

Croatia: Restructuring of Croatian Electric Power Industry (HEP), unbundling of activities under the EU direction

Categories : [SEE Energy News](#)

Date : August 26, 2014

"Croatian Electric Power Industry"(HEP Group) is the national electricity company, which is engaged in the electricity production, transmission and distribution and in the last few decades, in the customers supply with gas. After restructuring and activities unbundling, "Croatian Electric Power Industry" was organized in the form of a concern as a group of related companies (subsidiaries).

The parent company of HEP Group is HEP j. s. c., which performs the function of corporate management of HEP group and provides the conditions for a safe and reliable customers supply with electricity.

Within HEP Group clearly are separated (control, economic and legal) organizations conducting regulated activities (transmission and distribution) from unregulated activities (production and supply).

In early July 2013th were implemented the statutory changes of HEP Transmission System Operator, now it is a Croatian TSO Ltd., abbreviated HOPS Ltd., for separation according to the ITO model (Independent Transmission Operator) in accordance with the Law on the electricity market and the decision of the HEP Assembly on the choice of the "independent transmission operator" model. The law overhung HEP to decide on one of three planned models - ownership unbundling (TSO model) or model independent system operator (ISO model) or model of independent transmission operator (ITO).

Certificate for the selected model is a confirmation that the transmission system operator is organized as required by the selected model and in accordance with the provisions of European directives that have been transferred to the Croatian law. This means that due to better functioning markets and competition stimulation, the transmission system must be physically, financially, technically and financially independent of HEP, because that is a precondition for fair competition and providing services to all on equal terms.

Unbundling of transmission system operators (TSO) is Croatia's obligations under the third package of EU energy legislation and it is regulated by the new Law on Electricity Market Act, adopted in February of last year.

As for the production, HEP Group has 4,000 MW of installed capacity for electricity generation and 974 MW of power for heat production. "HEP Production" has 25 hydropower plants and eight thermal power plants, which as fuel use oil, natural gas and coal. Some of them are connected to the process of producing electricity and heat and form the basis of centralized thermal systems of Zagreb and Osijek. At the area of BiH there is a pumping

station Busko blato Ltd, a subsidiary company of "HEP Production".

In addition to "HEP Production", TPP "Plomin", the company co-owned by HEP and RWE Power also produces the electricity in HEP Group, which manages the thermal power plant with capacity of 210 MW. HEP is a co-owner of the nuclear power plant "Krsko" in Republika Srpska.

"HEP Renewable Energy Sources" are engaged in the preparation, construction and use of renewable energy sources (wind, biomass, solar energy, hydro energy, geothermal water, etc.).

There are more than 2.3 million customers in Croatia, or measurement of the delivered electricity. HEP Distribution System Operator is responsible for the tariff customers' supply, while in the supply of preferred customers, "HEP supply" is exposed to competition from other electricity companies in the market.

"HEP Trgovina" is involved in the purchase and sale of electricity, optimization of power plants, as well as commercial mediation in domestic and international markets.

„HEP Toplinarstvo“ is engaged in the production, distribution and supply of heat energy, and works in Zagreb, Osijek and Sisak, and part of the Zagreb County.

"HEP-Plin" supplies customers with natural gas and the Osijek-Baranja, Pozega-Slavonia and Virovitica- Podravina Counties.

"HEP ESCO" is a company for providing services in the energy sector that develops, executes and finances market-based energy efficiency projects.