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Energy & Natural Resources - Croatia



Examining the renewable energy framework and market

December 05 2011

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Legal framework

Croatia has completed the negotiations over its accession to the European Union and is due to become a full member on July 1 2013. Following the Chapter 15 screening process which took place from 2007 to 2011, and due to the harmonisation of the national energy legislation with EU requirements, Parliament passed two basic acts – the Energy Act(1) and the Electricity Market Act(2) – and five implementing regulations:

- the Regulation on Incentive Fees to Promote Electricity Production from Renewable Energy Sources and Cogeneration;(3)
- the Regulation on the Minimum Share of Electricity Produced from Renewable Energy Sources and Cogeneration with Incentivised Production;(4)
- the Tariff System for the Production of Electricity from Renewable Energy Sources and Cogeneration;(5)
- the Regulation on the Use of Renewable Energy Sources and Cogeneration;(6) and
- the Regulation on Obtaining the Status of Eligible Electricity Producers.(7)

Together, the acts and the regulations make up the renewable energy legal framework. The third EU energy package has yet to be implemented in the respective acts, including the unbundling of the national electrical energy company. At present, all three models (ie, ownership unbundling, an independent system operator and an independent transmission system operator) are being considered.

The use of alternative energy sources (eg, water, wind, sun, geothermal sources and combined heat and power (CHP)) is one of the strategic plans outlined in the Energy Development Strategy from 2009 to 2020.(8) According to the strategy, Croatia has significant natural and technical potential, especially in the production of solar and wind energy.

The Energy Act expressly states that use of alternative energy sources and CHP is in the national interest (Article 14). According to the Electricity Market Act, any generator that uses renewable energy sources will be awarded eligible producer status. This status gives renewable energy producers the right to a feed-in tariff to be paid by the market operator for the purchase of power (currently set at €0.00067 per kilowatt hour). Eligible producer status is regulated by the Regulation on Obtaining the Status of Eligible Electricity Producers, while the generation of renewable energies is outlined in the Regulation on the Use of Renewable Energy Sources and Cogeneration.

Current renewable energy market figures

In February 2011 the Ministry of Economy, Labour and Entrepreneurship, Energy Directorate launched a register of projects and facilities that use renewable sources of energy and cogeneration and eligible producers (which are either already in the system or have applied to join).(9) According to the registry, there are around 850 projects, of which approximately 110 megawatts (MW) have been realised and correspond to 88MW of wind power plants across five wind farms, and 30 MW of solar power. An additional 50 to 60MW are planned for the first half of 2012.

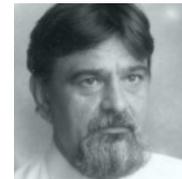
Realised and ongoing projects

According to the Regulation on the Minimum Share of Electricity Produced from Renewable Energy Sources and Cogeneration with Incentivised Production, by December 31 2020 13.6% of the energy produced should be from renewable sources. Also, according to the strategy, Croatia will need to have 1,545MW of renewable energy production, to be split as follows:

- 1,200MW from wind power;

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- 140MW from biomass;
- 40MW from solar power; and
- 100MW from small hydro plants.

In 2010 the government awarded HRK4 million (approximately €500,000) in grants for renewable energy equipment producers.

In 2011 there has been a slowdown in the development of renewable energy projects, mainly due to the financial and economic crisis, but also due to the general elections scheduled for December 2011. The following projects have been completed or are ongoing.

Crno Brdo wind farm

In February 2011 construction of a 10.5MW wind farm was completed by Tudić Elektro Centar, in cooperation with Orient Green Power Europe, near Šibenik (comprising seven Leitwind LTW77 wind turbines of 1.5MW each).

Pometeno Brdo wind farm

Domicile company Koncar has built and installed four (of a planned 14) KO-VA 57/1 wind turbines of 1MW each near Split.

Marija 1 geothermal power plant

Local company Geoen is building a geothermal power plant of 4.71MW near Bjelovar, northeast Croatia.

Ombla hydroelectric plant

At the end of 2010 the government announced plans for further sector investment (for further details please see "[Government approves new energy investments projects](#)"), including the €125 million Ombla hydroelectric power plant near Dubrovnik. Although the tender was announced for 2011 (for further details please see "[Ombla and Plomin 3 public tenders expected](#)"), the in-depth technical analysis showed that the project might entail more risk than originally thought. The European Bank for Reconstruction and Development recommended that the whole project be structured in several stages in order to avoid unnecessary financial risks.

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Endnotes

- (1) *Official Gazette* 68/01, 177/04, 76/07, 152/08 and 127/10.
- (2) *Official Gazette* 177/04, 76/07, 152/08 and 14/11.
- (3) *Official Gazette* 33/07, 133/07, 155/08, 155/09 and 8/11.
- (4) *Official Gazette* 33/07 and 8/11.
- (5) *Official Gazette* 33/07, 70/08, 103/09 and 26/10.
- (6) *Official Gazette* 67/07.
- (7) *Official Gazette* 67/07 and 35/11.
- (8) *Official Gazette* 130/09.
- (9) The register is available on the ministry's website: www.oie.mingorp.hr.

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