

Slovenia is fighting energy poverty

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Description

Slovenia has addressed growing social hardship due to the impact of high energy prices. The most vulnerable people received a solidarity energy bonus of €150 in mid-April 2022. Households also received support: they were exempted from paying network charges for electricity for three months (February-April 2022). Finally, excise duties on electricity and energy products have been reduced considerably for six months (February-July 2022). New measures were announced on 14 July 2022.

In the face of growing social hardship due to the impact of the steep rise in energy prices on households, the Slovenian Parliament, in February 2022, adopted an Act Determining Emergency Measures to Mitigate the Impact of High Energy Prices (GRS, 2022b). The Act introduced a one-time €150 solidarity energy bonus for the most vulnerable people, a temporary exemption from paying network charges for electricity, and a temporary exemption from payment of charges to support electricity production from high-efficiency cogeneration and renewable energy sources (both three-month exemptions effective from 1 February to 30 April 2022).

In two Decrees determining the amount of excise duties on electricity and energy products (fuel and fuel oil), the Government reduced these duties considerably for the period from 1 February to 31 July 2022.

Those entitled to a solidarity energy bonus were:

- 1) pension beneficiaries whose pension for December 2021 did not exceed €1,000;
- 2) beneficiaries, in December 2021, of disability benefit, cash social assistance, income supplement, or child allowance (provided that their household monthly net per capita income did not exceed €680.56);
- 3) beneficiaries of the large-family allowance in 2021; and
- 4) foster parents with at least one foster care contract in December 2021.

Only one solidarity energy bonus was paid per person. It amounted to €150, except for large-family allowance beneficiaries with four or more children, who received an additional €50. The bonus is not subject to personal income tax and is not included in income for the purposes of the means test for various transfers from public sources (such as cash social assistance [except for emergency cash social assistance], income supplement, child allowance, state educational grant, childcare subsidy, school meals subsidy, etc.). The bonus was paid ex officio (i.e. no application was needed) in mid-April 2022.



Outlook and commentary

In mitigating the impact of high energy prices for the most vulnerable groups, the Government took the same approach as in its measures to mitigate the consequences of the COVID-19 epidemic. That experience confirmed the need to act both symmetrically and asymmetrically (GRS, 2022a; 2022b).

The solidarity energy bonus is an asymmetric measure aimed at mitigating energy poverty among the most vulnerable groups, consisting of over 621 thousand persons (Hočevar, 2022) (almost a third of Slovenia's population), who were estimated to be particularly affected by energy prices. It is designed to maintain the motivation to reduce energy consumption and invest in energy-efficient measures in the long run.

Temporary exemption from payment of network charges was one of the social protection and inclusion measures taken in response to the COVID-19 epidemic. It reduced monthly electricity bills for March,

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April and May 2020 by, on average, 25% for households and other small consumers of electricity (GRS, 2020). This measure, together with lower excise duty on electricity, was expected to reduce the amounts to be paid by 30 to 35% from February to April 2022 (GRS, 2022a).

The solidarity energy bonus – whose total amount was estimated at €92.4 million (Hočevar, 2022) – will be financed by the Climate Change Funding Programme, as encouraged by the European Commission (Act Determining Emergency Measures to Mitigate the Impact of High Energy Prices, 2022). The two non-monetary measures and the costs due to the lower excise duty on electricity will be partly covered by the profits of companies receiving network charges for electricity (GRS, 2022a).

The new Government, formed on 1 June 2022, has just announced new measures (on 14 July 2022). Electricity prices for households and small and medium-sized companies will be capped from 1 September 2022 to August 2023. It is expected that, depending on the provider, households will pay between 15% and 60% less for electricity than now. The government explains that prices will be kept low through a combination of lower duties and measures that will reduce the profits of power generation companies. The excise fee on electricity will remain at 50% of the headline level, whereas the contribution for renewable sources will be cut in half. (The Slovenia Times, 2022) More details will be available in the related Decrees which still have to be published in the Official Gazette.

Further reading

Act Determining Emergency Measures to Mitigate the Impact of High Energy Prices [[Zakon o nujnih ukrepih za omilitve posledic zaradi vpliva visokih cen energentov \(ZUOPDCE\)](#)], Official Gazette of the Republic of Slovenia, No. 29/2022.

Decree amending the Decree determining the amount of excise duty on energy products [[Uredba o določitvi zneska trošarine za energente](#)], Official Gazette of the Republic of Slovenia, Nos. 12/2022 and 29/2022.

Decree fixing the excise duty level for electricity [[Uredba o določitvi zneska trošarine za električno energijo](#)], Official Gazette of the Republic of Slovenia, Nos. 12/2022 and 57/2022.

GRS (2020), [Slovenia takes decisive action to fight the epidemic and help the population and the economy, Government of the Republic of Slovenia](#), Ljubljana, 1 June 2020.

GRS (2022a), [Prime Minister Janša: The Government agrees EUR 150 solidarity and energy vouchers, Government of the Republic of Slovenia](#), Ljubljana, 29 January 2022.

GRS (2022b), [Slovenia Weekly: The end and a new beginning](#), Government of the Republic of Slovenia, Ljubljana, 4 February 2022.

Hočevar, B., "Danes in v četrtek nakazilo po 150 evrov", Delo, 12 April 2022, p. 3.

The Slovenia Times (2022), [Electricity prices for households, small business capped as of September](#), 14 July 2022.

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