

The Croatian government has adopted a bill on changes and amendments to the law on renewable energy sources and high-efficiency cogeneration, which envisages extending the requirement for electricity suppliers to buy electricity produced from renewable energy sources at the regulated price.

Electricity suppliers would be required to buy a share expressed as a percentage of net delivered electricity generated by producers eligible to receive incentives, at the regulated price of HRK 0.42 (about EUR 0.057) per kWh, according to the bill. The share is set by the Croatian government, under a decree to be passed by October 31 and refer to the following year, based on the electricity market operator's plan of revenues and expenses for the following year, with projections for at least a three-year period.

The electricity market operator is to sell the remaining share of net delivered electricity generated by producers eligible to receive incentives on the Croatian Power Exchange, in a transparent and non-discriminatory manner. This remaining share is equal to the difference between the production plan of the EKO balancing group, gathering producers of electricity from renewable sources eligible to receive incentives, and the portion of electricity that suppliers are obligated to buy, according to the text of the bill.

The text notes that the bill represents the start of a process to ease the burden on suppliers and paves the way to a further liberalization of the electricity market in Croatia. It goes on to say that the operator, which steers the EKO balancing group, will secure the sale of the remaining share of incentivized electricity on the electricity market via CROPEX, which will result in strengthening CROPEX's capacities and liquidity, the development of a wholesale electricity market in Croatia, and strengthening CROPEX's regional influence.

The changes and amendments are also designed to remove the exemption of renewable energy producers from responsibility for deviations, which will consequently lead to their participation in covering the costs of the electricity system balancing.

The text also notes that the future law will encourage households to install solar photovoltaic systems and ensure a more transparent tendering procedure for the construction of renewable energy facilities and high-efficiency cogeneration plants on state land, as well as the supervision of tendering for market premiums and the procedure for awarding a guaranteed purchase price.

In 2017, Croatia paid HRK 1.9 billion (about EUR 255.7 million) in incentives for renewable energy sources, HRK 956 million (around EUR 128.7 million) of which it collected from electricity suppliers (paying a fixed fee) and HRK 890 million (some EUR 119.8 million) from electricity consumers, *energetika-net* wrote.

At the end of July, Croatia had a total of 1,328 facilities eligible for renewable energy

incentives, with a total installed capacity of 820 MW. Another 65 such projects, with a capacity of 255.9 MW, are being developed, in what will boost the total installed capacity in the incentive system to over 1 GW.

Changes to energy efficiency law also proposed

The Croatian government has also adopted a bill on changes to the energy efficiency law, requiring suppliers of electricity, gas, heat, and oil derivatives to ensure energy savings equal to 1% of annual energy sales to end-users in 2019 and in 2020, 1.25% in 2021, and 1.5% in 2022.

The savings are to be achieved through energy efficiency in end consumption (for example through ESCO services, biofuel blending, energy saving light bulbs...), trading mechanisms for energy efficiency, or payments to the Environmental Protection and Energy Efficiency Fund for unachieved savings exceeding 10% of the previous year obligation. Fines are envisaged for those that fail to create the required energy savings.

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