

With the Government's decision, Croatian energy market operator HROTE received approval for borrowing from a commercial bank for 13 million euros for the purpose of ensuring the liquidity of the renewable energy support scheme. The repayment period of this revolving loan is one year, and the interest rate is 2.05 % per year. HROTE made the decision to initiate the procedure of obtaining a loan in mid-July, because they lack money for paying incentives to RES producers.

HROTE said that due to the consequences of the coronavirus pandemic and all the negative effects it had on the electricity markets, it recorded about 45 million euros less in revenues than planned. The most significant factors that affected the declining revenues are a decline in electricity consumption in the country of about 6 % compared to 2019 and a significant decline in electricity prices on the market, of about 30 % compared to 2019.

In addition, the implementation of the Decree on the fee reduction for the energy-intensive companies started in 2020, which further reduced HROTE's revenues by around 8 million euros. Negative trends continued in the first months of this year, while in the second quarter of 2021 there is a gradual recovery of electricity prices in the market and growth of electricity consumption, which delayed the planned decline in system liquidity from the end of the first quarter to the beginning of the third quarter. The effect of the recorded deficit of revenues on the balance of the incentive system account is to some extent amortized by the funds accumulated in the past, so projections say that by the end of 2021 there will be a shortfall of around 23 million euros.

At the end of June 2021, the incentive system included 717 MW of wind farms, 113 MW of cogeneration plants, 91 MW of biomass power plants, 53 MW of solar power plants, 44 MW of biogas power plants and 10 MW of geothermal power plants that produced just over 174,000 MWh in June. Annually, plants in the incentive system produce more than 3.2 TWh of electricity. According to the latest HROTE report in 2020, some 355 million euros was collected for incentives, while 400 million euros was paid.

The need for such borrowing is an indicator of the unsustainability of the RES support scheme in Croatia, which will make it very difficult to implement projects and, ultimately, to achieve national RES goals. As it is expected that the first tender for incentives based on the premium model for large projects should be announced by the end of the year, it is high time for the Government to reform the financial framework for the development of RES in the country.