

Support of Renewable Electricity in the Czech Republic

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Main principles of renewable energy support

Act No. 180/2005 Coll. on renewable energy support

- renewable energy producers have priority access right to electricity grid
- producer can choose between two types of support

Fixed feed in tariff

- buyer is a distribution or a transmission company
- 15 years payback period of investments is guaranteed
- price adjustments related to inflation
- not apply to electricity from combined fossil fuel and biomass combustion

Green bonuses

- buyer is a trader or a customer
- distribution or transmission company pays green bonus to producer
- no long- term price guarantees
- higher risk for producer but higher profit possible



Main support scheme for RES-E

Other Legal Provisions I

Decree No. 475/2005 Coll., (revision in 2007)

- sets procedures and timeframes for producers to choose between feed-in tariff and bonus
- contains main typical technical and economical parameters as an input for price calculations:
 - Specific investment costs of technologies per kW
 - Utilization period at maximum capacity of the unit
 - Typical lifetime of each technology
 - Last revision of parameters in 2007 for new installations

Decree No. 150/2007 Coll., about price regulation procedures

- prices for RES-E are adjusted annually according to the inflation from 2% up to 4%
- Prices are guaranteed for typical lifetime of each technology



Main support scheme for RES-E

Other Legal Provisions II

Decree No. 541/2005 Coll., on market rules

- producers are obliged to report on electricity produced to obtain feed-in tariff or bonus
- includes monthly sheet for producers

Decree No. 482/2007 Coll., about types of biomass

- distinguish three basic types of biomass

Decree No. 502/2005 Coll., about procedures concerning combined biomass and fossil fuel combustion

- procedures of reporting about fuels and their parameters
- formulas for calculation of „green“ part of electricity

Main support scheme for RES-E

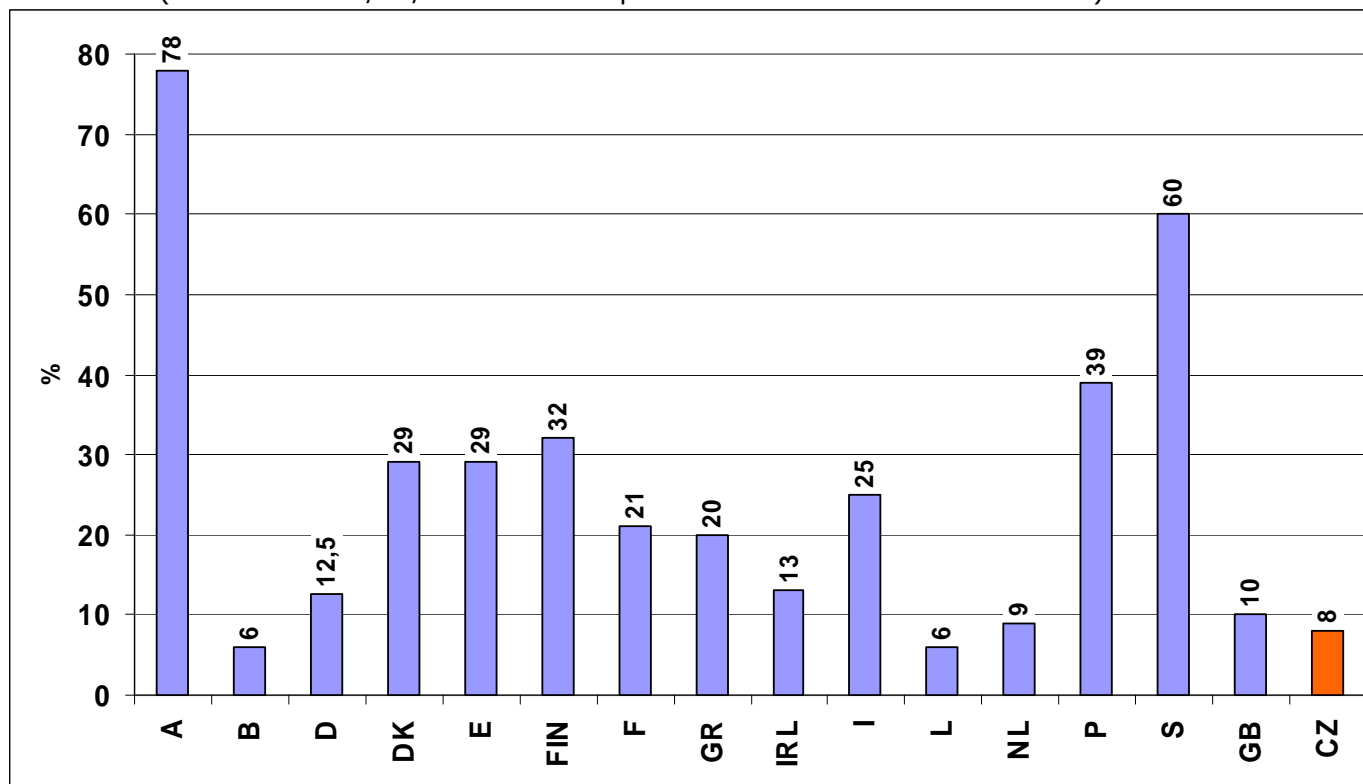
Price decisions

Feed-in tariff system in price decisions has been employed since 2001
(before RES-E act in 2005)

- **Feed in tariffs are set as minimum electricity purchase prices**
 - **no price reduction with regard to deviations** - responsibility of deviation is transferred to a distribution or transmission company
- **Bonuses are set as fixed prices**
 - **responsibility for deviations is subject of an agreement between producer and trader** – no bonus reduction either
- **Prices are published in the ERO Price Decision:**
 - **annual update of minimum prices and bonuses**
 - **prices are differentiated by the type of a renewable source and its commissioning date**
 - **more than 30 categories of prices exist in 2008**
- **Extra premium for renewable cogeneration electricity**

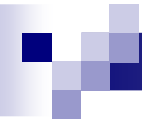
EU Indicative Targets for Power Generation from Renewables in 2010

(Directive 2001/77/EC of the European Parliament and of the Council)

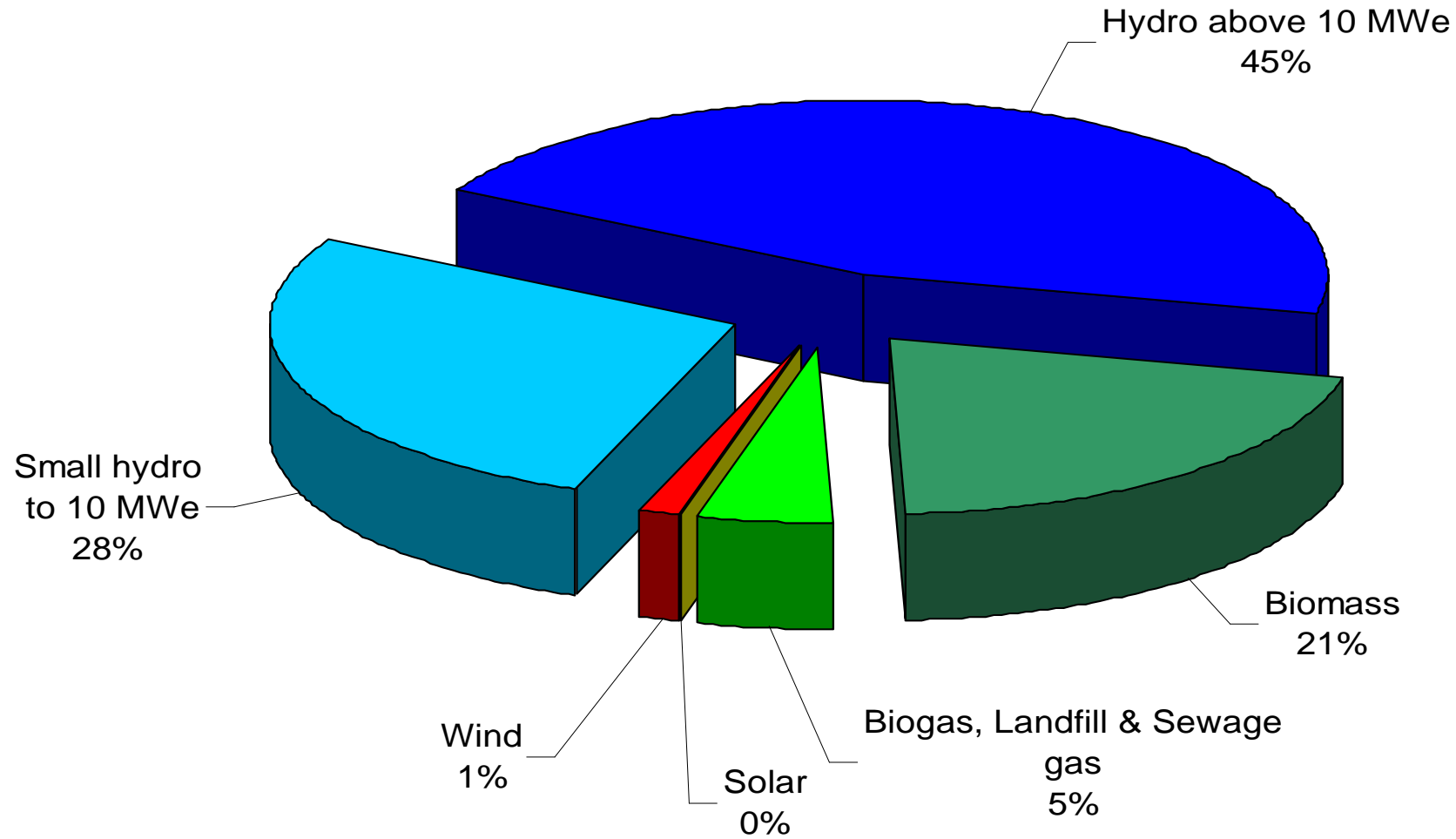


Czech Republic

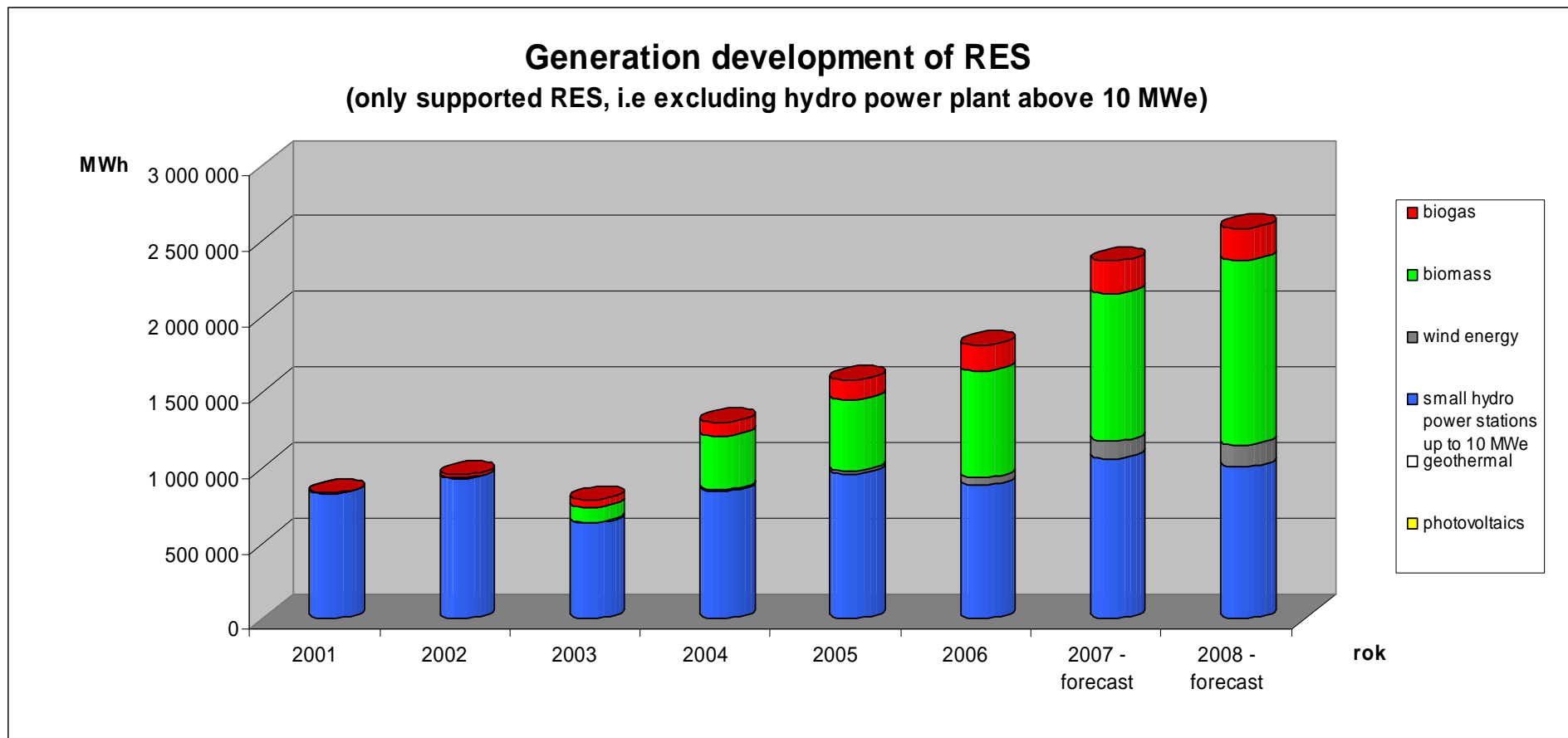
| Share of renewable electricity on gross national consumption % | 2003 | 2004 | 2005 | 2006 |
|--|------|------|------|------|
| | 2,67 | 3,97 | 4,34 | 4,97 |



Share of different types of Renewables in 2006 in CR

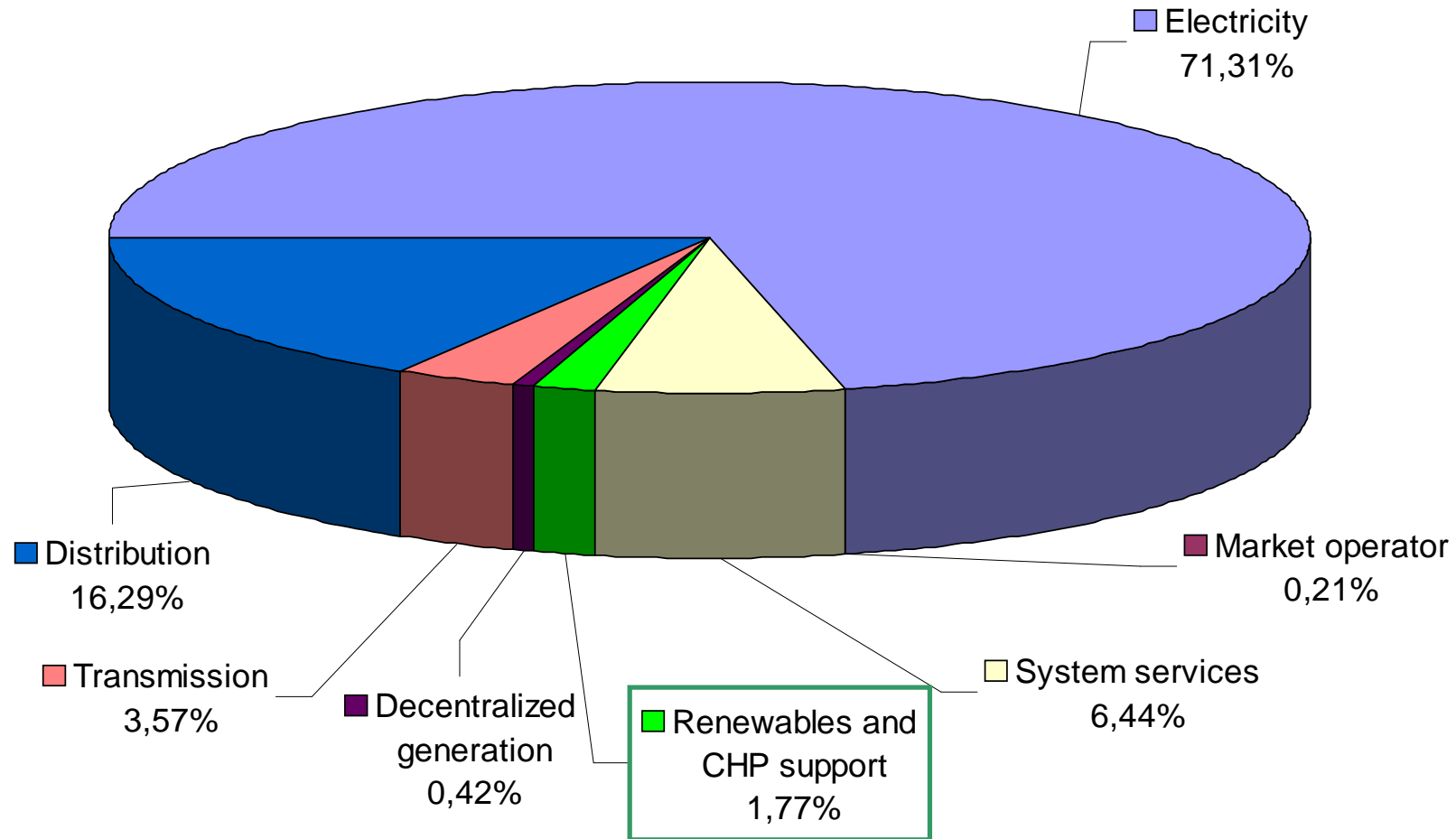


RES-E generation development in CR



Impact of RES support on end customers

Share of price components on average household price in 2008 (without VAT)





Problems resulting from RES-E development

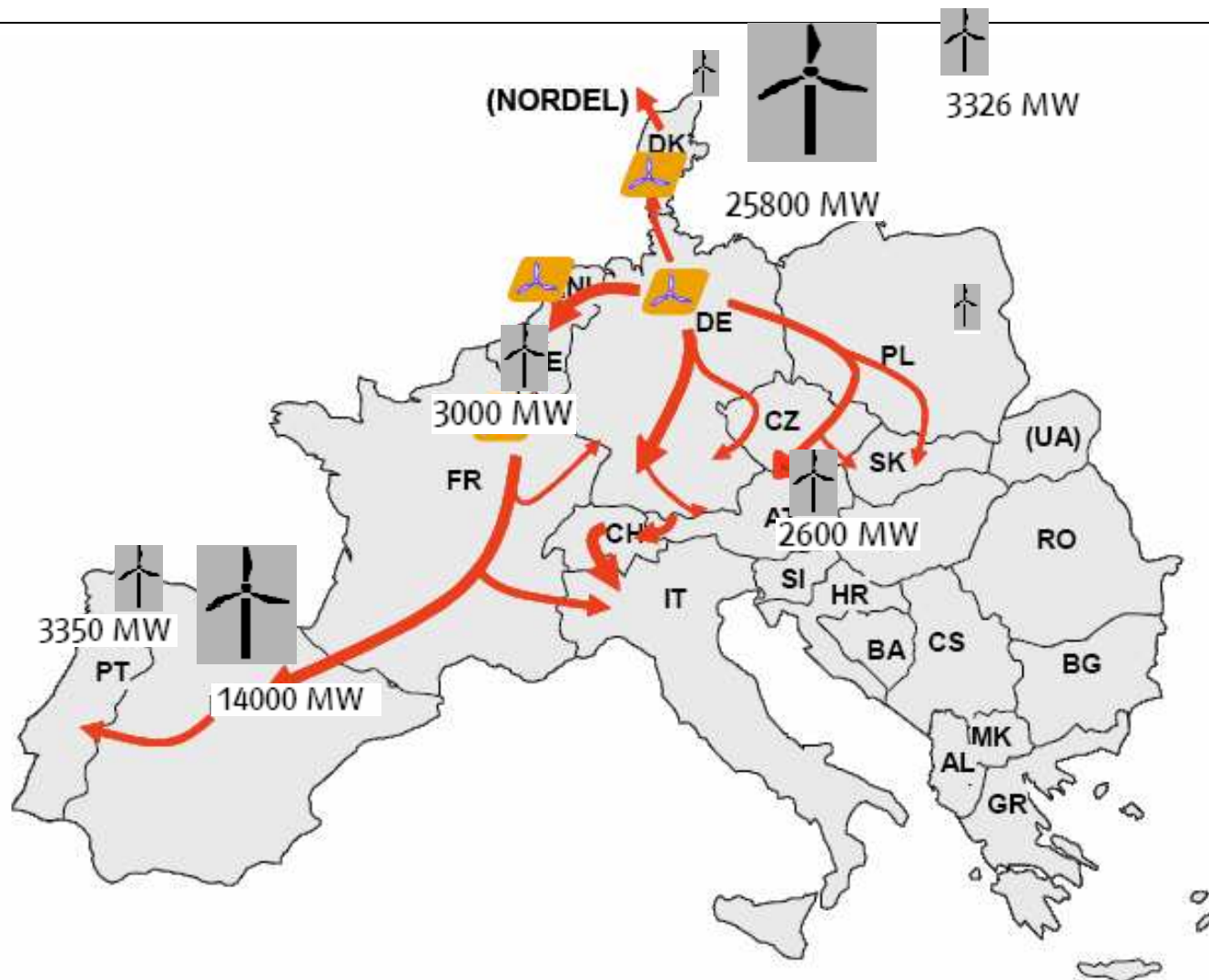
Impact on prices paid by end customers

- **increasing costs for end customers (difference between market price and support)**
 - 2002 24mil. EUR
 - 2008 76 mil. EUR

Security and reliability of supplies

- **increasing deviations and cost for deviation management**
 - **influences structure and utilization of balancing energy**
- **need for new reserve capacities**
 - estimated extra cost in 2010 (800 MW in wind) 115mil EUR

Problems resulting from RES-E development – not national problem





Thank you for your attention

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