

ERO ISSUED PRICING DECISION WITH THE AID FOR ELECTRICITY AND HEAT PRODUCTION FROM ENERGY RESOURCES FOR 2019

On 29 September 2018, the Energy Regulatory Office (“ERO”) posted on its website ERO pricing decision no. 3/2018, in which ERO determines **the amount of aid for promoted energy resources for 2019** (“[CR 3/2018](#)”).

This pricing decision determines aid for all promoted energy sources with the exception of power plants generating electricity from secondary sources that were put into service on or after 1 January 2013. The reason for this is that the *notification decision of the European Commission* has still not been issued for these sources proving that the aid for these sources is in compliance with EU rules.

One important point for current operators of power plants generating electricity from secondary sources (except power plants using biomass and biogas) is the confirmation that the current feed-in tariffs (“FIT”) were indexed by 2% for 2019. Aid for heat production from renewable resources was also indexed in the form of green bonuses.

The green bonuses for power plants, which must be stipulated (except for CHP and secondary sources) in accordance with Section 12 of Act No. 165/2012 so that the amount of the bonuses covers *at least* the difference between the feed-in tariff and the expected average annual hourly price for the given type of source, were reduced for 2019 for nearly all sources due to rising power prices

The ERO set the amount of the green bonuses for 2019 (and intends to do the same in following years) based on [methodology for equivalent electricity price for end customers](#) (“ECSE”). ECSE represents the difference between FIT and green bonuses, where the basis for setting ECSE is the current electricity price for end customers at the European Energy Exchange. Specifically, the ECSE is calculated as *the mathematical average of the final prices of the product BL CAL YY – Phelix Power Futures for the DE/AT business zone for the following calendar year (with regard to setting the price for 2019, i.e. BL CAL 19) for the last complete calendar month before the pricing decision was issued*. Settlement prices are subsequently converted from EUR/MWh to CZK/MWh. The final amount of ECSE thus reflects both the price for electricity and the EUR/CZK exchange rate. If the value of the Czech crown drops in the next year, then electricity prices for end customers will go up and green bonuses will go down.

We will be happy to answer any further questions you may have.

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