

Press Release

The Energy Regulatory Office publishes its price decision on promoted energy sources earlier

Responding to the numerous requests received from renewable electricity producers and traders, the Energy Regulatory Office (ERO) published its price decision setting out the support for promoted energy sources earlier, on 13 November 2014.

“We published the decision as early as the first half of November primarily with a view to giving renewable electricity producers and traders more time for deciding on whether they would claim support in the form of the green premium or in the form of feed-in tariffs. The ERO published the draft price decision as early as 15 October 2014; as part of the public consultation process, we have accepted or reflected most of the major comments. We have also welcomed a more responsible approach taken by certain associations representing renewable electricity producers, which are aware of the impacts of the support on final consumers and themselves have suggested changes that mitigate these impacts,” said Mr Martin Laštůvka, ERO Vice-Chairman.

According to Mrs Alena Vitásková, ERO Chairwoman, the price decision reflects all the trends that the ERO has been promoting for a long time. “We have paid the maximum attention to support optimisation with a view to minimising the impacts of the support on final consumers,” said Mrs Alena Vitásková today.

The following are the principal changes introduced by this year’s price decision:

- **A statutory 2% indexation** of feed-in tariffs for existing renewable electricity generating plants (except those using biomass and biogas).
- **Increased support for co-firing:** electricity generation from biomass co-firing greatly helps to meet the Czech Republic’s mandatory target set by the European Commission for renewable electricity generation and is also one of the least expensive methods in terms of the costs of the support provided for it. For these reasons, the ERO has slightly increased the motivation for co-firing with a view to arresting the year-to-year decline in this method of biomass use in electricity generation.
- **Higher support for electricity from high-efficiency combined heat and power generation (CHP) has been set out for new capacities fed from existing biogas plants:** in the case of existing biogas plants claiming support for renewable electricity, as of 1 January 2015 new electricity generating capacities will be able to apply a new ‘extra rate I’ for CHP electricity; to claim this rate, the produced heat must be used

efficiently. The ERO thereby offers increased support for new seasonal electricity generating capacities as well.

- **A slight decrease in feed-in tariffs for new wind power plants:** as regards the level of the feed-in tariffs for wind power plants, in the past two years the condition of Section 12(6) of Act No 165/2012, i.e. an up to 5% year-on-year decrease in the feed-in tariff, was applied. For 2015, the feed-in tariff has been set under the conditions of Section 12(1) of Act No 165/2012 on promoted energy sources and amending certain laws, as amended.

- **Lower green premiums for wind power plants:** in the public consultation process, a comment raised by Česká společnost pro větrnou energii [The Czech Wind Energy Association] was taken into account. The data collected by the ERO has also confirmed the existence of room for reducing green premiums, and in turn a reduction in the overall extra costs of RES.

- **Dual-fuel systems:** as part of support for CHP electricity in the case of dual-fuel systems in which natural gas is used as the primary fuel, it is now also allowed to use another fuel while preserving the option to apply ‘extra rate I’ to the share of electricity from natural gas. This move makes it possible for producers to optimise their production costs, thereby directly influencing the resulting price of heat for final customers.

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