

***New York State Public Service Commission (NYS PSC) &  
Croatian Energy Regulatory Agency (CERA)***

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# Overview of natural gas market development in Croatia

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# Republic of Croatia - Key Facts



- Capital: **Zagreb**
- Position: **South- Eastern Europe**
- Population: **4.5 million**
- Area: **56 600 km<sup>2</sup>**



# Content Overview

- Development, current status and expected changes of legal framework in Croatian natural gas sector
- Natural gas in Croatia – market players, supply and consumption of natural gas; structure of consumption
- Gas transmission system
- Gas distribution companies
- Planned and potential infrastructure development
- Tariff system principle
- Gas market opening in Croatia



# Natural Gas in Croatia

- Natural Gas production in Croatia commenced in 1959
- Nowadays, natural gas is produced from 17 gas fields
- Gas production from Northern Adriatic fields started in 1999 (gas field Ivana); quantity of gas produced in 2006 was 681 million m<sup>3</sup>
- In 2006 total domestic gas production for the Croatian market was 2.032 billion m<sup>3</sup>
- Natural Gas import from Russia started in 1978 and today's quantity of imported gas is 1.126 billion m<sup>3</sup> (2006.)
- Underground Gas Storage facility in Okoli was built in 1987 and today's capacity is 558 million m<sup>3</sup>



# Legal framework 2001 – 2006

## 2001

### First package of energy laws

- The Energy Act
- The Act on the Regulation of Energy Activities
- The Act on the Gas Market

## 2002

- The Rulebook on the Gas Distribution
- Tariff System for Provision of Natural Gas for Tariff Customers
- Tariff System for Transportation of Natural Gas for Gas Suppliers and Eligible Gas Customers

## 2003

- Grid Code for Access to the Gas Pipeline Transportation System

## 2004

- The Energy Act - Amendments
- The Act on the Regulation of Energy Activities - new

## 2005

- The Act on the Gas Market – Amendments

## 2006

- The Act on the Oil and Oil Derivatives Market - new
- Tariff system for Natural Gas Transportation

## 2007

- Tariff system for Natural Gas Transportation – Amendments
- Tariff system for Natural Gas Distribution
- Tariff system for Natural Gas Supply for Tariff Customers
- **The Act on the Gas Market – new**  
(fully harmonized with the Directives 2003/55/EC and 2004/67 and with the Regulation 1775/2005 )



# Expected changes of the legislation

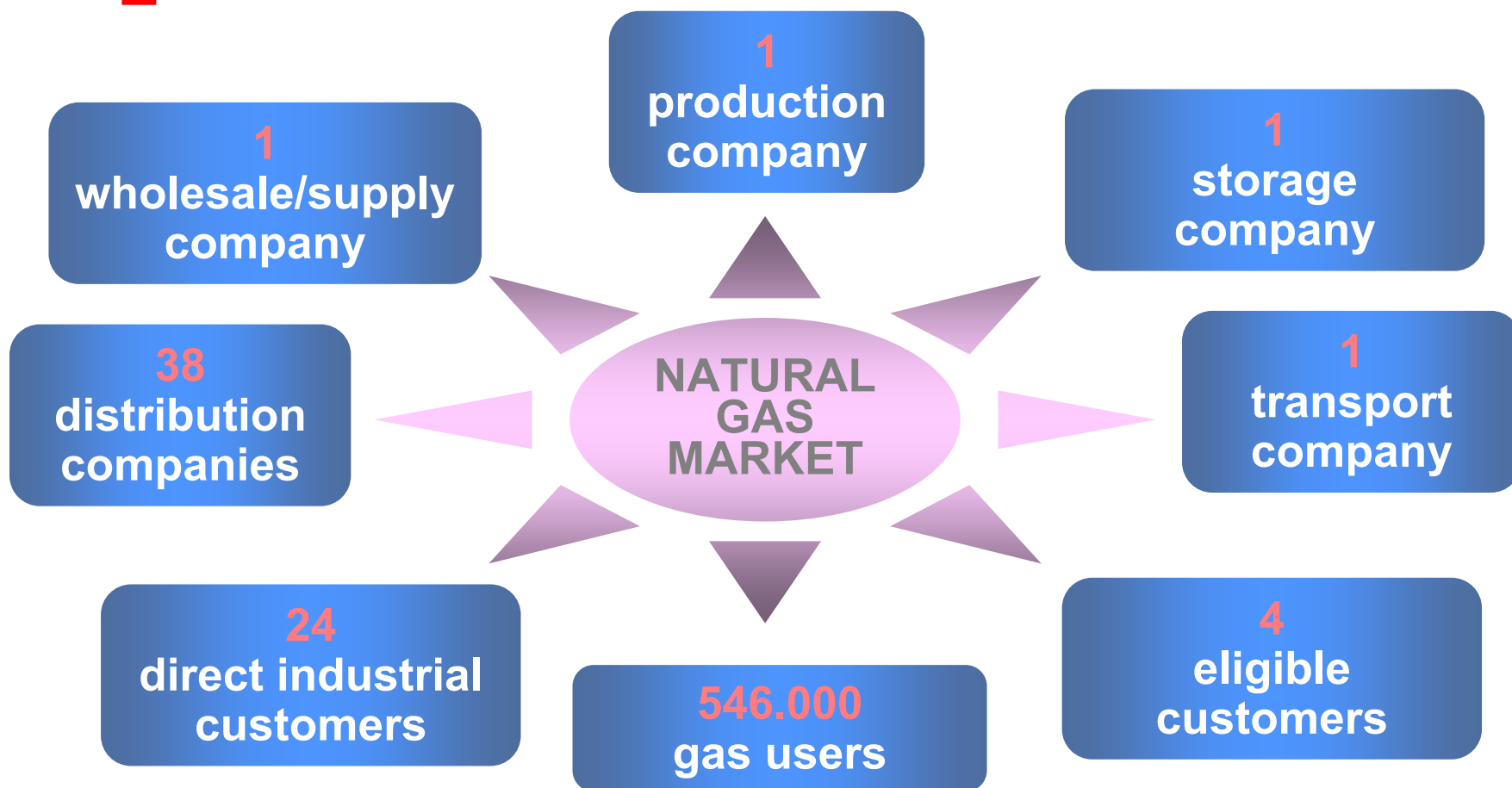
## 2007+

- The Rulebook on the Natural Gas Market Organisation – first adoption
- General Conditions for Gas Supply – first adoption
- Grid Code for Natural Gas Transportation – amendments
- Grid Code for Natural Gas Distribution – first adoption
- The Decree on Security of Natural Gas Supply – first adoption
- Tariff systems - amendments



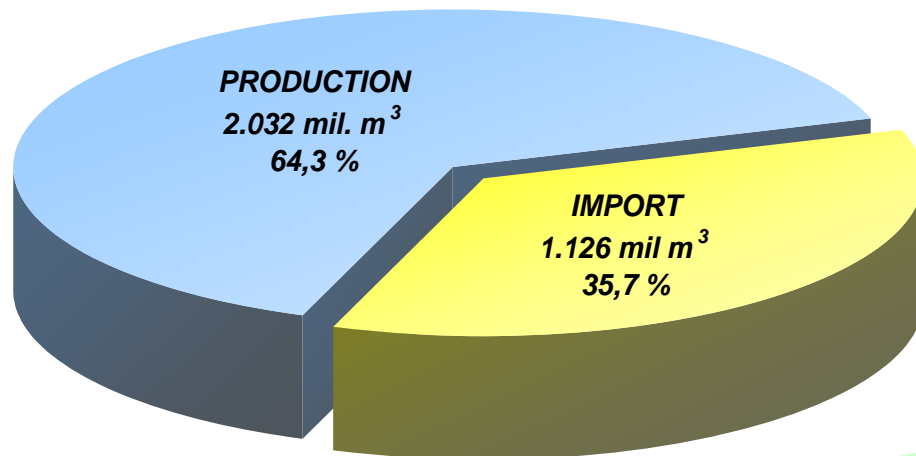
# Structure of natural gas market in Croatia

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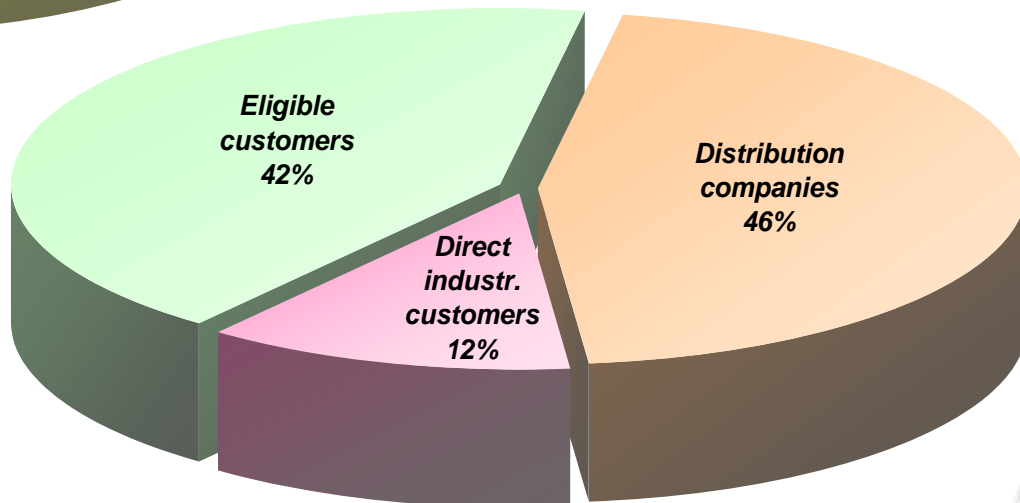
# Natural gas supply and market consumption (2006)

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Domestic production  
and import of  
natural gas

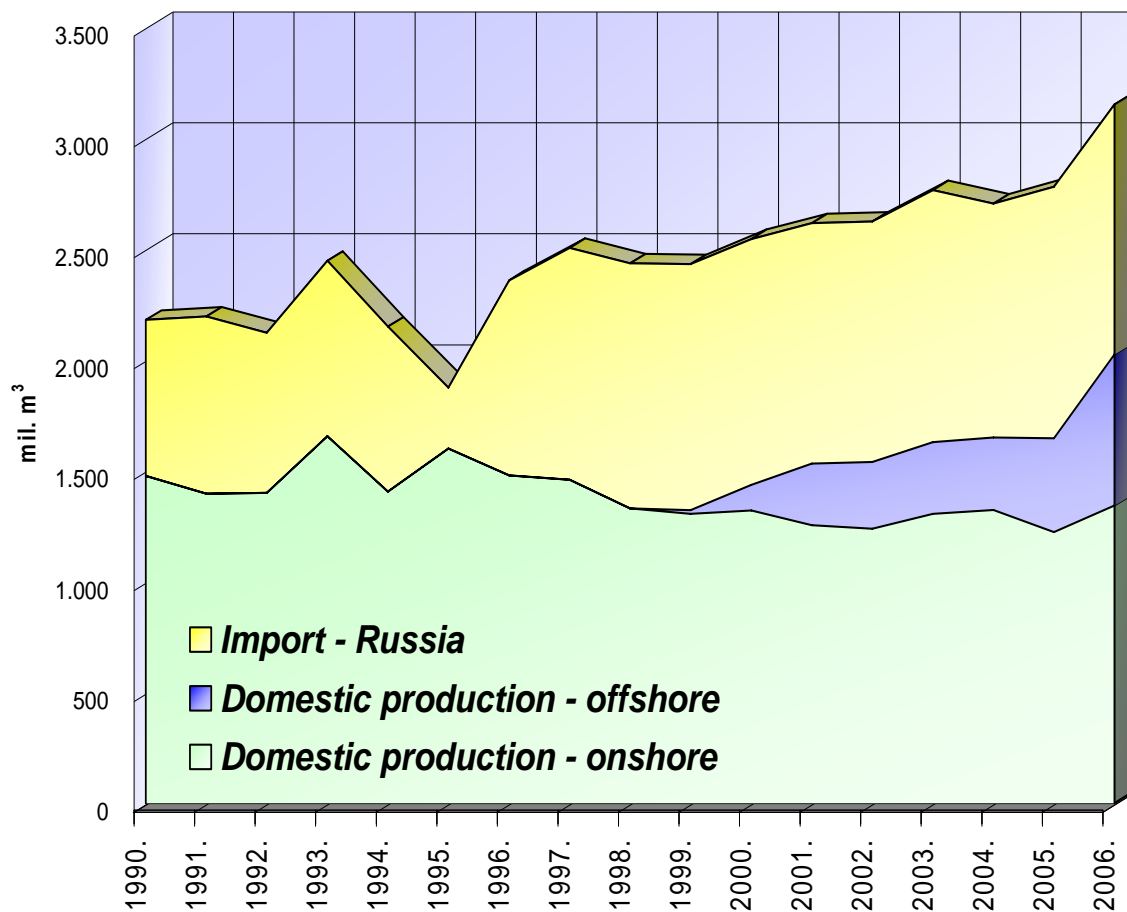
Market  
consumption





# Structure of Natural Gas Supply in Croatia (1990 - 2006)

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# Gas Transmission System

year 2001

year 2007



# Gas Distribution Companies



- Gas distribution is carried out by 38 companies – three of them distribute town/mixed gas, and the rest distribute natural gas.
- The largest distributors are The Zagreb Municipal Gasworks (219.736 consumers, 423.492 m<sup>3</sup> delivered in 2006) and HEP – Gasworks Osijek (61.191 consumers, 166.677 m<sup>3</sup> delivered in 2006).
- The distributive gas prices for end consumers ranging from 1,88 to 2,30 kn/m<sup>3</sup> for households and 1,84 - 2,53 kn/m<sup>3</sup> for industrial customers



# Planned and Potential Development



## Underground gas storage Beničanci

- Possible storage capacity **400 million - 2 billion m<sup>3</sup>**
- Storage volume provides a possibility for a **regional storage**

## LNG terminal

- Development of projects - in 5 to 7 years.
- Finishing project in **two phases**,
  - first phase **5-6 billion m<sup>3</sup>**,
  - second phase **14 billion m<sup>3</sup>**. LNG
- new supply of natural gas for CROATIA at the amount of up to **2,0 bill. m<sup>3</sup>/year**



# Natural Gas Market Opening - new Act on the Gas Market

The status of the eligible customer, pursuant to the new Act on the Gas Market has been granted to the following gas customers:

- Consumer that uses gas for electricity generation in own facility, regardless of the annual consumption quantities and within limits of gas quantities for such purposes
- Consumer that uses gas for synchronous generation of electricity and heat energy, regardless of the annual consumption quantities and within limits of gas quantities for such purposes
- Consumer with the consumption of more than 25 million m<sup>3</sup> of gas in the previous calendar year
- Consumer that uses gas for carrying out the activity of production of crude cast iron, steel and ferroalloy, with annual production of at least 50,000 tons of crude steel

According to new Act on the Gas Market:

from **August 1, 2007** the status of eligible customer is granted to all consumers except households

from **August 1, 2008** the status of eligible customer is granted to all consumers, including households.



THANK YOU  
FOR YOUR ATTENTION!



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