

Final assessment of NRRP submitted to the European Commission

Contact for further inquiries: Andrej Gnezda, andrej@umanotera.org

1. **A short overview of the final NRRP:** a few lines on how you assess the final NRRP submitted by your country. (Fairly good/Good/Fairly bad/Bad) - Has the final version improved with regard to the original draft? Have your inputs been taken on board?

Fairly bad - as it stands it seems the plan will not contribute significantly to the achievement of climate goals and may lead to extensive habitat destruction. Far too little projects and investments go into RES and railway infrastructure. No bigger investments in energy efficiency are foreseen, apart from some limited investment in public buildings. Flood protection is one of the biggest measures in terms of financial allocation and although flood protection is a much needed climate change adaptation measure in Slovenia, there is large skepticism that the bulk of projects will be in the traditional form of gray/built infrastructure that may lead to extensive river bank (and similar habitats) destruction. The reform pillar of Slovenia's NRRP lists amendments to relevant environmental legislation that will lead into deregulation with the aim of relaxing relevant rules and procedures to ease the implementation of projects under the upcoming investment cycle (MFF and recovery package). Interestingly, this deregulation is mainly and openly driven by Slovenia's Minister of the environment. This approach is in direct contradiction to the green recovery aims of the Commission. Moreover, it is in some cases questionable whether Slovenia applied the climate tracking codes correctly and whether the do no significant harm analysis was carried out thoroughly. The plan has been slightly improved compared to the previous version in the sense that projects, investments that were obviously not compatible with the DNSH principle have been removed. Overall the volume of the plan shrank from 5 to 2.5 billion Euros.

2. **Briefly explain how the public consultation process took place**

- a. **Are you happy with how the consultation process took place? Did you have a regular dialogue with the government departments?**

No formal dialogue took place and no consultation avenue has been established. The claims of the Slovenian government that some 2000 plus stakeholders have been consulted, are extremely misleading as these were largely participants in online presentations of the plans with one directional information flow.

Did you have enough time to react? Have your inputs been taken on board until the end of the process?

After insisting several times, we have managed to obtain two meetings with the managing authority but our inputs have not been included and we received no feedback in any form.

3. **Your comments on green measures/investments/projects :** Please provide a few examples of good and bad measures/investment/projects with regard to climate, biodiversity and the Do no significant harm principle.

GOOD: pilot geothermal power plant for electricity production. This is a first of its kind in Slovenia that may show the potential for further similar projects and lead to a stronger use of the geothermal potential in Slovenia.

BAD: projects that were not in line with the DNSH principle have been removed (road infrastructure, national airliner) while a waste incineration plant is still not completely excluded. Road investments will likely be moved into cohesion funding package which remains a problem.

A hydropower plant (HPP Mokrice, although not explicitly named in the NRRP) is included in the Slovenian NRRP. This HPP is likely not in line with the DNSH principle and is a project with a long history of procedural misconducts and has been assessed as having a significant impact on the environment in past impact assessments. According to the Slovene native fish society it is the first HPP in EU planned in a Natura 2000 area. The implementation of the project in the given timeframe is also highly questionable. Nevertheless, government has included the project in the NRRP.

The reform part of the green pillar lists amendments to relevant environmental regulation (Environmental protection act, Construction act, Spatial planning act) that will lead to deregulation and aim for relaxing relevant rules and procedures (for instance legal standings of NGOs in permitting procedures and expert opinions) to ease the implementation of projects under the upcoming investment cycle (MFF and recovery package).

Fiscal reforms: Are fiscal instruments such as green taxation, especially carbon taxes, is part of the toolbox of measures in the Recovery Plan? Are there any plans to assess and remove environmentally harmful subsidies?

Green budget planning: The Ministry of Finance will prepare an assessment methodology to assess how individual budget items contribute to environmental objectives (climate tagging) in accordance with the taxonomy and the "do no significant harm" principle. On this basis a summary review of the impact of the Budget of the Republic of Slovenia on the environment will be prepared. The implementation of activities is expected by the fourth quarter of 2023.

Analysis of the possibility of adapting various regulations and measures to support the transition to a circular economy: establishment of a working group for legislative proposals for tax legislation; the gradual reduction and abolition of fossil fuel incentives through appropriate analysis of the impact on the abandonment of fossil fuel incentives; an assessment of the GHG emission taxation system (eg the level of the CO2 levy vs the ETS allowance price) with the aim of reducing the competitiveness of fossil energy sources. The analysis will be carried out in accordance with the provisions of Slovenia's NECP. The result will be linked to the implementation of measures in the field of the tax system envisaged within the components of the Efficient Public Institution.

4. **Your final comments on what you expect next:** anything you want to point out regarding the NRRPs implementation and how you would like to see your role in it.

Much of the funding will be disbursed through calls so the utilization of funds will depend on the applications received. Calls will need to contain relevant criteria and a screening system that will ensure funds will support projects that contribute to the low carbon, green transition. So far, the criteria outlined in the Slovenian NRRP do not appear to be sufficient.

IMPORTANT: given the current internal political situation where police institutions are misused for political reasons, the PM actively avoiding pending legal proceedings against him and the government not enforcing laws it adopted (for instance the case of National press agency) the rule of law precondition for accessing the recovery funds should be considered in the case of Slovenia.

Application of the Rio markers (climate objective codes) and the DNSH test

Development area 1, component 1, investment "Proizvodnja elektrike iz obnovljivih virov energije" (Electricity generation from renewable energy sources):

- Investments (50 mio EUR):
These are investments in the construction of a hydroelectric power plant and / or a geothermal power plant. The total investments estimated at EUR 166 million (50 million EUR from the RRF). In case of non-utilization of available funds for the purposes of hydro and geothermal energy, a public tender would be published for the installation of solar power plants on publicly owned buildings, where the investor would be the public sector.
- Code used:
032 (Other renewable energy (including geothermal energy)) → 100% climate objective
- Assessment:
The only hydro power project that currently qualifies under the conditions described for this investment is HPP Mokrice.

Slovenia does not have an up to date database of all obstacles on their watercourses. The first estimate of fragmentation of rivers in Slovenia is currently being performed by Institute REVIVO and TNC Europe and the number of barriers seems to far exceed 10.000. For a country with only cca. 28.000 km of running waters, this means that there are very few sections of rivers still flowing. As a result, first, the habitats of rheophilic fauna (requiring flowing water) are very few and most endangered and second,

the migratory fish populations have no way of performing their migrations. This is reflected in the ecological status assessment performed for fish in the frame of the WFD, which generally shows moderate to bad status.

Installation of new hydropower plants is therefore expected to seriously hamper:

- the resilience of ecosystems. Transforming the remaining free flowing rivers into reservoirs will remove the last natural resilience mechanisms that are capable to compensate natural fluctuations (e.g. extreme events). As the catastrophe with the Drava River extreme flood has shown first hand, the chains of HPP are not capable of regulating and compensating extreme rainfall, neither they adapt to the fast changing climate. The HPPs are in direct contradiction to the Paris and Sendai framework, as they are deteriorating natural resilience.
- the remaining freshwater habitats and fish populations. First with direct destruction of the last free flowing habitats, the majority of which are protected through the Birds and Habitats Directives and second, with further reduction of migratory routes. This measure is therefore in direct contradiction to the precautionary principle as we do not have an up to date assessment of the status of river fragmentation, to the Biodiversity Strategy goals of restoring 25.000 km of freshwaters as rivers will be further fragmented, to the WFD as it will further impact the ecological status and to the Birds and Habitat's directives, as it will impact the species and habitats of special importance to Europe.
- As can be seen from the results of ichthyological monitoring that have already been carried out, the chain of five large hydropower plants on the lower Sava river has so far had a negative impact on fish habitats and populations to such an extent that some species we estimate as extinct, and for many other remaining river fish species, monitoring results show that their populations are declining. Research on the lower Sava has shown that after the construction of the HPP, the European protected species of huchen, danubian gudgeon, streber, Danubian longbarbel gudgeon and Kessler's gudgeon¹ disappeared from this area. The construction of a new HPP Mokrice would mean that they would lose the only remaining suitable habitat on the lower Sava for the mentioned species. The suitability of the habitat for the cactus roach, which is even a Natura 2000 qualification species in the Spodnja Sava area (SI3000304), would be greatly reduced, and research shows that its population is already declining in some places on the lower Sava after the construction of the HPP. At the same time, the new accumulation lake would cause the destruction of all lithophilic spawning grounds (gravel, sand) and worsen the spawning conditions for six other Natura 2000 qualification species in the Krka area with tributaries.

Additionally: Research has shown that the population of the cactus roach in the Slovenian Sava is highest on the lower Sava below the HPP chain (therefore there is also a qualification species), the suitability of habitats for this species is currently (still) high, but will certainly decrease with the construction of HPPs. Mokrice. Research has also shown that the destruction (siltation, flooding, change of flow) of the Krka estuary would lose an important habitat for the Danubian longbarbel gudgeon, which is a qualifying species of the Krka Natura 2000 area with tributaries (SI3000338).

1 Translation was not done by an expert, possible mistakes in the translation of fish species are not entirely excluded.

In conclusion, the DNSH principle is violated by this investment. This could, however, quickly be fixed by excluding hydropower from the project and focussing the investment on geothermal and solar energy. Thereby, the complete absence of solar power projects from the Slovenia NRRP could at least partly be fixed.

Development area 1, component 3, investment "Zmanjševanje poplavne ogroženosti ter zmanjševanje veganja na druge podnebno pogojene nesreče (plazovi...)" (Reduction of flood risk and reduction of risk to other climate-related disasters (landslides...)):

- Investments (310 mio EUR):
Investments for flood risk reduction include water management arrangements and arrangement of accompanying facilities in the form of dry reservoirs, regulation of flows, high-water embankments and walls, and sustainable arrangement of riverbeds. No specific projects are mentioned here.
- Code used:
035 (Adaptation to climate change measures and prevention and management of climate related risks: floods (including awareness raising, civil protection and disaster management systems, infrastructures and ecosystem based approaches)) → 100% climate objective (285 mio EUR)
038 (Risk prevention and management of non-climate-related natural risks (for example earthquakes) and risks linked to human activities (for example technological accidents), including awareness raising, civil protection and disaster management systems, infrastructures and ecosystem based approaches) → 0% climate objective (25 mio EUR)

Assessment:

The official DNSH assessment as part of NRRP foresees no negative impact on biodiversity and ecosystems². However, the planned regulation, channelization and raising dikes will cause further degradation of freshwater ecosystems, most importantly impacting the hydro-morphological integrity of rivers, which is the basis for these ecosystems not only to provide resilience to natural fluctuations and the climate change, but also to provide all other ecosystem services and functions that they could in their more natural status. The measures are in direct contradiction to the Biodiversity Strategy, the WFD, The Birds and Habitats Directives as they will directly damage the freshwater habitats, the freshwater species and the ecological status, the Sendai Framework and the Paris Agreement as they will hamper the natural resilience of ecosystems, not to mention the Green Deal, as the Slovenian plan makes no effort at all to use this opportunity to transition to modern management practices such as the NBS, adaptive, ecosystem-based management, which work with, rather than against nature.

Development area 1, component 4, investment "Spodbujanje vzpostavitve infrastrukture za alternativna goriva v prometu" (Supporting the establishment of infrastructure for alternative fuels in transport):

- Investments (6 mio EUR):
 1. 1,57 mio EUR for 140 EV charging posts
 2. 4,18 mio EUR for 5 CNG and LPG fuelling stations

² Annex 1 of Slovenia NRRP p. 69 available at https://www.eu-skladi.si/sl/dokumenti/rff/noo_priloga1.pdf

- Code used:
077 (Alternative fuels infrastructure (19) If the objective of the measure is in line with Directive (EU) 2018/2001) → 100% climate objective
- Assessment:
While the investment is partly in the area of alternative fuels infrastructure, the majority of investments are clearly not in line with Directive (EU) 2018/2001 because they mostly support fossil fuel infrastructure (fuelling stations for CNG and LPG) and not fuels based on renewable energy.

Development area 3, component 2, investment "Subvencije v podporo investicijam za večjo produktivnost, konkurenčnost, odpornost in dekarbonizacijo gospodarstva ter za ohranjanje delovnih mest" (Investment support subsidies to increase productivity, competitiveness, resilience and decarbonise the economy and to preserve jobs):

- Investments (95 mio EUR):
Above all, Slovenia plans to support investment in some priority sectors:
 1. advanced automotive industry and mobility,
 2. manufacture of machinery and metal products,
 3. the food and beverage sector,
 4. information and communication technology sector,
 5. production of electrical equipment,
 6. pharmaceutical industry and production of medical equipment,
 7. knowledge-based services or enabling technologies such as nanotechnology, micro and nanoelectronics, photonics, sensorics, plasma technologies, advanced materials, advanced production technologies, industrial biotechnology, artificial intelligence, blockchain / DLT, etc., which are vertically integrated into all the above sectors and at the same time significantly affect their development and competitiveness
- Code used:
047 (Support to environmentally-friendly production processes and resource efficiency in SMEs) → 40% climate objective
- Assessment:
The criteria for receiving public investment support are very weak for applicants and hardly go beyond marginal improvements that are anyways happening when new investments are carried out (see list below). Therefore, this investment does not qualify under code 047 and should be rated as 0% towards the climate objective. Alternatively, more stringent criteria, that actually go beyond BAU and contribute significantly towards the green transition should be formulated.
The current criteria are:
 1. When investing in an expansion of a company's capacity or in a significant change in the company's entire production process, energy consumption in the production of an existing product must be reduced by at least 10%.
When investing in the establishment of a new company or in the diversification of the company's production into new products that were not previously produced in the company, the investment documentation must show the purchase of new machinery and equipment.
 2. The investor has a vision of environmentally responsible behavior.

3. The investment begins no later than six months after signing the co-financing contracts.
4. When investing in an expansion of the company's capacity or in a significant change in the company's entire production process, the consumption of materials / raw materials in the production of the existing product must be reduced by at least 10%.