

REPUBLIC OF CROATIA
CROATIAN ENERGY REGULATORY AGENCY
Koturaška 51, 10000 Zagreb

Class: 310-02/07-01/35
Classification number: 371-06/08-09
Zagreb, 6th June 2008

Pursuant to Article 11, paragraph 6, subparagraph 4 of the Act on the Regulation of Energy Activities ("Official Gazette" no. 177/07 and no. 76/07), and pursuant to Article 21, paragraph 1 of the Electricity Market Act ("Official Gazette" no. 177/04 and no. 76/07), Croatian Energy Regulatory Agency at the 6th session of its Steering Committee, held on 6th June 2008, adopted the following

DECISION

1. The Three-Year Development and Construction Plan of the Transmission Network for the period from 2008 to 2010 was approved to HEP- Operator prijenosnog sustava d.o.o., Kupska 4, Zagreb.
2. This Decision shall enter into force on the day of its enactment.
3. This Decision shall be published on the Internet web page of Croatian Energy Regulatory Agency.

Explanation

On the 29th November 2007 HEP- OPS d.o.o. submitted a request for the approval of the Three-Year Development and Construction Plan of the Transmission Network for the period from 2008 to 2010 (hereafter referred to as the "Three-Year Plan") to the Croatian Energy Regulatory Agency (hereafter referred to as the "Agency"). The Agency analyzed the Three-Year Plan, and requested some additional data. HEP- OPS d.o.o. prepared and held a special presentation of the Three-Year Plan for the members of the Agency's Steering Committee.

After reviewing the Three-Year Plan, it was established that it contained business objectives, which HEP-OPS d.o.o. would like to accomplish through the Three-Year Plan – increasing system operation continuity (by fulfilling "n-1" criteria, with revitalization and modernization of the old equipment, modernization of the dispatch centres, adjustment of the electricity facilities for connection to the remote control systems and system operation, modernization of the metering measurement systems), as well as implementing the system for control of electricity quality. Such measures would improve business efficiency. The criteria that HEP- OPS d.o.o. used during determination of the list of facilities within the proposed Three-Year Plan was presented. Capital investments were described with the explanation of the reasons of particular investment.

Planned prices of the proposed investment were determined on the basis of unit prices realized at similar facilities built by HEP- OPS d.o.o. In addition, the prices of construction of high-voltage lines were examined, significantly conditioned by local situation.

The understanding acquired from the analysis of investment plan for 2003 – 2005, as well as 2005 – 2007 is significant. The average of the planned investment from planned period 2008 – 2010 is almost equal to the average of the planned investment from the period 2003 – 2005. It shows that the current planned investment do not exceed the usual frame.

Planned investment in 2008 can be fully realized in financial aspect. The same is applied for 2009 and 2010, with the note that its implementation has to be harmonized with former proportions of the financing sources, and particular annual business and development plans.

In accordance with the abovementioned, the Agency approved the Three-Year Development and Construction Plan for the period from 2008 to 2010, at the 6th session of its Steering Committee, held on 6th June 2008.

The Agency shall, with continuity, follow the realization of the approved Three-year plan under particular templates, which will be used for future approvals of the Three-year Development and Construction Plans of the Transmission Network. The Agency shall, at least once a year, analyse the realization of the Development and Construction Plan, not just as a whole but by particular planned projects.

Chairman of the Steering Committee

Tomo Galić, B. Sc.