Emergency Oil Stocks Agency

The Slovak Republic

5th Energy Community workshop on emergency oil stocks, 20 April 2016, Zagreb
1. Building of emergency stocks in Slovakia

Beginning of systematic approach to emergency oil stocks connected with accession of the Slovak republic to EU:

- 2001 – first legislative act on emergency stocks – objective 90 days,
- 2004 – Accession of Slovakia to EU,
- 2004 – 2008 – transitional period granted to Slovakia to build 90 days of stocks.

- since 2008 - the level of emergency stocks continuously over 90 days.
2. New system of emergency stockholding

The system of emergency oil stocks have changed in 2013:
- 1 August 2013 (the new legislation came into force),
- 1 December 2013 (change in the ownership of emergency stocks).

System used before:
- Emergency oil stocks owned by the State and managed by the Administration of State Material Reserves (ASMR).
- Financing – obligatory fee collected from oil industry allocated through state budget.

New Agency system:
- The emergency oil stocks are owned and managed by the Emergency Oil Stocks Agency (EOSA).
- Financing separated from state budget.
- Enhanced involvement of industry in the emergency stocks management.
- The ASMR now plays the role of state supervision authority.
3. Transformation process of the Emergency Oil Stocks system

- The EOSA Agency was established on 13 September 2013.

- 13 September – 1 December 2013: preparation for acquiring ownership and management of the emergency stocks; securing the finance needed for buying of the stocks, concluding storage contracts, etc.

- 1 December 2013: the EOSA Agency have purchased all the emergency oil stocks from the ASMR.

- From 1 December 2013 the EOSA Agency is obligated to keep emergency oil stocks at the level of at least 90 days of daily net imports.

- The ASMR remains relevant as supervision authority: calculates the minimal limit, controls fulfilment of the obligations, imposes sanctions, manages the state of oil emergency, etc.
4. The Emergency Oil Stocks Agency - EOSA

- The EOSA Agency is Central Stockholding Entity for the Slovak Republic according to the Council Directive 2009/119/EC.

- Legal form of the Agency is the „professional association of legal entities“:
  - Members are the oil industry representatives – membership is voluntary,
  - Currently 5 industry members + 1 founder company controlled by the state.

- Decision rights – 70 % has the state controlled founder company, 30 % of the rights is divided between the industry members.
5. Stockholding obligation

- According to European and domestic legislation the EOSA is supposed to hold emergency stocks at least at the level 90 days of daily net imports.
- EOSA currently holds emergency stocks at the level of 90 days of daily net imports:
  - Crude oil – 512 000 tonnes,
  - Oil products – 254 000 tonnes.

Share of oil products in the products stocks:

- Automotive gasoline 39 %
- Diesel 57 %
- Kerosene jet fuel 4 %
6. Stockholding policy

- Legislation does not prescribe structure of emergency stocks, but there are 2 limitations:
  - At least 1/3 must be in the form of Oil products,
  - At least 50 % must be in the form of Crude oil.
- Current share of Oil products: 38 %
- The EOSA keeps only physical stocks – no tickets.
- Emergency stocks are held on the basis of storage contracts concluded between EOSA and 2 stockholding companies (1 for crude oil and 1 for oil products).
- All emergency stocks are kept in the Slovak Republic.
- Legislation allows keeping stocks abroad in case an intergovernmental agreement exists – such an agreement is concluded with the Czech Republic, but is not used currently.
7. Financing

- Importers and distributors of selected oil products („market participants“ - those who release oil products for consumption) are obligated by law to conclude an agreement with the EOSA – Contract on providing emergency stocks keeping.

- The EOSA keeps emergency stocks on behalf of the market participants.

- For this service market participants pay a fee to the EOSA on the basis of the contract – currently 19,65 € for every cubic meter of selected oil products released for consumption.

- The fee is decided by the EOSA Member’s meeting every year.

- The fee may not exceed the real cost of the service, which include not only stockholding of the stocks, but also acquiring of the stocks (costs of the paying off the credit), general expenses of the EOSA etc.

- The fee is invoiced by EOSA for every market participants on basis of volumes data provided by the market participants. The data is subsequently verified in cooperation with tax authorities.
Thank you for attention

Jakub Kristín
Executive Manager for Logistics
tel.: +421 2 321 16 966
mobil: +421 901 713 171
e-mail: jakub.kristin@eosa.sk
web: www.eosa.sk

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