



2nd International Energy Conference:

Trends on the wood energy market

Zagreb, Croatia – February 18th 2010, Hotel International

CONCLUSIONS AND RECCOMENDATIONS

CONCLUSIONS:

1. The Croatian Energy Sector Development Strategy till year 2020 forecast an increased use of renewable energy sources in electricity production (85 MW of installed capacity should produce electricity from biomass by 2020).
2. So far are 167 projects co-financed which concern the forest and wood biomass usage, in the total amount of around 10 billion EUR. The participants of this conference consider this amount as insufficient regarding Croatian commitments for joining the European Union.
3. There are some laws made currently, about supporting the production of energy from renewable energy sources. The beginning of implementation is expected during 2010. The amount of available funds is not known.
4. According to the announcements the following aspects will be supported:
 - Installation of small stoves on wood biomass for private households,
 - Construction of district heating systems on wood biomass, for larger buildings and smaller settlements,
 - Modernization of industrial boilers on wood waste and forest biomass.
5. The general public is still insufficiently aware of the potentials, advantages and possibilities of using renewable energy sources. The knowledge of a pellet heating systems is almost negligible.
6. Due to great interest of the economy to run energy and cogeneration projects, the dynamic communication between all involved and interested parties is establishing. The sector of renewable energy sources is being active creating a more productive environment so for example, the company HEP ESCO Ltd sees its future in the application of new technologies related to energy efficiency and renewable energy sources, which include stronger use of biomass.



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7. The company Forest Biomass Ltd has initiated the production of woodchips and woodchips pricelist. The company has also determined a way how to make a price indexation and concluded multi-year pre-purchase contracts, which certainly represents a step forward compared to the previous condition.

8. The potential of planting forest plantations in the Republic of Croatia is not enough exploited, despite the fact that there is 181.659 ha of forest area suitable for raising forest plantations (about 450.000 m³ of timber).

9. Wood biomass as an energy source for district heating systems has many advantages compared to fossil fuels: environmental protection, a better supply security, development of local economy and creating new jobs as well as lower total cost of thermal energy. The most important obstacle in the implementation of regional heating projects on wood biomass consists in the fact that the initial investment costs are relatively high. That is also in most of the cases unsolvable problem for municipalities and smaller towns.

10. In January this year, the Commission for the sale of forest biomass through a process of open tender is established. The main task of the Commission is to suggest the criteria to acquire the rights for buying forest biomass through an open tender procedure, which is one of the preconditions for the acceleration of the market.

11. There is still no precise information on the availability of forest biomass so the public information fluctuates from a few hundred thousand tones to several million tones, which can be misleading information for investors and authorities. Regardless to this fact the interest of the investors exceeds bigger the amount of the available biomass resources and also there are many foreign investors showing the interest for the resources.

12. For most potential producers of electricity from biomass the problem is still the consumption of thermal energy considering that this fact can significantly affect the profitability of the project.

13. Most district heating projects on the wood biomass is still in the process of elaboration. In ROC there are still no wood biomass plants, which function and which are in the system of was put into operation or which are in the system of eligible producers of electricity.



RECOMMENDATIONS:

1. It is necessary to simplify the process of gathering the documentation for the implementation of biomass projects (forest biomass and wood residue) because the existing procedures for acquiring the status of eligible producers and the process of concluding the necessary contracts are very complex and time-consuming.
2. It is recommended the establishment of a multidisciplinary team of experts in the field of energy, forestry, wood processing together with the relevant state institutions and professional associations which is going to work on the stronger use of wood for energy production, on proposing changes about secondary legislation and the promotion of renewable energy, particularly wood biomass.
3. It is necessary to revise and harmonize the energy capacity of forest biomass and capacities that have been proposed for producing electrical energy, considering the reality because it is possible there will be a lack of raw materials for producing electricity. Domestic industry expects flexible criteria for the sale of forest biomass, which will consider the installed production capacity.
4. It is necessary to intensify the action toward the European funds and agencies for renewable energy resources, to strengthen local absorption potentials of Croatian companies and local units of government through the establishment of a permanent education. It is also necessary to conduct an analysis of similar European projects.
5. An analysis of European best practice should be made, in the field of promotion of renewable energy usage. The suggestions should consider Croatian potentials and reality regarding energy sector, raw material resources, climate and technological environment.
6. Particular attention should be paid to the system for promoting the utilization of thermal energy which is a by-product of electricity production from wood biomass.
7. It is necessary to develop and run informative and educational campaign to promote the use of pellet energy systems. The campaign should be especially directed to the general public and media. Apart from that a special action should be made towards the professionals (architects, planners, etc.).