

CZK 27 BILLION FOR RES IN 2021

On July 30, 2020 the Czech government published a proposed regulation on setting the state budget for financing operating support for renewable energy sources pursuant to Act No. 165/2012 for 2021 (the “Proposal”).

The Proposal anticipates increasing the state subsidies for financing RES promotion from CZK 26.185 billion in 2020 to CZK 27 billion in 2021. This is the highest state subsidy yet for RES operating promotion pursuant to Act No. 165/2012:

Year	State subsidy (CZK billion)
2013	11.7
2014	15.7
2015	15.7
2016	21.965
2017	26.185
2018	26.185
2019	26.185
2020 proposal	27

The government is required to approve and issue the regulation by September 30, 2020. Based on the government regulation, the Energy Regulatory Office will then issue a pricing decision setting the component of the price for electricity for promoting electricity from renewable energy sources.

As stated in the explanatory report on the Proposal, the increased state subsidy is a response to rising costs for RES operating promotion in recent years. The state subsidy has not been increased since 2017, yet the number of new sources entitled to promotion has been increasing steadily, with 114 new sources in 2017 and 2018 alone.

Another reason is the regular increases in promotion pursuant to Section 6 of Act No. 180/2005 and Section 12 of Act No. 165/2012, which apply to non-fuel sources (i.e. small hydro power plants, photovoltaic power plants and wind power plants).

The state budget is the most significant source of financing operating costs for renewable energy sources and other promoted energy sources according to the above-mentioned act, as it covers approximately 60% of the annual costs for promoted energy sources. Other sources include revenues from payments of the distribution system service price component and transmission system service price component, revenues from auctioning emission allowances and revenues from payments for non-compliance with the minimum energy efficiency in brown coal combustion.

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