



---

# **Ratemaking and Price Regulation, Objectives and Regulated Sectors**

**Croatian Energy Regulatory Agency**

**Branimir Horaček, BSc  
Director of the Agency**

---



## **The energy legislation :**

- ☐ The Energy Law (OG, 68/01, 177/04 amended)
- ☐ The Law on Regulation of Energy Activities (OG, 177/04)



- ❑ The Energy Law prescribes that:
  - ▶ Regulated prices shall be set by the application of tariff systems if not otherwise provided by the special law.
  - ▶ Energy prices shall also contain the following elements:
    - ▶ compensation for services provided by energy undertakings under public service obligations,
    - ▶ compensation for carrying out the regulation of energy activities,
    - ▶ compensation for stranded costs.

# The Law on Regulation of Energy Activities

---



- ❑ Regulated energy activities and energy activities which are performed as public services shall be regulated on the principles of objectivity, transparency and non-discrimination, taking into account justified costs of business operation, plant operation, maintenance, replacement, construction and reconstruction of facilities so as to enable energy undertakings to receive a reasonable and socially acceptable return on assets invested for the purpose of carrying out energy activities prescribed by law

# The Law on Regulation of Energy Activities

---



- ❑ Market energy activities shall be regulated according to the principles of market competition and encouragement of entrepreneurship in the energy market.

# The Law on Regulation of Energy Activities

---



- Regulation of energy activities shall promote the following:
  - efficient and rational use of energy
  - entrepreneurship in the energy sector
  - investment in the energy sector
  - environmental protection.

# Tariff systems



- ❑ CERA passes methodologies for tariff systems (without amount of tariff items):
  - Generation of electricity, apart for eligible customers
  - Transmission of electricity
  - Distribution of electricity
  - Retail supply of electricity, apart for eligible customers
  - Wholesale supply of gas, apart for eligible customers
  - Storage of natural gas
  - Transport of natural gas
  - Distribution of natural gas
  - Retail supply of natural gas, apart for eligible customers
  - Heat generation, apart for eligible customers
  - Heat distribution
  - Heat retail supply, apart for eligible customers

# Tariff Structures

---



- ❑ Tariff systems shall specify the elements for the calculation of the energy price, and services provided by energy undertakings under public service obligations to various energy undertakings and customers, dependant on type, volume, quality and other characteristics of delivered energy.
- ❑ Tariff system elements shall be expressed as tariff items that will enable the calculation of energy price for a calculation period.
- ❑ Tariff systems can specify different tariff amounts depending on type of customer, delivery period and seasonal or daily delivery volume fluctuations.



## Who is in charge

---



- ❑ Tariff systems shall be passed by the Croatian Government upon the proposal by energy undertakings on whose services the tariffs will be applied, based upon the opinion obtained from the Ministry and the Energy Regulatory Council.
- ❑ The Energy Regulatory Council shall monitor the application of tariff systems.



---

# Thank you for your attention!

Address:  
CERA – Croatian Energy Regulatory Agency  
Koturaška c. 51  
10000 Zagreb  
[www.hera.hr](http://www.hera.hr)