

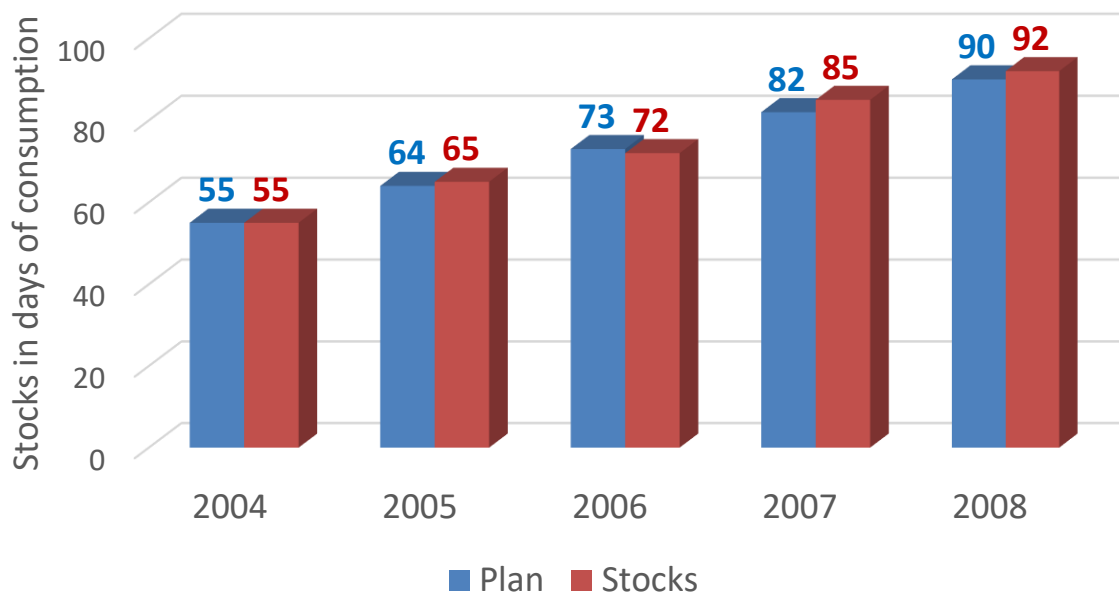
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Compulsory Oil stockholding

Slovak Republic

A bit of history ...

- 2004 – accession of Slovakia to European Union.
- Emergency oil stocks obligation – transitional period until 2008 to reach 90 days of consumption:



- Emergency stocks owned by state.

New EU legislation

- 2009 Oil stocks directive (Directive 2009/119/EC).
- 2012 – deadline for transposition.
- Main changes:
 - days of consumption \rightleftharpoons days of net imports,
 - Central stockholding entity,
 - delegations of stockholding obligation,
 - 1/3 of the stocks as products ...
- Many possible ways to implement:
 - state model,
 - agency model,
 - industry model,
 - combined ...

Implementation of 2009/119/EC in Slovakia

- Change of the stockholding system.
- Old system - state model:
 - state owned stocks,
 - managed by the Administration of State Material Reserves (ASMR),
 - financed by state budget.
- New system – agency model:
 - stocks are owned and managed by the Emergency Oil Stocks Agency (EO SA).
 - involvement of industry in the emergency stocks management,
 - financing independent of state budget.
 - ASMR – state supervision authority.

The Emergency Oil Stocks Agency - EOSA

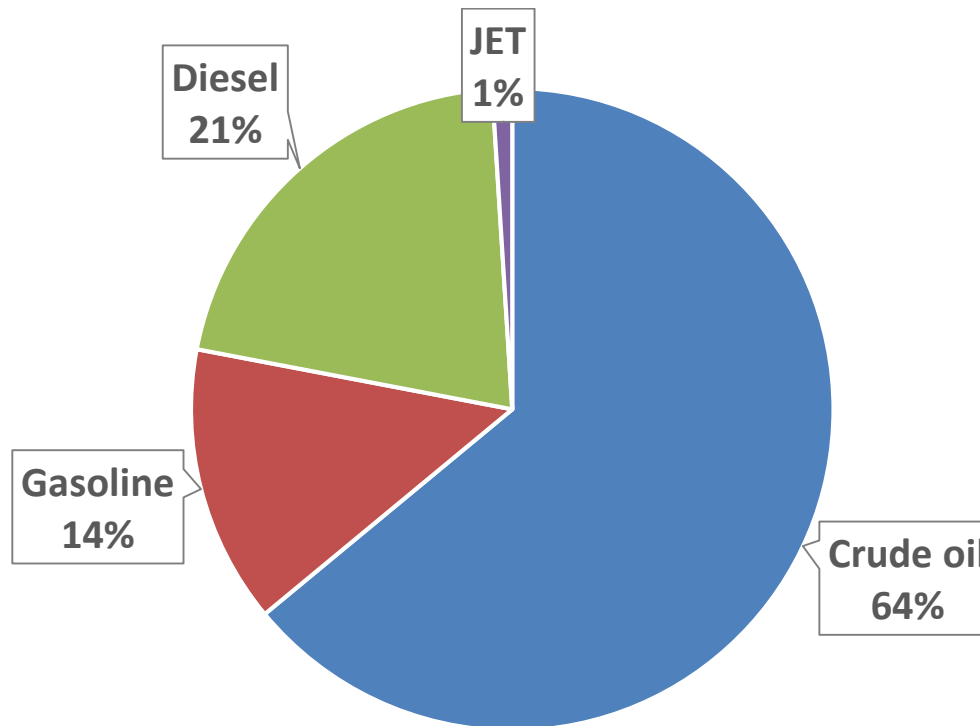
- Central Stockholding Entity for Slovakia according to 2009/119/EC.

- Legal form – „professional association of legal entities“:
 - members are the oil industry representatives – voluntary membership,
 - currently 4 industry members + 1 special member (state owned company).

- Decision rights:
 - 70 % has the company owned and controlled by the state,
 - 30 % divided between the industry members (based on market shares).

Stockholding obligation

- EO SA the only entity to keep all the 90 days (minimum) of emergency stocks.
- Current level of emergency stocks – 97 days (of daily net imports):



Stockholding policy

- No prescribed structure of emergency stocks, only 2 requirements:
 - at least 1/3 must be in the form of products (currently 36 %),
 - at least 50 % must be in the form of crude.
- Tickets allowed, but not desirable – currently no ticket stocks.
- EOSA does not own storage capacities – stocks stored by contractual storage operators (currently 1 for crude oil and 1 for oil products).
- All emergency stocks within territory of Slovakia.
- Stocks abroad allowed - intergovernmental agreement required:
 - such an agreement concluded with Czech Republic – never used.

EOSA financing

- Stockholding fee on industry („market participants“).
- Market participants required by law to have contract with EOSA - EOSA keeps emergency stocks on behalf of the market participants.
- Fee as a payment for this service – currently 29,65 € / cubic meter.
- The fee decided by the EOSA Member’s meeting every year.
- Calculation formula of the fee stipulated by EOSA’s Articles of association (which are approved by the Government).
- Money collected from fee covers all the EOSA’s expenses including:
 - purchase and storage of stocks,
 - debt repayment,
 - operational costs ...

Emergency management

- EO SA may release stocks (below 90 days) only if „state of oil emergency“ is declared.
- State of oil emergency declared by the Government (Cabinet).
- Proposal to the Government submitted by the ASMR.
- Measures to deal with state of oil emergency:
 - demand reduction,
 - release of (EO SA’s emergency stocks).
- Stocks release through sale or loan.
- EO SA may release stocks exceeding 90 days without Government approval.

New obligations – EU legislation

1. Cybersecurity – NIS 2 Directive (Directive 2022/2555 of 14 December 2022 „on measures for a high common level of cybersecurity across the Union ...“)

- Transposition by 17 October 2024,

- Essential and important entities:

| Sector | Subsector | Type of entity |
|-----------|-----------|---|
| 1. Energy | (c) Oil | Operators of oil transmission pipelines |
| | | Operators of oil production, refining and treatment facilities, storage and transmission |
| | | Central stockholding entities as defined in Article 2, point (f), of Council Directive 2009/119/EC |

- Cybersecurity risk-management measures (technical, operational and organisational), reporting obligations ...

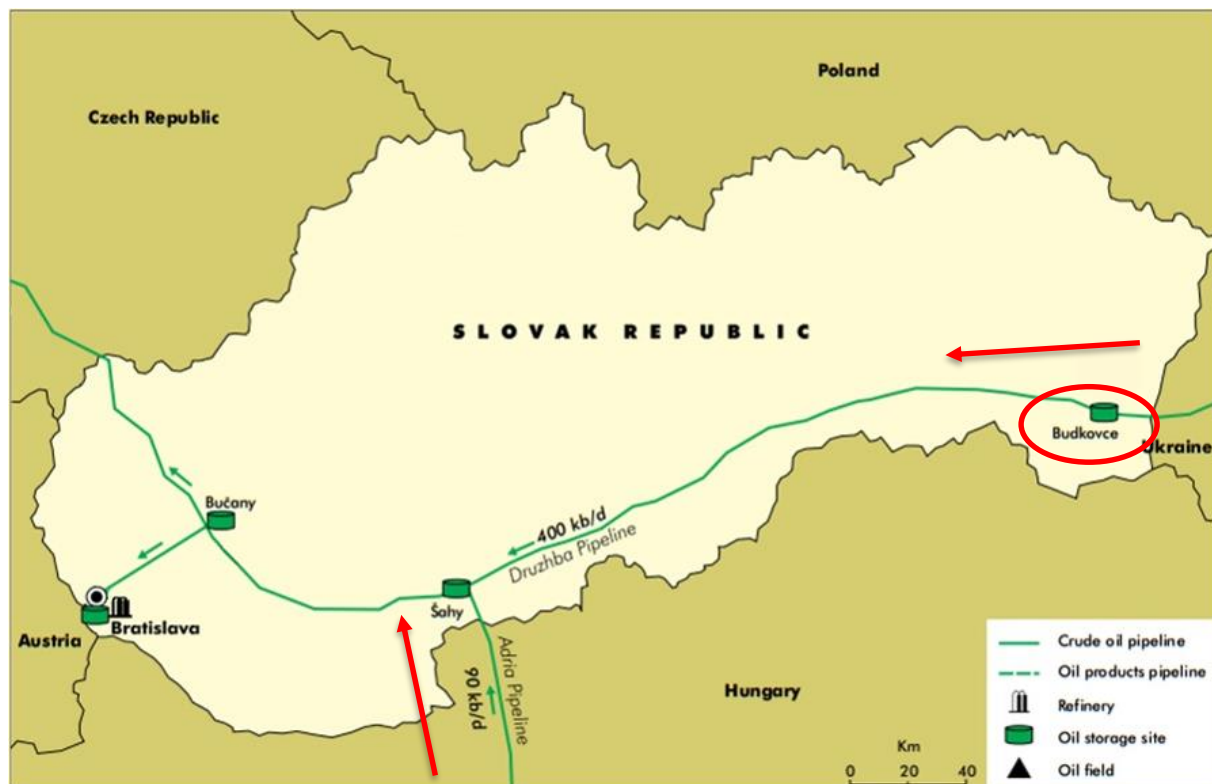
2. Resilience – CER Directive (EU-directive 2022/2557 on the resilience of critical entities):

- Annex I, 1. Energy, (c) Oil: „Central stockholding entities“,

- risk assessment to assess all relevant risks and apply technical, security and organisational measures to ensure their resilience.

Recent challenges

- Slovakia – highly dependent on Russian crude oil through Druzhba pipeline.
- Only alternative route – Adria pipeline from Hungary.



- Druzhba – one way flow – east to west.
- Emergency stocks – 1/3 of crude stocks in Budkovce – no connection to Adria.

Thank you for attention

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