



# **Update on the CERC's Upcoming Events, Recent Developments in Croatia's Energy Sector, its Restructuring, and Regional Activities**



**Croatian Energy Regulatory Council  
Mićo Klepo, Chairman**

## Key Events and Activities in 2004 :

- **CERC organization, administrative department organization, organization of cooperation with Energy Institute;**
- **Issuing of licences** - Application, documentation checking, official correspondence, surveillance of objects, facilities, equipment, network, licences' data entry in the Licences' Registry Review ...
  - ***Energy sector - up to 180 licenses issued;***
- **Cooperation in the process of defining the legal framework for energy market development and energy sector's regulation;**
- **Activities & Opinions regarding approved tariff systems:**
  - i) *Tariff System for Power Activities Carried out as PSO;*
  - ii) *Gas Transportation Tariff System for Suppliers and Eligible Customers;*
  - iii) *(Wholesale) Gas Supply Tariff System for Tariff Customers.*
- **Transparency, independence, financial stabilization of CERC;**
- **International cooperation, participation, education and work;**
- **Report to the Croatian Government and Parliament.**



## **Status of Competition Introduction and Related Issues:**

- **Processes of restructuring of the power sector and industry is underway, but some activities are experiencing a delay;**
  - **It should unbundle its vertically integrated activities into individual, legally independent companies;**
  - **Independent system and market operator (ISMO) have not been created.**
- **Development of power market is experiencing a delay;**
- **Development & elaboration & harmonization & enactment of energy sector laws and sub-laws, grid codes, network rules, connection charges, cost of services, balancing power, transmission and distribution pricing methodology, transit conditions and fees are partly experiencing a delay;**
- **Electricity - no eligible generation and eligible customers,**
- **Establishment of real (cost reflective and initiative) tariffs and prices for energy production, generation, transmission, distribution, supply, system operation;**
- **Division of authority among the Government, ME and CERC.**

## Recent Developments, Upcoming Events:

- **EU Avis (by June 2004), EU directives, internal EU market**
  - Madrid Forum (gas), Florence Forum (electricity), Athens Process;
- **REM - Regional Energy Market and TEN E- Trans European Networks - Energy elaboration, study and organization;**
- **MoU, Energy community, Regional bodies;**
- **Rebuilding of connection and power exchange re-establishment to neighbors (400kV transformer substations Ernestinovo) - UCTE (2004) – synchronization of I & II zones;**
- **Revision of energy laws:**
  - Energy Law;
  - Law on Regulation of Energy Activities;
  - Law on Electricity Market.
- **Creation of a new legal framework without CERC participation;**
- **Creation of a new regulatory framework, authorities and tasks for a new regulatory agency, agency's role limited or undefined;**
- **CERC will move to new premises and hire new people.**

## CROATIAN ENERGY SECTOR

### 400 kV TRANSMISSION NETWORK AND POWER PLANTS INCLUDING SURROUNDING GRIDS





## **CROATIA**

**Area: 56,542 km<sup>2</sup>, plus 31,067 km<sup>2</sup> of territorial waters**

**Population: 4.4 mil.**

**The majority of the population are Croats. National minorities include Serbs, Muslims, Slovenes, Italians, Hungarians, Czechs, Slovaks, and others.**

**Capital: Zagreb (0.8 mil inhab.)**

**Number of islands: 1,185**

**Climate: continental / semi-highland & highland / Mediterranean**

**Croatian language and Latin alphabet.**

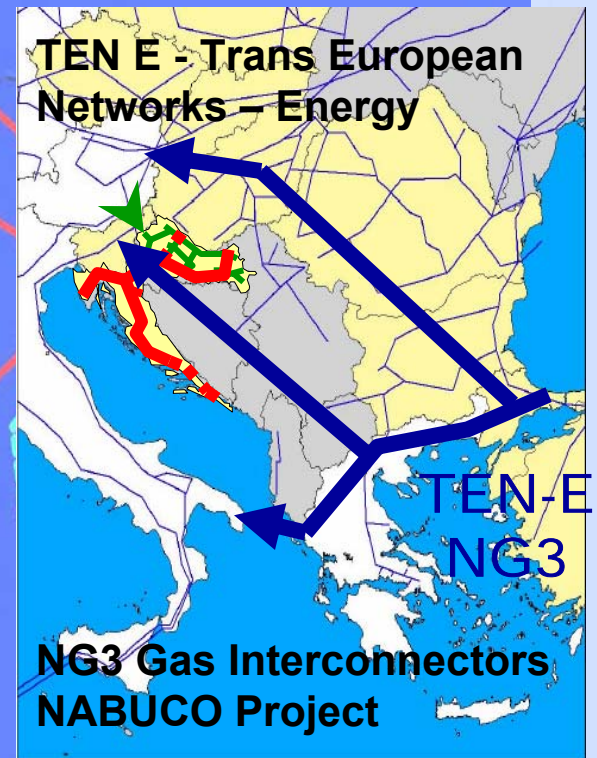
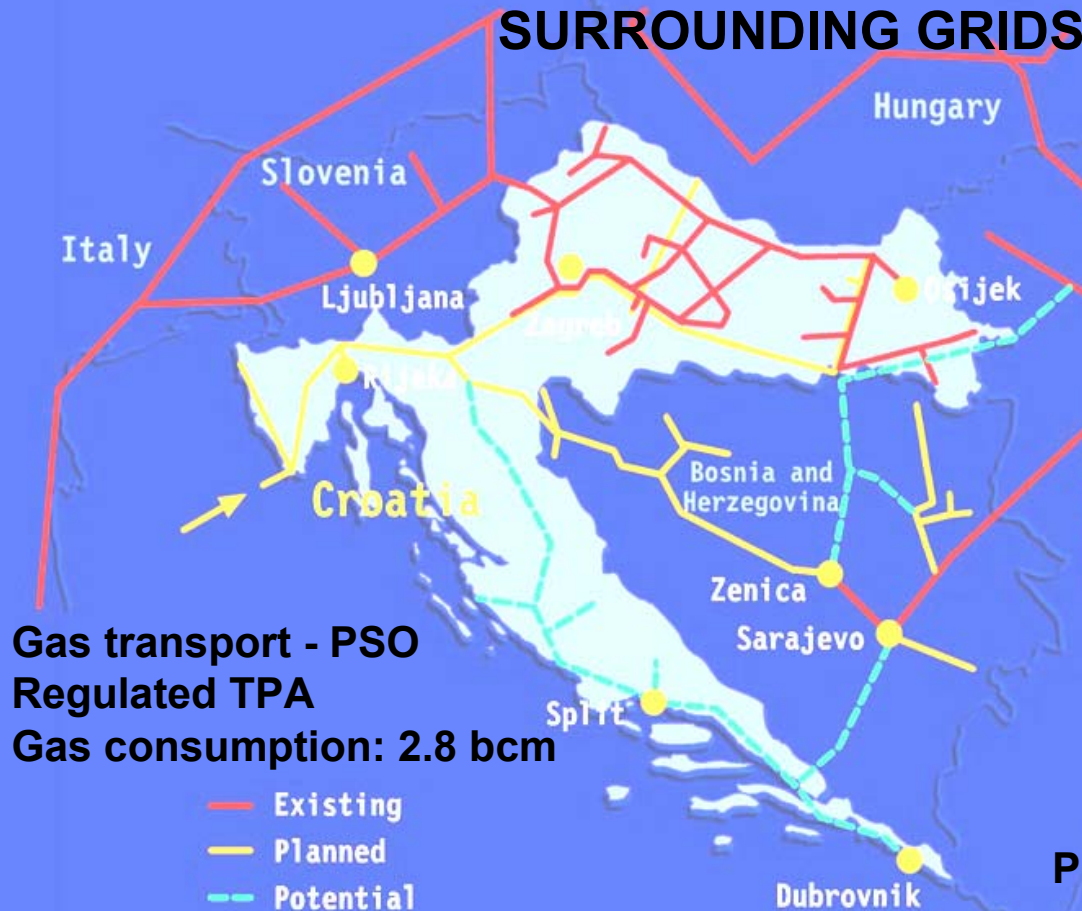
**Religions: Roman Catholics, and in addition there are a number of those of Orthodox faith, as well as Muslims, and Christians of other religious beliefs.**

**National currency: kuna**

**GDP: around 5,000 \$US**

# CROATIAN ENERGY SECTOR

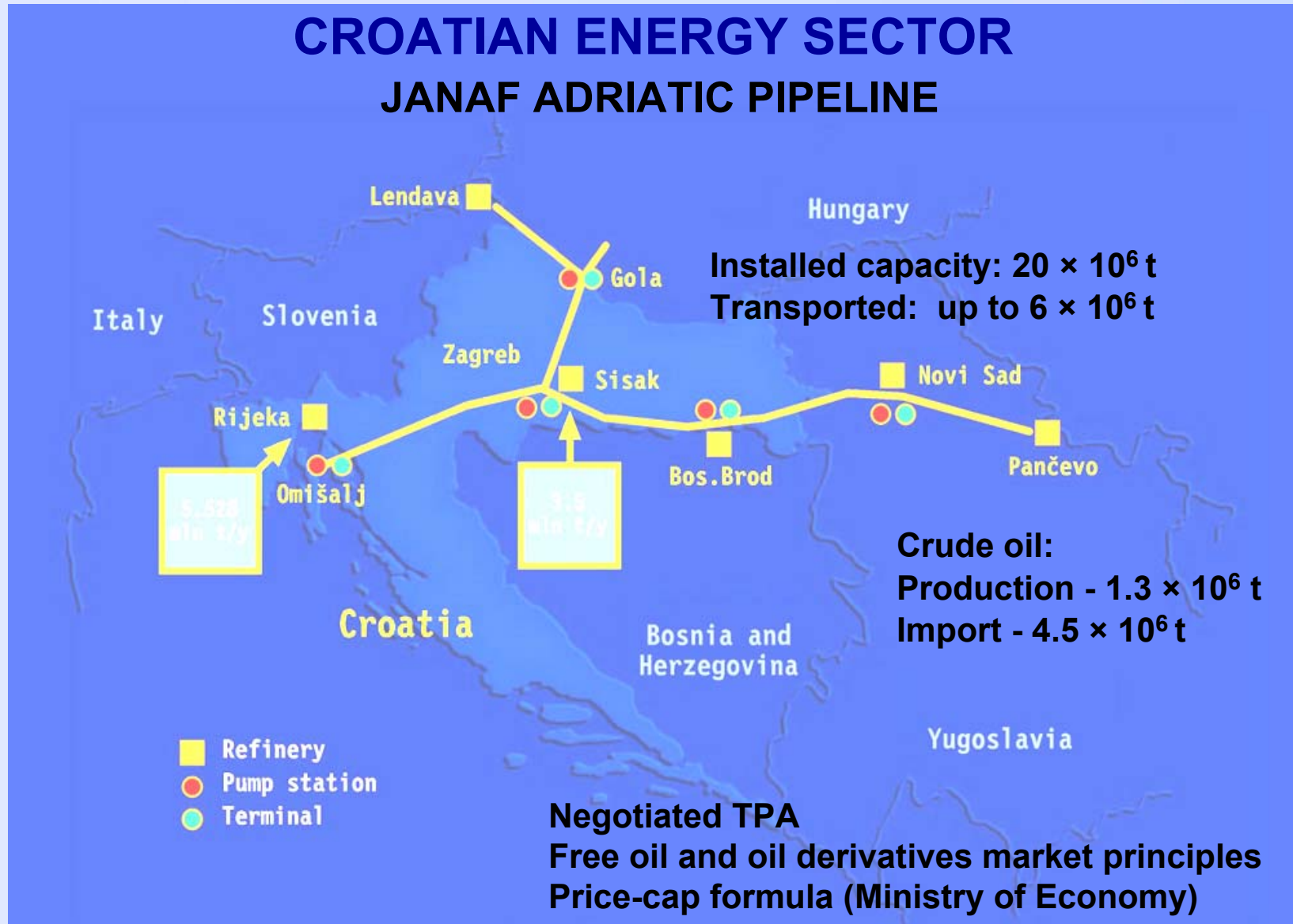
## EXISTING & PLANNED GAS SYSTEM INCLUDING SURROUNDING GRIDS



Purchase, distribution & supply as market activities  
Eligible customers' status

# CROATIAN ENERGY SECTOR

## JANAF ADRIATIC PIPELINE





## **Anticipated Key Issues and Activities for the Next Year:**

- **Agency establishment and organization;**
- **Work on energy sector legal and regulation frameworks (laws and sub-laws, grid codes & network roles, tariff systems);**
- **Continuation of licence issuing;**
- **Work on several projects:**
  - **development plans for transmission and distribution networks (criteria), storage & transmission & distribution fees;**
  - **tariff system reconstruction, establishment of real (cost reflective and initiative) tariffs and prices;**
  - **procedure of granting the eligible producer status;**
  - **tendering procedure for the construction of new generation capacities;**
  - **electricity and gas markets' structure elaboration;**
  - **regional energy market development;**
  - **technical standards and quality service definition;**
  - **international co-operation – partnership, workshops, education.**

**Thank you for your kind attention.**

