

Croatia: With EU membership big companies entering Croatian electricity market brings power market prices

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Croatia state power utility company HEP's monopoly position on domestic electricity trade market can be endangered with Croatia EU accession. The first step in this direction can be the news that T-Croatia Telekom, the biggest telecommunication operator in Croatia, will include electricity trade in a list of its registered activities.

Assumption is that HT will offer to its consumers electricity supply with some more affordable conditions than HEP does.

If some bigger energy companies decide to launch a business on Croatian market, competitiveness can be increased and prices can be decreased. There has been no consensus for if that will happen and how big this fall can be so far. Mladen Zeljko, Director of Production and Energy Transformation Sector in Energy Institute Hrvoje Pozar, thinks that bigger influence of new distributors on the market is not realistic to expect.

-Tradition, buyers' confidence and inertia works for HEP. Consumers are not fans of changes, especially in activities like electricity supply where safeness is very important. Citizens need to have big stimulation for change and this is hard to expect considering current electricity prices in Croatia. Electricity price for households will be one in the lowest in EU so it is not logical that someone will sell electricity at lower than current prices. Some company can

offer damp prices from time to time in order to attract a part of market, but I cannot see price decrease in long terms- Zeljko says.

Liberalized electricity market exists in Croatia since 2008, but it didn't come into force in a right way.

HEP's competitors have occurred only in electricity supply to industrial consumers' aspects. The final thing in electricity market liberalization shall be directing separation of HEP's transmission and distribution network which needs to be available to all market actors and under same conditions.

Some of alternative electricity suppliers can turn to household electricity supply and that can bring to price decrease, electricity market liberalization effects in EU countries brought to price decrease for households so the same can be expected in Croatia. For example, cross-selling phenomenon can be expected and electricity supply will be only one of the favors that households will buy from all suppliers so it will be combined with heating energy, gas and telecommunication services' supply.

Electricity price in these "packet-arrangements" can be little lower so experts warn that only energy price increase can be expected in long terms. There are several reasons for such assumptions from the bigger and bigger global needs over decrease of fossil energy up to increase of renewable sources energy participation- whose price is higher.

Source; Serbia Energy See desk