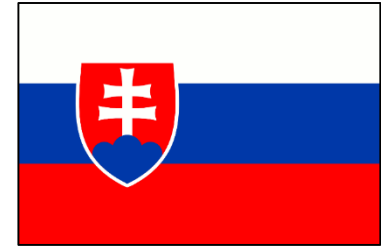


FUTURE OF UPPER NITRA (SLOVAKIA)

Alojz Vlčko, Head of Mayor's Office of Prievidza



Upper Nitra region



- District Prievidza in Trenčín Region, Slovakia
- **135 533 residents**
- District City - **Prievidza** - **46 830 residents**
- **mining of brown coal (lignite)** in mines Nováky and Handlová
- The biggest mining company Hornonitrianske bane Prievidza (HBP). **In 2016 average number of employees was 3368.**



General Economic Interest

- The decision of the Ministry of Economy of the Slovak Republic from 09/2015: **obligation** for company Slovenské elektrárne (Slovak power plants) **to produce electricity from domestic coal from 2017 to 2030** in the volume of **1584 GWh per year**.
- **Main reasons:** ensuring reliable electricity supplies and maintaining employment in the region
- **Up to 94 % of production** of main mining company HBP is **used in power plant Nováky**



Financial support for electricity production

- Price decision of the national regulator: **Fixed price for producing electricity from domestic coal** (2017-2021) is **95 408 561 eur**.
- **Every electricity consumer in Slovak republic contributes** to this support through payments for the so-called tariff for system operation. It is not a direct subsidy, but it is mandatory for every consumer to pay the tariff.
- In September 2016, NGO - The European Institute for Consumer Protection filed a **complaint to the European Commission about granting of illegal indirect state aid to the company HBP (mines)** through the company SE (power plant). The investigation is still ongoing.
- Criticism of the **low transparency**.



Turbulent Year 2017

- **„Operational Testing“** – in January and February, the HBP used the closed unreconstructed block of the power plant as an alternative burning unit in order to test a new desulfurization process. In the meantime, the amount of smog increased and new discussions emerged whether the test was cause of this
- **EIA process for new mining field** – discussion on the impact on tourism. Bojnice Spa claims, that thermal water can be negatively affected.
- **People in the Upper Nitra are in uncertainty** - March, the Minister of Economy talks about the option to shorten the deadline (2030) for the production of electricity from domestic brown coal.
- **OECD** – At the end of June, OECD presented Economic Review of Slovakia for 2017. It was critical to the high price of electricity, which reduces the competitiveness of the business environment in Slovakia. Prime Minister says he will discuss attitudes towards mining. The Minister of Economy already talks about the need to prepare steps how to reduce the coal mining in Slovakia.
- **Meetings in the Government's Office** – July, meetings about the future of coal mining in Slovakia were organized at the government office. Local leaders were not invited.



Activities of City Prievidza

- **Press Conference about uncertainty of the region**
 - appeal to start responsible talks about future of Upper Nitra
 - **Focus on the factors to be taken into account:**
 - EU climate goals,
 - huge investments needs in the power plant Nováky after 2021
 - investigation of possible illegal indirect state aid
 - health benefits that can be achieved by the limiting of coal mining



Activities of City Prievidza

- **Round table about the future of Upper Nitra (September)**
 - **50 participants** (municipalities, NGOs, employers) supported the need to discuss the future.
 - **Request to the government to enter talks with the main local actors of regional development.**
 - Unfortunately, the discussion was ignored by the mining company HBP and the state administration (members of the government and other officials)



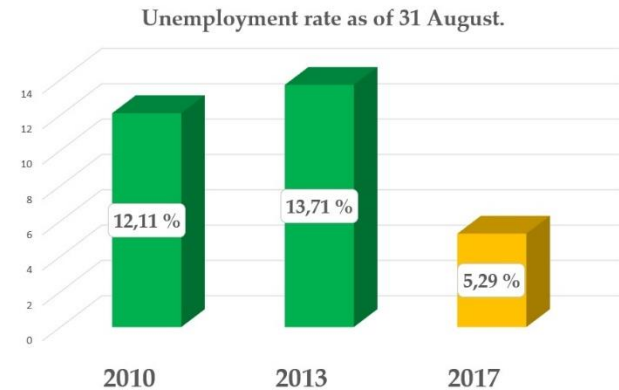
Help of the European Commission

- **Platform for the coal regions** to share experiences from the transformation
- **Possibility to use over € 15 billion, which Slovakia receives from European funds in 2014-2020.** It depends on the decision of the managing authorities. The limitation is that potential projects are very poorly prepared.
- **European Globalization Fund** – can be used for support workers who experience the consequences of major structural changes
- **Assistance to structural reforms** – expert help, for example - preparing a strategy



Good time for transition

- **The unemployment rate in the district is historically low**
 - 09/2017 - 5,29 %, for comparison 09/2013 – 13,71 %
- Employers have **great demand for the release of labour force from the coal industry**
- **The new big investor in Prievidza –** the company Brose in 2015 bought 25 hectares of land. Production of components for the automotive industry. The company has already created 600 new jobs and builds a second production hall.



Good time for transition

- **great potential of region for tourism** – castle in Bojnice, ZOO, spa, small airport
- **silver economy** – oriented to the future needs of an increasing number of older people, for example in spa
- **the opportunity to acquire the research and development bases** of new investors and other companies



Next Steps

- Plan to create a **local action group** (municipalities, NGOs, employers, government management)
- **Collaboration with the entities with know-how** – for example: the university excellence centre of the Slovak University of Technology
- **Intention to create Action Plan for the region of Upper Nitra** to offer it to the government



Thank you for your attention!



Alojz Vlčko

City of Prievidza, Slovakia

Head of Mayor's Office of Prievidza

alozj.vlcko@prievidza.sk