

## CROATIAN PARLIAMENT

Pursuant to the Article 88 of the Constitution of the Republic of Croatia, I hereby pass the following

### DECISION

#### PROMULGATING THE ACT ON THE AMENDMENTS TO THE ACT ON THE REGULATION OF ENERGY ACTIVITIES

I hereby promulgate the Act on the Amendments to the Act on the Regulation of Energy Activities, adopted by the Croatian Parliament in its session on July 6, 2007.

Class: 011-01/07-01/68  
Reg. No.: 71-05-03/1-07-2  
Zagreb, July 13, 2007

President:  
Stjepan Mesić

### ACT

#### ON THE AMENDMENTS TO THE ACT ON THE REGULATION OF ENERGY ACTIVITIES

##### Article 1

In the Act on the Regulation of Energy Activities ("Official Gazette", No. 177/04), in the Article 6, Paragraph 6 shall be changed as follows:

"(6) The Statute of the Agency shall be passed by the Steering Committee's Chairman subject to prior approval of the Government of the Republic of Croatia."

##### Article 2

In the Article 9, Paragraph 1 shall be changed as follows:

"(1) The scope of activities of the Agency shall include:

- Giving opinions to the Ministry on tariff system for electricity generation from renewable sources and cogeneration, on compensation for providing incentives for renewable sources and cogeneration and on compensation for stranded costs,
- Giving opinions to the Ministry on the proposed amount of compensation for organisation of the electricity market,
- Supervising the application of all tariff systems and prescribed compensations,
- Giving opinions to the Ministry on the general conditions of energy supply,
- Giving opinions to the Ministry on the procedures and criteria for approval and construction of generating facilities,

- Organising and carrying out of tendering procedure for construction of generating facilities,
- Giving opinions or consent to draft regulations in the energy sector for which the Agency is authorised under this Act and laws regulating the carrying out of certain energy activities,
- Supervising energy undertakings, pursuant to the provisions of the Energy Act and laws governing the carrying out of individual energy activities,
- Supervising the quality of services provided by energy undertakings,
- Publishing information and data on energy efficiency and the use of energy,
- Participating in the energy policy design,
- Co-operating with the ministries and competent inspection services in accordance with special laws,
- Collecting and processing of data related to the activities of energy undertakings,
- Submitting requests for instigation of misdemeanour procedures.

#### Article 3

In the Article 10, Paragraph 3 shall be changed as follows:

“(3) The Agency shall be authorised, where necessary, to demand implementation of specific measures in order to comply with the principles of transparency, objectivity and non-discrimination in carrying out the activities from the Paragraph 2 of this Article.

#### Article 4

In the Article 11, after Paragraph 3, new Paragraphs 4,5,6,7 and 8 shall be added as follows:

„(4) The Agency shall issue the following:

- Licenses for the carrying out of energy activities and shall revoke licenses temporarily and permanently,
- Rulings on granting the status of eligible producer and shall revoke the status temporarily and permanently.

(5) The Agency shall also carry out the following activities:

- Taking decisions on calling for tenders and on selecting the most advantageous tender for construction of generating facilities up to 50 MW, pursuant to the provision of the Article 10 of the Electricity Market Act (“Official Gazette”, Nr. 177/04) and
- Giving proposals to the Government of the Republic of Croatia on the calling for tenders and on selecting the most advantageous tender for construction of generating facilities of 50 MW and above, pursuant to the provision of the Article 10, Paragraph 1 of the Electricity Market Act (“Official Gazette”, Nr. 177/04).

(6) The Agency shall provide:

- Opinions to the Ministry on the proposed amounts of tariff items,
- Opinions to the Government of the Republic of Croatia to the proposed amount of compensation for the connection to the network and increase in the connected load,
- Consent to energy undertakings for construction of a direct line,
- Approval of the development plans and construction of networks.

(7) The Agency shall also pass other regulations in the energy sector for which the Agency is authorised under this Act and laws regulating the carrying out of particular energy activities.

(8) The Agency shall give opinions and take all decisions relevant for the application and implementation of regulations passed based on the provisions of this Article and shall provide credible interpretations of the regulations it passes.“

#### Article 5

The Article 15 shall be changed as follows:

- „(1) The Agency shall be managed by the Chairperson of the Steering Committee.
- (2) The Chairperson of the Steering Committee shall represent the Agency and act for the Agency, represent the Agency in all court proceedings, as well as in front of administrative and other state bodies and legal entities with public authorities, take all actions required by law on behalf and for the Agency, pass all internal regulations necessary for the Agency's functioning, organise, manage and be responsible for the Agency's technical services and business operations and be responsible for the legality of the Agency's work.
- (3) The Chairperson of the Steering Committee within his/her authorities can authorise another person to represent him/her in legal actions.
- (4) The Chairperson of the Steering Committee decides on the Agency's financial plan and annual accounts, in line with the goals set out in the Article 4, Paragraph 1 of this Act.
- (5) The Chairperson of the Steering Committee takes decisions from the Article 9, Paragraphs 1 and 5 and the Articles 12 and 13 of this Act.
- (6) The Chairperson of the Steering Council shall manage the work of the Steering Council.
- (7) In the work of the Steering Committee and in his/her absence the Chairperson of the Steering Committee can be replaced by the Steering Committee member, appointed by the Chairperson of the Steering Committee to act as the Deputy of the Steering Committee Chairperson.

#### Article 6

The Article 16 shall be changed as follows:

- “(1) The Agency's Steering Committee consists of five members, one of whom is the Steering Committee Chairman.
- (2) The Chairperson and members of the Steering Committee shall be appointed by the Croatian Parliament upon proposal of the Government of the Republic of Croatia, for a five-year period, with the possibility of one reappointment.
- (3) Appointment from the Paragraph 1 of this Article shall be carried out in a way that every year one Steering Committee member shall be appointed to the position of the Steering Committee Member whose term is expiring.
- (4) At least 30 days before a Steering Committee member's term expires, the Government of the Republic of Croatia shall propose to the Croatian Parliament to discharge of the term of office the Steering Committee member whose term is expiring and appoint a new Steering Committee member.
- (5) A new Steering Committee's member can be appointed to the position of the Steering Committee's member whose mandate ends before the expiration of the term of office only to the remaining term of office of the Steering Committee's member whose mandate is ending.
- (6) A member of the Steering Committee must be a citizen of the Republic of Croatia, domiciled in the Republic of Croatia, with at least a university degree in a technical, legal or economic profession, and have at least ten years of work experience in the field of energy activities or other related energy field or in the field of technical sciences; more specifically – electrical engineering, mining, petroleum and geology engineering, mechanical engineering and humanities, more specifically economics and law, a good command of the English language and with distinguished reputation in its profession gained through his/her scientific or professional work and public activities and is worthy of being a member of the Agency's Steering Committee.
- (7) Apart from the conditions listed under Paragraph 6 of this Article, the Steering Committee Chairman must have at least four years of relevant work experience in management positions in the field of energy activities or in the field of technical sciences;

more specifically in electrical engineering, mining, petroleum and geology engineering and mechanical engineering or humanities, more specifically economics and law.

(8) A person convicted with legal validity for a criminal offence that makes that person unworthy of being a Steering Committee member, a person that is currently a Member of Parliament or a member of a representative body of a unit of local self-government or a self-government regional representative body or serves on an executive government body or on political parties' central bodies or is employed by an energy undertaking to which the provisions of this Act are applied cannot be appointed Steering Committee member.

(9) The function of the Steering Committee's Chairman is performed as one's only occupation and the function of the Steering Committee member does not have to be performed as one's only occupation.

(10) Steering Committee's members' material rights are determined by the Government of the Republic of Croatia."

#### Article 7

In the Article 19, Paragraph 2 after the second word "public", the following words shall be inserted: "if that is in the interest of protecting an official and business secret and if the public character of the session would be in contradiction with the citizens' and legal persons' legally protected interests."

In the Paragraph 3 the words "in accordance with the provisions" shall be replaced by the word "from" and after the word "Act" the following words shall be added: "and shall submit to the Government of the Republic of Croatia proposals and opinions on particular issues related to the Agency's scope of work".

After Paragraph 4 a new Paragraph 5 shall be added as follows:  
"(5) Upon the proposal of the Steering Committee Chairman, the Steering Committee shall adopt the Agency's work and development programs and shall supervise its implementation."

Current Paragraph 5 shall become Paragraph 6 and it shall be changed as follows:

"(6) The Agency's Steering Committee shall make decisions based on the Agency's Technical Services' proposal. Professional heads of Technical Services' departments are obliged to participate in the Steering Committee's meetings upon the invitation of the Steering Committee's Chairman without the right to vote."

Current Paragraphs 6, 7 and 8 shall become Paragraphs 7, 8 and 9.

Current Paragraph 9 shall become Paragraph 10 and shall be changed as follows:

"(10) Secondary legislation passed by the Agency shall be published in the "Official Gazette" and particular decisions passed by the Agency's Steering Committee within its public authority shall be published in the Agency's newsletter or on its web site".

Current Paragraph 10 shall become Paragraph 11.

#### Article 8

The Article 20 shall be changed as follows:

(1) The Agency has Technical Services that carry out professional, administrative and technical assignments for the needs of the Agency and are managed by professional department heads.

(2) The Agency's professional department heads shall be appointed and discharged of duty by the Agency's Steering Committee's Chairman based on the public vacancy notice to a four-year term with the possibility of reappointment.

(3) Conditions to be fulfilled by professional department heads as well as their rights, duties and responsibilities shall be determined by the Agency's Statute."

#### Article 9

The Article 21 shall be changed as follows:"

(1) The Agency's professional department heads shall manage professional aspects of the Agency's work.

(2) The Agency's professional department heads shall also carry out other assignments determined by the Agency's Statute.

(3) The Agency's professional department heads shall be accountable for their work to the Agency's Steering Committee's Chairman.

(4) The Agency's professional department heads, each within his/her scope of work, shall be preparing proposals to the Agency's Steering Committee's Chairman and to the Steering Committee for passing decisions from the Article 15, Paragraphs 4 and 5 and the Article 19, Paragraphs 3 and 5 of this Act and shall prepare annual reports from the Article 25, Paragraph 1 of this Act and proposals for giving opinions to the Government of the Republic of Croatia and the Ministry as well as proposals of decisions the Steering Committee's Chairman and the Steering Committee propose to the Government of the Republic of Croatia for adoption in accordance with this Act and other Acts and secondary legislation."

#### Article 10

In the Article 22 the words "Steering Committee" shall be replaced by the words "Steering Committee's Chairman".

#### Article 11

In the Article 24, Paragraph 2 shall be changed as follows:

(2) The Agency's Steering Committee's Chairman shall pass the budget for the upcoming year, upon the previously obtained opinion of the Government of the Republic of Croatia".

#### Article 12

In the Article 25, Paragraph 1, after Subparagraph 2, a new Subparagraph 3 shall be added as follows:

"- on the results of monitoring of the fulfilment of obligations by energy undertakings from the Article 10, Paragraph 2 of this Act".

Current Subparagraph 3 shall become Subparagraph 4.

In the Paragraph 3 after the words "Agency's bulletin" the following words shall be added: "or on the Agency's web site".

#### Article 13

In the Article 26, Paragraph 4 the word "director" shall be replaced by the following words: "professional department heads".

#### Article 14

After the Article 27 the subtitle "II.a SUPERVISION OF THE AGENCY'S WORK" shall be added as well as the Article 27. a as follows:

"The Article 27. a

(1) Supervision of the Agency's legality of work and of company legislation shall be carried out by the Ministry.

(2) To the supervision of company legislation and particular pieces of legislation and other work performed at the Agency based on its public authority the same regulations shall be applied that are used for the state administration system.

(3) The Agency's financial operations shall be supervised by the authorized central body of the state administration or a legal person with public authority for that."

#### Article 15

Within 30 days from the day this Act comes into effect the Steering Committee's Chairman shall submit the Agency's Statute to the Government of the Republic of Croatia for approval.

#### Article 16

(1) Within 30 days from the day this Act comes into effect the Government of the Republic of Croatia shall propose to the Croatian Parliament to discharge of duty the current Chairman, Deputy Chairman and members of the Steering Committee and reappoint them in a way that, this appointment being an exception, the Agency's Steering Committee's Chairman and Steering Committee's members are appointed in way that the current Steering Committee's Chairman is appointed to the position of the Steering Committee's Chairman to a five-year term, Steering Committee's members are appointed in a way that the current Steering Committee's Deputy Chairman is appointed to the position of the Steering Committee's member to a four-year term and other current Steering Committee's members are appointed to positions of Steering Committee's members to three-, two-, and one-year terms, following the order from the Decision on Appointment of the Croatian Energy Regulatory Agency's Steering Committee's Chairman, Deputy Chairman and members ("Official Gazette", No. 66/05), so that the current Steering Committee member that was appointed last shall be appointed to a one-year term, starting from the day of appointment.

(2) Appointment from the Paragraph 1 of this Article shall not be counted as reappointment.

(3) On the day the current Chairman, Deputy Chairman and members of the Agency's Steering Committee are discharged of their duties, their work contracts with the Agency shall be cancelled and the Agency is obliged to conclude work contracts with the newly appointed Chairman and members of the Agency's Steering Committee for a limited period of time until the end of the term from the Paragraph 1 of this Article.

#### Article 17

From the day this Act comes into effect the Agency's Director shall continue performing his duties until appointment of all professional department heads in line with the provisions of this Act.

#### Article 18

This Act shall come into effect on the eighth day of the day it is published in the "Official Gazette".

Class: 310-02/07-01/02

Zagreb, July 6, 2007

CROATIAN PARLIAMENT

President of the  
Croatian Parliament  
**Vladimir Šeks**