

Summary of the Presentation

The Croatian Electricity Market has been subject to three major waves of mainly legislative, rather than practical liberalisation in the past 15 years. The latest wave, which is still ongoing, is understood as being the most serious one so far. In particular, this is so not only due to the fact that the implementation of related national laws is now externally directly overseen by the European Commission and other EU institutions, but also due to competitive pressure that new entrants make on the national incumbent and its depending companies in the activities of electricity generation and supply/trade. The activities of electricity transmission and distribution will soon become subject to firmer and more serious regulation too. It is a long awaited and welcome event, absence of which has prevented so far faster liberalisation of the electricity market where the operator's role was subtracted to only an administrative one.

In the given context, this presentation will touch upon main issues which the Croatian Electricity Market is facing today, namely reflecting on the following four market sides:

- *On the retail side:* (1) by pointing out the benefits of the market participation to the final customers/consumers; (2) by enabling final customers/consumers to freely choose and switch supplier free-of-charge; (3) by encouraging final customers/consumers to actively seek for better supply options; (4) by promoting aggregation and demand response mechanisms; (5) by installing smart meters at final customers metering points and developing time-of-use pricing;
- *On the wholesale side:* (1) by eliminating any wholesale market distortion coming from inadequate RES support; (2) by developing capacity markets in parallel with the energy markets; (3) by eliminating artificial barriers to full utilisation of cross border transmission capacities; (4) by enforcing market coupling at the regional and European level; (5) by establishing a European price zone;
- *On the legal/regulatory side:* (1) by enforcing the application of the competition and state aid rules; (2) by enforcing the implementation of Directives on the internal market, (3) by enforcing the Target Models for electricity and gas; (4) by removing regulated tariffs or at least bringing them in line with the market conditions; (5) by establishing common elements for network tariffication at European level; and
- *On the infrastructure side:* (1) by developing interconnections so as to put an end to any isolation of Member States from European gas and electricity networks by 2015; (2) by developing missing and/or inadequate links which cause congestions in Europe; (3) by streamlining permitting procedures for construction of infrastructures; (4) by reconsidering civic and environmental regulations preventing construction of infrastructures; (5) by elaborating sound 10-year network development plans.

The presentation is expected to provide a food-for-thought and stir a discussion among all parties interested in the latest developments in the Croatian Electricity Market.

Brief CV

Nijaz DIZDAREVIC obtained BS, MS and PhD degrees from the Faculty of Electrical Engineering and Computing - University of Zagreb, Croatia, in 1990, 1994, and 2001, respectively. Before joining the Energy Institute Hrvoje Pozar in 2002, he was with the Faculty of Electrical Engineering and Computing - University of Zagreb, Croatia and the Royal Institute of Technology in Stockholm, Sweden. Since 2005 he is an Assistant Professor at the University of Split, Croatia. In 2006 and 2007 he was with the Energy Community Secretariat in Vienna, Austria during its establishment phase. Currently he is with the Energy Institute Hrvoje Pozar on a permanent basis, and occasionally provides

consultancies to the Energy Community Secretariat and various directorates of the European Commission (Enterprise and Industry, Transport and Energy, Enlargement, Joint Research Centre). He also occasionally gives lectures at the Florence School of Regulation. His professional interests comprise energy/electricity policy, legal matters and regulation, electricity market design/model, internal and cross border network issues, security of electricity supply and electricity infrastructure development, competition, preventive/corrective activities within power system operation, power system stability and control, grid integration of conventional and renewable sources, distributed generation of electrical energy, voltage regulation and compensation of reactive power, transmission network congestions etc. He published a number of technical study reports and research papers.

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