind EU average, Japan and South Korea but is at the same level as the US in terms of public support share allocated to research and innovation in the field of energy and environment. In terms of patents for low-carbon technologies, Slovakia is much behind the EU average and main worldwide partners.

The **Energy Union Strategy can provide potential benefits** for Slovakia:

- *Energy Security*: The Energy Union will reduce Slovakia's energy dependence through (i) the diversification of EU gas sources, suppliers and routes, (ii) better coordination of emergency response mechanisms among Member States, (iii) the development of North-South infrastructure and reverse flow options and (iv) increased energy efficiency and indigenous resources in the medium term.
- *Internal energy market*: Market integration of renewables and regional cooperation among Member States' support schemes will benefit Slovak customers and businesses. Projects of common interest will speed up the process of capacity and functionality upgrade of the existing regional infrastructure and construct the missing infrastructure that will deliver integration and diversification benefits. Regional cooperation on generation adequacy with neighbouring countries will enhance security of electricity supply.
- *Energy Efficiency*: The Energy Union supports investments in particular in the buildings sector and low-carbon transport systems by strengthening the targeted use of financial instruments. In Slovakia, significant contributions can be expected from the European Structural and Investment Funds, the European Fund for Strategic Investment and revenues from auctioning of ETS allowances. Increased energy efficiency will improve energy security, reduce energy bills and contribute to reducing energy poverty.
- *Decarbonisation*: The Energy Union will further develop the regulatory framework for supporting cost-effective investments in renewable energy. Such investments will ensure that Slovakia continues to de-carbonise its economy and industry and stay on track for achieving its 2020 and upcoming 2030 climate and energy targets.