

# THE GOVERNMENT OF THE REPUBLIC OF CROATIA

1508

Pursuant to Article 28, paragraph 8 of the Energy Act (Official Gazette 68/2001, 177/2004, 76/2007, 152/2008 and 127/2010), the Government of the Republic of Croatia, at its session on 31 May 2012, adopted the following

## TARIFF SYSTEM

### FOR THE PRODUCTION OF ELECTRICITY FROM RENEWABLE ENERGY SOURCES AND COGENERATION

#### I GENERAL PROVISIONS

##### Article 1

(1) This Tariff System for the production of electricity from renewable energy sources and cogeneration (hereinafter: the Tariff System) regulates the right of eligible producers of electricity to an incentive price of electricity paid by the market operator for the electricity produced and delivered from plants using renewable energy sources and cogeneration plants pursuant to Article 26, paragraph 6 of the Energy Act, excluding own consumption.

(2) This Tariff System defines the amounts of fixed tariff items and the variable part of tariff items for electricity produced in plants using renewable energy sources and cogeneration plants, depending on the type of source, power and other elements of delivered electricity, as well as the manner and conditions of application of those elements.

(3) The amount of tariff items defined in this Tariff System consists of two parts: the fixed part, based on justified costs of operation, construction, replacement, reconstruction and maintenance of plants using renewable energy sources and cogeneration plants and on a reasonable return on investment funds, and the variable part, based on measureable contribution to the local community, contribution to the development of economic activities, employment, development of public services and to raising the quality of life. For the purpose of this Tariff System, local community shall mean cities and municipalities in the territory of the Republic of Croatia.

(4) The amounts of tariff items defined in this Tariff System were prepared in accordance with the Decision on the publication of rules on state aid for environmental protection and are envisioned as operational support for promoting electricity produced and delivered from renewable energy sources and cogeneration into the power grid.

(5) The amendment to the Tariff System is adopted by 31 October of the current year with start of application from 1 January of the following year, at the proposal of the ministry

competent for energy (hereinafter: the Ministry), and includes the adjustment of tariff items to changes in market conditions from the aspect of technological progress, changes in average market prices of the systems for the production of electricity from renewable energy sources and other relevant factors that may directly affect the costs of realising a Project.

## Article 2

(1) The terms used in this Tariff System have the meanings laid down in the Energy Act and the Electricity Market Act.

(2) The following terms also used in this Tariff System have the following meanings:

1. *gross electricity production* – total electricity produced in a plant using renewable energy sources or a cogeneration plant, which includes own consumption,

2. *installed power* – is the sum of nominal outputs of all production units, and for the purposes of this Tariff System means the power of a plant at the gate of the power grid, i.e. connected power of the plant to the power grid,

3. *integrated solar power plants* – solar power plants located on surfaces of buildings (roofs, covers, blinds, balconies, terraces, balustrades, facades, windows, doors...) and infrastructural facilities (substations, bridges and similar structures),

4. *delivered electricity* – electricity produced in a plant using renewable energy sources and a cogeneration plant and delivered into the power grid, minus own consumption,

5. *incentive fee for promotion of electricity production from plants using renewable energy sources and cogeneration plants* (hereinafter: the incentive fee) – electricity price supplement for all buyers used to promote the production of electricity from plants using renewable energy sources and cogeneration plants, expressed in HRK/kWh,

6. *nominal power* – permanent power of a production unit according to which the unit was ordered and designed. The information on nominal electric or heat output is indicated on the nominal (factory) plate of the electricity or heat generator or in the technical specification made by the producer,

7. *non-integrated solar power plants* – solar power plants installed as self-standing structures,

8. *project holder* – (hereinafter: the project holder) a natural or legal person entered in the Registry of projects and plants for the use of renewable energy sources and cogeneration and of eligible producers (hereinafter: the OIEKPP Registry),

9. *incentive price* – the price paid to the producer of electricity from plants using renewable energy sources and cogeneration plants during the validity of the power purchase agreement, expressed in HRK/kWh,

10. *project for the use of renewable energy sources and cogeneration* (hereinafter: the Project) – preparation, construction and use of plants using renewable energy sources or cogeneration,

11. *average production of electricity (APP)* – price of generation of electricity for tariff buyers from the category of households with single-tariff meters for electricity (Tariff model: Blue),

12. *total fee* – the total amount paid by every buyer for promoting production of electricity in plants using renewable energy sources or cogeneration plants. It is calculated as the product of multiplication of the fee and the total consumption in kWh, expressed in HRK,

13. *own consumption* – consumption of electricity produced in plants using renewable energy sources or cogeneration plants, used for operation of the plant (own operating consumption), which also includes consumption for preparation of the plant's primary energy-generating product, which is not covered by incentives.

(3) The terms construction, project designer, reconstruction, contractor, contractor's statement on the works performed, main design, building plot, energy audit authorised person, used in this Tariff System have the meanings laid down in a special law regulating construction.

## II INCENTIVE PRICE FOR DELIVERED ELECTRICITY FROM PLANTS USING RENEWABLE ENERGY SOURCES AND COGENERATION

### Article 3

The right to an incentive price shall be acquired by the electricity producer using renewable energy sources or cogeneration, for the production of electricity, provided that the electricity producer has:

1. obtained the decision on acquiring the status of eligible electricity producer pursuant to Article 8, paragraph 2 of the Electricity Market Act, excluding producers which for electricity production use simple structures defined in physical planning and building regulations and who are subject to special conditions pursuant to regulations on acquiring the status of eligible electricity producer.

2. concluded a power purchase agreement with the market operator, pursuant to Article 30, paragraph 1, subparagraph 8 of the Electricity Market Act.

### Article 4

(1) The amounts of tariff items (C) expressed in HRK/kWh for the delivered electricity from plants using renewable energy sources for the following plant groups shall equal:

1. For plants connected to the distribution network using renewable energy sources for the production of electricity of installed power up to and including 1 MW

Type of plant	C
a. solar power plants	
a.1. solar power plants with installed power up to and including 10 kW	1.10
a.2. solar power plants with installed power exceeding 10 kW up to and incl. 30 kW	1.10

a.3. solar power plants with installed power exceeding 30 kW	1.10
b. hydro power plants	
– hydro power plants up to and including 500 MWh generated in a calendar year	1.20
– hydro power plants exceeding 500 MWh up to and including 1000 MWh generated in a calendar year	0.80
– hydro power plants exceeding 1000 MWh generated in a calendar year	0.60
c. wind power plants	0.72
d. solid biomass power plants, excluding municipal waste	
d.i. biomass power plants with installed power up to and including 300 kW	1.30
d.ii. biomass power plants with installed power exceeding 300 kW	1.20
e. geothermal power plants	1.20
f. biogas power plants from agricultural plants and organic remains and waste of animal and plant origin	
f.i. biogas power plants with installed power up to and including 300 kW	1.42
f.ii. biogas power plants with installed power exceeding 300 kW	1.20
g. liquid biofuel power plants	APP
h. landfill gas power plants and power plants using gas from waste water treatment plants	APP
i. other power plants using renewable energy sources	APP

2. For plants connected to the transmission or distribution network using renewable energy sources for the production of electricity of installed power exceeding 1 MW

Type of plant	C
a. hydro power plants with installed power up to and including 10 MW	
– power up to and including 5000 MWh generated in a calendar year	1.00
– power exceeding 5000 MWh up to and including 15000 MWh generated in a calendar year	0.70
– power exceeding 15 000 MWh generated in a calendar year	0.57
b. wind power plants	0.71
c. solid biomass power plants, excluding municipal waste	
c.i. solid biomass power plants with installed power up to and including 2 MW	1.20
c.ii. solid biomass power plants with installed power exceeding 2 MW up to and including 5 MW	1.15
c.iii. solid biomass power plants with installed power exceeding 5 MW up to and including 10 MW	1.05

c.iii. solid biomass power plants with installed power exceeding 10 MW	0.90
d. geothermal power plants	1.20
e. biogas power plants from agricultural plants and organic remains and waste of animal and plant origin	
e.i. biogas power plants with installed power up to and including 2 MW	1.20
e.ii. biogas power plants with installed power exceeding 2 MW up to and incl. 5 MW	1.12
f. liquid biofuel power plants	APP
g. landfill gas power plants and power plants using gas from waste water treatment plants	APP
h. other power plants using renewable energy sources	APP
i. solar power plants	APP
j. animal fat power plants with installed power up to and including 5 MW	1.65

(2) For integrated solar power plants with installed power up to and including 300 kW, the correction of the fixed tariff item (Ck) shall be made using the following formula:

$$Ck = C \times k1 \times k2$$

where:

C – amount of the fixed tariff item,

k1 – correction factor for integrated solar power plants,

k2 – correction factor for the use of systems for hot water preparation and/or heating using renewable energy sources (hereinafter: heating systems using OIE<sup>1</sup>):

– solar energy collectors;

– use of geothermal soil and water energy.

(3) Correction factor for integrated solar power plants k1 shall be:

– for group 1.a.1. 2.39

– for group 1.a.2. 2.03

– for group 1.a.3. 1.50

(4) Correction factor for using a heating system using OIE k2 shall be:

– for group 1.a.1. 1.2

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<sup>1</sup> OIE – RES Renewable Energy Sources

- for group 1.a.2. 1.1
- for group 1.a.3. 1.03

The condition for realising the correction factor  $k_2$  shall be the existence and maintenance of operation of a heating system using OIE, on the same building plot, for the purpose of meeting the heating demands of a building on which an integrated solar power plant is installed.

The minimum installed heating power of the system ( $P_{th}$ ) required to realise the supplement shall be defined by a ratio related to installed power of the solar power plant ( $P_{el}$ ).

Minimum ratio  $t_0$  is the ratio between installed power of the heating system using OIE ( $P_{th}$ ) and installed power of the solar power plant ( $P_{el}$ ) and equals:

- for group 1.a.1. 0.25
- for group 1.a.2. 0.20
- for group 1.a.3. 0.15

The installed power ratio  $t_0$  shall be determined by a certificate issued by the person authorised to perform energy audits of complex technical systems based on the following:

- design prepared by an authorised project designer;
- reports of the contractor, who is the holder of appropriate authorisations for performing works on electrical and heating installations;
- inspection of the existing heating system using OIE and
- final report of the supervising engineer, in cases when expert building surveillance is prescribed.

If the corrective factor referred to in this paragraph is not applied, it shall be taken as 1.

The project holder shall deliver the certificate on installed power ratio within 15 days from the date of entry into force of the power purchase agreement.

(5) For non-integrated solar power plans with installed power up to and including 10 kW, built on building plots of the existing building, provided that there is no other solar power plant on the same building plot, the correction of the fixed tariff item ( $C_k$ ) shall be made using the following formula:

$$C_k = C \times k_3$$

where:

$k_3$  – correction factor equals 1.82

(6) For cogeneration plants that do not use renewable energy sources as fuel, tariff items and amounts of tariff items (C) expressed in HRK/kWh shall be determined for the delivered electricity. Electricity must be produced in the cogeneration process in the manner prescribed by the regulation governing the procedure for acquiring the eligible electricity producer status.

Plant group	C
cogeneration plants with installed power up to and including 30 kW, so-called micro-cogeneration units and all cogeneration plants using hydrogen fuel cells	0.61
cogeneration plants with installed power exceeding 30 kW and up to and including 1 MW, so-called small scale cogeneration units	APP
cogeneration plants with installed power exceeding 1 MW up to and including 35 MW, so-called medium scale cogeneration units connected to the distribution or transmission network	APP
cogeneration plants with installed power exceeding 35 MW, so-called large scale cogeneration units, and all cogeneration plants connected to the transmission network	APP

(7) The condition for achieving the tariff and concluding the power purchase agreement with the market operator for plants listed in groups 1.d.ii, 1.f.ii, 2.c.i, 2.c.ii, 2.c.iii, 2.c.iiii, 2.e.i, 2.e.ii and 2.j, shall be the minimum total annual efficiency of the plant  $\eta_k \text{ OIE} = 50\%$  in the conversion of primary fuel energy  $Q$  [MJ] into delivered electricity  $E_i$  [MWh] and produced useful heat  $H_k$  [MJ].

The total annual energy efficiency of a renewable energy source,  $\eta_k \text{ OIE}$ , is defined by the following formula:

$$\eta_k \text{ OIE} = ((3600 \times E_i) + H_k)/Q.$$

The realisation of the conditions for minimum total annual efficiency shall be decided on by the Agency pursuant to the Ordinance on acquiring the status of eligible electricity producer.

(8) The eligible producer of electricity in the groups referred to in paragraph 7 of this Article which, in the accounting year, does not fulfil the condition of total annual efficiency of the plant upon the market operator's request, shall, based on the Agency's decision, return the paid out incentive funds. The funds shall be calculated as the difference between the incentive price and the average producing price of electricity (APP) in the year in question.

## Article 5

(1) The amounts of tariff items referred to in Article 4, paragraph 1 of this Tariff System shall relate to the fixed part of tariff items.

(2) The variable part of the tariff item shall be based on measureable contribution to the local community, contribution to the development of economic activities, employment, development of public services and to raising the quality of life ( $P_{max}$ ) and may amount to maximum 15% of the fixed part of the tariff item.

(3) The right to the variable part of the tariff item shall be granted to every eligible producer using renewable energy sources for a plant subject to the Annex of this Tariff System, which is an integral part thereof.

(4) In order to achieve the variable part of the tariff item, the eligible producer shall deliver to the market operator an authentic document notarised by a notary public within 15 days from the date when the decision on acquiring the status of eligible producer becomes executive, or after the issuance of an appropriate certificate under which the project holder acquired the right to permanent connection of the plant to the power grid issued by the system operator in cases when the decision on acquiring the status of eligible producer is not issued, in accordance with the Annex to this Tariff System.

(5) Based on the authentic document referred to in paragraph 4 of this Article, the market operator shall determine the percentage of the local community contribution, as a ratio between goods and services originating in the territory of the local community and the total cost of investment. The calculated percentage of the local community contribution shall be multiplied by the highest amount of the variable part of the tariff item, defined in paragraph 2 of this Article, which produces the final amount of the variable tariff item according to the following formula:

$$C_{TOT} = C * \left( 1 + \frac{I_{LZ}}{I_{TOT}} * p_{MAX} \right)$$

where:

$C_{TOT}$  – total amount of the tariff item;

$C$  – amount of the fixed tariff item defined in Article 4, paragraph 1 of this Tariff System, except solar power plants for which  $C$  has the meaning of the corrected fixed tariff item ( $C_k$ ), as defined in Article 4, paragraphs 2 - 5 of this Tariff System;

$I_{LZ}$  – total expenses for goods and services originating in the territory of the local community which is calculated as the overall sum of the concerned items expressed in the authentic document in accordance with the Annex to this Tariff System;

$I_{TOT}$  – total investment cost of the project which is calculated as the overall sum of the concerned items expressed in the authentic document in accordance with the Annex to this Tariff System;

$p_{MAX}$  – the highest amount of the variable part of the tariff item defined in paragraph 2 of this Article.

(6) If it is established that an eligible producer provided false information thereby acquiring material gain, the power purchase agreement shall be terminated and the eligible producer must return all acquired gain and compensate for all resulting damages.



(1) The project holder from a group of solar power plants shall be entitled to the incentive price if the construction of the plant is performed by an authorised installer.

(2) An authorised installer is a natural or legal person who in its business activity uses the system of quality assurance for services and works for electricity generation plants, for which that person holds an appropriate certificate.

(3) Criteria and standards for determining the quality assurance system for services and works, pursuant to the EN HRN 45011 standard, according to which the certificate referred to in paragraph 2 of this Article is issued, shall be prescribed by the minister competent for construction in cooperation with the minister.

(4) Until the adoption of the regulations referred to in paragraph 3 of this Article and full establishment of the system for authorising and issuing certificates referred to in paragraph 2 of this Article, an authorised installer shall be a natural or legal person registered for performing electrical installation works that has at least one employed authorised electrical technical engineer, in accordance with building regulations.

(5) If the project holder fails to deliver to the market operator evidence that the construction of the plant was carried out by an authorised installer referred to in paragraph 2, that is, paragraph 4 of this Article prior to entry into force of power purchase agreement, power purchase agreement shall be terminated.

#### Article 7

After the expiry of the plant's useful life, the eligible producer, or the plant's owner, shall provide for the disposal i.e. recycling prescribed by environmental protection regulations for special waste categories.

#### Article 8

(1) In case of developing more projects of the same type (according to plant groups) or similar type (according to technology) on one building plot, the same incentive price that would be applied in the case of developing a single project of one plant of appropriate total power shall apply to all projects.

(2) Paragraph 1 of this Article shall not apply to projects on integrated solar power plants developed on physically separate structures including special official acts for approval of construction and/or connections to the power grid.

(3) The division of one plot into several separate plots in order to build several smaller plants for the purpose of acquiring the right to a higher incentive price shall be prohibited.

#### Article 9

(1) From the incentive fee funds the market operator shall pay the transmission system operator the costs of balancing the power grid which arise from the operation of plants of eligible producers entitled to the incentive price, including the period referred to in Article 10, paragraph 1 of this Tariff System.

(2) The calculation and payment of costs referred to in paragraph 1 of this Article may last at the longest until the expiry of power purchase agreement and it shall be performed by the market operator in accordance with the Methodology for provision of services of balancing the power grid and the Rules on balancing the power grid currently in force.

#### Article 10

(1) The transmission system operator or the distribution system operator shall ensure for the project holder measurement of electricity delivered into the system during the trial period until the beginning of application of power purchase agreement.

(2) After acquiring the status of eligible producer, the transmission system operator or the distribution system operator shall deliver the monthly measured values for the calculation of electricity delivered to the system during the period referred to in paragraph 1 of this Article to the market operator no later than the 15<sup>th</sup> day of the calendar month following the month in which the status of eligible producer was acquired.

(3) The market operator shall pay to the eligible producer the electricity delivered into the system in the period referred to in paragraph 1 of this Article in the amount of 60% of the average producing price (APP) in HRK/kWh, valid in the month in which the electricity was delivered.

(4) The electricity referred to in paragraph 3 of this Article shall be sold by the market operator to all suppliers which realised a share in the total electricity supply in the Republic of Croatia in the period referred to in paragraph 1 of this Article.

#### Article 11

(1) The market operator shall pay the incentive price to the eligible producer entitled to an incentive for electricity delivered into the power grid.

(2) The eligible producer shall ensure measurement and meter reading of the gross electricity production.

(3) The gross electricity production, including the electricity referred to in Article 10 of this Tariff System, shall contribute to the achievement of the Republic of Croatia's goals set for the total share of renewable energy sources as defined in the Energy Strategy of the Republic of Croatia.

#### Article 12

(1) Eligible producers of electricity from plants using renewable energy sources in combination with other energy sources shall be entitled to the incentive price referred to in Article 4 of this Tariff System only in the part using renewable energy sources.

(2) The right referred to in paragraph 1 of this Article may be realised by eligible electricity producers only if they prove the origin of produced electricity (type of source) by means of separate measurement points.

(3) Eligible producers of electricity using co-combustion of biomass and fossil fuels in electricity generation plants shall be entitled to the incentive price referred to in Article 4 of this Tariff System prescribed for the eligible producer of electricity from biomass power plants, if the energy share of fossil fuels does not exceed 10% of the total energy value of used fuel.

(4) Eligible producers of electricity using co-combustion of biomass and fossil fuels with energy share exceeding 10% in co-generation shall be entitled to the incentive price referred to in Article 4 of this Tariff System prescribed for cogeneration plants.

(5) The market operator shall conclude power purchase agreement until 31 December 2012 with the project holders of plants from groups 1.a.1, 1.a.2 and 1.a.3, until the total installed power of all plants of this type for which power purchase agreement was concluded pursuant to this Tariff System reaches the following values:

for integrated solar power plants	10 MW
for non-integrated solar power plants	5 MW

(6) The market operator shall conclude power purchase agreements with the project holder of electricity in plants using hydrogen fuel cells until the total planned power of all plants of this type, for which the decision on acquiring the status of eligible electricity producer has been obtained, in the Republic of Croatia reaches 1MW.

### III POWER PURCHASE AGREEMENT

#### Article 13

The eligible producer of electricity shall realise the right to the incentive price referred to in Article 4 of this Tariff System by fulfilling the conditions from power purchase agreement concluded with the market operator pursuant to Article 30, paragraph 1, subparagraph 8 of the Electricity Market Act.

#### Article 14

(1) For the purpose of concluding power purchase agreement, the project holder shall submit to the market operator, in writing, the request for concluding power purchase agreement.

(2) The following shall be enclosed in the request for concluding the agreement:

- preliminary agreement or the agreement on connection to the power grid,
- preliminary decision on the acquisition of the status of eligible producer, excluding the prescribed exemptions.

(3) The project holder of the plant with planned power exceeding 300 kW shall, together with the request referred to in paragraph 2 of this Article, submit a bank guarantee in the amount of 10% of the value of estimated investment costs identified in the analysis of the justifiability of plant construction and its connection to the power gridnetwork with techno-economic and

physical planning data, which the project holder submits in the procedure of obtaining the energy approval.

The bank guarantee shall serve as a guarantee that the project holder will construct the plant within the periods prescribed in the incentive system for the production of electricity from renewable energy sources and cogeneration.

The market operator shall be authorised to regulate all terms in power purchase agreement under which the project holder is obliged to submit to the market operator bank guarantees as well as the terms of activating the issued bank guarantees.

The market operator shall use the funds collected on the basis of activated bank guarantees exclusively for implementing the incentive system for the production of electricity from renewable energy sources and cogeneration.

(4) The market operator shall be obliged to process a request for concluding power purchase agreement within 60 days from the day the complete request was received.

(5) Power purchase agreement shall apply as of the date of the first reading of the accounting metering point of the eligible producer's plant, after the decision on acquiring the status of eligible producer becomes final, or after the issuance of an appropriate certificate under which the project holder acquired the right to permanent connection of the plant to the power grid issued by the system operator.

(6) The incentive price referred to in Article 4, paragraph 1 of this Tariff System shall be annually adjusted for the inflation index in the previous calendar year, which is published by the Central Bureau of Statistics.

The first price adjustment shall be applied in the calendar year that follows the year in which power purchase agreement began to apply in accordance with paragraph 5 of this Article.

(7) The correction factor prescribed by the Agency in line with changes in the energy market conditions shall be used to adjust the incentive price of electricity produced in cogeneration plants referred to in Article 4, paragraph 6 of this Tariff System; however, the corrected incentive price may not be lower than the valid APP.

## Article 15

(1) Power purchase agreement for the electricity generated in plants using renewable energy sources and cogeneration plants shall be concluded for the period of 14 years, counting from the date of the first reading of the accounting metering point of the eligible producer's plant, from which power purchase agreement is applied pursuant to Article 14, paragraph 5 of this Tariff System.

(2) Power purchase agreement produced in plants classified as simple structures as defined in physical planning and building regulations, which are subject to special conditions pursuant to regulations on acquiring the status of eligible electricity producer, shall be terminated if the project holder, within one year from the date of signing power purchase agreement, fails to deliver to the market operator valid evidence of the plant's construction.

(3) In cases of termination of the agreement referred to in paragraph 2 of this Article, for the purpose of concluding a new power purchase agreement, the project holder may submit to the market operator, in writing, the request for concluding power purchase agreement with annexes prescribed in Article 14, paragraph 2 of this Tariff System.

(4) The project holder may consign receivables under power purchase agreement and establish the right of lien on claims from the agreement, pursuant to relevant regulations governing the listed legal institutes, exclusively to the entities (financial institutions) which financed the construction of the plant listed in the concluded agreement.

#### Article 16

(1) For plants which use renewable energy sources for electricity generation and which on the date of entry into force of this Tariff System have concluded purchase agreement on the electricity market, the period referred to in Article 15 of this Tariff System shall be reduced by the time of application of that agreement.

(2) The existing plants using renewable energy sources for electricity generation which are more than 14 years old shall not be entitled to the incentive price.

(3) Paragraphs 1 and 2 of this Article shall not apply in cases of reconstruction of existing hydro power plants with installed power up to and including 10 MW, when at least new electro-mechanical equipment of higher efficiency is installed.

#### Article 17

(1) Cogeneration plants which produce electricity shall be entitled to the incentive price for electricity delivered into the power grid if it was produced in the manner prescribed by the regulation governing the acquisition of the status of eligible producer.

(2) For cogeneration plants which on the date of entry into force of this Tariff System have concluded purchase agreement on the electricity market, the period referred to in Article 15 of this Tariff System shall be reduced by the time of application of that agreement, but may not be shorter than 5 years.

(3) Existing cogeneration plants which are more than 14 years old shall not be entitled to the incentive price.

#### Article 18

(1) The market operator shall engage in concluding power purchase agreement at the incentive price with project holders until the total planned production of electricity from plants using renewable energy sources and cogeneration plants reaches the minimum share of electricity established under a special regulation.

(2) The manner and elements of establishing the incentive price, i.e. the incentive price established under the tariff system for the production of electricity from renewable energy sources and cogeneration, valid at the time of concluding power purchase agreement shall not change for the duration of the agreement, except in the manner prescribed in this Tariff System.

(3) The purchase of electricity produced in plants using renewable energy sources and cogeneration plants executed by the marked operator on the basis of the agreement shall not be regarded as trade in electricity.

(4) APP, or the average producing price referred to in Article 4 of this Tariff system, shall represent the valid AMP at the time of concluding power purchase agreement, which at the date of entry into force of this Tariff System equals 0.53 HRK/kWh.

#### IV CALCULATION AND PAYMENT

##### Article 19

(1) Calculation, collection and allocation of funds gathered from incentive fees and sale of purchased electricity shall be carried out by the market operator.

(2) All calculated amounts shall be rounded to two decimal places.

##### Article 20

(1) In accordance with the provisions of this Tariff System, once a month, the market operator shall pay the incentive price for the delivered electricity to the eligible producer of electricity with which it concluded power purchase agreement.

(2) The transmission system operator and the distribution system operator shall submit to the market operator data on the total electricity delivered into the power grid in the previous month by the 20<sup>th</sup> day of each calendar month, and expressed in kWh for each individual eligible producer of electricity.

(3) Data referred to in paragraph 2 of this Article shall serve as the basis for the calculation of electricity of the eligible producer of electricity.

(4) The market operator shall pay the claims referred to in paragraph 1 of this Article within 45 days from the day the eligible producer of electricity with which it concluded power purchase agreement issued the invoice.

(5) The eligible producer of electricity in the plant groups 1.d.ii, 1.f.ii, 2.c.i, 2.c.ii, 2.c.iii, 2.c.iiii, 2.e.i, 2.e.ii and 2.j, and cogeneration plants with installed power grid of up to and including 30 kW, which in the accounting year does not fulfil the conditions on the basis of which it acquired the status of eligible producer, shall return the paid incentive funds upon the market operator's request. The funds shall be calculated as the difference between the incentive price and the average producing price of electricity (APP) in the year in question.

(6) The Agency shall supervise the fulfilment of the conditions under which the status of eligible producer was acquired as well as the right to an incentive price for plants for which it issued the decision on acquiring the status of eligible producer.

##### Article 21

(1) By the 20<sup>th</sup> day of each calendar month the transmission system operator and the distribution system operator shall submit to the market operator data on the total electricity

calculated and delivered to customers in the previous month expressed in kWh for every individual supplier of electricity.

(2) On the basis of the data referred to in paragraph 1 of this Article the market operator shall determine the total amount of its claims towards each individual electricity supplier under the item of incentive fees.

#### Article 22

(1) Once a month the market operator shall deliver to each electricity supplier an itemised invoice specifying the total amount of funds that the electricity supplier is obliged to pay to the market operator under the item of incentive fees.

(2) The electricity supplier shall pay the appropriate amount to the market operator within 10 days from the date of issuing the invoice referred to in paragraph 1 of this Article.

#### Article 23

(1) Once a month the market operator shall deliver to each electricity supplier an itemised invoice specifying the amount of funds that the electricity supplier is obliged to pay to the market operator under the item of calculation and collection of a certain share of electricity produced in plants using renewable energy sources and cogeneration plants, which the electricity supplier is obliged to take over at the average producing price (APP).

(2) The amount referred to in paragraph 1 of this Article shall be determined on the basis of data on the total realised electricity supply, the share of an individual supplier in the total realised electricity supply and the total amount of electricity delivered by the eligible producers into the power grid in the previous accounting period.

(3) The electricity supplier shall pay the appropriate amount to the market operator within 10 days from the date of issuing the invoice.

#### Article 24

Final settlement of claims under the item of calculation of the incentive fee and calculation and take-over of the share of electricity for the previous calendar year shall be performed by the market operator by 31 March of the following year.

### V TRANSITIONAL AND FINAL PROVISIONS

#### Article 25

Until the day of entry into force of the regulation referred to in Article 7, paragraph 3 of the Electricity Market Act governing the payment of the fee to units of local self-government on the territory of which the plants are situated, the producers of electricity from wind power plants with installed power exceeding 1MW, solar power plants with installed power exceeding 0.3 MW, geothermal power plants and hydro power plants with installed power exceeding 1 MW up to and including 10 MW shall pay the fee to local self-government units in the amount of 0.01 HRK/kWh of the delivered electricity.

## Article 26

- (1) In accordance with the provisions of this Tariff system, the minister responsible for economy shall within 60 days from the date of entry into force of this Tariff System initiate the process of harmonising the relevant provisions of the Ordinance on the use of renewable energy sources and cogeneration and the Ordinance on acquiring the status of eligible electricity producer.
- (2) Within 6 months from the date of entry into force of this Tariff System, the Ministry shall draft a proposal of the state aid programme for the production of electricity from renewable energy sources and cogeneration pursuant to the State Aid Act.

## Article 27

- (1) All project holders which have concluded power purchase agreement with the market operator from the plant groups 1.a.1, 1.a.2 and 1.a.3 under the provisions of the Tariff System for the production of electricity from renewable energy sources and cogeneration (Official Gazette 33/2007), shall deliver to the market operator valid evidence of the plant's construction within 12 months from the date of entry into force of this Tariff System.
- (2) If the project holder fails to fulfil the condition referred to in paragraph 1 of this Article, the market operator shall terminate power purchase agreement.
- (3) Eligible producers with which power purchase agreement was concluded under the provisions of the Tariff System for the production of electricity from renewable energy sources and cogeneration (Official Gazette 33/2007) shall not be entitled to conclude a new power purchase agreement for the same plant under the provisions of this Tariff System.
- (4) The procedures for concluding power purchase agreement from plants using solar power, initiated until the date of fulfilling the condition referred to in Article 7, paragraph 4 of the Tariff System for the production of electricity from renewable energy sources and cogeneration (Official Gazette 33/2007), in which the market operator received complete requests for concluding the agreement under Article 9 of that Tariff System, shall be completed in accordance with the provisions of that Tariff System.
- (5) The procedures for concluding power purchase agreement from other plants, initiated before the entry into force of this Tariff System, in which the market operator received complete requests for concluding the agreement shall be completed according to the project holder's choice either under the provisions of the Tariff System for the production of electricity from renewable energy sources and cogeneration (Official Gazette 33/2007) or under the provisions of this Tariff System.

## Article 28

The application of this Tariff System shall be supervised by the Agency.

## Article 29



Upon the entry into force of this Tariff System, the Tariff System for the production of electricity from renewable energy sources and cogeneration (Official Gazette 33/2007) shall cease to be in effect.

### Article 30

This Tariff System shall enter into force on the date of its publication in the Official Gazette.

Class: 310-02/12-01/13

Reg. No: 5030120-12-1

Zagreb, 31 May 2012

Prime Minister  
**Zoran**  
**Milanović**, m. p.

### ANNEX

Authentic document showing the value structure of investment costs and business activities in the territory of the local community

Project name, register number from the OIEKPP Registry			
	DESCRIPTION	Total expenses, (ITOT) 000 HRK, without VAT	Expenses for goods and services originating in the territory of the LC, (ILZ) 000 HRK without VAT
1.	Research of locations, measurements and studies		
	Measurements and studies of potentials		
	Technical platforms for the development of the project		
	Other preparatory studies and analyses		
	<i>specification of other expenses</i>		
2.	Location permit		
	Preparation of a report for the environmental impact study or a study of equal value		

	Preparation of the environmental impact study		
	Implementing the environmental impact assessment procedure or the evaluation of the need for environmental impact assessment		
	Preparation of technical platforms for the conceptual design (special geodetic template)		
	Preparation of the conceptual design		
	Preparation of the connection study		
	Other		
	<i>specification of other expenses</i>		
3.	Building permit or other official document approving construction		
	Investigative works (possibility of carrying them out even earlier, in the phase of the location permit): geophysics, geomechanics, geology		
	Preparation of the main design		
	Other		
4.	Consultations		
	Preparation of investment and pre-investment studies		
	Preparation of tender for equipment procurement		
	Preparation of tender for performance of works		
	Preparation of tender for drafting the project documentation		
	Other		
	<i>specification of other consulting services</i>		
U1	SUBTOTAL (1.-4.)		
5.	Plant construction and commissioning – delivery and all works		
	Construction of access roads		
	<i>preparatory works</i>		

	<i>earthworks</i>		
	<i>road construction</i>		
	Construction works		
	<i>preparatory and earth works</i>		
	<i>reinforcement works</i>		
	<i>concrete and reinforced concrete works</i>		
	<i>construction of facilities within the plant</i>		
	<i>final construction works</i>		
	<b>OTHER CONSTRUCTION WORKS AND CONTINGENCY</b>		
	<i>specification of other and contingency works</i>		
	Transport		
	<i>total expense of equipment transport to the plant's location borne by the project holder</i>		
	Energy plant equipment		
	<i>specification of the total expense in the segment of energy plant equipment comprising a technical-technological unit for the production of electricity from renewable energy sources</i>		
	Electrical installation works		
	<i>specification of electrical installation works within the plant</i>		
	Mechanical works		
	<i>specification of mechanical works within the plant</i>		
	Expense of commissioning the plant and of its permanent connection to the power grid		
	<i>grounding study preparation</i>		
	<i>preparation of the protection design study</i>		
	<i>measurement of electromagnetic radiation</i>		
	<i>cadastral measurement of the as-built situation</i>		
	<i>preparation of as-built design documentation</i>		
	<i>testing of the plant during the trial period of operation in accordance with the requirements of the Technical conditions for</i>		

	<i>the connection and operation of the plant</i>		
	<i>other expenses</i>		
	<i>specification of other expenses</i>		
6.	Equipment and works for the connection infrastructure		
	Construction works		
	<i>preparatory works on cable routes</i>		
	<i>construction of cable routes</i>		
	<i>construction of the plant's facilities</i>		
	Other construction works (specification)		
	Electrical installation works		
	<i>specification of electrical installation works on the connection infrastructure</i>		
	Equipment of connection facilities		
	<i>specification of the total expense in the segment of equipment of connection facilities</i>		
7.	Financing and insurance		
	Source of long-term loan financing (list the name and address of the financial institution providing the long-term loan financing)		
	Financing expenses		
	<i>total expense of fees paid by the project holder to the financial institution</i>		
	<i>total expense of preparing documentation for financing purposes (due diligence of the project, etc..) paid by the project holder</i>		
	<i>total expense of legal and notary public services for financing purposes paid by the project holder</i>		
	Source of equity financing (list the name and address of the financial institution providing the equity financing)		
	<i>total expense of fees paid by the project holder to the financial institution</i>		
	<i>total expense of preparing documentation for</i>		

	<i>financing purposes (due diligence of the project, etc..) paid by the project holder</i>		
	<i>total expense of legal and notary public services for financing purposes paid by the project holder</i>		
	Insurance expenses		
	<i>total expense of fees paid by the project holder for insurance premiums</i>		
8.	Administrative expenses		
	<i>specification of administrative expenses</i>		
U2	SUBTOTAL (5.-8.)		
U3	TOTAL (1.-8.)		

By signing this document, I hereby warrant, subject to criminal and financial liability, that the above listed information is accurate and true, and hereby give my consent that competent institutions may carry out verification of all given information by inspection of the required business documentation.

\_\_\_\_\_

Place, date

\_\_\_\_\_

Signature and stamp of the applicant (project holder)

PROVISIONAL TRANSLATION