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RES AND EE SUPPORT MECHANISMS FOR ENTERPRISES IN THE CZECH REPUBLIC

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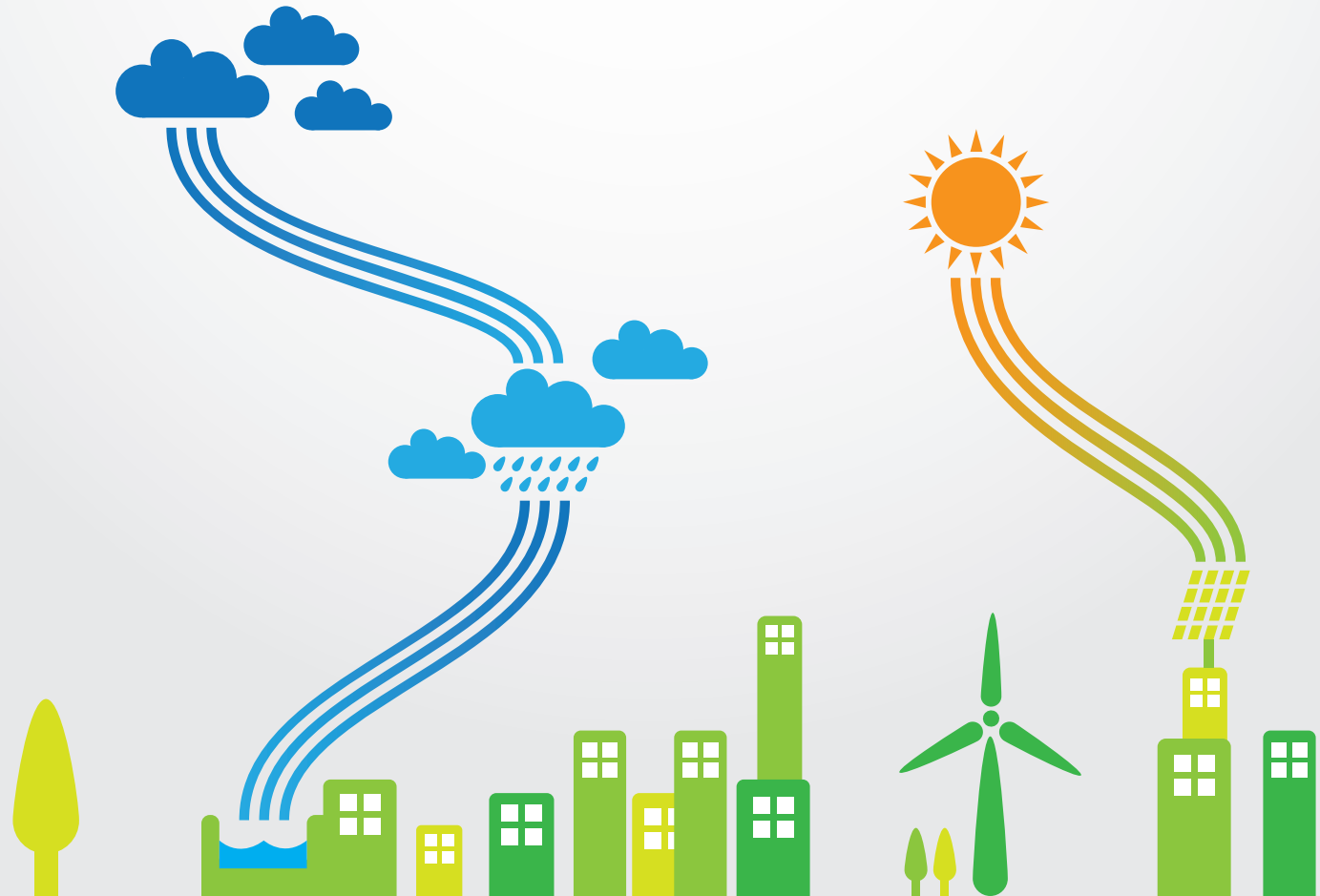

The support of the use of renewable energy sources for enterprises happens by two different tools in the Czech Republic. All entrepreneurs who meet the required conditions, can use the support of the production of electricity through the purchase prices/feed-in tariffs. The second option happens through various grant programs providing capital grants for acquisition or reconstruction of equipment for electricity generation, reducing the energy consumption and its efficient use. Moreover, in some cases it is profitable to invest in renewable energy, even without subsidies.

The purchase prices/Feed-in tariffs


Foto: Edvard Sequens, Calla

Electricity generation from renewable sources is supported by feed-in tariffs or green bonuses under the Act No. 180/2005 on the promotion of electricity from renewable energy sources (Act on Promotion of renewable resources). For the following year, the amount of the purchase prices and green bonuses sets the state Energy Regulatory Office always in November. The purchase price applies to the electricity supplied and metered into the electricity grid. Green bonus applies to both: the electri-city supplied to the electricity grid and the electricity consumed by the producer (except the consumption of the technology for electricity production). Green bonus may be preferable if the producer of electricity consumes or sells to the electricity trader. For this kind of support both, natural and legal persons can apply.

Candidate that has a location for the placement of a renewable source, first submits an application for access reservation to locally appropriate distribution companies, see the map (in this material the connection into the transmission system is nort expected). For smaller sources connected to the network of low voltage distribution the system operator shall submit within 30 days a proposal of the connection agreement. The applicant has the same deadline for receipt of proposal. Details of the application and the connection agreement , including clarification of the conditions for greater resources to connect to a high or very high voltage is contained in the Directive No. 51/2006 Coll. on the conditions of connection to the electricity grid. (http://www.tzb-info.cz/pravni-predpisy/vyhlaska-c-51-2006-sb-o-podminkach-pripojeni-k-elektrizacni-soustave). Then, the standard construction procedure follows, in which the larger resources are checked by the environmental impact assessment (EIA). It is important to obtain the consent of the parties concerned, particularly neighbours. It must be taken into account that even the smallest sources must include the plant protection zone.

After obtaining the permits follows the actual construction of the source, which must be performed by a specialised company. The physical connection to the network is done in cooperation with the distribution company, then follows the test operation.

Subsequently, the owner may ask the Energy Regulatory Authority to issue a license which is legally equivalent to any trade license. Each electricity source with its own separate license is a limited liability company with its own accounting. The new law on the supported sources, which is currently undergoing the legislative process, will change the payment procedure of the feed-in tariff or the green bonus. The owner/operator of renewable sources is now entering into the contract for the payment with the appropriate local distribution company, newly it will sign it with the state-owned company OTE, a.s.

The process of implementation of a new renewable source is schematically shown in the figure below. Most companies that realize the constructions of renewable rsources, offer also handling all administrative formalities. From an investor perspective, this procedure is usually preferable, but it is crucial to choose a reliable company.

LOCALITY SELECTION

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ACCESS RESERVATION

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ADMINISTRATIVE PROCEDURES

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SOURCE CONSTRUCTION

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LICENSE FOR ELECTRICITY PRODUCTION

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FEED-IN TARIFF, GREEN BONUS

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CONNECTION TO THE GRID AND OPERATION

FINANCING

LEGAL PROCEDURE

ZO ČSOP Veronica (Czech Union for Nature Conservation – Basic Organization Veronica), is a civic association based in Brno, Czech Republic. It was founded in 1986 and has more than 100 members. About 20 employees work within the professional body – Ecological Institute Veronica.
Our expert and educational activity is meant for the wide public, experts, representatives and employees of public administration, educational institutions, other non-governmental organizations, teachers and students of secondary schools and universities and small-scale and middle-scale companies. Our mission is to promote a friendly attitude towards nature, landscape and its natural as well as cultural values.

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Passive House, photo voltaic panels
Photo: Veronica Hostětín Archive Center

Feed-in tariffs and green bonuses for 2012:

Source	Power limit	Sub-category		Other conditions	Feed-in tariff CZK/ MWh	Green bonus CZK/ MWh
Small water power plant	10 MW	One-rate tariff	New construction		3190	2140
			Reconstruction	The reconstruction or modernization has to increase the technical, operational, safety and ecological quality of all parts of the equipment (turbine, generator, control equipment, automated control system) to a level comparable with the newly erected electricity generation equipment, including the prevention of the impact of reverse effects on the network.	2450	1400
		Two-rates tariff	New construction	Peak or semi-peak operation must be set in the permission for water use or other permission or decisions. The high tariff zone of the duration of 8 hours is being determined by the operator of the distribution system.	High tariff 3800 low tariff 2885	High tariff 2240 low tariff 2090
			Reconstruction	The conditions for the reconstruction or modernization are the same as in the one-rate tariff. Peak traffic conditions are the same as for new power plants.	High tariff 3470 low tariff 1910	High tariff 1940 low tariff 1145
Biomass	no ????????	Biomass grown purposefully for energy production	O1 clean biomass	Purposefully grown biomass (categories O1, S1 and P1) is a fast-growing trees and energy crops grown for energy purposes on agricultural land. For new sources is the purchase price higher, for existing sources put into operation prior to pricing decisions, which recently switched to pure biomass combustion, the purchase price is lower.	New equipment 4580 existing equipment 2830	New equipment 3530 existing equipment 1780
			S1 biomass co-fired with coal	With co-combustion onlythe green bonus can be used.		1370
			P1 Parallel combustion with coal	With parallel combustion only the green bonus can be used.		1640
		Waste „brown" biomass	O2 clean biomass	The so-called brown biomass (categories O2, S2 and P2) are, simply put, the waste from the vegetation and by-products from forestry and agricultural production and fuels made from them.	New equipment 3530 existing equipment 2130	New equipment 2480 existing equipment 1080
			S2 biomass co-fired with coal			700
			P2 Parallel combustion with coal			970
		Waste „white" biomass	O3 clean biomass	The so-called white biomass (categories O3, S3 and P3) are wastes from wood processing industry - sawdust and shavings, biofuels made from biomass and other biomass unclassified.	New equipment 2630 existing equipment 1460	New equipment 1580 existing equipment 410
			S3 biomass co-fired with coal			10
			P3 Parallel combustion with coal			580

Biogas		AF1	With use of heat	The condition is to produce and use at least 10% of heat in relation to the amount of electricity produced.	4 120	3 070
			Without use of heat		3 550	2 500
		AF2		Utilization of waste heat is not required. For biogas is considered also the gas from the gas system when the heat equivalent of the removed gas is equivalent to the biogas pumped-in elsewhere into the gas system. The overall efficiency of electricity and heat production in this case must be at least 75%.	3550	2500
Wind power plants				Production technology units, especially the rotor and the generator must not be older than two years.	2 230	1 790
Geothermal power plants					4 500	3 450
Photovoltaic power plants	30 kWp			At present, the connection of photovoltaic power plants into the grid enables only the PRE (Prague Energy Company).	6 160	5 080
CHP – combined heat and power cogeneration	Only withthe high tariff the performance is limited to 5 MW	Renewable sources		Contribution to the production of electricity is paid for all of its electricity resources without sacrificing performance.		45
		Other sources	Base zone 24 hours	Contribution to the production of electricity is paid for all electricity generated. The amount paid depends on the installed electrical capacity.		<1 MW 590 1-5 MW 500 >5 MW 45
			High tariff period- 8 hours	Is possible, if the manufacturer sells electricity to the electricity retailer or customer, or consume it himself. Contribution to the production of electricity is only paid for electricity generated at the time of high tariff . The period of high tariff in the total duration of 8 hours determines the electricity trader or customer. If all the electricity produced is consumed by the manufacturer, he may specify the period of high rate himself.		<1 MW 1630 1-5 MW 1250 >5 MW not possible
			High tariff period -12 hours	Like the previous section, the high tariff period is 12 hours.		<1 MW 1150 1-5 MW 870 >5 MW not possible
Secondary sources		Landfill and sewage gas		Landfill and sewage gas from the waste water treatment plants.	2580	1530

Grant programs

In addition to purchase price, renewable sources are supported through investment subsidies in several grant programs.

Green to savings (Green investment scheme)

The program was launched in April 2009 and is planed until 31 December 2012. Applications submitted until 29 September 2010 are currently being evaluated and subsidy funds are continuously allocated to successful applicants. It was more than CZK 8.5 billion in 2011 and the funding limits should be even higher in 2012. The continuation of the program is being prepared. When the follow-up program is announced, the information would be available on the website of the State Environmental Fund (www.sfzp.cz).

Eco-Energy

The Eco-Energy subprogram within the Operational Programme Enterprise and Innovations (OPEI)is established in order to finance projects aimed at energy savings in industry. By now, the third call for applications for support was announced on 1 Feburary 2010. Next call could be announced during 2012, depending on the volume of funds available in the Operation Programme. The program is operated by the CzechInvest agency, the current conditions are available on www.czechinvest.org.

The program is open for medium and large enterprisess (employing fewer than 250 employees and not exceeding EUR 50 million annual turnover or not exceeding EUR 43 million on annual balance sheet) and large enterprisess (greater than moderate). The minimum grant amount is CZK 0.5 million, the maximum grant amount is CZK 250 million. The subsidy may cover up to 30% of the eligible costs (which may not be all expenses associated with the implementation of saving measures). Subsidy is paid retroactively upon completion of the investment. Projects are evaluated according to specific CO2 savings, absolute energy savings and economic efficiency.

Efekt 2012

Effect 2012 - State program to promote energy conservation and renewable energy sources in the CR is announced by the Ministry of Industry and Trade for the calendar year. The full text of the challenges for 2012, including model application and the attachments is http://www.mpo-efekt.cz/cz/programy-podpory/30717. An overview of the calls for enterpreneurs in in the table below.

Supported activity	Max. amount of support	Term
Small hydropower plants	CZK 3 million / 40%	February 28, 2012
Energy savings in manufacturing processes and heating	CZK 2 million / 40%	February 28, 2012
Reconstruction of the heating system and heat in the building	CZK 2 million / 40%	February 28, 2012
Devices to use waste heat or waste pressure energy	CZK 2 million / 40%	February 28, 2012
The introduction of systematic management of energy management according to EN 16001 for objects owned by regions	300 thousand. CZK / 80%	February 28, 2012
Preparation of energy-saving projects carried out by EPC	100 thousand. CZK / 80%	February 28, 2012

OPE

Operational Programme Environment (OPE) is the second largest Czech operational program and provides financial support for projects aimed at protecting and improving the environment. Indicative timetable of calls in 2012 is available on http://www.opzp.cz/soubor-ke-stazeni/42/12668-plan_vyzev_16_12_2011.pdf.

Last calls in the field of renewable energy sources and conservation challenges were announced in first half of 2011, receiving applications until 30 Novembre 2011. Nowadays, application are being discused and approved. New call in 2012 might be only for noncommercial entities.