



# NATURAL GAS in CROATIA

2005 REPORT

## INTRODUCTION

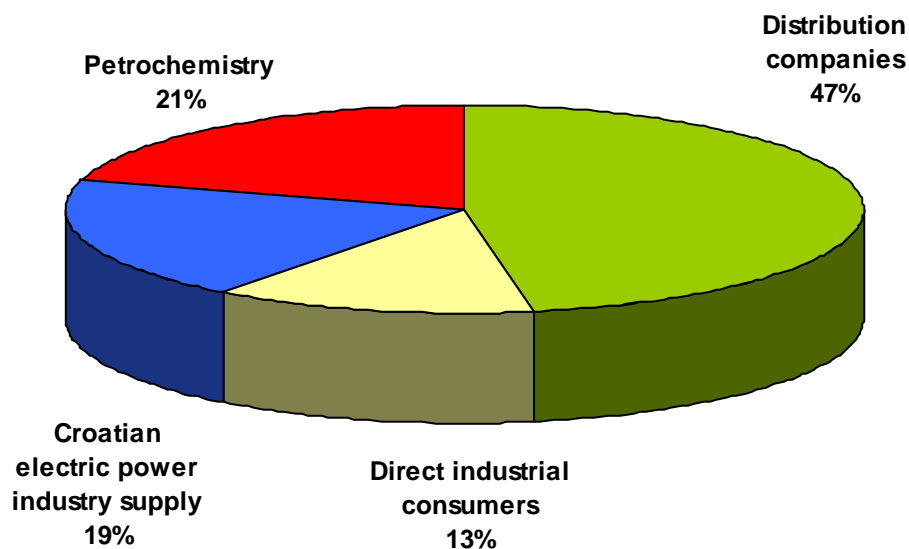
In the last year 2005, the whole business with the natural gas was characterized by the investment swing in the new objects of the gas transmission system and also putting on production of the new north Adriatic gas fields.

### 1. NATURAL GAS SALE

The whole production - sale of natural gas at Croatian market in the year 2005 decreased in comparison to the previous 2004 for 4% and it was 2,69 Bcm. The significant decrease of almost 36% happened in the sector of the electric power industry, while in the petrochemistry sector it was 6%. The increase of 8% was realized in the sector of distribution consumers, and 4% in the sector of direct industrial consumers.

*NATURAL GAS SALE 2005*

	Bcm
Distribution companies	1,27
Direct industrial consumers	0,35
Croatian electric power industry supply	0,52
Petrochemistry	0,55
<b>TOTAL</b>	<b>2,69</b>

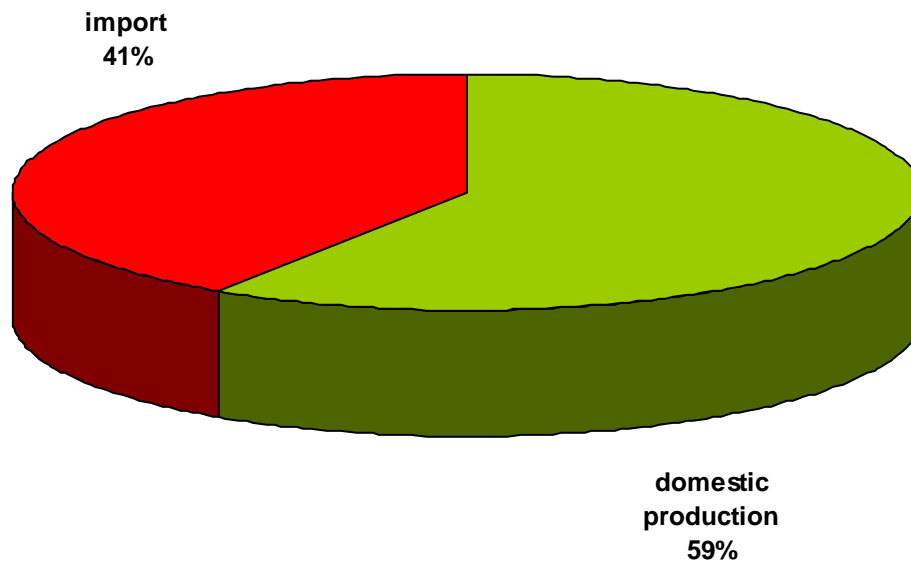


## 2. NATURAL GAS SUPPLY

In the settlement of the Croatian market needs in 2005 the domestic production was covered by 59%, and the import by 41%. The domestic supply was realized by 1,23 Bcm from the Pannonian basin, and by 0,41 Bcm from the off shore – north Adriatic gas fields. The rest of 0,08% Bcm of the supplied gas was mostly accumulated in the underground storage.

### NATURAL GAS SUPPLY 2005.

	Bcm
<b>domestic production</b>	<b>1,64</b>
production Panon	1,23
production north Adriatic	0,41
<b>import</b>	<b>1,13</b>
TOTAL	2,77
underground storage	0,08
<b>MARKET TOTAL</b>	<b>2,69</b>



### **3. LEGISLATION**

In the last year the new regulations were adopted:

*The Law on the Amendments to the Gas Market Law (NN 87/2005 – Official Gazette 87/2005)*

*The Law on the Amendments to the Law on Regulations of Energy Activities (NN 94/2005 – Official Gazette 94/2005)*

*The Regulation on the Amendments to the Regulation of the permit duration for Energy Activities.( NN 71/2005 - – Official Gazette 71/2005).*

The signing of the Contract of the Energy Community in the south-east Europe, and notably opening the negotiations procedure for the Croatian accession to the European Union have the outstanding importance for all these processes.

### **4. DEVELOPMENT AND INVESTMENT**

As it was already emphasized in the introduction, the previous year 2005 was characterized by the significant swing of investments in the new objects of the gas transmission system and the production start-up of the north Adriatic gas fields.

The first five-year cycle from 2002 till 2006 of *the Plan of development, construction and modernization of the gas transportation system of the Republic of Croatia* from 2002 till 2011, has gone into full swing and almost 200 km of the new high pressure pipelines have been constructed, and for the other 300 km all preparatory activities have been done with the aim to finish the construction by the end of 2006. The investments of this first cycle from 2002 till 2006 have been planned at the level of 250 mil USD, and the holder is the national natural gas transmission company PLINACRO Ltd.

The full swing have also reached the investments of INA d.d. in bringing on production the north Adriatic gas fields which have been planned to be about 270 mil USD, and they are achieved by the joint venture INAGIP, founded by INA d.d. and Italian company Agip. It is important to emphasize that INA is also planning, along with the series of smaller investments, the project of the construction of the new underground storage of 150 mil USD value.