



ENERGY ECONOMICS MANIFESTO

CONCEPT:

By connecting stakeholders in the energy sector and through their cooperation, we will contribute to sustainable development of the energy sector with interdisciplinary knowledge and the use of energy economics.

GOAL:

Achieving the implementation of at least five selected measures by the year 2021.

Slovenian Association for Energy Economics
Energy Industry Chamber of Slovenia

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WHY AN ENERGY ECONOMICS MANIFESTO?

The energy sector has traditionally been present in Slovenian economy and provides a solid and reliable foundation for the development of economy and society as a whole.

The situation and status of energy economics in our country and the world are not constant. They are changing and providing opportunities for new developments. This process of changes needs more knowledge about the economics in energy and other areas that are increasingly involved with energy through their activities.

The Energy Economics Manifesto represents a clear and targeted document of proposed measures for changes in the energy sector and related sectors. In the context of energy economics, the specified proposals would ensure high-quality energy services for the Slovenian economy and population, enable further sustainable development of the energy sector and increase its competitiveness in Slovenia and abroad.

PREPARATION OF THE MANIFESTO

The initiative for the preparation of the Energy Economics Manifesto was given and coordinated by the Slovenian Association for Energy Economics (SAEE), which also directed the preparation of the document¹. The idea for the preparation of the manifesto was formed on the basis of the Industrial Policy Manifesto prepared by the CCIS. The Energy Economics Manifesto includes five areas of measures: development policy, business environment, tax policy, personnel policy and internationalisation.

The document was prepared with intensive participation of the SAEE Executive Committee (SAEE EC) and other SAEE members, members of the SAEE EC Consultative Group (SAEE EC CG) comprised of distinguished experts of various fields, and support organisations².

The participants suggested specific measures and were invited to comment on the draft Manifesto.

1 The association is a branch of the International Association of Energy Economics (IAEE) based in the US. The association operates as a section of the Energy Industry Chamber of Slovenia within the Chamber of Commerce and Industry of Slovenia.

2 Association of economists in electrical power industry and coal industry of Slovenia (DEEP), Slovenian national committee of the World Energy Council (SNC WEC), Slovene district energy association (DEEP); EICS – Section for exchange of information on the energy market, EICS – Eurelectric Section.

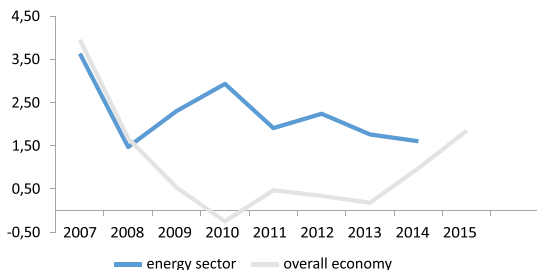
THE IMPORTANCE OF ENERGY ECONOMICS IN SLOVENIA

Energy economics have a great impact on the Slovenian economy: the industry's income amounts to EUR 11.1 billion (13.6% of total income), the energy sector employs 10,800 people (2.4% of all employees in the economy) and the added value amounts to EUR 1.1 billion (5.9% of total added value of the economy) (CCIS, 2016; Martinec, 2015).

The energy sector consists of predominantly healthy corporate entities³ with extensive financial resources and largely conservative borrowing policies.

Despite some negative trends in the economic performance of the industry in recent years, e.g. return on assets, the national energy sector has the capacity for changes and further development.

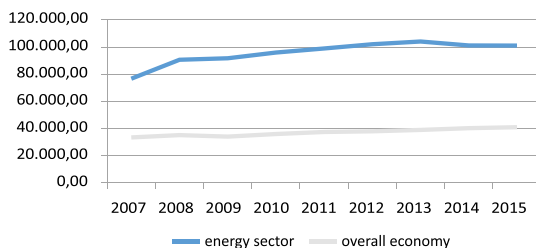
Return on assets (in %)



The sector is undergoing rationalisation and introduction of new technologies. The number

of employees is decreasing, while the quality of knowledge and job positions increases. Value added per employee is high (CCIS, 2016).

Value added per employee (in EUR)



The multiplier effect of the sector on the overall economy through favourable energy prices and purchases of material and services on the domestic market is important as well. The energy companies and companies involved with energy are also becoming significant exporters.

WHAT DO WE SEEK TO ACCOMPLISH WITH THE MANIFESTO?

We attempt to contribute to further growth of the energy sector. By connecting stakeholders and through their cooperation, we seek to utilise interdisciplinary knowledge and energy economics to contribute to sustainable development of the sector and therefore the Slovenian economy.

Our goal is the implementation of at least five proposed measures by the year 2021.

3 The term „corporate entity“ in this document also includes public companies as defined by the ZPFOLERD-1 act.

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SELECTION OF PROPOSED MEASURES BY AREA

Below are a total of 45 proposed measures arranged by five key areas. A more detailed presentation of the measures can be found in the expanded material, published on the association's website⁴.

The expanded material also contains links to external sources.

5 key areas: Development policy Business environment Tax policy Personnel policy Internationalisation

1. DEVELOPMENT POLICY

The energy industry faces many development challenges. Creative solutions will benefit the overall economy and society as a whole. A suitable development policy is crucial.

1.1 Promoting the development of innovation culture

- Promoting the development of innovation culture and exchange of good practices in the field of energy (1)
- Supporting (financially and environmentally) the development of new energy technology solutions in micro, small and medium-sized companies (support funds, incubators,

start-up centres, etc.) (2)

1.2 Comprehensive approach to the promotion of digitalisation

- Encouraging digitalisation in the field of energy (3)
- Forecasting the competences required in the future and developing digital competences (4)
- Coordinating producers and end users in the context of providing ancillary services (5)

1.3 Coordinated acceleration of self-sufficient energy supply

- Renewing the Efficient Energy Use Strategy (EEU) and adjusting and renewing the support schemes for EEU and renewable energy sources (RES) (6)
- Technologically neutral treatment of all technologies for extraction and transformation of energy with equitable consideration of all relevant costs from the energy source to the end user (7)
- Providing a balanced energy mix that is based on efficient and sustainable use of all relevant domestic energy sources (8)
- Researching the options for utilisation of hydro potential in the Republic of Slovenia as a green energy source and simultaneously addressing flood risk in the Republic of Slovenia (9)
- Integrating or utilising the synergies of natural gas, electric power and heat systems (10)
- Taking into account the concept of circular economy (11)

⁴ https://www.gzs.si/energetska_zbornica_slovenije/vsebina/Sekcija-SAEE/Manifest-energetske-ekonomike

1.4 Stimulation of sustainable construction

- Informing, training and raising awareness of the target public (12)

1.5 Optimal use of energy in transport

- Forming a group for connecting stakeholders in the field of energy in transport (monitoring consumption, analysing, public presentations) (13)
- Increasing visibility and ensuring appropriate placement of alternative fuels in personal and public transport and preparing suitable incentives (14)

1.6 Evaluation of projects and measures, research

- Evaluating economic policy measures in regard to energy, human, environmental and economic resources (15)
- Prioritising research that leads to the formation of new processes and products in the field of energy and delivers the highest added value (16)
- Creating an environment for setting up pilot projects for the testing of new technologies (17)
- Providing the necessary resources (financial, human) for R&D activity in the energy sector (18)
- Increasing the absorption rate for grants (19)

2. BUSINESS ENVIRONMENT

A suitable business environment encourages companies and their employees to function optimally and with dedication.

2.1 Adoption of SEC by the end of June 2017

- Supporting the Slovenia's energy concept (SEC) adoption process in accordance with the proceedings in Governing Board of the Energy Industry Chamber of Slovenia and the additional proposal for a shorter adoption period (20)
- Coordinating the energy policies with other policies and stable regulatory framework (21)

2.2 Establishment of good corporate governance practices in public enterprises in the energy sector

- Implementing the Slovenian Sovereign Holding (SSH) corporate governance code and following the Organisation for Economic Co-operation and Development (OECD) guidelines and global good practices (22)
- Forming suitable performance criteria for energy companies (23)
- Optimally organising the public service of electricity distribution based on the analysis of economic aspects of different options (24)



2.3 Socially responsible and integrative operation of energy companies

- Establishing the principle of ethical conduct in energy companies (25)
- Connecting stakeholders in the value chain and finding synergies (26)
- Suitable legislation in spatial placement (27)
- Bringing the operation of energy companies closer to users and ensuring the visibility of individual energy products (28)
- Safe and reliable supply strategy and emergency measures (29)

3. TAX POLICY

Tax policy should enable international competitiveness of energy companies.

3.1 Reverse charge procedure and tax relief

- Introducing reverse charge mechanism for VAT in the field of electricity and natural gas trading in Slovenia (30)
- Maintaining tax relief for investments in R&D activities (31)

3.2 Support for Industrial Policy Manifesto (CCIS, 2015) in items: 2.1, 2.2 and 2.4 (32)

- Introduction of development/social cap (for social contributions in salaries)
- Redefining the income tax scale (more classes, lower rates)
- Maintaining tax relief values for corporate entities

4. PERSONNEL POLICY

In addition to great care already dedicated to technology and capital in the past, it is necessary to devote more attention to people, particularly employees, as that leads to greater efficiency and better business results, while contributing to the satisfaction of everyone involved. People are the key source of creativity and dedication.



4.1 Development of strategic human resource management

- Developing strategic human resource management (HRM) (33)
- Looking into new forms of work/employment and sharing good HRM practices (34)

4.2 Support for education in the field of energy economics

- Promoting the education of young people (35)
- Additional training of employees in the field of energy economics (36)
- Enhancing the understanding of importance of economic aspects of the energy sector (37)

4.3 Appropriate gender balance

- Promoting mechanisms to increase the percentage of women employed in energy sector (38)
- Organising a mentoring network for women with the help of women in leading positions in the energy sector (39)

4.4 Renewal of employee remuneration system in public enterprises in the energy sector

- Establishing an employee remuneration system in public companies in the energy sector that will be linked to work results or achievement of goals set for corporate entities and employees (40)

5. INTERNATIONALISATION

International networking has become an integral part of business operations. It allows companies to reduce risks and gain competitive advantages.

5.1 Ensuring quality and appropriate benchmarking of operation of companies on European or global level

- Preparing suitable studies and comparisons between comparable European and global companies in order to improve operation and optimise processes (41)
- Regional cooperation between EU Member States (42)

5.2 Integration of private investors in Slovenian energy industry

- Ensuring a suitable business and regulatory environment (43)

5.3 Acceleration of cross-border investments (44)

5.4 A joint representative of SAEE on an international level (e.g. in Brussels) and cooperation in/with international organisations (45)

Sources:

CCIS (2015). Industrial Policy Manifesto. Ljubljana: Chamber of Commerce and Industry of Slovenia.

CCIS (2016). Business Economy – Analysis of Operation of the Energy Sector. Ljubljana: Chamber of Commerce and Industry of Slovenia.

Martinec, N. (2015). Operation of Energy Sector Companies for 2014. Report for the Management Board. Ljubljana: Energy Industry Chamber of Slovenia.

Cover image: Energy with Environment infographics; <http://freedesignfile.com>

Images in the text: Green city and Green book stack; <http://all-free-download.com>

