

Response of the Czech Republic to questions of the European Commission in the template intended for compiling a Progress Report on the Cogeneration of Electricity and Heat in accordance with Articles 6(3) and 10(2) of Directive 2004/8/EC of the European Parliament and of the Council on the promotion of cogeneration based on a useful heat demand in the internal energy market and amending Directive 92/42/EC

1. Transposition/implementation of the legal text of Directive 2004/8/EC

Question 1: What is the level of transposition of the Directive in your country?
What is the timeline for the remaining parts of the transposition of the Directive, if any?

Response of the Czech Republic to question 1: *As already stated in Progress Report on the Cogeneration of Electricity and Heat in the Czech Republic from 2007, Directive 92/42/EEC of the European Parliament and of the Council on the promotion of cogeneration based on a useful heat demand in the internal energy market and amending Directive 92/42/EEC was fully transposed in the national law of the Czech Republic in Act No. 458/2000 Sb. of 28 November 2000 on business conditions and public administration in the energy sectors and amending certain acts (the Energy Act), as amended, and Decree No. 344/2009 Sb. of 30 September 2009 laying down details of the method of determining electricity from high-efficiency cogeneration of electricity and heat based on a useful heat demand and the determination of electricity from secondary energy sources.*

Most of the provisions of Act No. 165/2012 Sb. on promoted energy sources, which introduces a new system of promoting renewable energy sources and integrates this with promotion of the cogeneration of electricity and heat, will enter into effect on 1.1.2013.

Question 2: What is the timeline for implementing measures based on the Commission Decision of 19.11.2008 establishing detailed guidelines? Please indicate how this has taken place (revision of a general energy law, a specific law, decree, regulation...).

Response of the Czech Republic to question 2: *All implementing measures are contained within Decree No. 344/2009 Sb. laying down details of the method of determining electricity from high-efficiency cogeneration of electricity and heat based on a useful heat demand and the determination of electricity from secondary energy sources. Decree No. 344/2009 Sb. fully reflects both Directive 2004/8/EC and Decision of the European Commission of 19 November 2008. Procedure in making calculations of the criterion of primary energy savings (PES) is in accordance with the procedures laid down in the EC Decision.*

Question 3: To what extent do you consider your country to have already significantly implemented the Directive?

Response of the Czech Republic to question 3: *The above-mentioned Directive was fully transposed in national law in 2005.*

Question 4: Is your country using the alternative calculation method according to Article 12(2)?

Response of the Czech Republic to question 4: *The Czech Republic allows operators to use the alternative calculation method according to Article 12(2). A new implementing regulation is currently under preparation and no decision has yet been taken on using the alternative calculation method according to Article 12(2). We calculate mechanical energy, but convert it to the electrical equivalent when calculating primary energy savings (PES).*

Question 5: Is there any need for your country to review in accordance with Article 13 the threshold values used for calculation of electricity from cogeneration and/or the threshold values used for calculation of efficiency of cogeneration production and primary energy savings?

Response of the Czech Republic to question 5: *We see no reason to review threshold values.*

2. National potential to increase the share of high-efficiency cogeneration

Question 6: Can your country already show progress in high-efficiency cogeneration since the last report on national potential which can be ascribed to either EU or national legislation and support schemes?

Response of the Czech Republic to question 6: *Cogeneration based on gas engines has seen significant development in the Czech Republic. By contrast, there has been stagnation-to-decline in steam turbine generator sets with regard to the reduction in demand for useful heat as a result of austerity measures.*

Question 7: What is your evaluation of the progress towards increasing the share of high-efficiency cogeneration in your country? Your assessment should be based on the specific figures to be included in the **attached spreadsheet (Excel file)** designed to facilitate the submission of your data.

Response of the Czech Republic to question 7: *Tables EU-1 and EU-2 on the cogeneration of electricity and heat are part of annual questionnaire "IEA - Eurostat – UNECE" on electricity and heat.*

A review of data for 2009 was conducted by the EU in 2010 and the recommendation made, based on the most recently adopted Directive, for the input fuel in the cogeneration of electricity and heat to relate only to the part of electricity and heat generation which is evaluated as "combined production" and not to the entire unfinished generation of electricity and heat in a cogeneration unit, as was the case until now.

The data for 2009 was modified in this vein based on this requirement and the data for 2010 was processed using a similar methodology. Modification for previous years was not required.

3. Barriers to high-efficiency cogeneration

Question 8: Please give your views on the current barriers to high-efficiency cogeneration in your country:

- barriers in relation to administrative procedures (authorization, coordination among competent authorities, streamlined simplified procedures, etc);
- barriers in relation to electricity grid system and tariff issues (including specific measures for small scale and micro cogeneration units);
- other barriers (internalisation of external costs, energy prices, financial & technical barriers, etc) in accordance with Articles 9 and 6 of the cogeneration Directive 2004/8/EC.

Indicate the measures to overcome them.

Response of the Czech Republic to question 8: *Drawn-out permit processes for the construction of energy-related facilities are a general problem. This problem should be eased by an amendment to the Building Act that is currently under consideration at the Chamber of Deputies of the Parliament of the Czech Republic.*

Another problem is the reservation of connection capacity by projects that are not implemented in the sphere of renewable energy sources, in particular photovoltaic power plants, which block grid capacity for other electricity generators, including those that cogenerate electricity and heat. This problem should be solved by a new act on promoted energy sources, which, under certain conditions, cancels the reservation of energy input for photovoltaic power plants obtained before 1 April 2010 on the date of promulgation of the act in the Collection of Laws.

The emissions trading system is economically unfavourable for cogeneration facilities with heat input of over 20 MW, which from 1.1.2013 will be forced to buy a progressively rising percentage of permits for carbon dioxide emissions in auctions. These costs are projected in the prices of heat from cogeneration and disadvantage it in competition with local or individual heat production, which is not encumbered by this external factor. In respect of the fact that the use of cogeneration in local and individual heat production is minimal, the disadvantage to larger facilities is a significant barrier to the development of cogeneration of electricity and heat in the Czech Republic. The Government of the Czech Republic has approved a so-called carbon tax as of 1.1.2014; this should remove this disadvantage.

4. Guarantees of origin and support schemes

Question 9: Article 5 of the Directive requires Member States to ensure that accurate and reliable guarantees of origin are issued according to objective, transparent and non-discriminatory criteria. Please indicate what is the situation concerning the implementation of this measure in your country (information on primary energy savings, type of registration system)?

Response of the Czech Republic to question 9: *The Ministry of Industry and Trade issues certificates of origin relating to cogeneration based on Act No. 165/2012 Sb. on promoted*

energy sources, whereby the application forms are published on the Ministry of Industry and Trade's website.

Question 10: Does your country have support schemes for cogeneration/CHP based on Directive 2004/8/EC (operational and/or investment aid)? What kind of support is provided (feed-in tariffs, certificates and quota, priority access to the grid...)? Are they designed to provide stable long-term investment conditions? Which sectors will be targeted (agricultural and/or industrial and/or heating cogeneration)?

Response of the Czech Republic to question 10: *The Czech Republic supports cogeneration of electricity and heat in the form of a bonus for electricity from high-efficiency cogeneration of electricity and heat.*

There is no direct state aid for cogeneration of electricity and heat, but the legislation in force assumes support within the system of price regulation conducted by the Energy Regulatory Office in the form of a price decision, which invariably lays down the level of support for the following calendar year. No long-term guarantee of the level of support is laid down and in this sense the support scheme does not therefore provide stable long-term investment conditions. The support scheme is universal and is not targeted to a specific sector.

Support for high-efficiency cogeneration of electricity and heat will from 1.1.2013 be newly regulated by Act No. 165/2012 Sb. on promoted energy sources. The above-mentioned principles, however, shall remain. Entitlement to preferential connection to the transmission and distribution network for the purpose of electricity transmission shall also remain.

Question 11: How much money on a yearly basis has been provided in this way in the past years to the promotion of high-efficiency cogeneration in particular? And how much money is expected to be made available on a yearly basis to the promotion of high-efficiency cogeneration in the coming years?

Response of the Czech Republic to question 11:

Total costs of operational support of high-efficiency cogeneration of electricity and heat

| Year | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---------|---------|---------|---------|---------|
| Additional costs of support for cogeneration of electricity and heat (thousands of CZK per annum) | 502 992 | 416 342 | 521 595 | 696 091 | 701 240 |

The Energy Regulatory Office is currently reviewing the system of support for high-efficiency cogeneration of electricity and heat and for this reason the level of funding intended for the promotion of cogeneration of electricity and heat for future years has not yet been determined.

Conclusion

The actual Progress Report on the Cogeneration of Electricity and Heat in the Czech Republic shall be published on the Ministry of Industry and Trade website and sent to the European Commission as soon as it has been approved.