

RULES FOR HEATING AND HOT WATER DURING A (PRE) EMERGENCY STATE AND NEWS ON THE ENERGY-SAVING TARIFF

Several proposals for implementing regulations in the energy sector have been published in recent days:

(a) Proposed decree stipulating special rules for heating and hot water supplies during a pre-emergency state or state of emergency

The first proposal is the decree proposed by the Ministry of Industry and Trade that would regulate the temperature for heating and the temperature for hot water supply in the event of an impending or existing outage in natural gas supply.

The decree would only be used to regulate heat coming from heat supply grids (typically heat plants) or central heating (household boilers) and shared preparation of hot water, both of which use fossil fuels exclusively.

The decree does not affect premises with central heating (heat plants, household boilers) that do not use fossil fuels exclusively or that make heat or prepare hot water themselves (e.g. they have an electric or gas boiler or use solar collectors).

Heat supply

The proposed decree also stipulates the methods of measuring the temperature in rooms and prohibits planned repairs, maintenance and revisions that could restrict or suspend heating during the heating period.

The proposed decree stipulates that the average temperature of inside air will correspond to the values given in the table under this link and will apply:

- between 6:00 am and 10:00 pm for living rooms;
- during operating hours for other premises;
- during off hours for other rooms and between 10:00 pm and 6:00 am for living rooms heating will be restricted or briefly interrupted in a scope maintaining the requirements of lowering the temperature to ensure thermal stability in the rooms and, during non-operating hours, other heated areas as required.

Hot water supply

The proposal would limit the temperature for hot water to 45 °C to 60 °C at the consumer between 6:00 am and 10:00 pm.

This restriction can be made year-round and is not limited to the heating season as with heat supplies.

The proposed decree is available in full at this link. Considering the significant opposition from the general public and experts alike, it is possible that some of the numbers in the decree will be adjusted.

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(b) Proposed energy-saving tariff for 2022 and 2023

The Ministry of Industry and Trade also published two proposed regulations that would stipulate the details for providing the contribution to cover the costs for energy in 2022 and 2023.

Proposal for 2022

The Proposal for 2022 stipulates the conditions for the contribution to electricity for households with a direct contract with the supplier.

The contribution will be provided for offtake points where the so-called "D" rate (D01d, D02d, etc.) is assigned.

The decree is poorly worded, as it can be interpreted to mean that the contribution is not to be granted for offtake points that would have a claim to the contribution but are registered in the name of a person with a Business ID No. (IČO) (regardless of whether that person actually does business in that location or not). That would mean that approx. 1 million people would not have the right to collect the contribution to electricity for their apartment. This unfortunate construction has already been pointed out.

Another oversight could be considered the fact that the contribution is not to apply to electricity consumption for common areas of the building. Increasing energy prices for these areas will, however, be reflected in increased advance payments for services associated with housing, which is contrary to the originally intended purpose of the regulation.

Conditions for and amount of the contribution

The Proposal for 2022 stipulates that the customer must meet the conditions for granting the contribution (registration of the customer's offtake point in the OTE information system and the agreed relevant distribution rate for providing the distribution grid services) as of August 23, 2022.

The specific amount of the contribution for 2022 will be 2,000 to 3,500 CZK, depending on the distribution rate. Rates with lower consumption will have a higher contribution. However, for higher consumption rates, it is foreseen that additional savings will be provided by waiving the obligation to pay the contribution to the POZE.

The support will apply to distribution rates D01d, D02d, D25d, D26d, D27d, D35d, D45d, D56d and D57d. This means that rate D27d, which households usually use to charge electric cars, remains in the preliminary list. By contrast, rate D61d, which is typically used by owners of houses in the countryside, is missing. The specific amount of the Contribution can be found at www.energiezamene.cz

How will the payment of the contribution work?

The customer does not need to apply for the allowance, it is granted automatically through his supplier. All the administration is up to the electricity trader and OTE.

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The electricity trader is required to reflect the contribution in the next advance payments in the amount of at least one third of the contribution and at most the agreed or set amount for the advance payment, and to do so repeatedly until the contribution has been fully used up or until the next electricity billing statement is made. If the remaining part of the contribution is less than one third of the contribution after being counted towards the previous advance payment or after being counted towards debts, the remaining amount is to be reflected in the advance payment.

Example:

If a household pays advance payments of CZK 1500 a month, for instance, and receives a contribution of CZK 2000 under the regulation, the supplier will be required to set off at least CZK 500 and at most the total prescribed advance payment, i.e. CZK 1500, from the advance payment each month until the entire contribution has been used. If they choose the maximum value, then CZK 1500 will be set off the first month and the remainder, i.e. CZK 500, the next month.

If it is not possible to set off the entire contribution for the customer (e.g. because the electricity trader issued the normal invoice before “using up” the entire contribution), the supplier should be set off in the billing statement.

It will not be possible to apply the contribution to contractual penalties, reminder fees for overdue electricity payments, etc.

The customer will be able to make a warranty claim on incorrect application of the contribution within two months of issuing the proof of billing.

Proposal for 2023

Contribution to electricity and gas

The Proposal for 2023 gives the same overall conditions for claiming the contribution to electricity as the Proposal for 2022.

The amount of the contribution in the case of electricity should be from CZK 400 (rate D01d), over CZK 800 (rate D02d) to CZK 1500 (rate D25d), respectively CZK 2000 for rates D26d to D57d. Paradoxically, therefore, the support for 2023 is not only lower and, but the lower rates will receive a contribution that will cover only units of percent of the price of MWh of electricity.

The support for gas is to apply only to offtake points for households that are registered in the OTE information system as of December 21, 2022 and that have registered planned annual gas consumption up to 45 MWh. No subsidy will be provided above this consumption. The specific amount of the electricity and gas subsidy can again be found at www.energiezamene.cz, but the amount is only symbolic.

The decisive factor for receiving the contribution for electricity and gas will be that the offtake point for electricity/gas is registered in the OTE system by no later than December 21, 2022 and that a “supported” D distribution rate (electricity) has been agreed or the gas consumption is registered and planned.

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However, the Proposal for 2023 also deals with contributions for customers in apartment buildings, i.e. customers who secure electricity and/or gas supply without being license holders (homeowners' associations or cooperatives). They will have to provide the distribution grid operator to whose grid their offtake point is connected with complete and truthful information about the number of apartments for which the customer draws on electricity and/or gas by no later than November 30, 2022. If the information is not provided in time, the distributor will proceed based on the information available to it.

The process for reflecting payments, making warranty claims and handling funds is similar to the method described above in the Proposal for 2022.

Contribution to heat for 2023

Support for heat is stipulated starting on January 1, 2023.

The decisive date by which the heat supply must be agreed for reflecting the contribution to heat for 2023 for the customer's offtake point is September 30, 2022.

We feel the different deadlines for being able to collect the contribution is a mistake.

The customer (usually a homeowners' association or cooperative, but also households with a direct contract) must file a request to apply the contribution to heat to the ERO-licensed heat supplier to whose heat source or heat distribution equipment their offtake heat equipment is connected by November 30, 2022.

If the heat in the building is supplied by a heat supplier with a license to distribute heat (typically small, local heat stations intended for an apartment building), the customer will file a request to apply the contribution to heat and provide the information pursuant to paragraph 1 to the heat supplier by November 25, 2022.

Regulations are expected to be issued in the next few weeks that will result in the waiver of the support for POZEs for 2022 and 2023.

We will be happy to discuss any questions you may have.

bpv Braun Partners s.r.o.
Palác Myslbek
Ovocný trh 8
110 00 Prague 1

Tel.: (+420) 224 490 000
Fax: (+420) 224 490 033
www.bpv-bp.com
info@bpv-bp.com

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