



# Permitting and approval processes for gas infrastructure projects

## Case Study by Croatia

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# Gas Market Act (Official Gazette, No. 18/18, 23/20)

## – obligations of the operators regarding investment/development plan



- **TSO, DSO, SSO, LNG operator** are required to make a system development plan whereby planned investments in construction and reconstruction of the system must be **technologically justified and economically efficient**, and must also ensure an adequate security level of gas supply
- A system development plan should be aligned with the **Energy Development Strategy** and the **Energy Development Strategy Implementation Plan**, and for DSOs should be aligned with the plans and programs of the local and regional self-government units in whose territory the energy activity is carried out.
- Operators submit the development plan to **HERA** along with the request for determining the amount of tariff items (usually every 5 years, TSO is exception)

# Gas Market Act – obligations of the TSO regarding network developing plan (NDP)



- **TSO submits its 10-year NDP to HERA for approval** -> every two years or as a part of the request for determining tariffs for gas transmission
  
- **10-year NDP** must contain:
  - ✓ year of commissioning with natural and financial indicators for each project,
  - ✓ a feasibility study for the planned investments, including a gas supply and demand projection in the Republic of Croatia, as well as development plans for the gas production system, gas storage system and LNG terminals, including financing sources for the investments planned,
  - ✓ analyses and background documents on which the ten-year transmission system development projection is based.
  
- Furthermore, TSO has to define the goals and a term implementation plan to increase energy efficiency of the gas transmission system, including the planning of an annual energy saving amount.

# Gas Market Act – authorising NDP by HERA



When approving the 10-year NDP HERA:

- ✓ **verifies the conformity of the 10-year NDP with the Energy Development Strategy and the Energy Development Strategy Implementation Plan,**
  - ✓ **verifies the conformity of the 10-year NDP with an unbinding ENTSOG TYNDP, where HERA may consult the ACER,**
  - ✓ **consults all existing or potential transmission system users about the 10-year NDP through a public consultation process lasting 15 days, in which process it may request adequate proof from potential transmission system users, and verifies whether the 10-year NDP covers all investment needs recognised in the consultation process,**
  - ✓ **may demand amendments of the 10-year NDP from the TSO.**
- Pursuant to the approval of 10-year NDP, HERA posts relevant data on its website about the main transmission infrastructure to be constructed or expanded in the regulatory period, with a ten-year transmission system development projection  
[https://www.hera.hr/hr/html/energetska\\_infrastruktura\\_plin.html](https://www.hera.hr/hr/html/energetska_infrastruktura_plin.html)

# 10-year NDP – major investment projects (1)



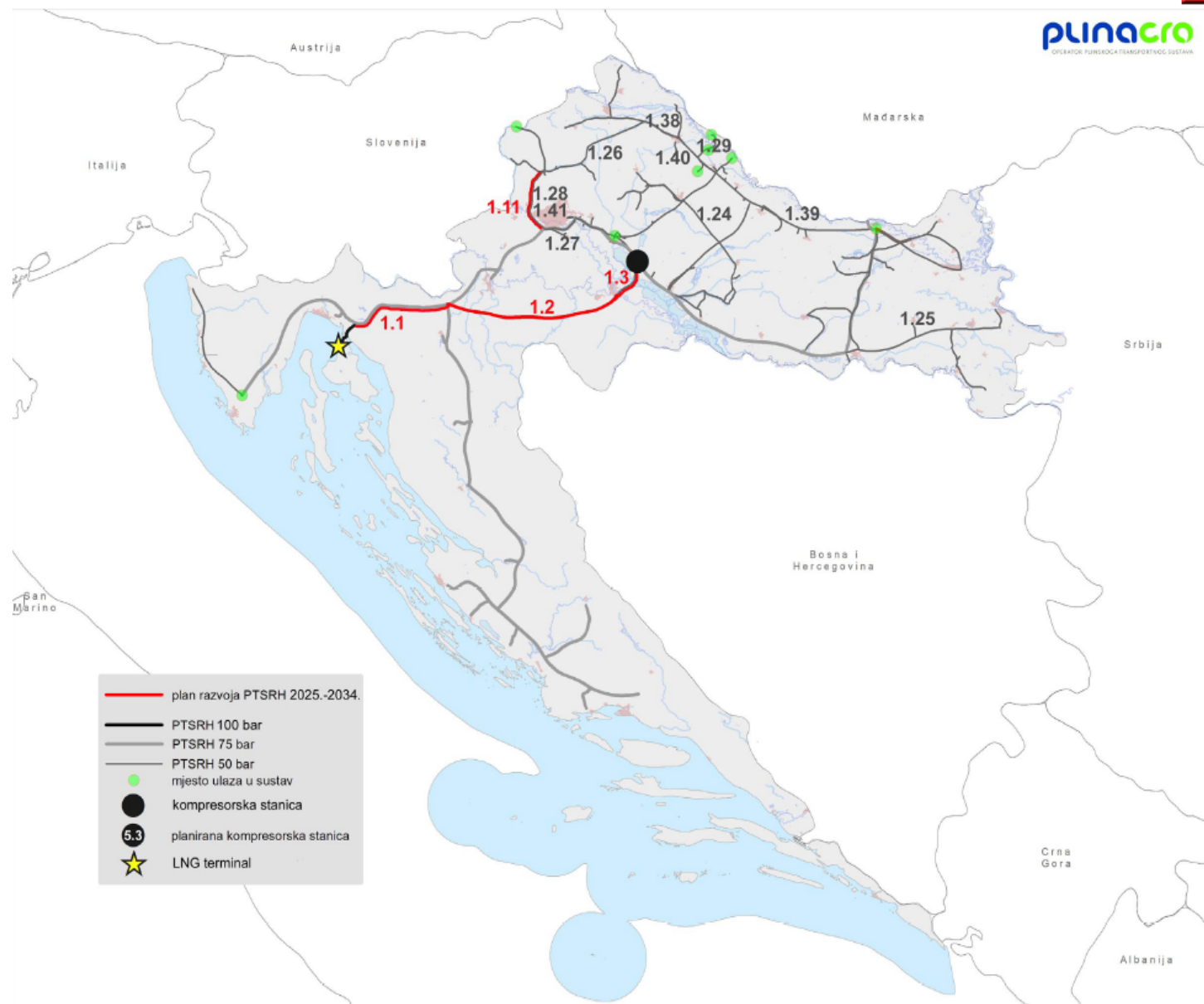
- If the 10-year NDP contains infrastructure projects with **significant project costs**, and which would result with higher impact on gas transmission tariffs, then during evaluation of the 10-year NDP HERA may request from the TSO a **project-specific CBA** for such projects.
- Regarding aforementioned, there is no prescribed financial threshold above which some infrastructure project needs more detailed evaluation.
- Major project in the last adopted 10-year NDP was the construction of the connecting gas pipeline between new LNG terminal on island Krk and the existing gas transmission system, where:
  - cost of this connecting gas pipeline was **60 mil. EUR**, out of which **16 mil. EUR** was financed by grant from CEF,
  - with realization of this project (in 2021) the **LNG terminal** was completed, representing a strategic project (financed by CEF and grant from Croatian Government) as the new source of gas supply into Croatian gas transmission system.

# 10-year NDP – major investment projects (2)



## ➤ Next large investment projects (strategic investment projects):

The construction of gas pipeline systems is planned, which according to REPowerEU are recognized as necessary for increasing the security of gas supply in the region: expansion of LNG terminal capacity and development of evacuation gas pipelines towards Slovenia and Hungary.





**THANK YOU  
FOR YOUR ATTENTION!**

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