

The Issues Monitor 2022 Croatia Map identifies commodity prices, land and water availability, renewable energies, innovative transport and investor environment as top 5 critical uncertainties, while top 5 action priorities are identified as renewable energies, cross border trade, geopolitics, market design, regulations and economic growth.

The results of the World Energy Issue Monitor, where many energy decision makers assessed the impact and uncertainty perceived around 25 energy issues, are in line with the Integrated Energy and Climate Plan where particular attention is made to the targets that should be achieved by 2030. Targets include the reduction in greenhouse gas emissions, increase of energy production from renewable sources, energy efficiency and electricity interconnection.

The main purpose of this strategy is to ensure energy independence, a safe and sustainable supply, as well as the development and competitiveness of the energy system, in the context of accomplishing the vision of a common energy-climate policy in Croatia and the EU.

The strategy is based on growing, flexible and sustainable energy production, development of new infrastructure and alternative energy supply routes, and greater energy efficiency, the purpose being the accomplishment of the EU's climate neutrality by 2050.

Croatia diversified natural gas supply routes with construction of a Liquid Natural Gas (LNG) terminal on the island of Krk. Secondly, cooperation with Slovenia regarding defining a strategy for the long-term supply of nuclear fuel would benefit the final plan. In line with the latest news, the Croatian government is interested in the construction of the second block of the Krško Nuclear Power Plant.

Additionally, the SINCRO.GRID - Phase 1 smart grid project offers an innovative integration of mature technologies that will be beneficial to the electricity systems of Croatia as well as other countries in the region. The aim of the project is to solve the challenges in the management of the electricity system and the elimination of congestion in the electricity network, which enables an acceptable level of safety of the power system and provides the preconditions for the acceptance of new Renewable Energy Sources (RES). The project includes the deployment of compensation devices, an advanced dynamic thermal rating system, a battery electricity storage system, as well as a virtual cross-border control centre.

Given that Croatia is not an energy island, but imports about 60-65% of gas and about 30% of electricity, it is clear that Croatia is very exposed to trends in the international market, so commodity prices depend largely on external trends.

According to the Integrated Energy and Climate Plan the largest investments are expected in installations for electricity production (the major part of which will be investments in installations using renewable energy sources) and in the building sector, namely the construction of buildings and houses with nearly zero-energy consumption. In terms of the necessary incentives, the greatest need will be in the energy renovation of the existing building stock. The changes that are expected in the energy sector are economically viable and will not ultimately entail higher costs. In doing so, the nature of

costs will change - investment costs will increase and operating and energy costs will be reduced. Ultimately, energy markets will be fully integrated, both geographically - at the level of the European Union and neighbouring countries, as well as across sectors - there will be an interconnection of the electricity, heat, gas and transport sectors. It will be also necessary to further strengthen cross-border and regional cooperation in all dimensions of the Energy Union (Integrated National Energy and Climate Plan for the Republic of Croatia for the period 2021-2030).

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