

Research RES LEGAL - Promotion system

Country: Czech Republic

1. Overview of promotion system

Overview of promotion system	In the Czech Republic, electricity generated from renewable sources is promoted through price regulation. System operators may choose between a guaranteed feed-in tariff and a green bonus, which is paid on top of the market price. Furthermore, renewable energy is promoted through several subsidies and an exemption from the tax on income gained from the sale of electricity from renewable sources.
Statutory provisions	<ul style="list-style-type: none"> • Act No. 586/1992 Sb. (Zákon č. 586/1992 Sb. o daních z příjmů – Act on the Income Tax) • Act No. 180/2005 Sb. (Zákon c. 180/2005 Sb. o podpoře výroby elektriny z obnovitelných zdrojů energie – Act on the promotion of the use of renewable energy sources) • Directive of the Ministry of Environment No. 13/2006 (Smernice MŽP c. 13/2006 o poskytování finančních prostředků ze Státního fondu životního prostředí České republiky – Directive on the allocation of financial resources from the State Environmental Fund of the Czech Republic) • Directive of the Ministry of Environment No. 5/2008 (Smernice MŽP c. 5/2008 pro předkládání žádostí a o poskytování finančních prostředků pro projekty z Operačního programu Životní prostředí – Directive on the allocation of resources under the Operational Programme Environment) • Annex II to Directive of the Ministry of Environment No. 13/2006 for 2007 (Přílohy II „Smernice Ministerstva životního prostředí o poskytování finančních prostředků ze Státního fondu životního prostředí ČR“ – Annex II to Directive of the Ministry of Environment No. 13/2006) • Notice No. 475/2005 Sb. (Vyhláška c. 475/2005 Sb., kterou se provádějí některá ustanovení zákona o podpoře využívání obnovitelných zdrojů- Notice introducing several statutory provisions on the promotion of renewable energy sources) • Notice No. 140/2009 Sb. (Vyhláška č. 140/2009 Sb Energetického regulačního úřadu– Notice setting out the basic principles and procedures of the price regulation system for energy) • Price decision of the Energy Regulatory Office No. 8/2008 (Cenové rozhodnutí Energetického regulačního úřadu č. 8/2008 ze dne 18. listopadu 2008 – Decision setting the amount of tariff for renewable electricity generation) • Efekt 2008 Programme (EFEKT 2008 (Státní program na podporu úspor energie a využití obnovitelných zdrojů energie pro rok 2008 – část A) – Support scheme of the Ministry of Industry and Trade) • ECO-ENERGY Programme (Operační program Podnikání a inovace – Program EKO-ENERGIE – Support scheme of the Ministry of Industry and Trade) • Operational Programme Environment – implementing document (Operační program Životní prostředí – Implementační dokument – Implementing document of the Ministry of Environment)
Promotion system	<ul style="list-style-type: none"> • Price regulation. System operators are contractually entitled against the grid operator to the payment of electricity fed in. The grid operator is obliged to enter into this contract. In pursuance of Act No. 180/2005 Sb., system operators may choose between a guaranteed feed-in tariff and a green bonus paid on top of the regular electricity price. The amount of payment differs for each source of energy.

	<ul style="list-style-type: none"> • Subsidies. Apart from the feed-in tariff, system operators may receive subsidies under either the European Structural Fund or the national programme for the promotion of energy-saving measures and the use of renewable energy sources. In general, the detailed conditions for the subsidies are specified by the current call for applications. • Fiscal regulation mechanisms. Profit from the sale of electricity from renewable sources is exempt from income tax.
Technologies	In general, all renewable electricity generation technologies are eligible for promotion.
Area of application	All instruments of promotion of renewable energy apply to the territory of the Czech Republic only.
Funding	The costs of promotion through price regulation are borne by the end users. The costs of promotion through subsidies under so-called Operational Programmes are borne by the European Union. The costs of subsidies under the national programme for the promotion of energy-saving measures and the use of renewable energy sources are borne by the state. The costs of promotion through income tax exemption are also borne by the state.

2. Basic information on legal sources

Name of legal source (English)	Act No. 586/1992 Sb. on the Income Tax.	Act No. 180/2005 Sb. promoting electricity generation from renewable energy sources and amending several Acts (Act on the promotion of the use of renewable energy sources)	Directive of the Ministry of Environment No. 13/2006 on the allocation of financial resources from the State Environmental Fund of the Czech Republic.
Name of legal source (original language)	Zákon č. 586/1992 Sb. o daních z příjmů	Zákon č. 180/2005 Sb. o podpoře výroby elektřiny z obnovitelných zdrojů energie a o změně některých zákonů (zákon o podpoře využívání obnovitelných zdrojů)	Směrnice MŽP č. 13/2006 o poskytování finančních prostředků ze Státního fondu životního prostředí České republiky
Abbreviated form	Act No. 586/1992 Sb.	Act No. 180/2005 Sb.	Directive of the Ministry of Environment No. 13/2006
Type of law	Act of parliament	Act of parliament	Directive of the Ministry of Environment
Document structure	Articles, paragraphs, letters	Parts, chapters, articles, paragraphs, letters	Articles, numbers
Entering into force	01/01/1993	01/06/2005	20/12/2006
Latest amendment	01/08/2009		
Future amendments			
Purpose	Regulating the income tax.	This Act aims to increase the proportion of renewable energy in total energy supplies to 8% by 2010 to protect the climate and the environment and sets out requirements to further increase this proportion after 2010 (§1 Act No. 180/2005 Sb.).	The Directive establishes the framework for the allocation of grants under the national programme for the promotion of energy-saving measures and the use of renewable energy sources.
Relation to renewable energy	Income from the sale of electricity from renewable sources is exempt from income tax.	This Act promotes renewable energy only.	The Directive also establishes provisions in the field of renewable energy.

Link to full text of legal source (original language)	http://portal.gov.cz/wps/portal/_s.155/701/.cmd/ad/.c/313/.ce/10821/.p/8411/_s.155/701?PC_8411_name=Z%C3%A1kon%20o%20dan%C3%ADch%20z%20p%C5%99%C3%ADjm%C5%AF&PC_8411_l=586/1992&PC_8411_ps=10	http://portal.gov.cz/wps/portal/_s.155/701/.cmd/ad/.c/313/.ce/10821/.p/8411/_s.155/701?PC_8411_number1=180/2005&PC_8411_l=180/2005&PC_8411_ps=10	http://www.sfzp.cz/soubor-ke-stazeni/6/1803-smernice_mzp_13_2006_1.rtf
Link to full text of legal source (English)		http://www.czrea.org/files/pdf_en/zakony/RES_act_english.pdf	

Name of legal source (English)	Directive of the Ministry of Environment No. 5/2008 on the submission of applications and the allocation of grants for projects under the Operational Programme Environment including co-financing by the State Environmental Fund of the Czech Republic and by the federal budget of the Czech Republic – Chapter 315 (Environment)	Annex II of the "Directive of the Ministry of Environment on the allocation of financial resources from the State Environmental Fund of the Czech Republic" on the regulations set out by the national programme for the promotion of energy-saving measures and the use of renewable energy sources for 2007	Notice No. 475/2005 Sb. introducing several statutory provisions on the promotion of renewable energy sources, as amended by Notice No. 364/2007
Name of legal source (original language)	Směrnice MŽP č. 5/2008 pro předkládání žádostí a o poskytování finančních prostředků pro projekty z Operačního programu Životní prostředí včetně spolufinancování ze Státního fondu životního prostředí České republiky a státního rozpočtu České republiky – kapitoly 315 (životní prostředí)	Prílohy II „Směrnice Ministerstva životního prostředí o poskytování finančních prostředků ze Státního fondu životního prostředí ČR“ na opatření v rámci Státního programu na podporu úspor energie a využití obnovitelných zdrojů energie platné pro rok 2007	Vyhláška č. 475/2005 Sb., kterou se provádějí některá ustanovení zákona o podpoře využívání obnovitelných zdrojů, ve znění vyhlášky č. 364/2007
Abbreviated form	Directive of the Ministry of Environment No. 5/2008	Annex II of the Directive of the Ministry of Environment No. 13/2006 for 2007	Notice No. 475/2005 Sb.
Type of law	Directive of the Ministry of Environment	Annex of a Directive of the Ministry of Environment	Notice of the Regulatory Office for Energy
Document structure	Articles, numbers	Numbering of documents within the annex, articles, numbers	Articles, paragraphs, letters
Entering into force	28/12/2008	01/01/2007	07/12/2005
Latest amendment			01/01/2008
Future amendments			
Purpose	The Directive establishes a certain framework for the allocation of subsidies under the Operational Programme Environment.	The Annex establishes provisions on the allocation of subsidies under the national programme for the promotion of energy-saving measures and the use of renewable	The Notice introduces several provisions that aim to promote renewable energy sources.

		energy sources for 2007.	
Relation to renewable energy	The Directive also establishes provisions on the allocation of subsidies in the field of renewable energy.	The Annex also establishes provisions in the field of renewable energy.	This Notice promotes renewable energy only.
Link to full text of legal source (original language)	http://www.opzp.cz/soubor-ke-stazeni/9/2854-smernice%20c.%205-2008.pdf	http://www.sfzp.cz/soubor-ke-stazeni/8/2685-prilohy_ii_2007.pdf	http://portal.gov.cz/wps/portal/_s.155/701/.cmd/ad/.c/313/.ce/10821/.p/8411/_s.155/701?PC_8411_number1=475/2005&PC_8411_p=3&PC_8411_l=475/2005&PC_8411_ps=10
Link to full text of legal source (English)			

Name of legal source (English)	Price decision of the Energy Regulatory Office No. 8/2008 of 18th November 2008 regulating the promotion of electricity generation from renewable energy, combined heat and power and secondary sources.	EFEKT Programme 2008 (National programme for the promotion of energy-saving measures and the use of renewable energy sources for 2008 – Part A)	Operational Programme Enterprise and Innovations – ECO-ENERGY programme
Name of legal source (original language)	Cenové rozhodnutí Energetického regulačního úřadu č. 8/2008 ze dne 18. listopadu 2008, kterým se stanovuje podpora pro výrobu elektřiny z obnovitelných zdrojů energie, kombinované výroby elektřiny a tepla a druhotných energetických zdrojů	EFEKT 2008 (Státní program na podporu úspor energie a využití obnovitelných zdrojů energie pro rok 2008 – část A)	Operační program Podnikání a inovace – Program EKO-ENERGIE
Abbreviated form	Price decision of the Regulatory Office for Energy No. 8/2008	Efekt 2008	ECO-ENERGY programme
Type of law	Price decision of the Energy Regulatory Office	Promotion guidelines of the Ministry for Industry and Trade	Promotion guidelines of the Ministry for Industry and Trade
Document structure	Numbers	Numbers	Numbers, letters
Entering into force	01/01/2009	21/11/2007	25/04/2007
Latest amendment	01/01/2008		
Future amendments	Every year, the Energy Regulatory Office passes a new price decision. This year's decision is expected in November.		
Purpose	The price decision sets the prices for electricity generated from renewable energy sources.	The Efekt 2008 programme establishes the framework for the allocation of grants under the national programme for the promotion of energy-saving measures and the use of renewable energy sources – Part A.	This programme implements priority no. 3, "energy efficiency", of the Operational Programme Enterprise and Innovations. It aims, among other things, to increase the use of renewable energy.

Relation to renewable energy	The price decision promotes, among other things, renewable energy.	The programme also establishes provisions in the field of renewable energy.	The ECO-ENERGY programme aims to promote renewable energy.
Link to full text of legal source (original language)	http://www.eru.cz/user_data/files/cenova%20rozhodnuti/CR%20elektro/OZ/CR_8-2008_OZE-KVET-DZ.pdf	http://download.mpo.cz/get/32905/37481/423666/priloha012.pdf	http://download.mpo.cz/get/30833/43324/519735/priloha013.pdf
Link to full text of legal source (English)			

Name of legal source (English)	Operational Programme Environment – Implementation document	Notice No. 140/2009 Sb. of the Energy Regulatory Office setting out the basic principles and procedures of the price regulation system for energy	
Name of legal source (original language)	Operacní program Životní prostředí – Implementační dokument	Vyhláška č. 140/2009 Sb Energetického regulačního úřadu o způsobu regulace cen v energetických odvětvích a postupech pro regulaci cen	
Abbreviated form	Operational Programme Environment – Implementation document	Notice No. 140/2009 Sb.	
Type of law	Implementation document of the Ministry of Environment	Notice of the Energy Regulatory Office	
Document structure	Chapters		
Entering into force	21/12/2007	25/05/2009	
Latest amendment	24/07/2009		
Future amendments			
Purpose	The Operational Programme Environment aims to improve environmental quality and thus human health.	Notice No. 140/2009 Sb. sets out the basic principles and procedures of price regulation in the energy sector.	
Relation to renewable energy	The Operational Programme Environment also promotes renewable energy.	Notice No. 140/2009 Sb. sets out the basic principles and procedures of price regulation for renewable energy.	
Link to full text of legal source (original language)	http://www.opzp.cz/soubor-ke-stazeni/10/3040-Implementacni_dokument_2009_07_24.pdf	http://portal.gov.cz/wps/portal/_s.155/701/.cmd/ad/.c/313/.ce/10821/.p/8411/_s.155/701?PC_8411_name=vyhláška_o_způsobu_regulace_cen_v_energetických_odvětvích_a_postupech_pro_regulaci_cen&PC_8411_l=140/2009&PC_841	

		1_ps=10#10821	
Link to full text of legal source (English)	http://www.opzp.cz/soubor-ke-stazeni/13/4189-id_2008_11_20_final_en.pdf		

3. Further information

Institution (name)	Website	Name of contact person (optional)	Telephone number (head office)	E-mail (optional)
Ministerstvo životního prostředí (MŽP) – Ministry of Environment	http://www.mzp.cz/__C1257131004B200D.nsf/index.html	No information available.	+420 267 121 111	info@mzp.cz
Ministerstvo průmyslu a obchodu (MPO) – Ministry of Industry and Trade	http://www.mpo.cz/default_en.html	No information available.	+420 224 851 111	posta@mpo.cz
Energetický regulační úřad (ERÚ) – Energy Regulatory Office (ERO)	http://www.eru.cz/dias-read_article.php?articleId=332	No information available.	+420 564 578 666	eru@eru.cz
Czech RE Agency – Energy agency	http://www.czrea.org/cs/	No information available.	+420 575 750 090	info@czrea.org
Státní fond životního prostředí České republiky	http://www.sfzp.cz/	No information available.	+420 267 994 300	dotazy@sfzp.cz

4. Means of promotion

4.1. Subsidy I (EFEKT programme)

Abbreviated form of legal source(s)		
Country-specific promotion system	The national programme for the promotion of energy-saving measures and the use of renewable energy sources (Státní program na úspor energie a využití obnovitelných zdrojů energie) consists of several sub-programmes, which are implemented by the Ministries. The sub-programme run by the Ministry of Industry and Trade, "Efekt", promotes renewable electricity generation. Every year, the Ministry approves a new programme framework. In 2009, renewable electricity generation was not eligible for the programme. All subsequent information relates to the Efekt 2008 programme. The deadline for submission of applications is 31st January each year. The terms and conditions for 2010 are expected to be published in November 2009.	
Promoted technologies	Only small hydro-power systems (number 37 (C1) of Efekt 2008) are promoted. Other technologies are not eligible.	
Wind energy		
Solar energy		
Geothermal energy		
Biogas		
Biomass		
Hydro-electricity	Eligible under the following conditions (number 37 (C1) Efekt 2008): <ul style="list-style-type: none"> • Only the construction, repair and renewal of small hydro-power systems are eligible. • Newly installed turbines shall reach an efficiency of 85% or higher during optimum operation. • Old systems that have been renewed shall reach an efficiency of 80% or higher. 	
Area of application	National	Only projects within the Czech Republic are eligible (number 8 Efekt 2008).

	International	Projects implemented outside the Czech Republic are not eligible.
Legal basis for a claim/addressees	() statutory basis (x) contractual basis	Statutory law does not give rise to a claim for subsidies (number 14 Efekt 2008).
	Entitled party	The persons entitled to subsidies are entrepreneurs (number 2 Efekt 2008).
	Obligated party	The party obligated is the Ministry of Industry and Trade (number 3 Efekt 2008).
Amount	The maximum subsidy amounts to 5 million Czech Crowns (CZK) and shall not exceed 40% of eligible costs (number 2 Efekt 2008).	
Procedure	<ul style="list-style-type: none"> • Application. Interested parties shall apply in writing to the Ministry of Industry and Trade by the applicable deadline (number 15 Efekt 2008). • Selection procedure. Subsidies are granted on the basis of a selection procedure. Projects are selected by expert advisory committees (number 22 Efekt 2008). • Granting. The subsidy is granted by a "decision on the participation of the national budget in the funding of the project" (number 28 Efekt 2008). 	
Funding	State	The cost of the subsidy is borne by the state. In 2008, the total budget of the programme was 70 million CZK (number 4. Efekt 2008).
	Consumers	
	System operator	
	Grid operator	
	Distribution mechanism	
Control mechanisms	The Ministry of Industry and Trade checks whether the subsidy is used for the intended purpose and in a cost-efficient way. Financial auditing shall be in line with Act No. 320/2001 Sb. on financial audit (number 34 Efekt 2008).	

4.2. Subsidy II (State Environmental Fund)

Abbreviated form of legal source(s)	<ul style="list-style-type: none"> Directive of the Ministry of Environment No. 13/2006 	
Country-specific promotion system	<p>The State Environmental Fund of the Czech Republic (in accordance with § 1 par. 3 Act No. 388/1991 Sb.) is funded from government sources and implements so-called state programmes to give grants to projects that are ineligible for EU schemes. The national programme for the promotion of energy-saving measures and the use of renewable energy sources consists of several sub-programmes, which are implemented by the Ministries. In principle, the framework set out by the sub-programme of the Ministry of Environment promotes all renewable electricity generation technologies. Subsidies and loans may be granted within calls for applications. In 2009, electricity from renewable sources was not subsidised.</p>	
Promoted technologies	<p>However, the renewable electricity generation technologies to be promoted depend on the annually set application requirements. The programme framework allows for the promotion of all technologies (art. 1 Directive of the Ministry of Environment No. 13/2006).</p>	
Wind energy	Generally eligible.	
Solar energy	Generally eligible. In 2007, only PV systems whose capacity did not exceed 5 kWp were promoted (Annex II.1 of the Directive of the Ministry of Environment No. 13/2006 for 2007).	
Geothermal energy	Generally eligible.	
Biogas	Generally eligible.	
Biomass	Generally eligible.	
Hydro-electricity	Generally eligible.	
Area of application	National	Projects within the entire territory of the Czech Republic are eligible (Annex II of Directive of the Ministry of Environment No. 13/2006 for 2007). The area of application is always specified in the applicable annex of the Directive.
	International	Projects implemented outside the Czech Republic are not eligible.

Legal basis for a claim/addressees	() statutory basis (x) contractual basis	The Fund concludes with the applicant a contract on the granting of the subsidy (art. 6 Directive of the Ministry of Environment No. 13/2006).
	Entitled party	The persons entitled are specified in the applicable annex of Directive of the Ministry of Environment No. 13/2006. In 2007, all natural persons were entitled (art. 2 Annex II.2 of Directive of the Ministry of Environment No. 13/2006 for 2007).
	Obligated party	The party obligated is the State Environmental Fund (Státní fond životního prostředí) of the Czech Republic.
Amount	<p>The amount of subsidy is specified in the relevant annex of the Directive of the Ministry of Environment No. 13/2006 for the year in question. The Minister decides on the type and amount of subsidy (art. 5 number 1 Directive of the Ministry of Environment No. 13/2006). The amount is set in terms of a percentage of the costs of project implementation (art. 5 number 2 Directive of the Ministry of Environment No. 13/2006).</p> <p>In 2007, up to 50% of eligible costs were subsidised, the maximum subsidy being 200,000 CZK (art. 2 Annex II.2 of the Directive of the Ministry of Environment No. 13/2006 for 2007).</p>	
Procedure	<ul style="list-style-type: none"> • Application. Interested persons shall apply to the Fund for a subsidy in writing or by e-mail within the relevant period of application (State Environmental Fund of the Czech Republic in pursuance of § 1 par. 3 Act No. 388/1991 Sb.). The application procedure and the documents to be submitted together with the application are specified by the relevant annex of the Directive of the Ministry of Environment No. 13/2006 for the year in question (art. 3 Directive of the Ministry of Environment No. 13/2006). • Assessment procedure. First, the project applications are checked for completeness. Then, the Fund notifies the applicants in writing on whether or not their applications were accepted and informs unsuccessful applicants about the reasons why their applications were not accepted (art. 3 number 4 Directive of the Ministry of Environment No. 13/2006). The Fund submits the applications to the advisory board for further assessment (art. 4 number 2 Directive of the Ministry of Environment No. 13/2006). • Granting. The Minister decides on the type and amount of subsidy for every project (art. 5 number 1 Directive of the Ministry of Environment No. 13/2006). • Contract. Based on the decision of the Minister, the Fund concludes with the applicant a contract on the granting of the subsidy (art. 6 number 1 Directive of the Ministry of Environment No. 13/2006). The contract must specify the conditions under which the subsidy is granted and must contain information on the amount and type of subsidy, its intended purpose, payment deadlines and way of payment of the Fund money, the deadlines and conditions regarding repayment of the money in case of violation of the contractual terms and possible sanctions, reasons for the cancellation of the contract, etc. (art. 6 number 2 Directive of the Ministry of Environment No. 13/2006). 	
Funding	State	The cost of the subsidy is borne by the state.
	Consumers	
	System operator	

	Grid operator	
	Distribution mechanism	
Control mechanisms	The subsidy recipient is obliged to submit the documents necessary to determine the subsidy required by a certain deadline specified in the contract. The Fund checks compliance with the contractual terms (art. 8 Directive of the Ministry of Environment No. 13/2006).	

4.3. Subsidy III (Operational Programme Enterprise and Innovations – ECO-ENERGY Programme)

Abbreviated form of legal source(s)	<ul style="list-style-type: none"> ECO-ENERGY programme 	
Country-specific promotion system	<p>The ECO-ENERGY programme is part of the Operational Programme Enterprise and Innovations and gives entrepreneurs the opportunity to apply for investment grants or low-interest loans (see "Loans") for projects in the field of renewable energy within calls for applications. This programme is funded by the ERDF (European Regional Development Fund). The ERDF is a European Union fund which provides financial resources to its member states for country-specific subsidy programmes aiding underdeveloped regions. A given project may not receive both a loan and a subsidy (number 5 ECO-ENERGY programme). The project costs eligible for subsidies under the ECO-ENERGY programme may be co-financed by other public grants. However, the total amount of grants may not exceed a certain maximum (number 7. ECO-ENERGY programme). At the moment, all calls for applications under the Operational Programme "Enterprise and Innovations – ECO-ENERGY programme" are closed. The second call for applications (14/11/2008 – 28/2/2009) applied to the construction and renovation of hydro-energy and biomass systems only.</p>	
Promoted technologies	<p>The renewable electricity generation technologies to be promoted depend on the conditions set out by the current call for applications. The framework for the ECO-ENERGY programme generally allows for the promotion of all technologies (number 2.1. ECO-ENERGY programme).</p>	
Wind energy	Eligible	
Solar energy	Eligible	
Geothermal energy	Eligible	
Biogas	Eligible	
Biomass	Eligible	
Hydro-electricity	Eligible	
Area of application	National	All projects within the territory of the Czech Republic are eligible, except for projects in the capital of Prague (number 4.1 letter a) ECO-ENERGY programme).

	International	Projects implemented outside the Czech Republic are not eligible.
Legal basis for a claim/addressees	() statutory basis () contractual basis	The Ministry of Industry and Trade grants subsidies by notice. The notice includes binding conditions for the subsidy granted (number 4.2. letter a) ECO-ENERGY programme). A contract need not be concluded. Statutory law does not give rise to a claim for subsidies (number 11. ECO-ENERGY programme).
	Entitled party	The persons entitled to subsidies are (small, medium-sized and large) entrepreneurs as specified by § 2 Act No. 513/1991 Sb. (number 3 ECO-ENERGY programme).
	Obligated party	The party obligated is the Ministry of Industry and Trade (Number 1 ECO-ENERGY programme).
Amount	<p>The amount of subsidy is set in every call for applications by the institution in charge of the programme, which is the Ministry of Industry and Trade. The minimum subsidy is 500,000 CZK. The maximum subsidy is a certain percentage of the eligible costs, which differs according to the region, and must not exceed 100 m CZK (number 5.2. ECO-ENERGY programme). The following are the maximum subsidies according to region and size of the company:</p> <ul style="list-style-type: none"> Regions of Střední Morava, Severozápad, Střední Čechy, Moravskoslezsko, Severovýchod, Jihovýchod: <ul style="list-style-type: none"> Small enterprises: 60% Medium-sized enterprises: 50% Large enterprises: 40% Region of Jihozápad (01/01/2007 – 31/12/2010): <ul style="list-style-type: none"> Small enterprises: 56% Medium-sized enterprises: 46% Large enterprises: 36% Region of Jihozápad (01/01/2011 – 31/12/2013): <ul style="list-style-type: none"> Small enterprises: 50% Medium-sized enterprises: 40% Large enterprises: 30% 	
Procedure	<ul style="list-style-type: none"> Application. Interested parties shall apply for subsidised within the relevant call for applications. Selection procedure. The call for applications shall specify the criteria for selection and the method of assessment (number 6.1. ECO-ENERGY programme). Granting. The institution in charge of the Operational Programme Enterprise and Innovations, i.e. the Ministry of Industry and Trade, decides whether a subsidy is granted (number 6.2. ECO-ENERGY programme). The binding conditions for the subsidy granted are communicated by notice (number 4.2. ECO-ENERGY programme). 	
Funding	State	
	Consumers	

	System operator	
	Grid operator	
	Distribution mechanism	<ul style="list-style-type: none"> • ERDF – Ministry of Industry and Trade. The subsidies and loans are funded by the ERDF (European Regional Development Fund) and implemented by the Ministry of Industry and Trade. • Ministry of Industry and Trade – entrepreneurs entitled. The financial resources provided for the promotion through subsidies are allocated by the Ministry of Industry and Trade to the projects chosen in the calls for applications. Detailed provisions may be set out in each call for applications.
Control mechanisms	Recipients of subsidies are obligated to document and prove the correct use of the eligible expenses and their coverage by the funds granted (detailed provisions on documentation depend on the binding conditions for the subsidy granted). The documents shall be kept for a period of ten years after completion of the project (number 4.2. letter c) ECO-ENERGY programme).	

4.4. Subsidy IV (Operational Programme Environment)

Abbreviated form of legal source(s)	<ul style="list-style-type: none"> Operational Programme Environment – Implementation document Directive of the Ministry of Environment No. 5/2008 	
Country-specific promotion system	<p>The Operational Programme Environment allocates investment grants from the Cohesion Fund to individual and large projects in the field of renewable energy. The Cohesion Fund is a European Union fund which provides financial resources to its member states for country-specific subsidy programmes aiding underdeveloped regions upon application. At the moment, all calls for applications for individual projects under the Operational Programme Environment are closed. The launch of a call for 2009 is not to be expected. Under the 4th call for large projects, which is currently open, applications have to be submitted to the Prague office of the State Environmental Fund by 18 December 2009. A given project cannot receive subsidies from other Operational Programmes, European Community initiatives or national programmes of the Fund (art. 3 number 4 Directive of the Ministry of Environment No. 5/2008).</p>	
Promoted technologies	<p>In general, all renewable electricity generation technologies are eligible (chapter 3.3.4. Operational Programme Environment – Implementation document). Every call for applications specifies or limits the technologies to be subsidised.</p>	
Wind energy	Eligible	
Solar energy	Eligible	
Geothermal energy	Eligible	
Biogas	Eligible	
Biomass	Eligible	
Hydro-electricity	<p>Eligible under the following condition (chapter 3.3.4.1. Operational Programme Environment – Implementation document):</p> <ul style="list-style-type: none"> Only the construction and renovation of small hydro-energy systems are eligible. 	
Area of application	National	Only projects carried out within the Czech Republic are eligible (chapter 3.3.5. Operational Programme Environment – Implementation document).
	International	Projects implemented outside the Czech Republic are not eligible.

Legal basis for a claim/addressees	() statutory basis (x) contractual basis	A subsidy is granted after the Ministry of Environment has made the decision on the granting of the subsidy and sent a notification (art. 3 Directive of the Ministry of Environment No. 5/2008).
	Entitled party	The party entitled are public institutions (chapter 3.3.6. Operational Programme Environment – Implementation document). Further terms and conditions are to be found in the respective call for applications.
	Obligated party	The party obligated is the Ministry of Environment.
Amount	The maximum subsidy must not exceed 85% of the eligible project costs (chapter 3.3.3. Operational Programme Environment – Implementation document). Further terms and conditions are set out in each call for applications.	
Procedure	<ul style="list-style-type: none"> • Application. Interested parties shall apply for subsidies at the local authority in charge of the national fund (depending on the place the project is implemented at) within the submission period (art. 5 number 2 Directive of the Ministry of Environment No. 5/2008). The application forms for large and individual projects can be downloaded from http://zadosti-opzp.sfzp.cz/. The documents described in annexes no. 1 and no. 5 of the Directive must be submitted together with the application. (art. 5 number 4 Directive of the Ministry of Environment No. 5/2008) • Assessment procedure. First, the applicants' projects are formally checked for completeness. Then, the State Fund examines them for ecologic, economic and technical compliance and submits them to the committee in charge. The committee then recommends the projects chosen to the Ministry of Environment for approval (art. 6 Directive of the Ministry of Environment No. 5/2008). After approval by the Ministry of Environment, large projects are submitted to the Ministry of Finance for approval and registration before they are sent to the European Commission for approval (art. 6 number 11 Directive of the Ministry of Environment No. 5/2008). • Granting. The Ministry of Environment bases its decision on whether to grant a subsidy to a project and on the amount of subsidy on the recommendation of the committee (art. 6 number 6 Directive of the Ministry of Environment No. 5/2008). Large projects must be authorised by the European Commission, which also decides on the amount of subsidy (art. 3 number 3 in conjunction with art. 4 number 10 Directive of the Ministry of Environment No. 5/2008). 	
Funding	State	
	Consumers	
	System operator	
	Grid operator	
	Distribution mechanism	<ul style="list-style-type: none"> • Cohesion Fund – Ministry of Environment. The subsidy is funded by the Cohesion Fund of the European Union (chapter 3.3.3. Operational Programme Environment – Implementation document). The budget is

		<p>managed by the Ministry of Environment.</p> <ul style="list-style-type: none"> • Ministry of Environment – entrepreneurs entitled. The Ministry of Environment allocates the financial resources available to the projects chosen.
Control mechanisms	<p>Recipients of subsidies are obligated to keep all documents on the preparation and implementation of the project under the Operational Programme Environment until the end of 2021 (art. 11 paragraph 3 Directive of the Ministry of Environment No. 5/2008).</p>	

4.5. Loans (Operational Programme Enterprise and Innovations – ECO-ENERGY programme)

Abbreviated form of legal source(s)	<ul style="list-style-type: none"> ECO-ENERGY programme 	
Country-specific promotion system	<p>The ECO-ENERGY programme of the Operational Programme Enterprise and Innovations gives entrepreneurs the opportunity to apply for investment grants (see Subsidy III) or low-interest loans, which are funded by the ERDF (European Regional Development Fund), within calls for applications for projects in the field of renewable energy. The ERDF is a European Union fund which provides financial resources to its member states for country-specific subsidy programmes aiding underdeveloped regions. A given project may not receive both a loan and a subsidy (number 5 ECO-ENERGY programme). At the moment, all calls for applications under Operational Programme Enterprise and Innovations – ECO-ENERGY programme are closed. The second call for applications (14/11/2008 – 28/2/2009) applied to the construction and renovation of hydro-energy and biomass systems only.</p>	
Promoted technologies	<p>The renewable electricity generation technologies to be promoted depend on the conditions set out by a given call for applications. The framework for the ECO-ENERGY programme generally allows for the promotion of all technologies (number 2.1. ECO-ENERGY programme).</p>	
Wind energy	Eligible	
Solar energy	Eligible	
Geothermal energy	Eligible	
Biogas	Eligible	
Biomass	Eligible	
Hydro-electricity	Eligible	
Area of application	National	All projects within the territory of the Czech Republic are eligible, except for projects in the capital of Prague (number 4.1 letter a) ECO-ENERGY programme).
	International	Projects implemented outside the Czech Republic are not eligible.
Legal basis for a claim/addressees	<input type="checkbox"/> statutory basis <input checked="" type="checkbox"/> contractual basis	<p>The subsidised loans are allocated on the basis of a contract with the Bohemian-Moravian Guarantee and Development Bank (number 4.2. letter b) ECO-ENERGY programme). Statutory law does not give rise to a claim for subsidies (number 11. ECO-ENERGY programme).</p>

	Entitled party	The persons entitled to support under the ECO-ENERGY programme are (small, medium-sized and large) entrepreneurs as specified by § 2 Act No. 513/1991 Sb. (number 3 ECO-ENERGY programme). However, only small and medium-sized enterprises are eligible for loans (number 5.1. ECO-ENERGY programme).
	Obligated party	The party obligated is the Bohemian-Moravian Guarantee and Development Bank (number 1. letter c) ECO-ENERGY programme).
Amount	The amount of loan is specified in each call for applications by the institution in charge of the programme, which is the Ministry of Industry and Trade. The maximum loan is 50 m CZK. The interest rate is fixed at 1% per year. The loans have duration of up to 15 years. The amount of loan must not exceed 75% of the estimated eligible project costs (number 5.1. ECO-ENERGY programme).	
Procedure	<ul style="list-style-type: none"> • Application. Interested parties shall apply for subsidised loans within the relevant call for applications. • Selection procedure. The call for applications shall specify the criteria for selection and the method of assessment (number 6.1. ECO-ENERGY programme). • Granting. The lender decides on whether a loan is granted (number 6.2. ECO-ENERGY programme). • Contract. After a loan has been granted, a loan contract shall be concluded. 	
Funding	State	No information available.
	Consumers	No information available.
	Grid operator	No information available.
	System operator	No information available.
	Distribution mechanism	<ul style="list-style-type: none"> • ERDF – Ministry of Industry and Trade. The loans are funded by the ERDF (European Regional Development Fund) and implemented by the Ministry of Industry and Trade. • Bohemian-Moravian Guarantee and Development Bank – debtor. The Ministry provides the funds for promotion through loans for the Bohemian-Moravian Guarantee and Development Bank, which autonomously manages the funds. Further provisions may be specified in each call for applications.
Control mechanisms	Recipients of loans are obligated to document and prove the correct use of the eligible expenses and their coverage by the funds granted (detailed provisions are laid down in the single loan contracts). The documents shall be kept for a period of ten years after completion of the project (number 4.2. letter c) ECO-ENERGY programme).	

4.6. Price regulation (Act on the promotion of the use of renewable energy sources)

Abbreviated form of legal source(s)	<ul style="list-style-type: none"> Act No. 180/2005 Sb. Notice No. 475/2005 Sb. Price decision of the Regulatory Office for Energy No. 8/2008 	
Country-specific promotion system	<p>In the Czech Republic, the generation of renewable electricity is mainly promoted through price regulation. System operators may choose between a guaranteed feed-in tariff and a green bonus paid on top of the regular electricity price achieved on the market. The bonus also applies to those system operators that generate electricity for their own consumption (chapter 2 § 4 par. 16 Act No. 180/2005 Sb.). A given electricity producer may make this choice once a year (chapter 2 § 4 par. 3 Act No. 180/2005 Sb.). To be able to enforce their claim for the feed-in tariff, system operators shall conclude an agreement with the grid operator. To be able to receive the bonus, system operators shall conclude an agreement with an electricity market participant, e.g. a supplier, and furnish proof thereof (chapter 2 § 4 par. 15 to par. 17 Act No. 180/2005 Sb.).</p>	
Promoted technologies	<p>In principle, the price regulation scheme applies to all renewable electricity generation technologies.</p>	
Wind energy	<p>Eligible with the following exception:</p> <ul style="list-style-type: none"> Wind-power systems that cover an area of 1 km² and whose total capacity installed amounts to more than 20 MW are not eligible (chapter 1 § 3 par. 1 Act No. 180/2005 Sb.). 	
Solar energy	<p>Eligible</p>	
Geothermal energy	<p>Eligible</p>	
Biogas	<p>Eligible</p>	
Biomass	<p>Eligible under the following condition:</p> <ul style="list-style-type: none"> For reasons of environmental protection, the composition of the biomass used shall comply with the requirements laid down by an implementing regulation of the Ministry of Environment (chapter 1 § 3 par. 1 Act No. 180/2005 Sb.). 	
Hydro-electricity	<p>Eligible under the following condition:</p> <ul style="list-style-type: none"> Only small hydro-energy systems (capacity ≤ 10 MWe) are eligible (number 1.4. Price decision of the Energy Regulatory Office No. 8/2008). 	
Area of application	National	Act No. 180/2005 promotes electricity generated by systems within the Czech Republic only (chapter 1 § 3 Par. 1 Act No. 180/2005 Sb.).
	International	Electricity generated outside the Czech Republic is not promoted.
Legal basis for a claim/addressees	<p>() statutory basis (x) contractual basis</p>	<p>The claim for promotion through price regulation is based on statutory law. The enforcement of this claim is conditional upon the conclusion of a contract:</p> <ul style="list-style-type: none"> Feed-in tariff. If a given system operator chooses promotion through the

		<p>feed-in tariff, he shall conclude a contract with the grid operator (chapter 2 § 4 par. 17 Act No. 180/2005 Sb.).</p> <ul style="list-style-type: none"> • Bonus. If a given system operator chooses promotion through the bonus, he shall prove to the grid operator that he has concluded a contract with an electricity market participant (e.g. a supplier). System operators that consume the total amount of electricity they generate need not prove the existence of a contract (chapter 2 § 4 par. 15 Act No. 180/2005 Sb.).
	Entitled party	The persons entitled to the purchase of electricity fed in are the producers of electricity from renewable sources (chapter 2 § 4 par. 3 Act No. 180/2005 Sb.).
	Obligated party	The person obliged to pay both the feed-in tariff and the bonus is the grid operator (chapter 2 § 4 par. 4 Act No. 180/2005 Sb.; chapter 2 § 4 par. 7 Act No. 180/2005 Sb.). If a system operator who generates electricity from renewable sources for his own consumption chooses the bonus, the regional distribution grid operator within whose area of service the system is located is obliged to pay (chapter 2 § 4 par. 16 Act No. 180/2005 Sb.).
Payment structure	Bonus	A given system operator may choose the renewable electricity he generates to be promoted through bonus payments of a statutorily set amount per MWh (number 1.1. Price decision of the Energy Regulatory Office No. 7/2007). Operators of renewable energy systems receive this bonus on top of the regular market price of electricity. Those operators that generate renewable electricity for their own consumption only are also entitled to the payment of a bonus (chapter 2 § 4 par. 16 Act No. 180/2005 Sb.).
	Guaranteed payment	As an alternative to the bonus, system operators may opt for a guaranteed payment: They receive guaranteed payments in terms of minimum payments (number 1.1. Price decision of the Energy Regulatory Office No. 7/2007). The amount of payment differs for each source of energy.
	Criteria for amount of payment	When calculating the feed-in tariffs and the green bonuses, the Energy Regulatory Office takes into account the different costs of purchase, connection and operation of each system type and the development of different system type over time (chapter 2 § 6 par. 3 Act No. 180/2005 Sb.). When calculating the amount of green bonus, the Office also bears in mind that the sale of electricity from renewable sources on the market carries a higher risk (chapter 1 § 6 par. 2 Act No. 180/2005 Sb.).
	Adjustment mechanisms	The Energy Regulatory Office determines the feed-in tariff for each renewable electricity generation technology for the calendar year to come (chapter 2 § 6 par. 1 Act No. 180/2005 Sb.). The feed-in tariffs for new systems for the following year shall not be less than 95% of the tariff in force at the time of the calculation of the new tariff (chapter 2 § 6 par. 4 Act No. 180/2005 Sb.). The feed-in tariffs and the green bonuses for existing systems are annually adjusted to the index of industrial production (chapter 2 § 6 par. 1 Act No. 180/2005 Sb.). Thus, the tariff increases by 2 to 4 per cent per year.

	Limitations/deadlines	The tariff for all eligible technologies is statutorily guaranteed for 20 years. Hydro-energy systems are exempt from this rule, as their tariff will be paid for 30 years (Annex no. 3 of Notice No.. 475/2005 Sb.). The payment period, which was originally limited to 15 years by Act No. 180/2005 Sb., was amended by Notice No. 364/2007 Sb. of the Energy Regulatory Office. However, the amended payment period of 20 years applies only to newly connected systems, i.e. systems commissioned after 01/01/2008. Systems commissioned prior to this date receive the tariff for only 15 years.
	Amount	<p>The amount of payment differs for each source of energy. The tariffs listed below are excluding VAT. New systems whose contract was concluded after 01/01/2009 are eligible for the following tariffs if not otherwise specified (for more detailed figures please see Price Decision No. 8/2008 of the Energy Regulatory Office):</p> <ul style="list-style-type: none"> • Hydro-electricity: For new systems commissioned after 01/01/2008. <ul style="list-style-type: none"> • Guaranteed payment: 2.70 CZK/kWh; • Bonus: 1.26 CZK/kWh; • Biomass: – for new systems commissioned after 01/01/2008; differences according to the type of biomass: <ul style="list-style-type: none"> • Guaranteed payment: 2.57 – 4.49 CZK/kWh; • Bonus: 1.03 – 2.95 CZK/kWh; • Biogas. Differences according to type of biogas. <ul style="list-style-type: none"> • Guaranteed payment: 3.55 – 4.12 CZK/kWh; • Bonus: 2.01 – 2.58 CZK/kWh; • Wind energy: <ul style="list-style-type: none"> • Guaranteed payment: 2.34 CZK/kWh; • Bonus: 1.63 CZK/kWh; • Geothermal energy: <ul style="list-style-type: none"> • Guaranteed payment: 4.50 CZK/kWh; • Bonus: 3.14 CZK/kWh; • Solar energy (photovoltaic generation): – differences according to system capacity. <ul style="list-style-type: none"> • Guaranteed payment: 12.79 – 12.89 CZK/kWh; • Bonus: 11.81 – 11.91 CZK/kWh;
Funding	State	
	Consumers	The costs of the tariffs and bonuses are borne by the end users.
	Grid operator	

	System operator	
	Distribution mechanism	The grid operator is obliged to pay the guaranteed feed-in tariff or the green bonus to the system operators. However, he passes on these costs to the end users. The Energy Regulatory Authority determines the amount the grid operator may charge the end users to cover the costs arising from the promotion of renewable electricity generation (§ 2 par. 8 Notice No. 140/2009 Sb.).
Control mechanisms	<ul style="list-style-type: none"> • Certificates of origin. The electricity market operator (Regulatory Authority) shall certify the origin of electricity, if the producer of renewable electricity requests him to do so (chapter 2 § 4 par. 13 Act No. 180/2005 Sb.). • Monitoring by the authorities. Compliance with Act No. 180/2005 Sb. is monitored by the State Energy Inspection (chapter 3 § 8 Act No. 180/2005 Sb.). • Fixed penalty offences. Violations by the grid operator of his obligation to purchase electricity or grant green bonuses, and violations by the system operator of, for example, his obligation to give truthful information on the amount of electricity fed in, carry a penalty (chapter 3 § 9 Act No. 180/2005 Sb.). 	

4.7. Fiscal regulation mechanisms (Exemption from income tax)

Abbreviated form of legal source(s)	<ul style="list-style-type: none"> Act No. 586/1992 Sb. 	
Country-specific promotion system	Income from renewable electricity generation is not taken into account when the taxable income of a given taxable person is being determined. Thus, electricity generated from renewable energy sources is promoted through an exemption from tax on income from renewable electricity (§ 4 and § 19 Act No. 585/1992 Sb.).	
Promoted technologies	In general, all technologies are eligible (§ 4 par. 1 letter e and § 19 par. 1 letter d Act No. 585/1992 Sb.).	
Wind energy	Eligible.	
Solar energy	Eligible.	
Geothermal energy	Eligible.	
Biogas	Eligible.	
Biomass	Eligible.	
Hydro-electricity	Eligible under the following condition: <ul style="list-style-type: none"> Only small hydro-power systems whose capacity does not exceed 1 MW are eligible (§ 4 par. 1 letter e and § 19 par. 1 letter d Act No. 585/1992 Sb.). 	
Area of application	National	Taxable persons are eligible if their place of residence or habitual residence is within the Czech Republic and their total income is thus subject to Czech income tax (§ 2 par. 2 and § 17 par. 3 Act No. 585/1992 Sb.).
	International	Taxable persons not specified by § 2 par. 2 and § 17 par. 3 Act No. 585/1992 Sb. 2 and § 17 par. 3 Act No. 585/1992 Sb. are also eligible. Only their income from systems within the Czech Republic is subject to Czech income tax (§ 2 par. 3 and § 17 par. 4 of Act No. 585/1992 Sb.).
Legal basis for a claim/addressees	(x) statutory basis () contractual basis	The basis for the claim for tax exemption is statutory law (§ 4 par. 1 letter e and § 19 par. 1 letter d Act No. 585/1992 Sb.).
	Entitled party	The persons entitled are operators of renewable energy systems who gain income subject to Czech tax.
	Obligated party	The obligated party is the state.

Amount	The fiscal benefit is an exemption from income tax in the year in which the system was commissioned and in the five years following directly thereafter (§ 4 par. 1 letter e and § 19 par. 1 letter d Act No. 585/1992 Sb.). The income tax for natural persons amounts to 15% (§ 16 of Act No. 585/1992 Sb.), the amount for legal entities is 20% (§ 21 of Act No. 585/1992 Sb.).	
Procedure	Exemption from income tax can be claimed through the tax return.	
Funding	State	The cost of tax exemption is borne by the Czech state, which receives lower tax revenue.
	Consumers	
	Grid operator	
	System operator	
	Distribution mechanism	
Control mechanisms	Entitlement to the exemption from tax is checked during the examination of the tax return by the financial authorities.	