

Functioning and Development of the Retail Electricity Market in Slovenia

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The purpose of this paper is to ascertain whether Slovenia has a well-functioning internal electricity market at a retail level, or to what degree this is the case. To this end, the paper analyses the development and functioning of the retail electricity market in Slovenia and compares it with the Austrian (neighbouring) and Irish retail electricity markets. Conducted by means of quantitative research methods, the analysis showed – in line with Adam Smith’s observations – that markets are constantly changing and evolving.

For the purpose of testing the hypothesis, which reads ‘Among the final customers of electricity on the Slovenian retail market, the number of changes of suppliers has increased significantly in the last decade’, data were collected on the number of switches among end-consumers, separated by segment of household and small business customers in Slovenia from 2011 to 2019 inclusive, and data on the Herfindahl-Hirschman Index (HHI index) for end-consumers in Slovenia in the same period. Factor analysis was used to compare the data on development of the Slovenian retail electricity market with that of the same markets in Austria and Ireland.

The factor analysis in all three countries – Slovenia, Austria and Ireland – confirmed the common development, however, during the research it was found that, among others, despite the development of the markets in terms of their legal and formal openness and implemented liberalisation processes, the latter does not necessarily lead to greater perceived activity in terms of more providers in individual markets, lower electricity prices in retail electricity markets in EU (in fact all) member states or, last but not least, to necessarily more switching of suppliers by end-consumers on the Slovenian retail electricity market, even though this particular market is highly developed in terms of competitiveness.

Keywords: end-consumer, retail electricity market functioning, liberalisation development, Slovenia

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