

# THE GOVERNMENT OF THE REPUBLIC OF CROATIA

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Pursuant to Article 28, paragraph 3 of the Energy Act (Official Gazette 68/2001 and 177/2004), the Government of the Republic of Croatia, at its session on 22 March 2007, adopted the following

## REGULATION

### ON INCENTIVE FEES FOR PROMOTING ELECTRICITY PRODUCTION FROM RENEWABLE ENERGY SOURCES AND COGENERATION

#### I GENERAL PROVISIONS

##### Article 1

This Regulation lays down the manner of disposing of, the amount, calculation, collection, distribution and payment of incentive fees for promoting electricity production from plants using renewable energy sources and from cogeneration plants (hereinafter: incentive fee), in accordance with strategic interests of the Republic of Croatia which pertain to the share of renewable sources of energy and cogeneration in total electricity consumption, taking into account the circumstances on the energy market of the Republic of Croatia and production costs of electricity from plants using renewable energy sources and from cogeneration plants.

##### Article 2

The terms used in this Regulation shall have the meanings laid down in the Energy Act and the Electricity Market Act.

#### II DISPOSING OF THE INCENTIVE FEE

##### Article 3

Incentive fee funds shall be used to cover incentive prices to eligible producers for the energy delivered in accordance with the provisions of the Tariff system for the production of electricity from renewable energy sources and cogeneration.

##### Article 4

- (1) Incentive fee funds shall be used to finance tasks performed by the market operator for the purpose of promoting the production of electricity from plants using renewable energy sources and from cogeneration plants.
- (2) The ministry shall determine the amount and supervise the calculation, payment and spending of the funds referred to in paragraph 1 of this Article.
- (3) The market operator shall determine the commercial bank which will monitor the market operator's operations within the system for promoting electricity produced from plants using renewable energy sources and from cogeneration plants.

#### Article 5

- (1) Incentive fee funds shall also be used to cover the costs pertaining to the balancing of the electric power system, incurred by deviations in the values of planned and actually produced electricity from plants of eligible producers who are entitled to an incentive price, in accordance with the provisions of the Tariff system for the production of electricity from renewable energy sources and cogeneration.
- (2) Calculation and payment of costs referred to in paragraph 1 of this Article shall be carried out by the market operator pursuant to the provisions of the Rules on balancing the electric power system.

### III AMOUNT OF THE INCENTIVE FEE

#### Article 6

- (1) The incentive fee for the year 2007 shall amount to 0.0089HRK/kWh.
- (2) Until 2010 the incentive fee shall by year amount to:
  - For the year 2008: 0.0198 HRK/kWh;
  - For the year 2009: 0.0271 HRK/kWh;
  - For the year 2010: 0.0350 HRK/kWh.
- (3) Value added tax is not included in the incentive fee.

#### Article 7

The market operator proposes to the Ministry a change in the amount of the incentive fee referred to in Article 6 of this Regulation if the funds collected from the incentive fee do not suffice, i.e. if they exceed the amount necessary for:

- Meeting the contractual obligations taken on by the market operator in relation to eligible producers of electricity who are entitled to an incentive price of the electricity,
- Financing of the tasks carried out by the market operator within the system for the promotion of electricity produced from plants using renewable energy sources and from cogeneration plants.

- Payment of costs pertaining to the balancing of the electric power system, incurred by deviations in the values of planned and actually produced energy from plants of eligible producers who are entitled to an incentive price.

#### IV COLLECTION, CALCULATION AND PAYMENT OF THE FEE

##### Article 8

(1) The market operator shall collect the incentive fee from tariff buyers' suppliers and from eligible buyers' suppliers pursuant to Article 30, paragraph 1, subparagraph 8 of the Energy Market Act.

(2) The market operator shall conclude into contract with each individual supplier. The contract shall regulate in detail both parties' rights and obligations concerning the collection of the incentive fee, including the supplier's obligation to issue to the market operator certain guarantees for the purpose of ensuring the payment of the fee referred to in paragraph 1 of this Article.

(3) The market operator shall calculate and allocate the funds collected from the incentive fees among the producers of electricity produced from plants using renewable energy sources and from cogeneration plants, on the basis of the contracts on the purchase of the electricity pursuant to Article 30, paragraph 1, subparagraph 10 of the Electricity Market Act.

(4) The funds collected from the incentive fee shall not be considered as income of the market operator, except in the part pertaining to the financing of activities in accordance with Article 4 of this Regulation.

##### Article 9

(1) The incentive fee shall be paid by the electricity buyer (tariff buyer and eligible buyer).

(2) The incentive fee represents a supplement to the electricity price charged to tariff buyers or to eligible buyers.

(3) Electricity suppliers must in the bill they deliver to their buyers for the sold electricity indicate as a separate item the amount of the total incentive fee.

(4) The amount of the total fee referred to in paragraph 3 of this Article is a product of the multiplication of the amount of the fee expressed in HRK/kWh and the total billed consumption expressed in kWh and is expressed in HRK and represents the total amount a buyer pays for promoting the production of electricity from plants using renewable energy sources and from cogeneration plants.

(5) The funds collected from incentive fees which are not allocated in the course of a year pursuant to the provisions of this Regulation shall be used for the same purpose in the course of the following calendar year.

(6) Rights and obligations of the market operator and electricity suppliers as regards the delivery of data on the total monthly sale of electricity, delivery of incentive fee bills, and

the deadline for the incentive fee payment shall be laid down in the Tariff system for the production of electricity from renewable energy sources and cogeneration.

#### Article 10

The market operator must:

- At least once a year submit to the Ministry a report on the collection, calculation and allocation of the funds collected pursuant to this Regulation and to the Tariff system for the production of electricity from renewable energy sources and cogeneration, and
- At least once a year inform the public through the media about the collection and payment of incentive fees.

### V TRANSITIONAL AND FINAL PROVISIONS

#### Article 11

This Regulation shall enter into force on 1 July 2007 and shall be published in the Official Gazette.

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Deputy Prime Minister and  
Minister of the Family, Veterans' Affairs  
and Intergenerational Solidarity  
Jadranka Kosor, m. p.