



ENERGY COMMUNITIES REPOSITORY

Croatia



OVERVIEW OF THE POLICY FRAMEWORK

Published on 20/11/2023



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DISCLAIMER

The content of this document aims to establish an overview of the national legal developments in the context of the Clean Energy Package for the Member State mentioned above. **The document includes only final legislation which was published before the end of March 2023. It does not include provisions that are not yet applicable under law (i.e., currently drafted or discussed).**

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Overview

According to the Energy Communities Repository's research, Croatia has introduced provisions for Renewable Energy Communities (RECs) with the Law on Renewable energy sources and Highly efficient cogeneration¹ and on Citizen Energy Communities (CECs) with the Law on the Electricity Market.² In addition, provisions on energy communities are included in the Rulebook on general conditions for network use and electricity supply³ and in the Rulebook on permits for the performance of energy activities and keeping a register of issued and revoked permits for the performance of energy activities.⁴

The national legislation clarifies that for the purposes of the calculation of the final gross consumption of electricity from renewable energy sources, such final gross consumption is calculated as the amount of electricity produced in the Republic of Croatia from renewable energy sources, including electricity production by consumers of their own renewable energy and RECs, which does not include electricity production in reversible hydroelectric power plants from water that is pumped to a higher altitude and does not have a guarantee of origin.⁵

1. Definitions

Croatia has introduced legislation for both the REC and CEC definitions. The national law also specifies that the Administrative Council of the Regulatory Agency (hereinafter 'Agency') is responsible to adopt the Rulebook on general conditions for the use of the network and the supply of electricity.⁶ Such Ordinance prescribes, among others, the mutual contractual relations between energy entities and network users, which include: the use of the network, supply of electricity, aggregation, flexibility services and flexible contract on the use of the network, conditions of the supplier for the supply of electricity, taking over of surplus electricity, sharing of energy with an active customer, membership of CECs and membership of RECs determined in accordance with the Renewables law, and others.⁷

On this legal basis provided in the Law on the Electricity Market, the Croatian Energy Regulatory Agency adopted the Rulebook on general conditions for network use and electricity supply in August 2022, which includes several

¹ Law on Renewable Energy Sources and Highly Efficient Cogeneration, adopted on 8 December 2021, available at: https://narodne-novine.nn.hr/clanci/sluzbeni/2021_12_138_2272.html

² Law on the Electricity Market, adopted on 1 October 2021, available at: https://narodne-novine.nn.hr/clanci/sluzbeni/2021_10_111_1940.html

³ Rulebook on general conditions for network use and electricity supply, adopted on 29 August 2022, available at: https://narodne-novine.nn.hr/clanci/sluzbeni/2022_08_100_1473.html

⁴ Rulebook on permits for the performance of energy activities and keeping a register of issued and revoked permits for the performance of energy activities, date of printed edition: 8 April 2022, available at: https://narodne-novine.nn.hr/clanci/sluzbeni/2022_04_44_534.html

⁵ Article 8(5) of the Law on renewable energy sources and highly efficient cogeneration

⁶ Article 59(1) of the Law on the Electricity Market

⁷ Article 59(2)(1) of the Law on the Electricity Market



references to energy communities. More specifically, the provisions of the Rulebook clarify, among others, the following relevant definitions that refer to energy communities:

- user of metering data: is defined as the supplier, purchaser of electricity, operator of the electricity market, aggregator, energy community, representative of a collective active customer, closed distribution system operator (DSO) and system operator,⁸
- other contracts: is a term that refers to a contract governing the purchase of electricity, an aggregation contract, a contract on participation in an energy community, among others,⁹
- existing energy community: is an energy community with which the network user has a contract on participation in the energy community,¹⁰
- electricity sharing scheme of the energy community: includes a list of billing metering points of production facilities, list of billing metering points of energy storage facilities and list of billing metering points of end customers who are shareholders or members in the energy community, which are involved in sharing electricity, and the key according to which the electricity delivered to the network and taken from the network at the calculation metering points of the shareholders and members in the energy community, is divided by the calculation metering points that are included in the sharing of electricity,¹¹
- energy community: is a CEC, as well as a REC in which a renewable energy source is used for activities related to electricity,¹²
- new energy community: is an energy community with which the network user enters into a new contract on participation in the energy community.¹³

In addition, it is mentioned that relations between energy entities and network users in terms of these General Terms and Conditions, therefore including energy communities, are governed by the following agreements:

- network usage contract,
- the electricity supply contract,
- the contract regulating the purchase of electricity,
- the contract on aggregation,
- the agreement on participation in the energy community,
- the contract on the provision of auxiliary services,
- the contract on redispatching and
- other contracts.¹⁴

The relations between the system operator and the aggregator, the energy community, the representative of the collective active customer and the operator of the closed distribution system in terms of these General Terms and Conditions are governed by special agreements on mutual relations.¹⁵

⁸ Article 4(12) of the Rulebook on general conditions for network use and electricity supply

⁹ Article 4(34) of the Rulebook on general conditions for network use and electricity supply

¹⁰ Article 4(36) of the Rulebook on general conditions for network use and electricity supply

¹¹ Article 4(53) of the Rulebook on general conditions for network use and electricity supply

¹² Article 4(65) of the Rulebook on general conditions for network use and electricity supply

¹³ Article 4(66) of the Rulebook on general conditions for network use and electricity supply

¹⁴ Article 5(1) of the Rulebook on general conditions for network use and electricity supply

¹⁵ Article 5(4) of the Rulebook on general conditions for network use and electricity supply



Agreement needed for the participation in an energy community

The Rulebook also sets rules on an agreement needed for the participation in an energy community. In more detail, such an agreement regulates the rights and obligations of the energy community and network users.¹⁶ The provisions of the contract on participation in the energy community must be fair and include the rights and obligations of the energy community and network users in a clear, simple and unambiguous manner, and the energy community must ensure that the network user is aware of the terms of the contract in advance.¹⁷ The agreement on participation in the energy community must not oblige the network user to keep any data from that agreement, calculations and invoices as secret data.¹⁸ In addition, such an agreement contains at least the following components:

- data on the energy community,
- data about the network user who is the shareholder or member of the energy community (name and surname or name of the company, personal identification number, address and landline and/or mobile phone number), and in the case of a billing metering point for joint consumption data about the representative of the co-owner, the manager or the person authorized by the users of shared consumption to represent third parties (name and surname or name of company, personal identification number, address and landline and/or mobile phone number),
- identification mark of the calculation measuring point of the shareholder or member in the energy community, which is located within the spatial scope of the local community where the energy community operates,
- address of the calculation measuring point,
- specification of services that, in accordance with the law on the Electricity Market and the law governing the area of renewable energy sources and high-efficiency cogeneration, the energy community provides to shareholders and members of the energy community,
- method of measurement, calculation and payment of such services,
- a statement by which the network user confirms that they are familiar with the conditions of the contract on participation in the energy community, the conditions of participation in the energy community, the regulation governing the general conditions for the use of the network and the supply of electricity and the regulation governing the change of suppliers and aggregators,
- the period for which the contract on participation in the energy community is concluded and the conditions for extending, changing and terminating the contract,
- the right to use the data of a network user who is a shareholder or a member of the energy community,
- rights and obligations of the energy community,
- the rights and obligations of the shareholder or the member in the energy community,
- the method of submitting a complaint,
- the method of resolving disputes.¹⁹

With regards to the conclusion of a contract on participation in the energy community, the Rulebook states that its conclusion must be based on fair and in advance known conditions.²⁰ The request for entering into a contract on participation in the energy community is submitted and published on the website of the energy community and contains the content described in the General Conditions, as well as the following necessary content for

¹⁶ Article 13(1) of the Rulebook on general conditions for network use and electricity supply

¹⁷ Article 13(2) of the Rulebook on general conditions for network use and electricity supply

¹⁸ Article 13(3) of the Rulebook on general conditions for network use and electricity supply

¹⁹ Article 13(4) of the Rulebook on general conditions for network use and electricity supply

²⁰ Article 14(1) of the Rulebook on general conditions for network use and electricity supply



the procedure of changing the energy community in accordance with the regulation governing the change of suppliers and aggregators:

- authorization of the shareholder or member of the energy community to the system operator to terminate the contract on participation in the energy community,
- authorization to the new energy community to perform all actions related to the procedure for changing participation in the energy community for the shareholder or member in the energy community,
- the expected date of the start of the application of the new agreement on participation in the energy community.²¹

The authorization to the new energy community to perform all actions related to the procedure for changing participation in the energy community specifically refers to the right of the new energy community to obtain from the system operator measurement data from the accounting measurement point of the shareholder or member in the energy community, which the system operator is obliged to provide or put on disposal of the new energy community.²²

Moreover, the Rulebook adds that the agreement on participation in the energy community is concluded for a certain period of time for one or more billing metering points of a network user who is a shareholder or a member in the energy community, in accordance with the conditions of participation in the energy community.²³ One billing metering point of a network user who is a shareholder or member of an energy community can only be assigned to one energy community.²⁴ The energy community is obliged to notify the network user who is the shareholder or member of the energy community about any change in the conditions from the contract on participation in the energy community no later than 14 days before the application of the new conditions from the contract on participation in the energy community, including the notification of the network user's right to terminate the contract.²⁵

The Rulebook also sets the conditions for participation in the energy community. More specifically, such conditions are particularly governed by:

- methods of contracting,
- conclusion and content of the contract on participation in the energy community,
- the method of measuring, calculating and paying for the services that, in accordance with the law governing the electricity market and the law governing the area of renewable energy sources and high-efficiency cogeneration, the energy community provides to shareholders and members of the energy community,
- terms of payment,
- terms for which the agreement on participation in the energy community is concluded and the conditions for renewing, changing and terminating the agreement,
- the right to use the data of a network user who is a shareholder or a member of the energy community,
- rights and obligations of the energy community,

²¹ Article 14(2) of the Rulebook on general conditions for network use and electricity supply

²² Article 14(3) of the Rulebook on general conditions for network use and electricity supply

²³ Article 14(4) of the Rulebook on general conditions for network use and electricity supply

²⁴ Article 14(5) of the Rulebook on general conditions for network use and electricity supply

²⁵ Article 14(6) of the Rulebook on general conditions for network use and electricity supply



- rights and obligations of the shareholder or member in the energy community,
- method of submitting a complaint,
- method of resolving disputes,
- the way of making changes and additions to the conditions of participation in the energy community.²⁶

Finally, the national law lists the duties of the Agency, which include the responsibility for monitoring and removing unjustified obstacles and restrictions on the development of self-produced electricity consumption and CECs.²⁷

1.1. Renewable Energy Community definition

The national legislation defines RECs as legal entities:

- which, in accordance with applicable national law, are based on open and voluntary participation, are autonomous and under the effective control of shareholders or members located near the renewable energy projects owned or developed by the REC,
- whose shareholders or members are natural persons, small and medium-sized enterprises or local or regional authorities, and
- whose primary purpose is to provide environmental, economic or social benefits to their shareholders or members or the local areas in which they operate, rather than financial profits.²⁸

1.2. Citizen Energy Community definition

The national legislation defines a CEC as a legal entity that is based on voluntary and open participation and is under the effective control of its members or shareholders who are natural persons, local authorities or small businesses and whose primary purpose is to provide environmental, economic or social benefits to its members or shareholders or local areas in which it operates, rather than generating financial profit. A CEC may participate in production, inter alia from renewable sources, supply, consumption, aggregation, energy storage, energy efficiency services or charging services for electric vehicles or provide other energy services to its members or shareholders.²⁹ The national law also specifies that organising a CEC is considered an energy activity regulated by the Law on the Electricity Market.³⁰

In addition, a different provision of the Electricity Market Law mentions that the CEC is a legal entity established in the territory of the Republic of Croatia, whose shareholders or members voluntarily join together in order to achieve the benefits of the exchange of energy produced and consumed in a certain spatial scope of the local community, which operates on the basis of the law regulating the financial business and accounting of non-profit organizations and performs its energy activity based on a license issued in accordance with the law governing the energy sector and the provisions of the Law on the Electricity Market.³¹ The law also states that the shareholder or member of a CEC can be a natural or legal person, including local authorities, a micro-

²⁶ Article 16(1) of the Rulebook on general conditions for network use and electricity supply

²⁷ Article 111(8) of the Law on the Electricity Market

²⁸ Article 4(1)(63) of the Law on renewable energy sources and highly efficient cogeneration

²⁹ Article 3(1)(21) of the Law on the Electricity Market

³⁰ Article 4(1)(9) of the Law on the Electricity Market

³¹ Article 26(1) of the Law on the Electricity Market



enterprise or a small enterprise whose place of residence, business establishment or business premises is in the area of the local authority unit where the CEC is headquartered.³²

Moreover, effective control in the CEC can be held by shareholders and members of the community who are not medium-sized enterprises and large enterprises, and at the same time, the shareholders and members of the CEC exercise voting rights independently of the ownership of shares, according to the principle 'one member - one vote'.³³ Furthermore, the law clarifies that a shareholder or a member of the CEC may not have more than 40% of the shares owned by a legal entity of another shareholder or member of the same CEC.³⁴

The law also clarifies that participation in the CEC is open and voluntary in accordance with the conditions of participation in the CEC mentioned above, which the community must adopt no later than 15 days before the start of its activities on any electricity market and publish on its website.³⁵ The shareholder or member of the CEC may leave the community in accordance with the provisions of the Law on the Electricity Market.³⁶ It is also specified that a shareholder or member of the CEC who is refused participation or who is prevented from leaving the community can file a complaint with the Agency.³⁷

With regards to registration requirements, the law states that CECs shall be registered in the register of CECs maintained by the Agency. The register must contain, as a minimum, data on shareholders or members of the CEC, the spatial scope of the local community where the CEC operates, and other data. Data on the CEC from the register are published on the Agency's website.³⁸ The CEC is obliged to notify the Agency of any change in the data from the register within eight days of the data change.³⁹

2. Rights and obligations

2.1. Renewable Energy Community

According to the national legislation, end customers, especially households, have the right to participate in a REC, while retaining the rights or obligations they have as end customers and are not subject to unjustified or discriminatory conditions or procedures that would prevent their participation in the community and, in the case of private companies, provided that their participation is not their primary commercial or professional activity.⁴⁰

In addition, the law highlights that **RECs have the right to:**

1. produce, consume, store and sell renewable energy through renewable energy purchase contracts, among others;

³² Article 26(2) of the Law on the Electricity Market

³³ Article 26(3) of the Law on the Electricity Market

³⁴ Article 26(4) of the Law on the Electricity Market

³⁵ Article 26(5) of the Law on the Electricity Market

³⁶ Article 26(6) of the Law on the Electricity Market

³⁷ Article 26(7) of the Law on the Electricity Market

³⁸ Article 27(2) of the Law on the Electricity Market

³⁹ Article 27(3) of the Law on the Electricity Market

⁴⁰ Article 52(1) of the Law on renewable energy sources and highly efficient cogeneration



2. share, within the REC, renewable energy that is produced in the production units owned by that community, subject to other requirements set in legislation and retaining the rights and obligations of members of the REC as users;
3. access all appropriate energy markets directly or through aggregation in a non-discriminatory manner.⁴¹

The law also stresses that **electricity suppliers are obliged to take over excess electricity** from end customers with their own electricity production or users of self-supply facilities who cumulatively meet the following conditions:

1. have the status of a privileged electricity producer, as defined in the Renewables law;
2. have exercised the right to permanent connection to the power grid, for production facilities that are not considered multi-residential buildings;
3. the total connected power of all production facilities at one billing metering point or multiple metering points in a multi-residential building or a REC in the case of multiple billing metering points does not exceed 500 kW;
4. the connection power of an end customer with own production or a user of a self-supply facility in the direction of delivering electricity to the grid does not exceed the connection power of an end customer with own production or a user of a self-supply facility in the direction of receiving electricity from the network;
5. the end customer with their own production or the user of the self-supply facility supplies electricity through the same billing metering point through which they buy electricity or through the metering point of shared consumption in a multi-apartment building from the supplier;
6. the end customer with their own production or the user of the self-supply facility keep data on the electricity produced and the electricity delivered.⁴²

The provisions above relating to self-supply facilities also apply to RECs and users of self-supply facilities.⁴³

Furthermore, the law regulates the **sharing of electricity** in the energy community and sharing of electricity of a collective active customer. More specifically, according to national legislation, the energy community and the representative of the collective active customer are obliged to submit to the DSO the electricity sharing scheme in the energy community and the electricity sharing scheme of the collective active customer no later than 15 days before the start of the billing period, in accordance with the contract on mutual relations concluded with the DSO.⁴⁴ During the accounting period, such electricity sharing schemes cannot be changed for the current accounting period.⁴⁵

Then, the DSO checks the compliance of the electricity sharing scheme with the conditions for sharing electricity prescribed by the law on the Electricity Market and the agreement on mutual relations concluded with the DSO.⁴⁶ In the event of non-compliance of the electricity sharing scheme with the conditions for sharing electricity prescribed by the law on the Electricity Market and the contract on mutual relations concluded with the DSO, the DSO shall submit to the energy community or the authorized representative of the collective active customer specific a request for the alignment.⁴⁷

⁴¹ Article 52(2) of the Law on renewable energy sources and highly efficient cogeneration

⁴² Article 51(1) of the Law on renewable energy sources and highly efficient cogeneration

⁴³ Article 51(15) of the Law on renewable energy sources and highly efficient cogeneration

⁴⁴ Article 15(1) of the Rulebook on general conditions for network use and electricity supply

⁴⁵ Article 15(2) of the Rulebook on general conditions for network use and electricity supply

⁴⁶ Article 15(3) of the Rulebook on general conditions for network use and electricity supply

⁴⁷ Article 15(4) of the Rulebook on general conditions for network use and electricity supply



In addition, according to the law, the DSO is obliged to deliver measurement data to users of measurement data in accordance with the electricity sharing schemes.⁴⁸ For the purposes of the calculation of electricity carried out by the supplier and the calculation of the fee for the use of the network, the DSO determines the delivered electricity at the calculation metering point included in the sharing scheme of the collective active customer by summing the curve of the taken electricity at that calculation metering point and the corresponding part of the delivered electricity curve at the calculation measuring point of the plant included in the sharing scheme.⁴⁹ The DSO, for the purposes of the calculation of electricity carried out by the supplier, determines the delivered electricity at the calculation metering point included in the energy community sharing scheme by adding the curve of electricity taken over at that calculation measurement point and the corresponding part of the curve of delivered electricity of energy at the calculation metering point of the plant included in the sharing scheme, while the basis for calculating the fee for the use of the network is the total electricity taken at that calculation metering point.⁵⁰ The shareholder or member of an energy community at a billing metering point cannot be a user of a self-supply facility at the same time.⁵¹

Moreover, the law regulates the mutual relations of the energy community and the collective active customer and system operator. It is specified that before the start of operations on the electricity market, the energy community and the representative of the collective active customer are obliged to submit to the system operator a list of the billing metering points of the shareholders or members in the energy community that are included in the energy community and a list of the billing metering points of end customers that are included in the collective active customer.⁵² The energy community is obliged to enter into an agreement on mutual relations with the system operator, which regulates the exchange of data, including the mandatory delivery of the updated list mentioned above immediately after a change in the relevant list occurs, and the exchange of data in the case of sharing electricity from production plants and energy storage facilities.⁵³

With regards to access to data, the Rulebook mentions that the user of metering data has the right to access metering data and/or to deliver metering data from the metering data base of only the network user with whom they concluded an electricity supply agreement, an aggregation agreement, an agreement on participation in an energy community or an agreement where the purchase of electricity is regulated.⁵⁴ As an exception to this, the supplier, purchaser, aggregator or energy community has the right to access measurement data and/or to deliver measurement data from the measurement data base of network users with whom they do not have an electricity supply contract, a contract for the purchase of electricity, a contract on aggregation or a contract on participation in the energy community only on the basis of the written authorization of the network user.⁵⁵

Finally, it is mentioned that the system operator, supplier, aggregator and energy community are obliged by 28 February 2023 to comply with the provisions of these General Conditions and to publish on their websites the forms of all contracts and requests prescribed by the General Conditions.⁵⁶

⁴⁸ Article 15(5) of the Rulebook on general conditions for network use and electricity supply

⁴⁹ Article 15(6) of the Rulebook on general conditions for network use and electricity supply

⁵⁰ Article 15(7) of the Rulebook on general conditions for network use and electricity supply

⁵¹ Article 15(8) of the Rulebook on general conditions for network use and electricity supply

⁵² Article 22(1) of the Rulebook on general conditions for network use and electricity supply

⁵³ Article 22(2) of the Rulebook on general conditions for network use and electricity supply

⁵⁴ Article 51(5) of the Rulebook on general conditions for network use and electricity supply

⁵⁵ Article 51(7) of the Rulebook on general conditions for network use and electricity supply

⁵⁶ Article 135(4) of the Rulebook on general conditions for network use and electricity supply



2.2. Citizen Energy Community

According to national legislation, the rights and obligations of the end customer or active customer or network user are valid at the accounting metering point⁵⁷ of the shareholder or member of the CEC.⁵⁸ At the accounting metering point of the shareholder or member of the energy community, the electric energy delivered to the network and the electric energy taken from the network are separately considered and taken into account, in accordance with the law regulating the energy sector, the law regulating the area of regulation of energy activities and Article 18 of Regulation (EU) 2019/943 ensuring an appropriate and balanced contribution to the distribution of total system costs.⁵⁹

Moreover, the law states that CECs can participate in the production of electricity for the needs of its shareholders or members, among others, from renewable energy sources, the supply of electricity to shareholders or members, the management of electricity consumption of shareholders or members, the aggregation, energy storage, energy efficiency services, charging services for electric vehicles of its shareholders or members and it can provide other energy services to its shareholders or members in accordance with the rules governing individual electricity markets.⁶⁰ When performing such activities, the provisions regulating participation in the electricity markets in the Republic of Croatia shall be applied in a non-discriminatory and proportionate manner to CECs.⁶¹

The law also clarifies that a CEC can participate in all electricity markets directly or through aggregation in accordance with the rules governing individual electricity markets.⁶² If it participates in the wholesale market, the CEC is financially responsible for the imbalances it causes in the electric power system and in this sense the entity is responsible for the deviation or contractually transfers its responsibility for the deviation in accordance with Article 5 of Regulation (EU) 2019/943 and rules on balancing the power system.⁶³

With regards to energy sharing, the law specifies that a CEC has the right to arrange the sharing of electricity from production facilities and energy storage facilities of the community or an active customer who is a member of the CEC in accordance with the general conditions for using the network at the metering points of the shareholders and members of the CEC and electricity supply, while the rights and obligations of end customers or network users are retained at the accounting metering points of shareholders and members of the CEC.⁶⁴

⁵⁷ According to article 4(2)(27) of the Rulebook on general conditions for network use and electricity supply, accounting metering point is a place in the network where electricity parameters are measured using meters and other measuring equipment for the purpose of accounting, and which, as a rule, is the place of electricity delivery.

⁵⁸ Article 26(8) of the Law on the Electricity Market

⁵⁹ Article 26(10) of the Law on the Electricity Market

⁶⁰ Article 26(11) of the Law on the Electricity Market

⁶¹ Article 26(14) of the Law on the Electricity Market

⁶² Article 26(12) of the Law on the Electricity Market

⁶³ Article 26(13) of the Law on the Electricity Market

⁶⁴ Article 26(15) of the Law on the Electricity Market



3. Assessment of obstacles and potential and removal of unjustified barriers

According to the Renewables law, the Agency evaluates existing obstacles and potential for the development of RECs in the Republic of Croatia.⁶⁵ The Minister makes a decision on recommendations for the removal of obstacles and the relief of administrative procedures that limit the use of energy from renewable sources, including measures to promote the consumption of energy from renewable sources from self-production and RECs.⁶⁶

4. Enabling framework

4.1. Renewable Energy Community

According to national legislation, an incentive framework is established to promote and facilitate the development of RECs and it ensures, among other things, the following:

1. removal of unjustified regulatory and administrative barriers for RECs;
2. provisions relevant to supply or aggregation or other commercial energy services that apply to RECs;
3. the DSO cooperates with RECs in order to facilitate energy transfers within the community;
4. RECs are subject to fair, proportionate and transparent procedures, including registration and licensing procedures, and cost-reflective network charges, as well as relevant charges, levies and taxes, ensuring an appropriate, fair and balanced contribution to the distribution of total system costs in accordance with transparent analysis of the costs and benefits of distributed energy sources carried out by competent authorities;
5. RECs are not treated in a discriminatory manner with regard to their activities, rights and obligations as end customers, producers, suppliers, DSOs or as other market participants;
6. participation in RECs is available to all consumers, including those in low-income or vulnerable households;
7. tools are available to facilitate access to funding and information;
8. public bodies are provided with regulatory support and support for capacity building in enabling and establishing RECs and in helping such bodies to participate directly;
9. rules have been established to ensure equal and non-discriminatory treatment of consumers participating in the REC.⁶⁷

The law also highlights that the Agency will propose the main elements of such incentive framework and its implementation for inclusion in the National Energy and Climate Plan (NECP) as well as in progress reports in

⁶⁵ Article 52(3) of the Law on renewable energy sources and highly efficient cogeneration

⁶⁶ Article 58(2) of the Law on renewable energy sources and highly efficient cogeneration

⁶⁷ Article 52(4) of the Law on renewable energy sources and highly efficient cogeneration



accordance with the Regulation (EU) 2018/1999, which are therefore included in the updated versions of the NECP and NECP progress report.⁶⁸

Specifically with regards to licensing procedures, the law mentions that the Ministry is designated as the contact point which, at the request of the investor or the project holder or the privileged producer (hereinafter: the applicant), provides guidance during the entire process of issuing permits, whereby this process refers to the relevant administrative permits for construction and renewal of the capacity of the production plant for the production of energy from renewable sources and their management, as well as guidelines on the procedure for connecting them to the grid.⁶⁹ The applicant may inform the contact point during the entire procedure of submitting the application and the procedure for issuing permits.⁷⁰ The Ministry, as the contact point mentioned above, guides the applicant in a transparent manner, during the procedures for issuing permits, from the moment of submission of the application until the moment of one or several decisions of the competent authorities at the end of the procedure. In addition, it provides the applicant with all the necessary and permitted information and, if appropriate, includes other public law bodies and legal entities with public law powers.⁷¹ Applicants may submit all necessary documents in digital form as well.⁷²

The law also highlights that the operator of the energy market, in cooperation with the Ministry, as the contact point mentioned above, the Agency, the operator of the transmission and distribution system, and the Ministry responsible for spatial planning and construction, prepare a manual, as a guide, that provides complete information about the procedures obtaining permits for the construction of a production plant from renewable energy, especially taking into account small projects and projects of consumers of their own energy from renewable sources, which is published on the website of the Ministry.⁷³

The manual mentioned above contains:

1. a description of the existing simplified and accelerated procedures established through special regulations governing the area of the electricity market, regulations governing the area of spatial planning and construction, regulations governing connection to the power grid at the appropriate administrative level, as well as time frames established by special regulations for procedures for issuing approvals, certifications and permits, which apply to production facilities for the production of electricity and associated transmission and distribution networks for electricity, heating or cooling from renewable sources, the process of converting biomass into biofuels, liquid biofuels, fuels from biomass or other energy products, as well as renewable liquid and gaseous fuels of non-biological origin intended for use in traffic;
2. information on the regulations listed in point 1 governing the issuance of approvals, certifications and permits, which do not discriminate against applicants and fully take into account the peculiarities of individual renewable energy technologies;
3. information on costs and fees paid by consumers, planners, architects, builders and installers, and suppliers of equipment and systems;
4. description of established procedures for issuing approvals, including the notification procedure, for decentralized devices and for the production and storage of energy from renewable sources;

⁶⁸ Article 52(5) of the Law on renewable energy sources and highly efficient cogeneration

⁶⁹ Article 29(1) of the Law on renewable energy sources and highly efficient cogeneration

⁷⁰ Article 29(2) of the Law on renewable energy sources and highly efficient cogeneration

⁷¹ Article 29(3) of the Law on renewable energy sources and highly efficient cogeneration

⁷² Article 29(4) of the Law on renewable energy sources and highly efficient cogeneration

⁷³ Article 29(5) of the Law on renewable energy sources and highly efficient cogeneration



5. existing technical specifications that equipment and systems for renewable energy must meet in order to exercise the right to support from the support scheme. In the case there are European standards, including environmental labels, energy efficiency labels and other technical reference systems established by European standardization bodies, these technical specifications are defined on the basis of these standards, without these technical specifications prescribing where the equipment and systems will be certified.⁷⁴

Furthermore, the law adds that the Ministry responsible for spatial planning and construction in planning, including early spatial planning, design, construction and renovation of urban infrastructure, industrial, commercial or residential areas, and energy infrastructure, including electricity, centralized heating and cooling, natural gas and networks of alternative fuels, ensure that at the national, regional and local level provisions are included for the integration and use of renewable energy, among others for communities of consumers of their own renewable energy and RECs, and the use of unavoidable waste heat and cold.⁷⁵

When planning the municipal, city and county infrastructure, the executive body of the unit of local and regional authorities is obliged to include heating and cooling from renewable sources, if appropriate, as well as to consult with transmission and distribution system operators in order to reflect the effect of energy efficiency programs and responses to consumption, and especially take into account the consumption of own renewable energy and RECs and the plans of transmission and distribution system operators for infrastructure development.⁷⁶

Finally, the law mentions that the Ministry, with the participation of the bodies of local and regional authorities, can develop an information programme, raising the level of awareness, guidance or training in order to inform citizens about how to exercise their rights as active users and about the benefits and practical aspects, including the technical and financial aspects of the development and use of energy from renewable sources, including the consumption of own renewable energy or within RECs.⁷⁷

4.2. Citizen Energy Community

A Rulebook on permits for the performance of energy activities and keeping a register of issued and revoked permits for the performance of energy activities introduced provisions on the energy activity of organising a CEC. More specifically, with regards to documentation and evidence for issuing a license, the Rulebook states that an application form for the issuance of a permit for the performance of energy activities is needed to be completed and signed by the CEC (hereinafter 'the applicant').⁷⁸ In more detail, the following documentation is needed:

1. An extract from the appropriate register by which the applicant proves that it is registered for the performance of energy activities, if the Agency is unable to determine whether the legal entity is registered for the performance of energy activities by inspecting the appropriate public register.⁷⁹

⁷⁴ Article 29(6) of the Law on renewable energy sources and highly efficient cogeneration

⁷⁵ Article 29(19) of the Law on renewable energy sources and highly efficient cogeneration

⁷⁶ Article 29(20) of the Law on renewable energy sources and highly efficient cogeneration

⁷⁷ Article 10(9) of the Law on renewable energy sources and highly efficient cogeneration

⁷⁸ Article 8(1) of the Rulebook on permits for the performance of energy activities and keeping a register of issued and revoked permits for the performance of energy activities

⁷⁹ Article 8(2) of the Rulebook on permits for the performance of energy activities and keeping a register of issued and revoked permits for the performance of energy activities



2. The founding act on the basis of which the legal entity is registered, as well as other documentation from which it is evident that the CEC meets the requirements from the law regulating the Electricity Market.⁸⁰
3. A list of all shareholders and members in the CEC, from which for each shareholder or member there will be information about:
 - the type of legal or natural person (trading company, association, foundation, etc.), whereby for entrepreneurs it is necessary to indicate the category according to accounting regulations (micro entrepreneur, small entrepreneur, medium entrepreneur or large entrepreneur);
 - the place of residence, business establishment or business premises in the area of the local self-government unit where the headquarters of the CEC are located;
 - the percentage share in the ownership and effective control of the CEC (according to the principles of the organization of the CEC);
 - the actual percentage share in the ownership or effective control of the CEC (includes shares of ownership derived from the ownership or actual control in a legal entity that is another shareholder or member of the same CEC).⁸¹
4. Statement by the responsible person that medium-sized companies and large companies do not have real control over the shareholders and members of the CEC, meaning that medium-sized companies and large companies do not have ownership, rights, contracts or other means that, either separately or combined and taking into account factual or legal circumstances, give the possibility of exercising a decisive influence on the CEC, certified by a notary.⁸²
5. An extract from the appropriate register by which the applicant proves that the CEC operates on the basis of the law governing the financial operations and accounting of non-profit organizations, if the Agency cannot determine by looking at the appropriate public register whether the legal entity is registered to carry out energy activities.⁸³
6. Evidence of technical qualification and more specifically:
 - a) Proof of ownership or the right to use business premises based on a lease agreement or other agreement concluded with the owner of the business premises;
 - b) Description of the information, communication and other systems for performing energy activities of the organization of the CEC;
 - c) Valid contracts with other legal entities that have an impact on the applicant's technical qualifications;
 - d) Three-year development and investment plan for performing energy activities, signed by the responsible person in the legal entity;
 - e) e) Conditions for participation in the CEC, which are adopted by the CEC.⁸⁴
7. Evidence of professional qualifications and more specifically:

⁸⁰ Article 8(3) of the Rulebook on permits for the performance of energy activities and keeping a register of issued and revoked permits for the performance of energy activities

⁸¹ Article 8(4) of the Rulebook on permits for the performance of energy activities and keeping a register of issued and revoked permits for the performance of energy activities

⁸² Article 8(5) of the Rulebook on permits for the performance of energy activities and keeping a register of issued and revoked permits for the performance of energy activities

⁸³ Article 8(6) of the Rulebook on permits for the performance of energy activities and keeping a register of issued and revoked permits for the performance of energy activities

⁸⁴ Article 8(7) of the Rulebook on permits for the performance of energy activities and keeping a register of issued and revoked permits for the performance of energy activities



- a) Organizational chart or part of the applicant's organizational chart related to the energy activity;
- b) List of employed workers and/or members of the CEC and/or shareholders in the CEC who perform work in the energy sector of the organization of the CEC, with an indication of the level of education, position and job description according to the systematization of jobs and positions signed by foreign responsible persons in the legal entity;
- c) Valid contracts with other legal entities that have an impact on the applicant's professional qualifications.⁸⁵

8. Evidence of financial qualification.⁸⁶

9. Statement by the responsible person that the members of the management board or other persons responsible for them in the legal entity have not been legally convicted of a criminal offense against the economy in the last five years, certified by a notary.

With regards to applicable charges, the law specifies that tariff items for the transmission of electricity are applied at the metering point of the shareholder or member of the CEC in accordance with the methodology for determining the amount of tariff items for the transmission of electricity and the decision on the amount of tariff items for the transmission of electricity and tariff items for distribution of electricity in accordance with the methodology for determining the amount of tariff items for the distribution of electricity and the decision on the amount of tariff items for the distribution of electricity.⁸⁷

DSO provides services to CECs

Moreover, the law adds that the DSO provides services to the CECs related to the activities they can engage with in accordance with the rules and price list of non-standard services of the DSO and the general conditions for using the network and supplying electricity.⁸⁸ The sharing of electricity does not call into question the applicable fee for the use of the distribution network and other prescribed fees in accordance with the methodology for determining the amount of tariff items for the distribution of electricity, based on the analysis of costs and benefits of distributed sources electricity.⁸⁹ Such analysis is prepared by the Agency on the basis of data, information and bases provided to it by the DSO.⁹⁰

In addition, it is stated that CEC, for the purpose of sharing electricity, is obliged to submit to the DSO a list of billing metering points of production facilities, energy storage facilities, and shareholders or members of the CEC who are included in the sharing of electricity and the key according to which the electricity delivered to the network at the metering points of the shareholders or the members of the CEC is divided by the metering points

⁸⁵ Article 8(8) of the Rulebook on permits for the performance of energy activities and keeping a register of issued and revoked permits for the performance of energy activities

⁸⁶ Article 8(9) of the Rulebook on permits for the performance of energy activities and keeping a register of issued and revoked permits for the performance of energy activities

⁸⁷ Article 26(9) of the Law on the Electricity Market

⁸⁸ Article 26(16) of the Law on the Electricity Market

⁸⁹ Article 26(17) of the Law on the Electricity Market

⁹⁰ Article 26(18) of the Law on the Electricity Market



that are included in the sharing of electricity, as well as any change to the aforementioned lists or the key of electricity sharing.⁹¹

The calculation measuring points must be equipped with an advanced meter and in accordance with the technical requirements prescribed in the network rules of the distribution system and must be connected to the same 10(20)/0.4 kV transformer station.⁹² The total connection power in the direction of the delivery of electricity to the network at the calculation metering points of the shareholders or members of the CEC must not exceed 80% of the total connection power in the direction of the receipt of electricity at those calculation measurement points.⁹³

Surplus electricity produced within the CEC is taken over by the supplier at the accounting metering point of the shareholder or member of the CEC who participates in energy sharing.⁹⁴ The law also clarifies that CECs cannot own or manage the electric power distribution network.⁹⁵

Finally, the Appendix II of the Rulebook on permits for the performance of energy activities and keeping a register of issued and revoked permits for the performance of energy activities specifies the financial resources of the legal entity (average balance of funds in the last 30 days in the accounts of the legal entity's commercial banks) required for the performance of energy activities. Specifically for organising a CEC, it is mentioned that 20.000 kuna are needed.⁹⁶ Also, Appendix XI regulates the periods for which a license is issued for the performance of energy activities. For organising CECs, the period for which a license is issued for performing energy activities is from 1-15 years.⁹⁷

5. Access to financing and support for Renewable Energy Communities

The Law on Renewables specifies that when the support scheme is created, the peculiarities of RECs are taken into account in order to enable them to compete for support under equal conditions with other market participants.⁹⁸ In addition, the provisions of the Law on Renewables ensure that information on support measures is available to all relevant actors, including consumers, namely vulnerable and low-income consumers, RECs, builders, installers, architects, suppliers of equipment and systems for heating and cooling and the use of electricity and suppliers of means of transport that use renewable energy and intelligent transport systems.⁹⁹

⁹¹ Article 26(19) of the Law on the Electricity Market

⁹² Article 26(20) of the Law on the Electricity Market

⁹³ Article 26(21) of the Law on the Electricity Market

⁹⁴ Article 26(22) of the Law on the Electricity Market

⁹⁵ Article 27(1) of the Law on the Electricity Market

⁹⁶ This is translated to 2.706.40 euros (taking into account that the currency rate can change).

⁹⁷ Article 8(10) of the Rulebook on permits for the performance of energy activities and keeping a register of issued and revoked permits for the performance of energy activities

⁹⁸ Article 52(6) of the Law on renewable energy sources and highly efficient cogeneration

⁹⁹ Article 10(2) of the Law on renewable energy sources and highly efficient cogeneration



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