

ENERGY REGULATORY COUNCIL

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Pursuant to Art. 1, Para. 1 of the Law on Regulation of Energy Activities (Official Gazette of the Republic of Croatia – *Narodne Novine* No. 68/01, 109/01) and Art. 25, Para. 2 of the Statute of the Energy Regulatory Council (Official Gazette *Narodne Novine* No. 62/02), the Energy Regulatory Council (hereinafter: the Regulatory Council) at its 16th Meeting of 26 June 2003 adopted the following

REGULATION ON METHOD AND CRITERIA FOR DETERMINATION OF THE AMOUNT OF THE FEE FOR USE OF TRANSMISSION AND DISTRIBUTION NETWORK

I. GENERAL PROVISIONS

Article 1

Pursuant to Art. 12, Para. 4 of the Law on Electricity Market (Official Gazette *Narodne Novine* No. 68/01), this Regulation shall govern the method and criteria for determination of the amount of the fee for use of the transmission and distribution network, fees for coverage of costs for providing the system services, fees for coverage of costs of technical losses, and additional fees as defined by the laws or regulations.

This Regulation refers to all users of transmission and distribution network.

Article 2

The purpose of this Regulation is to determine data and calculations to be submitted to the Regulatory Council by a system operator, an energy undertaking for transmission of electricity as well as an energy undertaking for distribution of electricity when applying for determination of the fee for the use of transmission or distribution network and fees for coverage of costs for providing the system services.

Also the purpose of this Regulation is to define to the system operator, an energy undertaking for transmission of electricity and an energy undertaking for distribution of electricity the method of determination and structure of fees for the use of transmission and distribution network and fees for coverage of costs of providing the system services.

Article 3

Expressions used in this Regulation shall have the meaning as defined in the Law on Energy (Official Gazette *Narodne Novine* No. 68/01), Law on Electricity Market (Official Gazette *Narodne Novine* No. 68/01) and Tariff System for Electricity Activities Performed as Public Services (Official Gazette *Narodne Novine* No. 101/02, 121/02, 129/02).

In this Regulation, the following terms shall be used with the following meanings:

Users' Association – mutual association of two or more users in such a way that they act as a single user at the electricity market in terms of this Regulation,

User of Transmission and Distribution Network – Tariff Customer, Eligible Customer, Producer,

Non-Transaction Stamp Method – system of single calculation of the use of networks regardless of the length of transmission or distribution line, and regardless of the number of individual transactions.

Article 4

Provisions of these Regulations do not refer to transmission of electricity originating from another country intended for a third country across the territory of the Republic of Croatia or transmission of electricity from another country and intended for that other country across the territory of the Republic of Croatia (transit).

II. AIMS AND PRINCIPLES OF DETERMINATION, CALCULATION AND PAYMENT OF THE FEE FOR THE USE OF TRANSMISSION AND DISTRIBUTION NETWORK

Article 5

Fees for the use of transmission and distribution network are defined in compliance with the following aims:

- being based on eligible costs of operations, facilities, maintenance, replacement, construction or reconstruction of network facilities and environment protection, including a reasonable term for return of investments in energy facilities and devices of networks and systems,
- non-discrimination and transparency,
- stimulating the efficiency of energy undertakings for electricity transmission and energy undertakings for electricity distribution, or users of transmission and distribution network (based on the principle of regulated access and fee for the use of network),
- stimulating the mechanisms for improvement of energy efficiency and consumption management, including the increased use of renewable energy sources,
- separate determination of fees for the use of transmission and distribution network, provided that for a specific category of consumption, the fees for the use of network are equal throughout the territory of the Republic of Croatia,
- separate determination and expression of fees for specific network and/or system services, except for such system services for which a specific electricity market is organised,
- transparency related to the use of transmission and distribution network and their integral parts,
- creation of stable relations on the electricity market and stable conditions for investors,
- stimulating development of transmission and distribution network so that the delivery quality level is constantly increased or maintained,
- fees must ensure funds for the required development of transmission and distribution network.

Article 6

In this Regulation, the following principles are primarily supported:

- when deciding on investments, the prepared, harmonised, and accepted plans of development and construction of the transmission and distribution network in accordance with the provisions of the Law on Energy Market and the Strategy of Energy Development, Implementation Program of the Strategy of Energy Development, as well as aims under Article 5 should be respected;
- investments must contribute to improvement of the quality and safety parameters of the transmission and distribution network;
- differences between the open part of the energy market and the tariff part of the energy market must be respected, and the fee for the use of transmission and distribution network after the opening of the electricity market should be as stable as possible;
- for the sake of transparency, it is necessary for an energy undertaking to present and express to each user of the network, particularly to an Eligible Consumer and Eligible

Producer at their request the fee (cost) for measurement and calculation of electricity;

– for the purpose of comparability, an energy undertaking for electricity transmission and an energy undertaking for electricity distribution are obligated to express the costs for measurements and calculation in a unique way, which shall be approved by the Regulatory Council;

– in case of any users' association, the fees for the use of transmission and distribution network are calculated separately for each connection, i.e. users cannot associate for the use of the network;

– fee for the use of transmission or distribution network must provide their undisturbed use to the users connected to such networks, or using them in accordance with other regulations;

– share for the system services and any other additions are taken into account in the fee for the use of networks in proportion with the transmitted or distributed electricity, unless defined otherwise in an appropriate regulation.

III. METHODOLOGY FOR DETERMINATION OF FEES FOR THE USE OF TRANSMISSION AND DISTRIBUTION NETWORK

Article 7

For determination of the fee for the use of transmission and distribution network, the non-transaction stamp method is used.

The method is applicable for all voltage levels and all types of users.

Gross access is valid for all voltage levels, meaning that the fee for the use of a specific network on a voltage level contains a share for use of the networks of higher voltage levels.

Article 8

The fee for the use of the network is paid to an energy undertaking for electricity transmission and an energy undertaking for electricity distribution. An accounting year shall be a calendar year.

Use of the network is paid only by customers, while electricity producers pay only a share if the transmission lines need to be strengthened for them, which is determined at connection or change of connection power. The same applies for other producers as well, causing non-standard deviations from the terms determined by other regulations, or other work instructions for the use of transmission and distribution network.

Fee for the use of network shall not encompass the cost of connection to the network. Costs of connection to the network are determined based on a special regulation.

IV. ELEMENTS AND STRUCTURE OF FEES FOR THE USE OF TRANSMISSION AND DISTRIBUTION NETWORK

Article 9

An energy undertaking for electricity transmission and an energy undertaking for electricity distribution may express the fee for the use of transmission or distribution network in the structure (combination) of three accounting elements, being:

1) permanent (monthly) fee, covering the costs independent on the quality of energy and used capacity,

2) fee dependent on the transmitted or distributed quantity of energy, covering a changeable part of costs of the use of transmission or distribution network,

3) capacity fee, covering the permanent costs of transmission or distribution network, costs of construction and maintenance of the capacities.

Article 10

The fee for the use of networks shall include the following components:

1. share of the fee for the use of transmission network,
2. share of the fee for the use of distribution network,
3. share for the system services,
4. share for coverage of technical losses occurring for transmission or distribution of electricity, within the frames approved by the Regulatory Council,
5. if determined by the law or regulation of the Croatian Government or a competent ministry, possible additions are also:
 - a) fee for the Regulatory Council's activities,
 - b) fee for the work of the system and market operators,
 - c) dispatch of eligible production,
 - d) bonus to stimulate eligible producers,
 - e) recording contracts on an organised electricity market,
 - f) additions for coverage of stranded costs, and
 - g) other additions.

The aforesaid additions are summed up with the amounts mentioned from Item 1 to Item 4 of this Article.

Elements of the fees for the use of transmission or distribution network, as mentioned from 1 to 4 above, with any additions under 5 above, are presented in form of a price list published in the Regulatory Council's newsletter.

Article 11

Share of the fee for the system services should cover the system services intended to all the users of the transmission or distribution network. The system services are provided by a system operator or an energy undertaking for electricity distribution (distribution network operator) within their network, and their encompass:

1. regulation of frequency and power – primary, secondary, and tertiary,
2. regulation of voltage and unused power for a facility within the prescribed power factors $\cos \varnothing$,
3. providing conditions to start the operation of a generator without external supply,
4. covering the permitted deviations from schedule,
5. special system services.

Share for the system services is the integral part of the price list under Art. 10, Para. 3.

Article 12

Special system services encompass:

1. harmonisation of prohibited deviations from the schedule across the defined borders or agreed tolerance areas;
2. providing unduly reduced unused energy.

For special system services, a system operator or an energy undertaking for distribution (distribution network operator) must determine who has caused such services on the basis of documented objective facts, and charge them according to the price list under Art. 10, Para. 3.

Article 13

The services of the system of frequency and power regulation and regulation of voltage and unused power, provided by a system operator and/or an energy undertaking for electricity distribution (distribution network operator) for the needs of stable operation of electricity

system, can be purchased from an energy undertaking licensed for energy activities. Type, quantity and time of providing the system services are defined by an adequate contract, submitted to the Regulatory Council for examination.

The amount of the fee covering the costs of the system services of ensuring the regulation of frequency and power or regulation of voltage and unused power are expressed in the price list under Art. 10, Para. 3.

Article 14

Prohibited deviations from the schedule are such that in single 15-minute intervals exceed the tolerance area limit as determined by the Network rules or by a contract. In case of prohibited deviations upward or downward for hours in which prohibited deviation was measured, a bonus for individual system services of covering prohibited deviations for the difference in power and difference in supplied energy above or below the values under contract or schedule shall be added to the fee for the use of network.

A user making prohibited deviations upward from the schedule shall pay additional costs for the use of a specific network and costs of other system services, determined on the basis of measurement of power and energy deviations, or system services according to the price list under Art. 10, Para. 3 for all the hours in which deviations from the schedule were measured.

Article 15

Unduly reduced unused energy is the positive difference between the actually reduced unused energy and the unused energy corresponding to the power factor $\cos \varnothing = 0.95$. Bonus for special system service of providing the unduly reduced unused energy shall be paid by the user to the system operator or to the energy undertaking for electricity distribution (distribution network operator).

The amount of the fee covering the expenses of unduly reduced unused energy shall be expressed in the price list under Art. 10, Para. 3.

Article 16

Part of the fee covering technical losses shall be approved by the Regulatory Council. The power and energy for coverage of technical losses in the network are provided by a system operator and/or an energy undertaking for electricity distribution (distribution network operator). Quantity and time of providing power and energy to cover technical losses in the network are determined with an appropriate contract, submitted to the Regulatory Council for examination.

The amount of the fee to cover the costs of technical losses in the network shall be expressed in the price list under Art. 10, Para. 3.

Article 17

The fee for the activities of the Regulatory Council shall be determined by the Executive Order on Financing of the Energy Regulatory Council adopted by the Croatian Government.

The amount of the fee to cover the costs of activities of the Regulatory Council shall be expressed in the price list under Art. 10, Para. 3.

Article 18

Additional payments covering the stranded costs shall be approved by the Regulatory Council, same as the final term for application of that part of the fee.

The amount of the fee covering the stranded costs shall be expressed in the price list under Art. 10, Para. 3.

Article 19

The group of other special additions shall include additions for determination of which the Regulatory Council has no jurisdiction, and the networks users are bound to pay them

pursuant to another law or applicable regulation.

The amount covering such other special additions shall be expressed in the price list under Art. 10, Para 3.

V. FACILITIES OF TRANSMISSION AND DISTRIBUTION NETWORK

Transmission network facilities

Article 20

The transmission network in the Republic of Croatia encompasses the facilities for transmission of electricity on the voltage level equal or exceeding 110 kV, including interconnection links (links with the neighbouring transmission networks):

- (a) 400 kV transmission lines,
 - (b) 220 kV transmission lines,
 - (c) 110 kV lines,
 - (d) 400/x kV transformer stations,
 - (e) 220/x kV transformer stations,
 - (f) 110/x kV transformer stations,
- and in some specific cases also 35kV lines.

Article 21

An energy undertaking for electricity transmission may co-own measurement devices or other facilities located on the border of the Republic of Croatia.

The fee for the use of transmission network established based on these Regulations shall not cover the costs related to the facilities of the energy undertaking for electricity transmission outside the borders of the Republic of Croatia, unless otherwise stipulated by a special decision of the Ministry of Economy.

Article 22

Inter-TSO/SO compensation mechanisms and arrangements established by the European Association of Transmission Network Operators may refer to the use and evaluation of a specific part of assets of an energy undertaking for electricity transmission in the Republic of Croatia that may participate therein. The energy undertaking for electricity transmission must inform the Regulatory Council on all such mechanisms and arrangements.

Distribution network facilities

Article 23

Distribution network facilities encompass:

- (a) 110 kV lines,
- (b) 35, 30, 20 i 10 kV lines,
- (c) 0.4 kV lines,
- (d) 110/x kV transformer stations,
- (e) 35 (30)/10 (20) kV transformer stations,
- (f) 10 (20)/0,4 kV transformer stations.

Article 24

The fee for the use of distribution network established based on these Regulations must not cover the costs related to the facilities of an energy undertaking for electricity distribution outside the borders of the Republic of Croatia, unless otherwise defined by a special decision of the Ministry of Economy.

Article 25

Plans of development and construction of the transmission and distribution network should be made in such a way that the cross-border trade in electricity is supported by the transmission system, while services to the users in Croatia are supported by the distribution system. Distribution network should not be used for import or export of energy, except in cases when the transmission system cannot satisfy the needs for import or export of energy. In such cases, an energy subject for distribution can co-own measurement devices or other facilities located on the Croatian border.

VI. USER CATEGORIES

Transmission network user categories

Article 26

Division of transmission network users is the following:

1. *Delivery at 400 or 220 kV*: A user of a transmission network delivers energy to the transmission network or contracts for delivery of energy at 400 or 220 kV and receives energy at delivery points of 400 or 220 kV. This group of users includes transit, export, or import users.

2. *Delivery at 110 kV*: A user of a transmission network delivers energy to a transmission network or contracts for delivery of energy at 400, 220, 110 kV, and receives energy at 110 kV. This group of users may own 110/x kV transformers.

3. *Delivery at 35, 30, 20, 10 kV*: A user of transmission supplies energy to a transmission network or contracts for supply of energy at 400, 220, 110 kV or medium voltage and receives energy at 35, 30, 20 or 10 kV from 110/x kV transformers owned by that user or owned by an energy undertaking for transmission of electricity.

Distribution network user categories

Article 27

Division of distribution network users is the following:

1. *Delivery at 110/x kV transformers*: A user of a distribution network receives energy at 35, 30, 20, 10, or 0.4 kV from 110/x kV transformers owned by an energy undertaking for distribution, and it is a user for own needs or a one contracting delivery of energy in the transmission system.

2. *Supply at 35, 30, 20, 10 kV*: A user of a distribution network is a user for own needs receiving energy at 35, 30, 20 or 10 kV or a user contracting for supply of energy to distribution network and receiving energy at 35, 30, 20, or 10 kV. The user is connected to medium voltage network and is not directly connected to a 110/x kV transformer.

3. *Supply at 0.4 kV*: A user of a distribution network is a user for its own needs receiving energy at 0.4 kV or a user contracting for supply of energy to a distribution network and receiving energy at 0.4 kV.

VII. DATA FOR CALCULATION OF THE FEE FOR THE USE OF TRANSMISSION AND DISTRIBUTION NETWORK

General provisions

Article 28

Data and calculations needed for determination of the fee for the use of transmission network shall be submitted by an energy undertaking for electricity transmission, and in part of its competences, also by a system operator. If precise data and information are not available, their estimated values may also be submitted. In that case, the energy undertaking for transmission and the system operator shall make a special protocol.

Article 29

Data and calculations needed for determination of the fee for the use of distribution network shall be provided and submitted by an energy undertaking for distribution. If precise data and information are not available, their estimated values may also be submitted. In that case, an energy undertaking shall make an adequate protocol.

Article 30

All the energy undertakings related to the production, transmission, distribution, supply, representation, brokerage, and trade in electricity may submit their opinion and comment as well as data and information related to the proposal of the fee for transmission of electricity submitted by an energy undertaking for transmission of electricity, and in part of its competences also by a system operator, or the proposal of the fee for distribution of electricity submitted by an energy undertaking for distribution of electricity.

The energy undertakings under paragraph 1 of this Article are not entitled to change or process the proposals of the fees submitted to the Regulatory Council.

Article 31

The user of the transmission fee shall pay only one fee for use of the transmission network, and the Regulatory Council shall authorise only one fee for the use of the transmission network.

If the assets of a transmission network are owned by two or more energy undertakings, all owners of assets of a transmission network shall obtain an equity share in revenue from the fee for the use of the transmission network. In that case, the energy undertakings shall propose the principles of allocation of the fee for the use of the network, and the decision on allocation shall be adopted by the Regulatory Council.

Article 32

A user of a distribution network service shall pay only one fee for the use of the distribution network, and the Regulatory Council shall approve only one fee for the use of the distribution network.

If the assets of a distribution network are owned by two or more energy undertakings, all the owners of the distribution network assets shall obtain an equal share in the revenue from the fee for the use of the distribution network, which shall be decided by the Regulatory Council.

Article 33

The fee for the use of the transmission network shall encompass capital and operative costs related to construction, maintenance, and operation of the transmission network.

Article 34

The fee for the use of the distribution network shall encompass capital and operative costs related to construction, maintenance, and operation of the distribution network.

Article 35

An energy undertaking for transmission or distribution of electricity shall express all its financial data in Kuna, except for the amounts mentioned in Article 49, paragraph 2, and Article 65, paragraph 2 of this Regulation.

Estimated costs and expenses for a specific period of time shall not include the anticipated inflation.

Article 36

An energy undertaking for transmission or distribution of electricity shall express the interest rates on annual basis. It is possible to submit additional data on the monthly interest rates and payment conditions to explain that the annual average has been calculated.

Article 37

In calculation of depreciation, the rates determined according to the estimated life cycle of the assets shall be used pursuant to the Law on Accounting (Official Journal *Narodne Novine* No. 90/92).

This rule shall refer to transformer stations, transmission lines, distribution lines and other assets of an energy undertaking for electricity transmission or an energy undertaking for electricity distribution.

Data for calculation of the fee for the use of transmission network

Article 38

For calculation of the fee for the use of transmission network, it is necessary to provide special data for each of the assets categories:

- 400/x kV transformer stations
- 220/x kV transformer stations
- 110/x kV transformer stations
- 400 kV transmission lines
- 220 kV transmission lines
- 110 kV lines
- 35 kV lines
- Other assets of an energy undertaking for transmission
- Land
- Total, all assets.

Article 39

For each category of assets as defined in Article 38, data need to be submitted on the acquisition cost and accumulated depreciation of the assets of an energy undertaking for transmission of electricity at the end of the preceding accounting term.

The end of the preceding accounting term means the 31st of December in the year preceding the current year or the year in which the proposal of the fee for the following accounting term is submitted. For instance, for determination of the fees for 2004, the end of the preceding accounting term shall be considered to be the 31st of December 2002, while the year 2003 is the current accounting period or the year in which the proposal of the fee for the following accounting period is made.

Article 40

For each category of assets defined in Article 38, data must be submitted on the acquisition cost and the accumulated depreciation of such assets of an energy undertaking for transmission of electricity that will be depreciated at the end of the current accounting period, but are only partially depreciated at the end of the preceding accounting period.

Article 41

For each category of assets defined in Article 38, data must be submitted on the acquisition cost of the assets and the accumulated depreciation of the assets of an energy undertaking for transmission of electricity that will be fully depreciated at the end of the following accounting period, but are only partially depreciated at the end of the current accounting period.

Article 42

For each category of assets defined in Article 38, data must be submitted on the value of the new assets of the transmission network put in use during the current accounting period. The value of such assets shall be included in the calculation of annual depreciation for the

following year.

Article 43

For each category of assets defined in Article 38, data must be submitted on the value of the new assets of the transmission network put in use during the following accounting period.

Article 44

For each category of assets defined in Article 38, data must be submitted on the value of replacement and reconstruction of the existing assets of the transmission network during the current accounting period. We included the replacement and reconstruction projects completed during the current accounting year.

Article 45

For each category of assets defined in Article 38, data must be submitted on the value of replacement and reconstruction of the existing assets of an energy undertaking for transmission of electricity during the following accounting period.

Article 46

An energy undertaking for transmission of electricity shall submit the total amount of due principal sum on a long-term debt during the current accounting year.

Article 47

An energy undertaking for transmission of electricity shall evaluate the total amount of interests to be charged for the current accounting period on long-term and short-term debt.

Article 48

An energy undertaking for transmission of electricity shall evaluate the following items of costs for the current accounting year:

- (a) costs of operation and maintenance of energy facilities,
- (b) costs of salaries and other personnel costs,
- (c) vehicle fleet costs,
- (d) other operating costs,
- (e) share of the energy undertaking for transmission in the costs of common legal services of HEP d.d. including the accounting and finance, personnel, legal, IT and public relations department.

Article 49

A system operator and an energy undertaking for transmission of electricity shall evaluate technical losses in the transmission network in MWh for the following accounting year.

A system operator and an energy undertaking for transmission of electricity shall on the basis of data and analyses evaluate the average cost of electricity to cover losses of electricity in a transmission network (in HRK/MWh). For evaluation of average cost (in EUR/MWh) data on average cost of supply of electricity in the last 12 months may be used. The foreign exchange rate used for conversion of prices from Euro to Kuna must be mentioned.

Article 50

A system operator and an energy undertaking for transmission of electricity shall evaluate the average value of reactive energy in the current accounting period (in HRK/kvarh).

Article 51

A system operator and an energy undertaking for transmission of electricity shall evaluate the production of reactive energy in the following accounting period (in Mvarh) and evaluate total cost of production of reactive energy in the following accounting period.

Article 52

A system operator and an energy undertaking for transmission of electricity shall evaluate total supply of electricity (in MWh) in a transmission network in the following accounting period for the following user groups:

- Customers at 110 kV
- Customers at medium voltage
- Exports
- Imports
- Transit.

Article 53

An energy undertaking for transmission of electricity shall submit the following data and documents as well:

- total amount of cash at account and cash deposit at the end of the current accounting period,
- financial plan or procedure providing that for each month during the following accounting period the company has sufficient funds to cover the due liabilities,
- financial plan of operations for the following accounting period including the profit and loss statement, balance sheet and cash flow statement,
- quarterly and semi-annual financial statements,
- evaluated interest revenue to be made on the cash at account and cash deposits during the following accounting period.

Data for calculation of the fee for the use of distribution network

Article 54

For calculation of the fee for the use of distribution network, data must be provided specially for each of the following categories of assets:

- 110/x kV transformer stations
- Transformer stations 35 (30)/10 (20) kV
- Transformer stations 10 (20)/0,4 kV
- Lines 110 kV
- Lines 35, 30, 20, 10 kV
- Lines 0,4 kV
- Other assets of an energy undertaking for distribution
- Land
- Total, all assets.

Article 55

For each category of assets defined in Article 54, data must be submitted on the acquisition cost and accumulated depreciation of assets of an energy undertaking for distribution of electricity at the end of the preceding accounting period.

Article 56

For each category of assets defined in Article 54, data must be submitted on the acquisition cost and accumulated depreciation of such assets of the distribution network that shall be fully depreciated at the end of the current accounting period, but are only partially depreciated at the end of the preceding accounting period.

Article 57

For each category of assets defined in Article 54, data must be submitted on the acquisition cost and accumulated depreciation of such assets of the distribution network that

shall be fully depreciated at the end of the following accounting period, but are only partially depreciated at the end of the current accounting period.

Article 58

For each category of assets defined in Article 54, data must be submitted on the value of the new assets of the distribution network put in function during the current accounting period. The value of such assets is included in the calculation of annual depreciation for the following year.

Article 59

For each category of assets defined in Article 54, data must be submitted on the value of the new assets of the distribution network put in function during the following accounting period.

Article 60

For each category of assets defined in Article 54, data must be submitted on the value of the new assets and reconstruction of the existing assets of the distribution network during the current accounting period. Only replacement and reconstruction projects completed during the current accounting year must be included.

Article 61

For each category of assets defined in Article 54, data must be submitted on the value of replacement and reconstruction of the existing assets of an energy undertaking for distribution of electricity during the following accounting period.

Article 62

An energy undertaking for distribution of electricity shall submit total amount of due principal sum on long-term debt during the current accounting year.

Article 63

An energy undertaking for distribution of electricity shall evaluate the total amount of interests to be calculated during the current accounting period on the long-term and short-term debt.

Article 64

An energy undertaking for distribution of electricity shall evaluate the following cost items for the current accounting year:

- (a) costs of operation, management and maintenance of energy facilities,
- (b) costs of salaries and other personnel costs,
- (c) vehicle fleet costs,
- (d) other operating costs,
- (e) share of the energy undertaking for distribution in costs of HEP d.d. common departments including accounting and finance, personnel, legal, IT and public relations departments.

Article 65

An energy undertaking for distribution of electricity shall evaluate technical losses in a distribution network in MWh for the following accounting year.

An energy undertaking for distribution of electricity shall, on the basis of data and analyses, evaluate the average cost of electricity to cover losses of electricity in distribution network (in HRK/MWh). For evaluation of average cost (in EUR/MWh), data on average cost of supply of electricity in the last 12 months plus part of the fee for the use of the transmission network may be used. The foreign exchange rate used for conversion of prices from Euro to Kuna must be mentioned.

Article 66

An energy undertaking for distribution of electricity shall evaluate the average value of reactive energy in the current accounting period, in HRK/kvarh.

Article 67

An energy undertaking for distribution of electricity shall evaluate the production of reactive energy in the following accounting period (in Mvarh) and evaluate the total cost of production of reactive energy in the following accounting period.

Article 68

An energy undertaking for distribution of electricity shall evaluate the total supply of electricity (in MWh) from distribution network to the users of distribution network in the following accounting period.

Article 69

An energy undertaking for distribution of electricity shall also submit the following data and documents:

- total amount of cash at account and cash deposits at the end of the current accounting period,
- financial plan or procedure that would ensure that for each month during the following accounting period the company has sufficient funds to cover due liabilities,
- financial plan of operations for the following accounting period including the profit and loss statement, balance sheet and cash flow statement,
- quarterly and semi-annual financial statements,
- evaluated interests revenue to be made on cash at account and cash deposits during the following accounting period.

VIII. TRANSITIONAL AND FINAL PROVISIONS

Article 70

An energy undertaking for transmission of electricity shall submit to the Regulatory Council a proposal of fees for the use of transmission network to be applicable in 2003, at latest within 30 days following the date of taking effect of this Regulation. Fees for 2003 shall cease to apply on 31 December 2003.

Proposals of the fees for the use of transmission network for each following year shall be submitted by an energy undertaking for transmission of electricity to the Regulatory Council on annual basis, at latest by 1 October in the year preceding the year for which the fee is determined.

Article 71

An energy undertaking for distribution of electricity shall submit to the Regulatory Council a proposal of fees for the use of distribution network to be applicable in 2003, at latest within 30 days as from the date of taking effect of this Regulation. Fees for 2003 shall cease to apply on 31 December 2003.

Proposals of the fees for the use of distribution network for each following year shall be submitted by an energy undertaking for distribution of electricity to the Regulatory Council on annual basis, at latest by 1 October in the year preceding the year for which the fee is determined.

Article 72

A system operator or an energy undertaking for distribution of electricity shall submit to the Regulatory Council the proposals of the fees to cover the costs of providing the system services to be applicable in 2003 within at latest 30 days as of taking effect of this Regulation.

Fees for 2003 shall cease to apply on 31 December 2003.

Proposals of the fees to cover costs of providing the system services for each following year shall be submitted by a system operator or an energy undertaking for distribution of electricity to the Regulatory Council on annual basis, at latest by 1 October in the year preceding the year for which the fees are determined.

Article 73

Provisions of this Regulation shall be interpreted by the Regulatory Council.

Article 74

This Regulation shall take effect on the eighth day following its publication in the Official Journal *Narodne Novine*.

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Zagreb, 26 June 2003

Energy Regulatory Council

Chairman

Mičo Klepo, Ph.D., signed