



***“ Consumer Organisations and General Interest Functions: for a citizens evaluation of national regulatory authorities”***

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## Introduction

The international project “Consumer Organisations and General Interest Functions: for a citizens evaluation of national regulatory authorities” led and coordinated by FONDACA - Active Citizenship Foundation during the years 2006 – 2008 is oriented on general interest services-market and its efficiency( electricity and gas deliveries, postal, telecommunication and airpassenger services) and evaluation of National Regulatory Authorities by consumers across the 9 EU-countries using empirical recognition, methods of economical analysis, comparative analysis and econometrics. The project financed by DG-SANCO will be finished in January 2008. The presentation of final project-results will be in Brussels and the final project-report will be distributed in project partner-countries.

The report is to present the importance and functioning of the general interest services in the market economy especially in relation to consumer interest and consumer protection. The project-partner in the Slovak Republic is Association of Slovak Consumers. The main part of this project is evaluation for Database of the consumer cases, reflecting the situation as for services of general interest in Slovakia. The consumer cases were collected from our regional consumer advisory centres in Banska Bystrica, Bratislava, Nove Zamky, Prievidza, Piestany and Zvolen.

The Združenie slovenských spotrebiteľov - Association of Slovak Consumers ASC is the oldest consumer organization in Slovak republic. It is a non-profit civil organization, which was established on 10<sup>th</sup> of February 1990, as the first consumer organization in the former CSFR. The Association of Slovak Consumers is a voluntary association of individuals, clubs, associations and legal entities established for the protection of consumers. The mission of the organization is to provide advisory and educational work within the area of consumer issues. Priority of ASC is to help citizens of SR to protect their consumer and citizens' rights according to the legislation. Our coordination center is seated in Bratislava and we have 9 advisory regional centers in all regions of Slovak Republic. They are in Banská Bystrica, Bratislava, Dolný Kubín, Košice, Nové Zámky, Prievidza, Rožňava, Piešťany, Vranov nad Topľou, Zvolen, so they cover all regions of Slovakia and 5 from 8 regional seats. From year 2006 work consumers advisory service too in Info centre young in Banská Štiavnica, Partizanske, Šurany and Topoľčany. Consumer from other cities and regions can contact centers through communication tools. For communication of issues, questions and problems, which is free of charges, we use mainly telephone, fax, e-mail or internet (web-page: [www.zss.sk](http://www.zss.sk)).

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## A. National regulatory establishment

### 1. Regulatory Office for Network Industries

#### Sphere of action and powers

It was established by the Act No. 276/2001 Coll. of 14 June, 2001 on Regulation in Network Industries and on Amendments and Additions to Some Acts in wording of the Act No. 658/2004 Coll., the Act No. 656/2004 Coll. on the Energy Industry and on Amendments of Some Acts and the Act No. 657/2004 Coll. on the Heat Supply Sector.

#### State regulation

The Office is responsible for the state regulation of network industries, including granting of licenses, regulation and fixation of prices. It issues decisions about building, reconstructions and decommissioning of power installations. It controls and inspects the production, transit and distribution of electricity, gas and heat.

#### Deliberations, decrees and other legal documents. The most important decrees are:

**DECREE of the RONI of 21 June 2006 No. 2/2006, which lays down the scope of price regulation in the electric energy sector and the method of its implementation, scope and structure of eligible costs, method of determination of reasonable profit and background documents for price proposal.**

**DECREE of the RONI of 27 August 2007 No. 2/2007, which lays down the scope of price regulation in the electric energy sector and the method of its implementation, scope and structure of eligible costs, method of determination of reasonable profit and background documents for price proposal.**

**DECREE of the RONI of 21 June 2006 No. 4/2006, which lays down the scope of price regulation in the gas sector and the method of its implementation, scope and structure of eligible costs, method of determination of reasonable profit, and background documents for price proposal**

**DECREE of the RONI of 31 July 2007 No. 4/2007, which lays down the scope of price regulation in the gas sector and the method of its implementation, scope and structure of eligible costs, method of determination of reasonable profit, and background documents for price proposal**

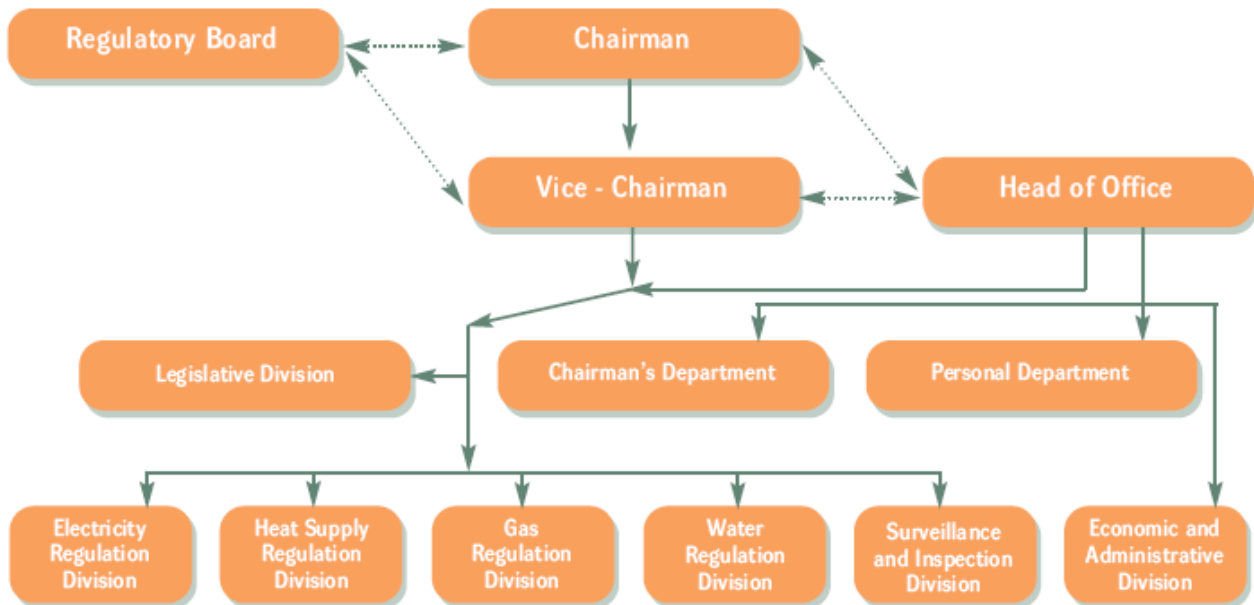
**DECREE of the RONI of 21 June 2006 No. 3/2006, laying down details of the procedure for regulation of prices in the thermal energy industry and determination of the extent of economically justified costs and reasonable profit**

**DECREE of the RONI of 21 June 2006 No. 4/2006 laying down details of the procedure for regulation of prices with respect to water management activities related to the operation of public water piping and public sewage system and determination of the extent of economically justified costs and reasonable profit**

**On the website of the Office and on the website of the Slovak Energy Agency <http://www.sea.gov.sk/>. Legal documents are published in the Statute or announced in the Statute and published by the Office.**

## Organisation structure of the Regulatory Office for Network Industries

The chairman and the Regulation Committee are bodies of the Office for Regulation of Network Industries. The Regulation Committee has six members.



### 1. The Electricity Sector

In 2006 RONI prepared secondary legislation in the form of:

- Electricity market rules,
- The decree on separate unbundling of regulatory assets that are subject to accounting and on the way of keeping records on assets and liabilities,
- The decree on quality standards of electricity supply and services associated with their supply.

In addition, the Regulatory Office dealt with initiatives of electricity market participants concerning the setting or approval of method, procedures and conditions applied for the price calculation and regulation conditions under the Act on Regulation. It did not resolve any dispute related to an obligation to provide access to the transmission grid.

In 2006 the Regulatory Office ensured a transparent and non-discriminatory competition and the functioning of the electricity market mainly through price regulation, which meant the setting of conditions for performing regulated activities by means of decrees, decisions and further secondary legislation – operational orders for market participants subject to regulation, licences for doing business, decisions on origin of electricity supply, etc.

### The Opening of the Electricity Market

The process of the electricity market opening is laid down in the Energy Act, based on which all consumers with exception of households have become eligible consumers since 1 January 2005. The 100% market opening, as required by Directive 2003/54/EC on common rules for the internal electricity market, is expected to happen since 1 July 2007.

Based on such circumstances RONI ceased to regulate the purchase price of active power for eligible consumers. However, it continued to further regulate the following prices:

- Supply of active power for captive consumers - households,
- Regulatory energy for ancillary services,
- Electricity generated from domestic coal, renewable energy sources and cogeneration.

The subject of regulation is electricity supply, connection and access to the transmission system, the distribution system and electricity transmission and distribution in the restricted area, provision of ancillary services and balancing services in the electricity sector, connection and access of new electricity producers into the grid.

Within its competences the Regulatory Office observes the compliance with the rules applied for the functioning of the electricity market, including the measures aimed at preventing from the occurrence of overload in the national grid and solving the situation when such state occurs in the national grid.

In order to determine the method, procedures and conditions for connections and access to the electricity system RONI approved:

- The Operational Order for the Transmission System Operator SEPS, a.s. ;
- The Operational Order of the Distribution System Operator ZSE, a.s. ;
- The Operational Order of the Distribution System Operator SSE, a.s. ;
- The Operational Order of the Distribution System Operator VSE, a.s.

By granting approval of the above listed operational orders RONI set out a range, method and rules for keeping separate accounting records for the needs of price regulation, as well as the rules and procedures for the publishing of the information on prices of goods and services and on the conditions of their supply or provision. The operational procedure for the distribution system operators with annual volume below 1.5 TWh remained subject to approval.

In accordance with the Act on Regulation the Regulatory Office continuously monitored a level of achieved market transparency and the competition in the market with goods and services, delivery or provision of which is subject to regulation under the act in question. The Regulatory Office also monitored the compliance of obligations of transmission system operators and distribution system operators, including the compliance with an obligation to provide the parties concerned with the information and an obligation to keep separate records for the purpose of accounting.

In 2006 the Regulatory Office totally released 205 licenses for doing business in the energy sector, of which 1 license was for electricity transmission, 21 licenses for electricity generation, 70 licenses for electricity distribution and 113 licenses for electricity supply. RONI also issued 37 decisions on the origin of electricity generated from renewable energy sources.

The Regulatory Office keeps its web page on which it publishes the lists of holders of licenses for performing regulated activities. In accordance with the Act on Regulation the Regulatory Office also performed surveillance over the compliance of the act in question, relevant acts and generally binding legal regulations released for their execution.

### **Price Regulation in the Electricity Sector**

With the validity for the year 2006 RONI overallly issued 235 price decisions, of which:

- 27 for dominant market participants (SE, a.s., SEPS, a.s., ZSE, a.s., SSE, a.s. and VSE, a.s.),
- 149 for regulated companies with annual supply not exceeding 1,5 TWh,
- 22 for generators of electricity generated from combined heat and power and
- 37 for generators of electricity generated from renewable energy sources (at the same time these are decisions on origin of electricity).

In 2006 the Regulatory Office also issued 275 price decisions with validity for the year 2007, of which

- 17 for dominant market players (SE, a.s., SEPS, a.s., ZSE, a.s., SSE, a.s. and VSE a.s.),
- 111 for regulated companies with annual supply not exceeding 1,5 TWh,
- 34 for generators of electricity generated from combined heat and power
- 113 for generators of electricity generated from renewable energy sources (these are simultaneously decisions on origin of electricity).

## **2. The Gas Industry**

The scope of price regulation resulting from the Act on Regulation and implemented into the Decree of the Office for Regulation of Network Industries No. 4/2005 dated 30 June 2005 laying down the scope of price regulation in the gas industry and the way of its implementation, the scope and structure of eligible costs, the way of setting the size of adequate profit and background information used for the price proposal has not been changed and Decree No. 4/2005 that was effective in parallel with new Decree No. 4/2006 presented the legislative background for setting prices for regulated activities in the course of the year 2006.

The objective of a new decree was also the application of expertise and experience acquired during the ongoing regulatory period and their amendments in individual provisions of the existing decree laying down the scope of price regulation for grid connections, connections of new gas producers to the grid, grid access, gas transmission, gas distribution and gas supply for households, the way of its performance, the scope and structure of eligible costs and the method of setting the size of adequate profit in the gas industry.

The issuance of a new decree resulted primarily from the need to provide the more precise definition of some notions required for determination of the method of price regulation, extension of input data for evaluation of price proposals of regulated companies in regulation of the prices for access to the transmission network and gas transmission, extension of studied parameters entering the annual correction of permitted revenues of a regulated company in regulation of the prices for gas supply to households and also from the need to introduce provisions that guarantee the continuity of the determined price regulation in the case of legal unbundling of respective regulated companies.

Slovenský plynárenský priemysel, a.s. (hereinafter only „SPP, a.s.“) completed legal unbundling of transmission and distribution activities in accordance with the Energy Act based on European Directive No. 2003/55/EC with the date of effect since 1 July 2006.

Outside the parent company SPP, a.s. its 100% daughter companies SPP – Preprava, a. s. and SPP – Distribution, a. s. began to be active in the market.

SPP – Preprava, a. s. exists since 1 July 2006 as an operator of the gas transmission network on the territory of the Slovak Republic in a total length of 2270 km. It provides the services of natural gas transmission from the Ukrainian border of the Slovak Republic in the volumes representing approximately 20% of total gas consumption in the European Union.

SPP – Preprava, a. s. provides the operation and maintenance of compressor stations and line parts of the gas transmission network by means of four areas placed in Veľké Kapušany, Jabloňove nad Turňou, Veľké Zlievce and Ivánka pri Nitre.

SPP – Distribution, a.s. has been active in the market since 1 July as an operator of the gas distribution system – the gas supply system in the Slovak Republic, including technological facilities – gas control stations and the central gas dispatch centre. Its responsibilities also include the sales of distribution capacities, development, operation and maintenance of gas networks. It provides distribution of natural gas from transportation system through gas distribution facilities on the territory of the Slovak Republic up to its consumers, also provides the connection to the distribution system and reading of natural gas consumption.

### **Operational Orders**

In compliance with Article 12a Para 6 of the Act on Regulation of Network Industries the grid operator and the operator of gas storage tanks are obliged to incorporate the market rules into its Operational Order that becomes, after its approval by RONI, a binding document for market participants.

In 2006 the Regulatory Office issued 11 decisions on the approval of operational orders, three of which were related to operators of the gas storage and eight operators of area distribution networks of local nature. The approved operational orders were based on regulations of the Government No. 123 dated 30 March 2005 laying down the rules for the functioning of the gas market and operators have worked out there mainly provisions related to connection and access to the grid, gas distribution, grid loading, gas storage and capacity allocation.

## Price Regulation in the Gas Industry

On 1 January 2006 was initiated the second regulatory period lasting four years. Decree of the Office for Regulation of Network Industries No. 4/2006 laying down the scope of price regulation in the gas industry and the way of its implementation, the scope and structure of eligible costs, the way of setting the size of adequate profit and background documents for price proposal (hereinafter only „Decree No. 4/2006“), defines price regulation in the gas industry, for connection and access to the grid, gas transmission and distribution, the way of implementing price regulation, the scope and structure of eligible costs, the way of setting the size of adequate profit and background documents for price proposal and under this decree there are set prices, tariffs, conditions of applying such tariffs for individual regulated activities for the year 2007.

Following up the EU initiatives related to harmonization of service qualities in EU member states at the end of 2005 the Regulatory Office commenced preparatory work on RONI Decree laying down the quality standards of goods supplied and services provided in the gas industry. Such legally binding regulation should ensure that gas consumers are not damaged as a result of pressure imposed on cost reduction in the regulated activities and at the same time, strict determination of quality standards did not lead to increase in eligible costs for a regulated activity. The date of effect of the decree in question was planned for 1 January 2007. With regard to the fact that in the second half of the year 2006 the Government initiated the steps to make amendment of the Act on Regulation, the final work on the decree was suspended and will be continued after the approval of amendment of the Act on Regulation.

### *An Overview of Price Decisions issued in the Gas Industry for 2007*

Decision for	Total number of decisions
Slovenský plynárenský priemysel – Preprava, a. s. (SPP)	1
Slovenský plynárenský priemysel – Distribúcia, a. s. (SPP)	2
Slovenský plynárenský priemysel, a.s. (SPP)	1
Area natural gas distributors	22
Area final natural gas distributors	1
<b>Total</b>	<b>27</b>

### *Decision for Slovenský plynárenský priemysel, Bratislava (SPP Bratislava) for 2007*

Decision No.	Date of Issuance	Subject of Determination
0010/2007/P	26.10.2006	- Tariffs for access to the transmission network and gas transmission (SPP – Preprava, a. s.)
0012/2007/P	30.10.2006	- Tariffs for access to the distribution system and for gas distribution (SPP – Distribúcia, a. s.)
0013/2007/P	30.10.2006	- Tariffs for connection to the distribution system (SPP – Distribúcia, a. s.)
0020/2007/P	29.11.2006	- Tariffs for gas supply to households (SPP, a. s.)

## Accomplishment of Tasks under Article 5 of the Energy Act

### 1. The Electricity Sector

With validity from 2007 the Regulatory Office issued Decree No. 2/2006 dated 21 June 2006 laying down the scope of price regulation in the electricity sector and the way of its performance, the range and structure of eligible costs, the way of setting the size of adequate profit and background documents for price proposal (hereinafter only „Decree No. 2/2006). This Decree is used for electricity generation from renewable energy sources, electricity generated from combined heat and power and domestic coal, connection and access into the grid, transmission and distribution of electricity, electricity supply to households, provision of ancillary services and balancing services in the electricity sector.

Price regulation in the electricity sector is performed by means of:

- a) direct determination of the fixed price generated from renewable energy sources, domestic coal and in combined heat and power,
- b) determination of the way of the calculation of the maximum price for connection of market participants into the electricity grid,
- c) determination of the way of the calculation of the maximum price and tariff for the access to the transmission system and electricity transmission and direct determination of tariff for provision of ancillary and balancing services,
- d) determination of the way of the calculation of the maximum price and tariff for access into the distribution system and electricity distribution by a holder of the licence for electricity distribution, whose electricity distribution by the consumer in the year t-1 exceeded 1,5 TWh and direct determination of tariff for provision of balancing services,
- e) determination of the way of the maximum price and tariff for households for holders of license for electricity supply, whose electricity supply in the year t-1 exceeded 1,5 TWh,
- f) determination of the way of the calculation of the maximum price and tariff for distribution and supply of electricity, whose electricity distribution and supply in the year t-1 was lower than 1,5 TWh.

### Development of regulated components of final electricity price

#### a) Electricity Transmission

Within its responsibilities the Regulatory Office determines for the transmission system operator:

- tariffs for connection and access to the transmission system and management of the electricity system (tariffs for electricity transmission),
- tariffs for electricity losses in electricity transmission,
- tariffs for provision of balancing services for the transmission system users,
- tariffs for the operation of the system,
- tariffs for settlement of deviations for market participant that selected the mode of internal responsibility for deviation,
- Operational order of the transmission system operator (TSO),

Moreover, the following is determined for TSO:

- maximum prices for purchase of individual types of ancillary services,
- maximum permitted costs for purchase of all ancillary services,
- maximum prices of offered positive regulatory electricity,
- maximum prices of offered negative regulatory electricity.

Following the evaluation of the first year of the second regulatory period and the continuous evaluation of SEPS as revenues in the year 2006 the Regulatory Office approved the reduction in prices for transmission services with the date of effect on 1 September 2006. Taking into account the before-mentioned, the Regulatory Office successfully reduced tariffs for consumers directly connected with the transmission system, apart from tariffs for losses occurring in the transmission system. The tariff approved for transmitted electricity went down by 5.52% compared to the year 2006, what in absolute

terms represents the decline by 4,85 SKK/MWh and tariff for reserved capacity meant the decline by 11,49%, in absolute terms it was minus 41 638,42 SKK/MW.

An increase in tariff for coverage of losses in the transmission system was caused by an increase in power electricity used for covering such losses that is not subject to regulation under the valid legislation.

## **b) Electricity Distribution**

The year 2006 was the last year of the first regulatory period. Following the analysis of this period the Regulatory Office prepared a new Decree No. 2/2006, reflecting the results of the analysis of the first regulatory period. Based on the approved regulatory policy RONI acceded to a substantial change in the price setting for electricity distribution that was based not only on the subject analysis, but also with an intention to stabilise the price level of distribution services at a level of nuclear inflation. The main change for setting the prices of distribution services was the change in regulatory policy from the permitted revenues method to the price cap method.

For the distribution system operator, whose electricity distribution in the year t-1 exceeded 1 500 000 MWh the Regulatory Office determined and approved the following:

- tariffs and maximum prices for access to the distribution system and for electricity distribution,
- tariffs for electricity losses during electricity distribution,
- tariffs and maximum prices for electricity distribution for households,
- Operational orders of individual distribution companies.

Under the law regulation is applied on three „regional“ operators of distribution systems.

a) ZSE a.s – Western Slovakian Power Utility

b) SSE a.s – Central Slovak Power Utility

c) VSE a.s. – Eastern Slovak Power Utility

Apart from these dominant distribution companies in the electricity market there are also the so-called „local“ distributors. These mostly operate in the areas of manufacturing companies, which based on license for doing business in the electricity sector fulfils the role of a distributor.

For the operator of such distribution system, whose distribution and supply of electricity to consumers in the year t-1 did not exceed 1 500 000 MWh, the Regulatory Office determined and approved the following:

- maximum price for electricity distribution,
- maximum size of adequate profit for electricity distribution,
- internal calculation of maximum price for electricity supply for households or the operator may use tariffs for distribution and supply of electricity by the holder of the license for electricity, to which distribution system is connected,
- operational orders of individual distribution companies.

## **c) Electricity Price for Households**

The electricity price for households is the only final price that is subject to regulation in the year 2006. As the valid regulation states „the protection“ of households is ceased on 1 July 2007 which means that households may select their electricity supplier. This enables the full opening of the market. The price setting for the year 2007, either for eligible (industrial) consumers or for households, was affected mainly by the fact that the contracting price of active power represented the difference from previous years generated in the free market, in auctions of the Slovak Electric (SE, a.s.), not based on bilateral contracts between dominant generator and distributors. Based on such situation the price of active electricity for final consumers went up by about 20% in average.

The Regulatory Office managed to eliminate the rise of active power price through declining prices of balancing and grid services, based on which the average final price of electricity for households in Slovakia and at the same time in individual distribution companies remained at the level of a previous

year. The price shifts occurred only in the structure of tariffs for households in some distribution companies as a result of business policy.

#### **d) International Activities in the Electricity Sector**

The Regulatory Office focused its international activities primarily on the following areas:

**a/ More intensive co-operation and accomplishment of intentions agreed among regulatory authorities of the European Union, especially via ERGEG – a group of European regulators for electricity and gas of the European Commission. The Regulatory Office had its representatives in the working group for electricity EFG (Electricity Focus Group).**

**b/ Co-operation within international organisations: From the point of view of membership of the Slovak Republic in the EU it is the role of the Regulatory Office to provide independent regulatory surveillance that is imposed in the electricity sector for member states especially by the Regulation No. 1228/2003 on conditions for access to network for cross-border electricity exchange (hereinafter only the Regulation No. 1228/2003) and Directive of the European Parliament and Council No. 2003/54/EC on common rules for the internal market with electricity in order to provide the effective protection of all final consumers in the EU electricity markets. At the same time the Regulatory Office acts as a kind of supervisor and protector over the activities and areas that are associated with international co-operation on behalf of the Slovak Republic based on Regulation No. 1228/2003, especially as far as regulation of electricity transmission and distribution and support of transparency and efficient competition are concerned.**

**In 2006 the Regulatory Office within its priority tasks participated in the development of general principles for the compensation system among TSO for hosting cross-border transit electricity flows, whose adoption is accepted by the Regulation 1228/2003. This regulation also requires the adoption of general principles for two further areas, i.e. harmonisation of transmission tariffs and allocation of capacity on cross-border tie-ins and load management that ERGEG submitted the European Commission within the formal process already in 2005. In 2006 within ERGEG activities the Regulatory Office continued to co-operate on specific aspects of general principles for harmonisation of transmission tariffs, while taking into account especially locational price signals at the European-wide level in the process of transmission price setting and in the establishment of mechanisms of monitoring and providing the news on transmission tariffs. In 2006, following the adoption of comitology process, the general principles of capacity allocation in tie-ins and congestion management become effective in the form of new annex to the Regulation No. 1228/2003. In 2006 national regulators began, based on the requirements of the European Commission, to monitor the compliance with provisions of the Regulation No. 1228/2003 including all its sections.**

**Following the obligations resulting from the relevant act the Regulatory Office forwarded the European Commission quarterly reports on volumes of electricity import from third countries outside the EU. Electricity import from the Ukraine as a third country – physical imports.**

<b>2006</b>	<b>Physical electricity import to the third countries (in MWh)</b>
1. quarter	115,720
2. quarter	8 008,680
3. quarter	31 168,320
4. quarter	98,600
<b>Total</b>	<b>39 391,32</b>

**In 2006 in co-operation with central authorities of the state administration the work began on transposition of Directive No. 2005/89/EC on measures for providing security of electricity supply and**

investments into infrastructure to be implemented in primary national legislation on preparation of which the Regulatory Office also takes part.

## 2. Regulation in the Gas Sector

### Gas Transmission

The transmission network of the Slovak Republic has the following entry/exit points:

- Veľké Kapušany – entry/exit point at the border with the Ukraine,
- Lanžhot – entry/exit point at the border with the Czech Republic,
- Baumgarten – entry/exit point at the border with Austria,
- Domestic point – entry/exit summary virtual point of the distribution system of SPP, and from the gas storage facilities on the territory of the Slovak Republic. The length of the transmission network from the entry point Veľké Kapušany into exit point Lanžhot is 450.40 km with internal diameter of the gas pipeline of DN 800 – DN 1400. The length of the transmission network from the entry point Veľké Kapušany to the exit point Baumgarten is 465.06 km with internal diameter of the gas pipeline of DN 700 – DN 1400. Technical capacity of the transmission network on the route from Veľké Kapušany to exit points of the transmission network represents the value of 97 bn. m<sup>3</sup>/year using the capacity of the transmission network at the level of 93,2 %. In 2006 about 80 bn. of natural gas was transported on this route. For gas transmission of the transmission network, i.e. through the system of compressor stations and high pressure gas pipelines there is the entry-exit tariff system applied since 2005. The entry – exit tariff system represents the evaluation of points of the transmission network and annual payment for gas transmission represents the summary of annual payments for every entry-exit point of the transmission network depending on daily capacity (daily maximum load) for users of the transmission network and the length of validity of the contract on access to the transmission network and gas transmission. Tariffs are binding for both Slovak and foreign users of the transmission network. The 2007 tariffs for access to the transmission network and for gas transmission were determined in accordance with Decree No. 4/2006 and the Act on Regulation that was made by comparing the price for gas transmission in the Slovak Republic with prices for transmission in other member states of the European Union, while taking into account the existing long-term contracts on gas transit concluded before the date when the act in question entered into force. This provision of the Act on Regulation was implemented into the Regulatory Office Decree No. 4/2005.

On 31 August 2006 SPP- Preprava, a. s. submitted the price proposal in which it required from the Regulatory Office to approve the prices for access into the transmission network and gas transmission for all users of the company's transmission network for the year 2007. The result of such price setting procedure was the release of a price decision that was approved by RONI for the period from 1 January 2007 to 31 December 2007, tariffs for access to the transmission network and gas transmission and the conditions for application of such tariffs. Tariff groups for the year 2007 were adjusted compared to the year 2006 and these were divided for individual categories and entry/exit points into five groups depending on the contractually agreed daily capacity:

- up to 1,75 mil.m<sup>3</sup>,
- over 1,75 mil.m<sup>3</sup> to 25 mil.m<sup>3</sup>,
- over 25 mil.m<sup>3</sup> to 136 mil.m<sup>3</sup>,
- over 136 mil.m<sup>3</sup> to 154 mil.m<sup>3</sup>,
- over 154 mil.m<sup>3</sup>.

In 2006 tariff groups were divided at the level of 25 mil.m<sup>3</sup>, at which in the bottom tariff group up to 25 mil.m<sup>3</sup> the factor of daily capacity  $\alpha$  was at the size of 0.008 that following the application of calculation of total annual payment provided the linear course of the annual payment depending on daily capacity. Following the extension of tariff zones a tariff group was introduced for entry/exit points Ten1 a Tex1, that is related to users of the transmission system with contractually agreed daily capacity not exceeding 1.75 mil.m<sup>3</sup> and which with its reserve also covers the largest Slovak natural gas consumers that may be potentially independent users of the transmission network. All „base points“ of the tariff

group Ten1 and Tex1 went down by 0.1%. In the modelling calculations of total annual payment for gas transmission for an industrial consumer I 4-1 and I 4-2 standardised under EUROSTAT with different load factor 250 and 330 days and in the volume of transported gas at the level of about 11 207 513 mil. m<sup>3</sup>, there is a decline from 0.063% to 0.072% at EUR/m<sup>3</sup> and in the forecast of the SKK/EUR exchange rate development made by analysts of reference banks and the National Bank of Slovakia for the year 2007 comes a decline by approximately 8% at the payment in Slovak crowns. Other base tariff rates in tariff groups referring the Slovak market were increased by the escalation factor resulting from a price decision for access to the transmission network and gas transmission that comes out of inflation rate in the EU countries for a previous year at the level of 2.2%. The escalation factor includes only the value equal to 60%, which then represents the increase by 1.32%, whereas for gas consumers receiving gas supplies from SPP the price for gas transmission is based on the signed contract on access to the transmission network and gas transmission between SPP – Preprava, a. s. and SPP – Distribúcia a. s. that takes advantage of discounts for the three year contract and the application of factor  $\alpha$  with an increase of daily capacity. As a result of the position of the Slovak crown that is becoming stronger and a perspective for the year 2007 the annual payments for gas transmission for Slovak users of the transmission network payment in SKK appear to be lower. The price for access to the transmission network and gas transmission as a regulated component of the price for gas supply to households has a share approximately at a level of 3.3% on total average price for gas supply for residential gas consumers for the year 2007. In the price decision governing prices for access to the transmission network and gas transmission for 2007 the concept of calculation of tariffs for access to the transmission network and gas transmission that is part of the conditions for application of tariffs for access to the transmission network and gas transmission was introduced depending on the length of contract for gas transmission in accordance with Government Regulation No. 123/2005 Coll. dated 30 March 2005 laying down the rules for the functioning of the gas market for the shortterm contract on access to the transmission network and gas transmission on a monthly or daily basis.

### Gas Distribution

Under the Act on the Energy Industry by gas distribution we mean the transmission of gas through the distribution network. Gas distribution is carried out by the distribution network operator based on the contract on distribution. Concerning distribution, a connection to the distribution network, access to the distribution network and gas distribution are subject to price regulation. For local gas distributors (regulated companies that have licenses to perform a regulated activity only on a small territory, usually some industrial premises and whose number of points of supply from the distribution network does not exceed 100 000) RONI issued price decisions for access to the distribution network and gas distribution. In the course of 2006 the Regulatory Office issued 5 price decisions for the year 2006 for local distributors. In 2006 25 decisions were issued for the year 2007. In 2006 the Regulatory Office issued two price decisions for the distribution network operator, the SPP – Distribúcia, a.s., a price decision by which the Regulatory Office approved the tariffs for the connection to the distribution network and a price decision by which the Regulatory Office approved tariffs for access to the distribution network and gas distribution. Tariffs for the connection to the distribution network are specially determined for the household category and non-household category. For the household category there are two tariffs approved for the year 2007 that take into account a degree of the construction of a gas installation (a connecting pipeline) at the time of making a connection to the distribution network a connection fee in 2007 is lower by 8.45 % compared to the year 2006.

In prices for gas distribution there is a principle of the so-called „postage stamp“ applied, when the price for gas distribution is dependant on the amount of transported gas, regardless of the distance of a point of supply. The average price for access to the distribution system and natural gas distribution for the year 2007 amounts to 1.96 SKK/ m<sup>3</sup> and is identical with the one in the year 2006. Tariffs for access to the distribution network and gas distribution are divided into tariff groups. Individual tariff groups are divided based on contractually agreed annual amounts of distributed gas set in a respective contract on access and gas distribution for every point of supply.

### Gas Supply to Households

The most observed area in the field of the gas industry is price regulation governing gas supply to households. Following the effective date of primary legislation governing the energy sector, especially the Act on Regulation since 1 January 2005, liberalisation of the Slovak gas market was initiated to be completed in the year 2007, while since 1 July 2007 households will receive the status of eligible consumer with a possibility of selecting their gas supplier. Regarding the liberalisation of the gas market a significant change happened in 2006 in the form of legal unbundling of transmission and distribution activities from natural gas sales or supply activities. Even following the unbundling of daughter companies SPP – Preprava, a. s. and SPP – Distribúcia, a. s. gas supply for households remained the responsibility of the parent company SPP, a.s. In 2006 price regulation was applied only to gas supply for households. The method of price regulation in gas supply to households, the scope and structure of eligible costs and the way of setting adequate profit are subject to the provisions of relevant Office Decree, a generally binding regulation that is one of the basic tools of the Regulatory Office in performing price regulation in the area of the gas industry.

In its price decisions for SPP, a.s. the Regulatory Office determines or approves tariffs for gas supply for households as well as conditions for the application of such tariffs. Tariffs for gas supply to households are two-component tariffs composed of a fixed monthly rate and a rate for the actually extracted amount of natural gas. During 2006 the price for gas supply to households was changed due to the enormous increase in the gas purchase price that was based on the price of oil and oil products and the exchange rate of the Slovak Crown against the US dollar. The gas purchase price is based on total revenues for gas supply to households permitted by the Regulatory Office, being the most significant cost item which may not be affected by RONI and accounting for about 55 to 65%. As background information used for the setting of the costs for gas purchase for households is the prediction of the development of oil and oil products in the world markets along with the prediction of the development of an exchange rate of the Slovak crown to the US dollar. In accordance with the Act on Regulation, under which the Regulatory Office is allowed, based on its initiative or a proposal of regulated company, to change or cancel price decisions, the supplier of natural gas, i.e. SPP company, submitted RONI a proposal for changes in a price proposal due to the increase in the gas purchase price charged by a foreign supplier, thus meeting the conditions of the act implementation. The price proceedings lead to the issuance of a price decision changing the above-mentioned price decision of the year 2005 and determined new tariffs for gas supply to households for the period starting from 1 November 2006. The average price for gas supply to households for the period from 1 November to 31 December 2006 went up by 4.26 % compared to the average price from 1 January 2006 to 31 October 2006. Apart from increased costs for gas purchase for households other cost items related to gas transmission and storage that are included in the total permitted revenues for gas supply were changed only in a small extent. The reason was primarily declining gas consumption in Slovak households.

For the year 2007 the Regulatory Office issued the price decision for SPP, a.s. on 29 November 2006 setting the tariffs for gas supply to households and the conditions for the application of such tariffs in accordance with Decree No. 4/2006 and the Act on Regulation. Based on the assumed favourable development of oil and crude oil prices in the world markets and rising power of the Slovak crown the assumed annual price of gas supply to households went down by 4.04%.

The international activities of the Regulatory Office include the regular participation of an office representative in working groups for gas in ERGEG and CEER (Gas Focus Group and Gas Working Group), where on the basis of mutual intensive co-operation the members accept and gradually put into practice the intentions agreed on by EU member states. The Regulatory Office provides ongoing contributions and views on the processes of the creation of legislative and recommended EU documents in the gas sector and actively participates in the significant international events.

## 2. Postal Regulatory Office

### Sphere of action and powers

The Postal Office was established on 1 January 2002 by the Act No. 507/2001 Coll. on Postal Services. The Act No. 507/2001 Coll. on Postal Services which became effective on 1 January 2002 has significantly changed the position of operators on the postal services market and has facilitated the activity under the same conditions. At the same time the Postal Office was established as the state administration body domicile in Žilina to perform regulation of the postal services market and state supervision over this market. The Postal Office was renamed The Postal Regulatory Office by the Act. No. 15/2004 Coll. amending Act No. 507/2001 Coll. on postal services.

### Powers and competencies of the Postal Regulatory Office

Under the Act on Postal Services the state administration bodies in postal services are:

- the Ministry of Transport, Posts and Telecommunications of the Slovak Republic,
- the Postal Regulatory Office.
- The Postal Regulatory Office as the national regulatory office for the sector of postal services:
  - performs state regulation of postal services,
  - performs state supervision over the provision of postal services,
  - ensures international relation in the area of postal services at the level of regulatory authorities, is in relation to bodies of the European Union and to relevant bodies of the member countries of the European Union and to relevant bodies of the member countries of the European Free Trade Association a notification body in the area of state regulation of postal services
- perform other activities according to this act,

### State regulation

The Postal Regulatory Office performs state regulation under the § 13 up to § 22 of the Act No. 507/2001 Coll. on postal services as amended.

State regulation comprises:

- creation of conditions for establishing and maintaining the competitive environment on the market,
- setting general rules for providing postal services that are not subject to postal reservation,
- to put up obligation for provision of the universal service and setting requirements for operating the public postal network,
- regulation of the provision of the universal service and the execution of postal payment service,
- regulation of postal charges for the provision of the universal service and services of the postal payment service.

The state regulation of postal services is performed on the basis of the Postal Office's decisions which are general authorisation, the postal licence and the decisions on regulation the postal charges. The Postal Regulatory Office performs state regulation of postal charges of the domestic universal service under the § 21 of the Act on Postal Services No. 507/2001 Coll. in accordance with general price legislation (Act No. 18/1996 Coll. on Prices as amended and the Decree of the Ministry of Finance of the SR as amended by Decree No. 375/1999 Coll.).

Postal charges of international universal service are regulated under the particular regulations - Acts of Universal Postal Union (Universal Postal Convention, Letter Post Regulations and Parcel Post Regulations).

## Organisation structure of the Postal Regulatory Office

The Postal Regulatory Office is headed by the chairman, who shall be elected and recalled by the National Council of the Slovak Republic. According to the § 12 of the Act No. 507/2001 Coll. on postal services as amended, since 1. January 2003 the chairman of the Postal Regulatory Office prof. RNDr. Ing. Karol Achimský, CSc. has been elected by the National Council of the Slovak Republic for the first term of office.

The chairman is represented by the Postal Regulatory Office vice- chairman, who is appointed and recalled by the Government.

### Departments of the office:

#### Chairman of the Postal Regulatory Office

#### Deputy Chairman of the Postal Regulatory Office

#### Head of service office

- Personal Office
- Office Of Chairman and International Relations

#### Regulation Department

- Universal Service
- Normalisation
- State Supervision
- Financing of Universal Service
- Postal Service Market
- Quality
- Postal Information System
- Prices of Postal Services

#### Administration and economy Department

- Accounting department
- Property management

## Specification of the State budget-bindings indicators for Y 2006

**Resource :** 111 – Budget-resources – chapter of the Ministry of Transport, Posts and Telecommunications

**Program :** 07TO304 – Postal services market regulation

**Functional Classification :** 0460 - Communications

<b>Indicator</b>	<b>Budget (,000' .SKK)</b>
<b>INCOMES</b>	<b>0</b>
<b>TOTAL EXPENSES</b>	<b>10 914</b>
<b>CURRENT EXPENSES</b>	<b>9 914</b>

## **Handling of complaints, petitions and other registrations**

**Mandate and obligation of the Postal Regulatory Office to accept and handle the complaints, petitions, suggestions, requests, impulses and other registrations (hereafter referred to as "registrations") results from the Act No. 152/1998 Coll. on Complaints, Act No. 242/1998 on Petitionary right and Act No. 507/2001 Coll on postal services as amended.**

**At handling and investigation of registration the Postal Regulatory Office decides under the valid national legislation, postal terms and conditions of individual postal companies, rules for international postal services and directives issued by the Postal Regulatory Offices. They are especially:**

- **Act No. 507/2001 Coll. on Postal services as amended**
- **Act No. 152/1998 Coll. on Complaints**
- **Act No. 242/1998 Coll. on Petitionary right**
- **Acts of Universal Postal Union**
- **Directive 97/67/EC of the European Parliament and of the Council on common rules for the development of the internal market of Community postal services and the improvement of quality of service**
- **Directive of the Postal Regulatory Office No. 06/2002 on handling of complaints**
- **Directive of the Postal Regulatory Office No. 03/2002 on Handling of petitions**
- **Postal terms and conditions of individual postal companies**
- **Other general rules of civil right concerning the complaints and remuneration proceedings.**

**The Postal Regulatory Office is obliged to accept each registration. If the Office is not responsible to handle received registration, the Office shall submit the it immediately to responsible body and at the same time it shall announce this to the author of regfistration. When separating the single kind of registration there must be kept principle, that content of registration is important, not the name or form.**

## **Annual report on handling petitions, complaints and other presentments of year 2006**

**During the year 2006 the Office has accepted 207 presentments. There were 1 petition, 53 presentments were registered and handled as complaints and 153 presentments had nature of requests, demands, initiatives, or they related to public postal network.**

## **PETITIONS**

### **Summary and evaluation of accepted petitions**

<b>number of accepted</b>	<b>1</b>
<b>number of handled</b>	<b>1</b>

**All accepted petitions were registered in separate evidence of petitions and had nature of applications. Accepted petitions had contained application for revaluation of posts abolition in touched villages. The petitions were handled in accordance with the Act on petitionary right. No petition was**

handled by positively way. The reason for refusal of each case was, that the universal postal service was secured in full scope according to the Postal license even if the post was abolished.

No petition had nature of complaints hence their justness has not been evaluated. Object of petitions was exclusively the request for re-evaluation of abolition of posts in touched villages.

## COMPLAINTS

### Summary and evaluation of accepted complaints

Number of accepted complaints: 53, out of that:  
- in solution: 7

From total number of all complaints, 40 complaints have required interoperation with body against which was presented the complaint. In spite of that all complaints were handled without useless delay, within the limit according to the Act on complaints. All complaints which did not require interoperation were handled within 30 days. Accepted complaints (accepted directly or relegated from other body) were registered in the central evidence of complaints. From total number of all complaints, 38 complaints were accepted directly, 15 from other public administration body. 33 complaints were submitted in written form, 7 by telephone, 11 by e-mail. No complaint was anonymous, 3 were repeated.

51 complaints leaded against the universal service provider - the Slovak Post (SP) and 2 against other postal company.

### Relegated complaints

From total number of all complaints, 6 complaints were relegated to other body, in this case to the SP. The subject of these relegated complaints was:

- unprofessional behaviour of employees to users of postal services and their qualification,
- loss, damage or late delivery of postal items,
- dissatisfaction with parameters of postal services in general,
- dissatisfaction with delivery of recorded items – non-delivery of advice of postal item retention
- dissatisfaction with providing of non-postal services,

The reason for relegation of complaints in most of cases was that claimants did not utilize the possibility to make a complaint in accordance with order on complaints, but they appealed straight the Office.

### Substantiated complaints

From total number of handled complaints, 18 were substantiated. From these 11 regarded domestic service and 7 complaints regarded cross-border service.

Their subject was primarily:

- dissatisfaction with process and result of complaint procedure,
- unprofessional behaviour of employees to users of postal services and their qualification,
- dissatisfaction with parameters of postal services in general,
- closed post office during servicing hours,
- dissatisfaction with territorial accessibility of postal services,
- non-observance of postal terms and conditions on the part of Slovak post, especially:

- late delivery of postal items,
- loss, damage and shortage of content of postal items,
- dissatisfaction with delivery of recorded items - non-delivery of advice of postal item retention,
- wrong delivery of postal items.

According to § 18 of the Act on complaints the Office had made a notation about each substantiated complaint and copy had been send to the SP. In the notation it was command to admit measures for removing found shortcomings and reasons of their origin together with dead-line for sending information about this. Fulfilment of admit measures in appointed date was controlled by the Department of state supervision.

#### Unsubstantiated complaints

From total number of all handled complaints, 20 were unsubstantiated.

The subject of unsubstantiated complaints was especially:

- inconvenient time and territorial accessibility of postal services,
- dissatisfaction with handling of complaints,
- unprofessional employees behaviour to users of postal services and their qualification,
- dissatisfaction with parameters of postal services in general,
- wrong delivery of postal items.

Handing of unsubstantiated complaints was caused by non-acquaintance of Postal terms and conditions of postal services, postal service quality requirements or Act on postal services on the part of postal service users.

The result of the claim examination was announced to claimant in writing with reasoning of justness or non-justness the complaint. If the complaint was justifiable the measures for removing found shortness were also announced.

In case of unsubstantiated complaints, the written answers together with the reason of non-justness or advice of the right practise were sent.

Complaints where it was not possible designate their justness or non-justness. From total number of all handled complaints, 6 complaints were in this category. Complaints related with loss (non-delivery) of ordinary letter items in domestic and cross-border service. Because of these items are not recorded during the postal process, it was not possible to confirm or refute their justness or non-justness.

#### OTHER PRESENTMENTS

Presentments, which the Office had handled during the year 2006, are possible to divide into two groups:

- a) presentments from natural and legal persons related with providing of postal services,
- b) presentments related with postal service network.

#### Overview and evaluation of other accepted presentments

Number of accepted presentments:	153
out of point a)	90
out of point b)	63

Overview and evaluation of accepted presentments according to the point a)  
relegated to the Slovak Post 8

handled 80  
in solution 2

#### Prehľad a vyhodnotenie prijatých podaní podľa bodu a)

From total number of other presentments, 72 presentments were accepted directly, 8 presentments were relegated from MTPT SR and 7 presentments were from other public administration bodies. 50 presentments were handed in written form, 38 by e-mail and 3 by phone.

#### Relegated presentments

Presentments, which were relegated to the Slovak Post, regarded general dissatisfaction with postal service providing, delivery of recorded items, non-delivery of postal items, or delay delivery of postal items and information on delivery (delay) of postal items to the addressee in Slovakia.

#### Handled presentments

Handled presentments had nature of demands, impulses, requests etc. Their subject was especially:

- requests for information on postal service providing,
- presentments on violation of postal reserved area by other postal company,
- breach of registration of other postal company,
- non-observance of postal conditions,
- dissatisfaction with delivery of recorded items,
- theft and abuse of postal items sent from foreign to Slovakia and back,
- suggestions for reevaluation of decision on abolition the post offices,
- requests on revision of inconvenient time and regional accessibility of postal services.

#### Overview and evaluation of accepted presentments related with public postal network

Submission for rationalization of postal network	Number
Passed submissions	17
Approved submissions	17
Establishment of the post office	7
Abolition of the post office	7
Abolition of the post office and establishment "Partner" Post	0
Reconstruction of the post office	1
Abolition of the "Partner" post	1
Change of post office status to posting office	1
Change of post office status to delivery office	0
Change of postal district	0
Disallowed submissions	0

#### CONCLUSION

It is possible to allege in general, that number of accepted complaints had increasing tendency.

Compared to the year 2006 the number of accepted complaints was increased by 20%. Latterly the complaints related more with loss (non-delivery) or theft and damage of postal items in domestic and especially in cross-border service. In this area it is necessary within the state supervision to eliminate this problem with close connection with Slovak post.

Heft of presentments was delivery by e-mail that is effective way of communication. Answers to presentments were also sent by e-mail, or by letter.

#### Taken measures

**On the base of substantiated complaints and other presentments handled within the frame of state supervision in 2006, the following measures were accepted:**

**1. systemic measures focused on:**

- proposals for change of provisions of the Postal terms and conditions to the postal services – all proposals submitted by the Office were or will be realized at updating the Postal terms and conditions,
- proposals for change the provisions according to the Act on postal services,
- updating the universal service quality requirements, namely:
  - change of open hours at small offices for public in behalf of users,
  - in case of status change of the post office or abolishment of the post office and substitution by “Partner” post, delivery of recorded items is ensured by delivery post offices and by “Partner” post,
  - duty of the Slovak Post to submit to the Office the methodology of users satisfaction measurement.

**2. operative measures focused on:**

- imposition of repeated verification of claims by the Slovak Post in the matter of compensation prepayment to claimants,
- assurance of consistent keeping of technological practises at providing the postal services by employees of the Slovak Post (verification of sending conditions, delivery of recorded items, etc),
- control actions of the Slovak Post at the instance of the Office with cooperation of claimants that were oriented on sending of control items – losing and robbing of postal items also from foreign – in one case it was at the instance of the Office disclosed offender,
- assurance of better awareness of providing the postal services at post offices,
- assurance of better addressees awareness of items storage during the period of storage,
- imposition of remedy measure for elimination of the Act on postal service violation.

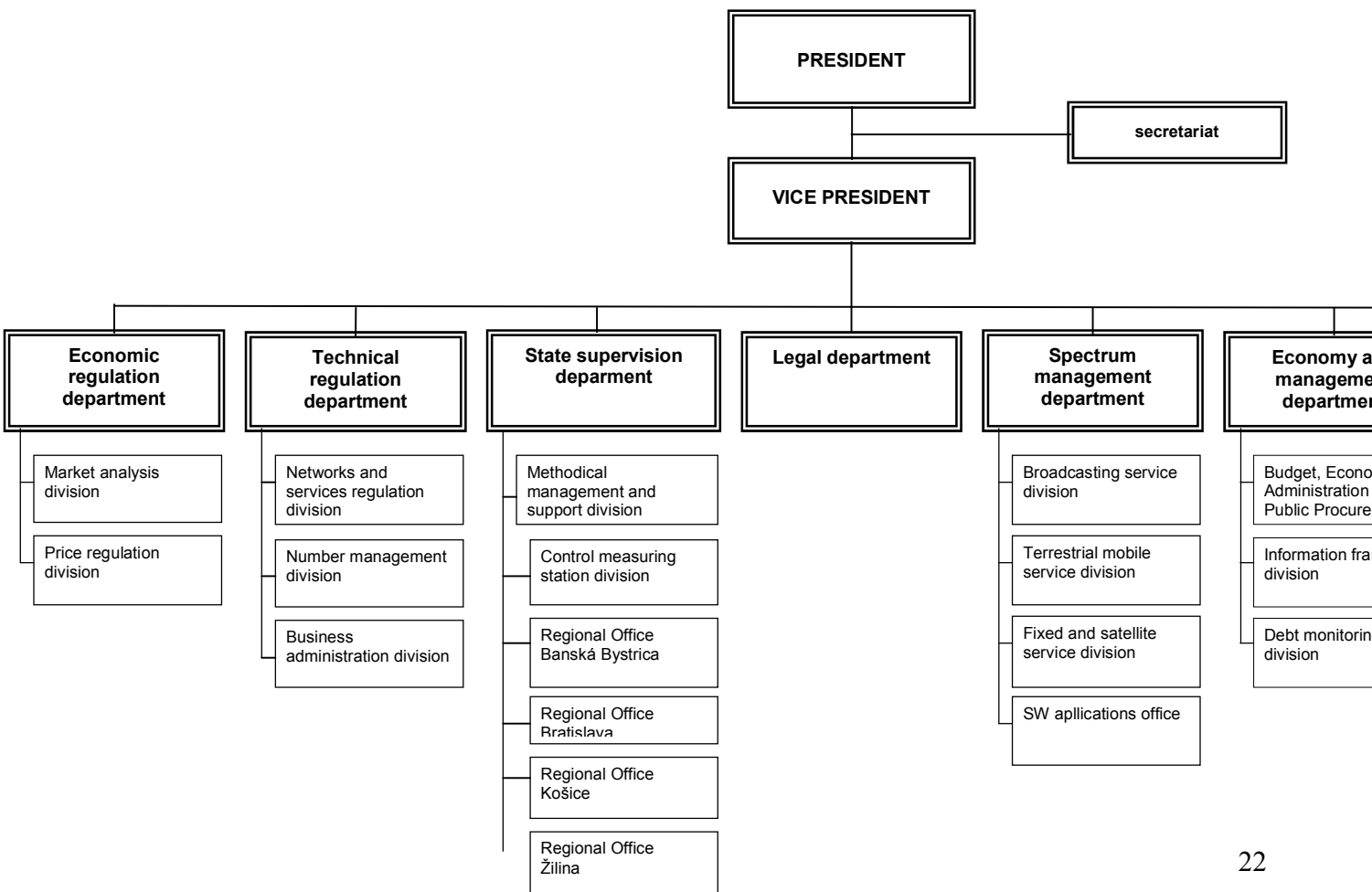
**Conclusions from some substantiated claims and other presentments were stimulus for control actions within the provision of state supervision and also will be base for proposal of control plan for 2007.**

### 3. Telecommunications Office of the Slovak Republic

The Telecommunications Office of the Slovak Republic (hereinafter “Office”) as the pertinent body of the state administration pursuant to Article 6, Paragraph 1, Letter b), and Paragraph 3, Letter a) of Act No. 610/2003 Coll. on electronic communications (hereinafter “Electronic Communications Act”) issues pursuant to provisions of Articles 12 and 13 of the Electronic Communications Act this of 3. December 2003 and General Authorisation No. 1/2005 to provide electronic communication networks and electronic communication services *as amended by revision 1 on 27 September 2005 and by revision 2 on 1 April 2006*. This general authorisation (hereinafter “authorisation”) authorizes natural persons and juristic persons (hereinafter “an undertaking”) to provide on the territory of the Slovak Republic electronic communication networks (hereinafter “networks”), electronic communication services (hereinafter “services”) or networks and services provided that the conditions stipulated in this authorisation will be met.

The Office provides for international relations in the field of electronic communications at the level of regulatory authorities, administers the frequency spectrum, fulfils obligations supporting competition, development of common market of the European Union, issues generally binding legal regulations, executes supervision and imposes sanctions.

#### Telecommunications Office of Slovak Republic



## **Telecommunications Office Transfers SKK 562,5 Mln. to State Budget in 2006**

Telecommunications Office of the Slovak Republic transferred SKK 562,5 million to the state budget in 2006, which is almost SKK 247,28 million above the projection. Revenues for the administration of the frequency spectrum - at SKK 509 million - represented the biggest portion of its total revenues last year.

<b>Year</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b>to State Budget</b>	<b>330,2</b>	<b>334</b>	<b>394</b>	<b>562,5</b>

### Technical regulation area of telecommunication activities

At the end of Y 2006 the Office had in its files the following numbers of companies which fulfilled their notification duties according effective general licence for providing electronical communication networks and/or services :

<b>Service</b>	<b>Number</b>
Internet	634
VoIP	191
Data transmission Prenos dát	302
Fixed Public Telecommunication Networks	238
Radio - networks	435
Hiring of channels	101
MMDS/MVDS	22
R and TV broadcasters	9
UMTS	3
Public telephone service	90
FWA 26 GHz	2
FWA 3.5 GHz	4
GSM	3
Audiotex	21

### Area of State Surveillance over electronical communications

According to § 37 subs. 4 of the Electronical communications Act „in case the Office discovers the company does not meet 1 or several terms of the general licence, individual licence or obligations according § 18 - 28, delivers the letter with recognized defects and decides about the deadline for expression of opinion. Deadline for defects-displacement is 1 month after delivery the letter with recognized defects . Deadline can be shorter than 1 month in case the company was breaking the obligations repeatedly or can be longer than 1 month in case the Office decides about it.“ According to § 37 subs. 5 of the Act „in case the Office discovers the inspected subject did not provide the defects-displacement on schedule according to subs.4, imposes by decision the measure for correction.“

## **Telecommunication area**

### *Monitoring of the Office - decisions and measures observance*

Number	63
Defect-findings	43

### *Monitoring of terms-observance for operation of public telephone-boxes*

In Y 2006 monitoring activities were concentrated on serviceability of public telephone-boxes.

Number	1291
Defect-findings	282

### *Monitoring of observance of the terms and duties appointed by the Electronical communications Act*

Number	133
Defect-findings	104

### *Alternative Dispute Resolutions in area of the quality of provided public service and of remittance-correctness*

During the current time-period the bodies of state surveillance were mainly resolving disputes about providing services with increased rates and they were exclusively connected with remittance-correctness of public service.

The main problem was non-definition of the terms of mentioned services and lack of consumer-information about terms the services are provided under. The consumer is very often not informed enough about the service-price and about the way of charging. In some situation the consumer can have faulty impression the service was not provided for him and it means will not be charged.

ADR	143
Not finished from Y 2005	17
Accomplishment of consensus	98
Non-accomplishment of consensus	45
Not finished disputes	17

#### **4. The Civil Aviation Authority of the Slovak Republic.**

**The regulator of safety in the Slovak Republic is the Ministry of Transport, Posts and Telecommunications of the Slovak Republic and the Civil Aviation Authority of the Slovak Republic, monitoring and evaluating quality and safety standards in provision of air navigation services, stipulating requirements for their performance, agreeing related documentation and imposing measures for correction of established faults. The Civil Aviation Authority of the Slovak Republic established by the Civil Aviation Act No. 143/1998 Coll. on civil aviation is not an independent authority. It provides state supervision in civil aviation.**

##### **Priorities**

**The Letové prevádzkové služby Slovenskej republiky štátny podnik (LPS SR), a state enterprise, a strategic goal for the future is safety in air traffic services.**

**LPS SR continuously monitors and analyses incidents occurring in air traffic control and their impact on its safety. Based on investigated problems, corrective and preventive measures are taken.**

## **B. Reclamation office and complaints consumers**

In the frame of FONDACA-project, during the period of 11 months in the Consumer Advisory Offices of our Association, Slovak consumers delivered 968 complaints on General Interest Functions ( from that amount were 479 put into project-database), by sectors as follows:

### **Sector of activity**

***A) Electricity*** ***124 cases***

#### **It can be a problem of:**

Meter reading	31
High prices	57
Claims management	36

***B) Gas*** ***181 cases***

#### **It can be a problem of:**

Bill	33
Meter reading	63
High prices	85

***C) Telecommunications*** ***220 cases - of it:***

#### **It can be a problem of:**

***1) Telephony*** ***38 cases***

Call Center	7
Alteration of contractual conditions	13
Claims management	18

***2) Mobile telephony*** ***113 cases***

Charges	41
Contract	32
Claims management	40

***3) Internet*** ***69 cases***

Internet accessibility	19
Alteration of contractual conditions	37
Claims management	13

***D) Postal service*** ***379 cases***

#### **It can be a problem of:**

Letter Mail	85
Delivery	144
Post office	150

***E) Aviation***

***64 cases - of it:***

**It can be a problem of:**

*1) Airport*

Baggage Handling	17
Access	3
Information	14

*2) Operators*

Overbooking	4
Delay	22
Claims management	4

## **C. Conclusions and Proposals for Measures**

- 1. The National Report gives objective, but nevertheless partial, picture of basic services and their dominant position on the market. It is only responsible state bodies that can elaborate on these issues more broadly. Consumer organisations are willing to join such activities, they can, for instance, co-operate with the decision-making bodies and working commissions that provide guidance with respect to basic services and price developments.**
- 2. On the side of state bodies, there has not been found any satisfactory approach towards solutions to basic service problems. It is more than obvious that in conditions of market economy the state can not cover costs attached to these services not only because of their extent, but also for reasons of inefficiency of such a step. At the same time, one can not accept extremes in dealing with basic service, that is, ways of approaching the problem by previous and current government.**
- 3. Inefficiencies resulting from such a procrastination were not identified. Today's coalition wants to resolve the above contradictions in a very short time horizons, while proceeding hastily and not recognising impacts on consumers. At the same time, lobbyism and particular interest groups are beginning to prevail. An optimum participation of citizens (through their expenditures) in solving the existing economic imbalance has also not been found. Government bodies talk very carefully and vaguely about privatisation of basic services and in fact, no major steps towards that direction have been taken. Effective communication is missing along with information systems for citizens – consumers, this had been neglected by previous government, too. Rate of price increase in basic services is not sufficiently accompanied with clear and transparent calculations. Proposals from corporate sector are somehow more favoured. Such a hasty approach loses any connection with the need to improve quality of the concerned services. An impression is created that the first thing to be done is to cover losses made in service sector. Then a time might come to improve quality which again would mean yet another price increases.**
- 4. The National Report by ZSS should therefore be viewed in the context portrayed above; it is also an initiative to solve the problems of basic services both from social and sectoral point of view. Only in such a way can we avoid negative impacts on our socioeconomic environment that will otherwise materialise in coming months (majority of decisions on basic service price increases was made on January 1 2008). What must come to the forefront of our interests is the initiative based on**

compensation for price increases and increases in mandatory insurance payments and contributions - these represent an inappropriate burden on structure of citizens' expenditures.

5. It is this basis on which ZSS wants to build its lobbyist strategies. Then we plan to make use of connections to the National Council (parliament), state bodies. In accordance with the agreement on mutual co-operation, the National Report will be given to Confederation of Labour Unions of the Slovak Republic. The Association of Slovak Consumers intends to co-operate with or enter into, non-government professional and interest organisations in order to enforce ideas and measures that would facilitate effective consumer protection. Basic service issues will be regularly on the agenda of press events and will form a part of service for the media. Naturally, a core part of ZSS's performance will be connected with activities started on its own initiative.
6. The Association will intensify informational, publishing and consulting activities for consumers in the first place. It will extend its analytical and cognitive activities in order to provide better structured monitoring of prices of consumer goods and basic services. The Association will also intensify consulting activities in consumer advisory centres, especially for socially weak, dependent and risk segments of the population. Within the already functioning ZSS Infotheque (self-service consumer information system) we plan to extend informational catalogues Energy and Public Services. The aspects and trends significantly influencing living standard of the citizens will be promptly included in those catalogues. Using the international co-operation, the Association will review outcomes of consumer behaviour analyses and qualitative researches in which it has taken part. It will also point at deformations and imbalances present in consumer attitudes so that those are not negatively reflected in citizens' and consumers' quality of life.
7. The intentions already outlined (but couple of others, too) depend to a large degree upon effective legislation on consumer protection which can be proved using example of consumer complaints processing through settlement proceedings. On July 1 2007, amendment to consumer protection act has been in force, with two its provisions directly connected to the way of handling consumer complaints. Both provisions result in strengthened position of consumer organisations. The first provision sets 30 days period within which consumer reclamation must be reacted to. If this is not adhered to, reclamation is considered justified. According to the experience so far collected at ZSS consumer centres, almost all complaints and reclamations are processed within the period set by the law. The fact that proceedings are frequently formal is a different issue to cope with. Often times there are efforts to complicate or slow down consumer complaints processing. The second provision makes it possible for the consumer organisations to enter out-of court proceedings or disputes. However, to do so, the respective organisation must obtain approval from both parties to the proceedings. Dispute settlement is conducted on a charge free basis. It has meant in practice an

**increase in number of consumer complaints resolved through extrajudicial proceedings. It is also necessary for the consumer centres to have skilled legal counsels. Knowledge ad results of extrajudicial reclamations and court cases have a broader application – they serve as documents used for interventions in parliament and subsequent feedback. This example shows the way consumer legislation should be directed in order to make other consumer organisations join the process. In case of basic servives, this activity may prove to be very useful.**