

**ENERGY CHARTER
SECRETARIAT**

CCDEC 2004

12 EEF

Brussels, 14 December 2004

Related documents: CC 289, CC 294

DECISION OF THE ENERGY CHARTER CONFERENCE

Subject: Recommendations on the In-Depth Energy Efficiency Review of Croatia

[The Energy Charter Conference at its 15th Meeting held on 14 December 2004 *welcomed* the report on the In-depth Energy Efficiency Review of Croatia, and *endorsed* the recommendations made to the Government of Croatia circulated as document CC 289 (*Annex*).]

Keywords: In-depth Review of Energy Efficiency Policies and Programmes, PEEREA,
Recommendations, Croatia

Recommendations on the In-Depth Energy Efficiency Review of Croatia

as adopted by the Energy Charter Conference
at its 15th Meeting held on 14 December 2004

Based on the findings of the Review Team and on the assessment of progress the following recommendations are provided to the Government of Croatia:

General recommendations

The Government should take further steps towards market reform and introduction of competition throughout the energy cycle while ensuring that energy efficiency opportunities on the demand-side are tapped.

The Government should consider improvements in energy efficiency as an important way of addressing legitimate concerns regarding the high energy import dependency of the country and at the same time improving the competitiveness of the industrial sector.

The Government should ensure that public finance procedures at all administrative levels are reformed in such a way that public entities are motivated to engage in energy efficiency investments, also by budgeting energy efficiency measures and allowing entities to retain part of the saved energy expenditures.

Energy efficiency policies, strategies and programmes

The Government is encouraged to define energy efficiency objectives and targets, both at national and sectoral level, (i.a. tourism, industry, households).

The Government should expedite the elaboration of the Programme of Implementation of the Energy Sector Development Strategy (action plan). For the first three year period, this action plan should set out: (i) a timetable for enactment of energy efficiency related legislation and regulation, (ii) institution building, (iii) a framework budget and (iv) priority actions and measures.

The Government should pursue the development of the "national energy programmes" with particular emphasis on demonstration and implementation.

Legal and regulatory framework

The Government should take the necessary action to enforce the implementation of the existing energy efficiency related legislation and regulation.

The Government should accelerate the completion of the legislative process by developing and implementing the necessary secondary legislation, which should be in line with the *acquis communautaire* in the area of energy efficiency.

The Government should amend the law, which covers real estate property rights to allow for energy efficiency upgrades and introduction of individual metering in multi-ownership buildings to be carried out by majority decisions of the owners.

Institutional framework

The Government should strengthen its capacity in energy efficiency policy formulation and implementation, both at ministerial and at implementing agency level, also by improving coordination between various ministries.

The Government should ensure a better coordination between the various organisations that influence energy efficiency policies and programmes and support a more active role of the civil society including NGOs, professional and consumers associations.

Energy market and prices

The Government should strengthen the capacity and role of the Croatian Energy Regulatory Council notably in relation to tariffs approval and access to the networks.

The Government should pursue energy price reform for all grid-based energies with a view to eliminate existing subsidies and cross-subsidies between the various categories of consumers and energy carriers.

Energy efficiency funding and fiscal policies

The Government should make sure that the various energy efficiency programmes have an appropriate budget allocated in order to secure proper implementation and impact on the market.

The Government should secure that the Environmental Protection and Energy Efficiency Fund operates on the basis of transparent criteria, which reflect both cost effectiveness and environmental considerations.

The Government should analyse the opportunity to introduce fiscal incentives for energy efficiency investments.

The Government should ensure that the experience of HEP ESCO is widely disseminated so as to stimulate demand for energy efficiency services and the creation of private energy service companies.

Specific programmes and instruments

The Government should systematically favour energy efficient options in its procurement activities.

Given the high share of buildings in total energy consumption, the Government should develop a programme for energy efficiency improvement and management in public buildings to serve as an example for the entire sector.

Building upon the achievements of the MIEE Programme, the Government should further promote capacity building in the field of energy management in industry.

The Government should secure that policy makers in the area of transport at national and local level incorporate energy efficiency considerations in their mobility plans.

The Government should consider introducing high energy efficiency standards and use of renewable energies in ECO label for tourist facilities.

Cogeneration, district heating and renewables

The Government should continue to develop and promote legal and fiscal frameworks for cogeneration and renewables; this may include feed-in tariffs and purchasing obligations.

The Government should secure the sustainability of the district heating systems through appropriate tariffs and through securing synergies with measures promoting renewables and CHP.

The Government should assess the viability of using waste incineration as a source to produce electricity and heat.

Data collection and monitoring

The Government should further encourage collection of data required to establish energy efficiency indicators and to monitor improvements in energy efficiency.

Information and awareness

The Government should set up a programme for raising awareness of energy efficiency opportunities in various end-use energy sectors.

Tariff increase announcement should be accompanied by an information campaign on how to offset the price increase by energy efficiency measures.

Energy efficiency and environmental policies

The Government should speed up the elaboration of a Climate Action Plan, which adequately reflects the potential for energy efficiency improvements, irrespective of when agreement will be reached on Croatia's Kyoto target.