



EU MS STOCKHOLDING POLICIES – SLOVENIAN CASE

5th Energy Community Workshop on Emergency Oil Stocks

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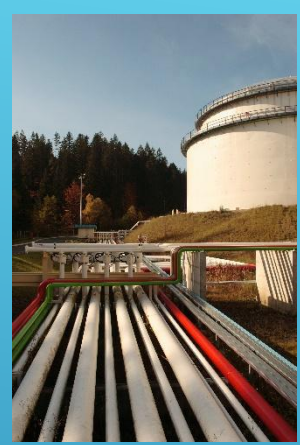
THE AGENCY OF THE REPUBLIC OF SLOVENIA FOR COMMODITY RESERVES (ZRSBR) CARRIES OUT TWO PUBLIC SERVICES:

- ▶ The constituting, maintaining and use of commodity reserves, namely food products (meat, flour, wheat, oil, salt, sugar, water...) and non-food products (drugs, oil, protection equipment...);
- ▶ **Holding of the 90-day emergency oil stocks according to the Council Directive 2009/119/EC.**



CENTRAL STOCKHOLDING ORGANIZATION

- ▶ *The Agency of the Republic of Slovenia for Commodity Reserves (ZRSBR)* is a central stockholding organization (CSO), set up by the Government of the Republic of Slovenia.
- ▶ 100 % of obligation on CSO.
- ▶ Our main purpose is to maintain, refresh in order to fulfill the obligation of the Republic of Slovenia regarding the Emergency Oil Stocks and release of Emergency Oil Stocks.



LEGISLATIVE FRAMEWORK

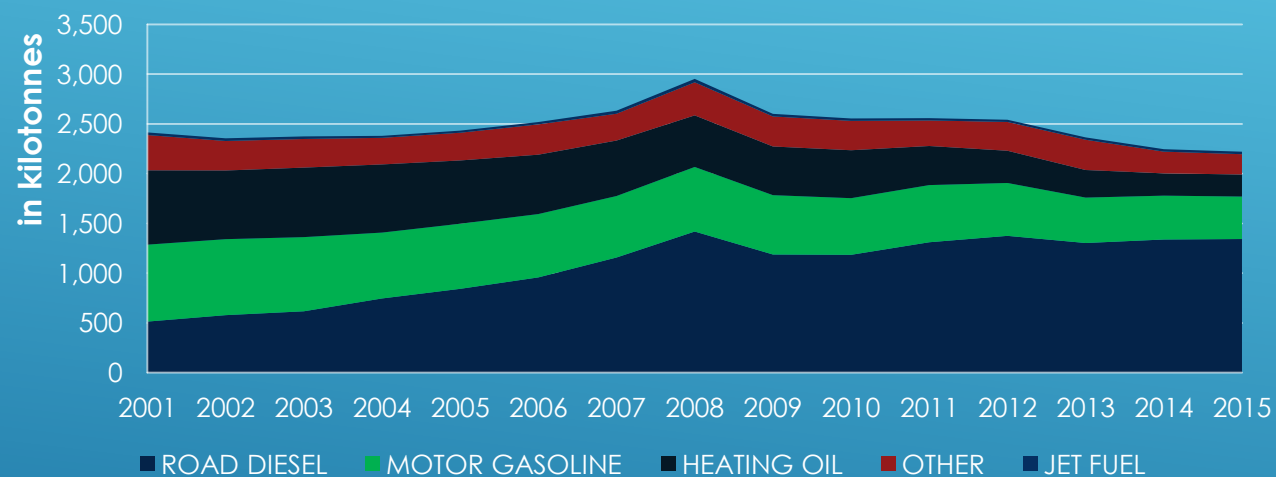
- ▶ Commodity Reserves Act
- ▶ Decree on safe handling procedures in the event of disruption and instability on the market supply with oil and petroleum products
- ▶ Rules on calculating and reporting on the state of oil and petroleum products reserves
- ▶ Decree on the Determination and Methods of a Special Fee for the Emergency Oil Stocks
- ▶ Public Procurement Act
- ▶ Other specific regulations – technical standards, International accounting standards...



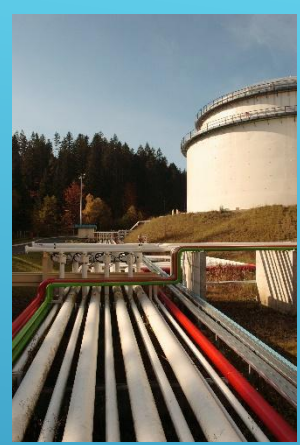
THE STRUCTURE OF CONSUMPTION/EMERGENCY STOCKS

- ▶ *No crude oil sources*
- ▶ *No refinery*
- ▶ *Storage duopoly*
- ▶ *Retail duopoly*

- ▶ *Consequences:*



- ▶ 100 % depending on the import of oil products
- ▶ Emergency Oil Stocks are kept in the form of petroleum products and no crude oil
- ▶ The structure of emergency oil stocks corresponds to the consumption of a particular petroleum product



SETTING UP THE EMERGENCY STOCKS FROM 2000 - 2016

- ▶ Transitional Period (five year period 2000 – 2005) - per 31 December 2005:

- ▶ Location: 64 % in Slovenia
36 % kept abroad
- ▶ Form: 80 % owned stocks
20 % tickets

550.828 tonnes (90,03 days)

- ▶ 2015 - per 31 December 2015:

- ▶ Location: 71 % in Slovenia
29 % kept abroad
- ▶ Form: 94.5 % owned stocks
5.5 % tickets

550.610 tonnes (92,30 days)



SETTING UP EMERGENCY STOCKS

- ▶ Initial consideration:
 - ▶ Form: own stocks vs. tickets
 - ▶ Storage: in Slovenia vs. abroad (and quantities)
- ▶ Decision depends on:
 - ▶ Availability of Storage Capacities
 - ▶ Reliability
 - ▶ Availability of Financial Sources
- ▶ Our goals are defined in:
 - ▶ Five-Year-Program 2014 to 2018
 - ▶ Annual Programs



THE CHARACTERISTICS OF EMERGENCY OIL STOCKS

- ▶ Assuring financing sources
- ▶ Purchase and sale and exchange of petroleum products
- ▶ Tickets
- ▶ Storage of petroleum products (owned vs. rented vs. reliability)
- ▶ Quality assurance / Quality control
- ▶ Insurance
- ▶ Reporting/Statistics
- ▶ Setting up the emergency release procedure
- ▶ Releasing of Stocks



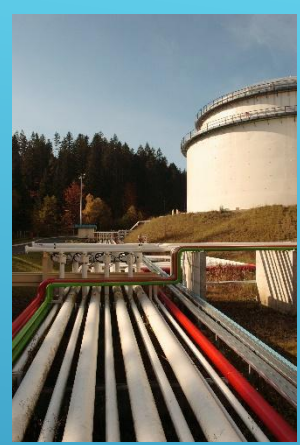
THE CHARACTERISTICS OF EMERGENCY OIL STOCKS - **ASSURING FINANCING SOURCES**

Financing of activities:

- Special fee for carrying out the public economic service (covers administration costs, operating costs, financing costs);
- Loans (for purchasing of oil products).

Operating costs:

- Renting (handling and storing the oil products, tickets);
- Insurance;
- Quality assurance;
- Replacement and transportation;
- Cleaning of the tanks.



THE CHARACTERISTICS OF EMERGENCY OIL STOCKS - **PURCHASE, SALE, EXCHANGE, TICKETS**

- ▶ Initial purchase of stocks (public procurement):
 - ZRSBR designates the most favorable tenderer to deliver the goods
- ▶ Refreshment/Exchange (public procurement):
 - ▶ ZRSBR designates the most favorable tenderer to exchange the goods or
 - ▶ Storage operator exchanges the goods as part of the storage service
- ▶ Release of stocks in the event of a crisis (Government's decision);
- ▶ Setting up the initial level - new purchase (public procurement).

- ▶ Tickets - adjustment to the desired level (obligation) of stocks.



THE CHARACTERISTICS OF EMERGENCY OIL STOCKS - STORAGE

Systems of storage:

- Comingled (pool);
- Segregate.

Ownership of storage facilities:

- ▶ Storage facilities, owned by the ZRSBR;
- ▶ Storage facilities, owned by economic operators.

Replenishment/Refreshment (depends of the system of storage and storage contract):

- The responsibility of storage operator, in this case the costs are included in the storage fee;
- The responsibility of the agency (public tender).



THE CHARACTERISTICS OF EMERGENCY OIL STOCKS - **QUALITY ASSURANCE / QUALITY CONTROL**

- ▶ Quality assurance/quality control:
 - ▶ Internal services (regularly);
 - ▶ External services (accredited laboratories, surveillance authorities...).



THE CHARACTERISTICS OF EMERGENCY OIL STOCKS - **INSURANCE**

- ▶ Stored stocks are insured against usual risks:
 - ▶ Fire, earthquake;
 - ▶ Theft;
 - ▶ Leakage;
 - ▶ Destruction of oil product.
- ▶ Insurance for payment of excise duty.
- ▶ Storage facilities:
 - ▶ By storage facility owner and operator (environmental risk, operational risk).



THE CHARACTERISTICS OF EMERGENCY OIL STOCKS - **REPORTING/STATISTICS**

- ▶ Monthly Oil Statistics – MOS:
 - ▶ Submitted to the IEA and EUROSTAT by the Statistical Office of the Republic of Slovenia;
 - ▶ Enables the EU Commission to cross-reference the data comparison submitted by the MS.
- ▶ Cross border Reporting:
 - ▶ Prior to reporting for the MOS;
 - ▶ Alignment of quantities held in both MS as emergency oil stocks.



THE CHARACTERISTICS OF EMERGENCY OIL STOCKS – **SETTING UP THE EMERGENCY RELEASE PROCEDURE**

- ▶ ***The Operational Plan for Emergency Stock Release*** defines the procedure of release:
 - ▶ Responsibilities (decision making and execution of tasks);
 - ▶ Distribution of stocks (beneficiaries, locations, products, quantities, timeframe);
 - ▶ Price and guarantees for the product;
 - ▶ Procedure timeframe.
- ▶ The Plan is supported by ***the computer application*** which should enable a quick, efficient, reliable and accurate release of petroleum product.



FURTHER CHALLENGES

- ▶ Training and improvement of *the Operational Plan for Emergency Stock Release* (contingency plan).
- ▶ Optimization of costs.
- ▶ Construction of new tanks.



Thank you for your patience.

Any further questions -> marko.naralocnik@zrsbr.si