

RENEWABLE ENERGY SNAPSHOT:



# Czech Republic

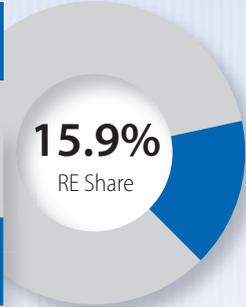
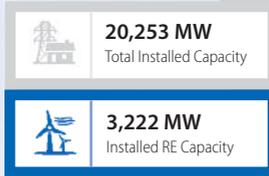


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Resilient nations.

## General Country Information

Population: 10,514,810  
 Surface Area: 78,870 km<sup>2</sup>  
 Capital City: Prague  
 GDP (2012): \$ 195.7 billion  
 GDP Per Capita (2012): \$ 18,608  
 WB Ease of Doing Business: 75

## Electricity Generating Capacity 2012



-   
**Biomass**
-   
**Solar PV**
-   
**Wind**
-   
**Small Hydro**

## Installed Renewable Electricity Capacity 2012 in MW

## Technical Potential for Installed Renewable Electricity Capacity in MW

<b>592.6</b>	<b>2,072</b>	<b>260</b>	<b>297<sup>1</sup></b>
<b>4,200</b>	<b>73,700</b>	<b>20,500</b>	<b>500</b>

Sources: ESHA (2011); World Bank (2014); EPIA (2013); Lewandowski et al. (2006); Orságová (2009); WWEA (2013); ERO (2012); Renewable Facts (2013); EIA (2013); Hoogwijk and Graus (2008); Hoogwijk (2004); JRC (2011); and UNDP calculations.

## Key information about renewable energy in Czech Republic

The Czech Republic has seen massive growth in the installations of renewable energy in recent years. This was particularly the case for solar photovoltaic energy in 2009 and 2010, due to the introduction of a feed-in tariff. To restrict such massive growth, the Czech government reduced the feed-in tariffs, which resulted in minimal growth in 2011. However both wind and photovoltaic installed capacity grew in 2012 by 44 MW and 109 MW respectively (WWEA, 2013 & EurObserv'Er, 2012). The major promotion instrument for renewable energy to date in the Czech Republic has been the optional choice of a feed-in tariff or a feed-in premium paid on top of the market price

<sup>1</sup> Value is from 2011

Feed-in tariff and feed-in premiums in Czech Republic <sup>2</sup>			
Eligible technologies	Additional constraint	Tariff granted in €/MW-h valid until 31 December 2013	Bonus granted in €/MW-h valid until 31 December 2013
Wind (up to 100 KW)	If power plant developer holds a building permit issued before the 02.10.2013	77.34	57.27
Roof top Solar (up to 30 KW)	If power plant developer commissions the plant before end of 2013	88.65 - 109.08	68.58 - 89.01
Small Hydro (up to 10 MW)	reconstructed new commissioned	73.47 - 126.59 107.43 - 138.62	44.47 - 57.15 78.43 - 87.19
Pure Biomass in CHPS (up to 100 KW)	If power plant developer holds a building permit issued before the 02.10.2013	75.15 - 136.07	36.48 - 97.4

Source: ResLegal (2013) (Koruna/€ exchange rate as on 4 December 2013)

either annually or hourly (Act No. 165/2012, Art. 8(2)). Both the tariff and the annually set premium are set by the Energy Regulation Office and are applicable for 20 years and 30 years respectively for small hydropower plants. Renewable energy sources from wind, solar, geothermal, biogas, hydro and biomass power are eligible for the tariff. Renewable energy installations exceeding a certain level of power capacity (see table, above) were eligible to receive an hourly set premium derived from the daily market electricity price (Act No. 165/2012, Art. 9 (4b)). However, Regulation No. 310/2013 states that only power plants (except small hydropower plants) that were commissioned before 31 December 2013 can benefit from this promotion. Exceptions are biomass, geothermal and wind installations not exceeding 100 KW, if they start operations before the end of 2015 and if they hold a building permit issued before the amended rule entered into force (on 2 October 2013).

### Legislation and policy

In accordance with EU Directive 2009/28/EC, the Czech Republic published a National Renewable Action Plan, which sets a national binding target of the share of energy from renewable sources in the gross final energy consumption by 2020 at 14 percent (Czech Republic, 2012). The newest renewable energy law Act No. 165/2012 On Promoted Energy Sources, is the legislative basis for the promotion of renewable energy. The law provides more benefits and protection for investors. The annual reversion of feed-in tariffs for projects that have the right to benefit from the tariff for more than 12 years, is capped at a minimum of 95 percent and a maximum of 115 percent of the previous year's tariff (Art. 11 (6)). However, both the premium and the tariff are capped at a maximum of 4,500 koruna (€174) per MW-h (Art. 12(7)). Several subsidies and funding programmes are available, for example the ECO-Energy Programme by the European Regional Development Fund. Renewable energy plant operators have the right to prioritized access to the grid, and grid expansion if necessary. The new renewable energy law no longer offers tax incentives, but a tax on the feed-in tariff (26 percent) and premium (28 percent) for solar installations commissioned between January 2009 and December 2010 on revenues between 2011 and

<sup>2</sup> Please note, except for small hydropower, these tariffs apply to installations not exceeding 100 KW, which begin operations before the end of 2015 and which hold a building permit issued before 2 October 2013.

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2013.<sup>3</sup> In 2013, however, the tax regime was extended with a lower tax rate: 10 percent on the feed-in tariff and 11 percent on premium. Power plants commissioned in 2010 have to pay this tax for the entire support period. Roof top and faced integrated solar PV installations up to 30 KW are exempt from this tax.

## Institutions

Organization	Responsibility	Website
<b>Ministry of Industry and Trade</b>	- The Energy and Raw Material section is responsible for the national energy policy	<a href="http://www.mpo.cz/en/">www.mpo.cz/en/</a>
<b>Energy Regulatory Office</b>	- Responsible for annual setting of premiums and tariffs - Grants licences for enterprises in the energy industry	<a href="http://www.eru.cz/">www.eru.cz/</a>
<b>Czech Market Operator (OTE)</b>	- Electricity and gas market operator responsible for organizing trading in the electricity markets - Concludes contracts with feed-in premium recipients	<a href="http://www.ote-cr.cz/">www.ote-cr.cz/</a>
<b>Electricity Transmission Operator (CEPS)</b>	- Responsible for operation, maintenance and development of the national grid - Distribution is privatized into eight regional companies that contract with renewable energy plant operators for the feed-in tariff	<a href="http://www.ceps.cz/">www.ceps.cz/</a>
<b>Czech Invest</b>	- State investment agency, established to attract, consult and facilitate potential investors	<a href="http://www.czechinvest.org/en">www.czechinvest.org/en</a>

## Opportunities to finance renewable energy projects in Czech Republic

Financing organization	Details	Website
<b>Ministry of Industry and Trade</b>	ECO—energy programme entitles small and medium renewable energy enterprises and entrepreneurs to apply for loans of up to 50 million koruna (c. €2 million) at a fixed interest rate of 1 percent per year for 15 years; or for a direct subsidy, depending on the region and enterprise size (max. 50 percent of the investment costs). However, the projects are announced in calls and currently there are no calls currently available.	<a href="http://www.mpo.cz/default.html">www.mpo.cz/default.html</a>
<b>International Finance Corporation (IFC)</b>	Private and environmentally and technically sound projects may apply for loans of up to 35 percent of the estimated project costs, usually provided through partner intermediaries.	<a href="http://www.ifc.org/">www.ifc.org/</a>
<b>EU Means</b> - European Investment Facility (EIF)/ - European Investment Bank (EIB) - Structural Funds	Loans and guarantees through Czech financial Intermediaries (e.g. Regionálne Towarzystwo Inwestycyjne, Bank BGZ), and private equity/venture capital are available.	<a href="http://www.europa.eu/youreurope/business/finance-support/access-to-finance/">www.europa.eu/youreurope/business/finance-support/access-to-finance/</a>

<sup>3</sup> Despite a Supreme Court judgement that the retroactive solar tax is not unconstitutional, it ruled at the end of 2013 that each operator that proves that the solar tax has had a strangling effect on their plants' returns may receive a waiver for the solar tax.

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## Recent projects

Company	Project	Status
Satec Solar (Norway)	Commissioned 10 MW Sulkov solar park.	Commissioned
Econenergy Windkraft (Germany)	Commissioned 43 MW Kryštofovy wind park.	Commissioned

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