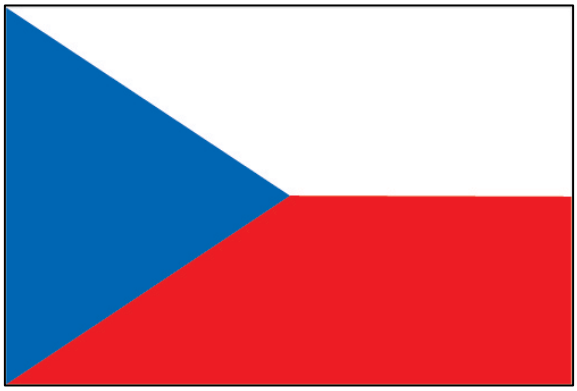
CLIMATE CHANGE LEGISLATION IN

Czech Republic

AN EXCERPT FROM

The 2015 Global Climate Legislation Study

A Review of Climate Change Legislation in 99 Countries



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Czech Republic

Legislative Process

The Czech Republic is a parliamentary democracy, established after the splitting of Czechoslovakia into the Czech and Slovak Republics in 1993. The Parliament, the highest legislative body, consists of the Chamber of Deputies and the Senate. It votes on laws proposed predominantly by the executive and on international treaties in all policy areas. The last elections for both Chambers were held in October 2013. The next election for the Chamber of Deputies is scheduled for 2017 and for the Senate in 2018.

In 2001, the state transferred a number of powers to the regions, an intermediate level between the national government and the municipalities. The regions are structured in accordance with the concept of subsidiarity. They are in charge of implementing national legislation and have far-reaching self-governance authority. Based on their better knowledge of local conditions and independent decision-making in financial matters, the regions provide a number of services within the overall framework on socio-economic and environmental aspects of development.

Approach to Climate Change

The Czech Republic has followed two different approaches to climate change mitigation in the 20 years of its existence. In the first 10 years it focused on implementing the Kyoto Protocol, and it automatically met the targets as a result of its economic restructuring and transition towards a market economy. The accession to the European Union in 2004 mandated the adoption and implementation of European climate policy and targets in compliance with the burden-sharing arrangements necessary to compensate for diverse economic and technological capabilities among the European member states. In both cases, the international commitments are anticipated to be met with the existing measures, given that the Czech Republic's 2020 GHG emissions without the LULUCF sectors, are projected to be 36.4% below 1990 levels (37.2% with additional measures).

The key climate policy document is the National Programme to Abate Climate Change Impacts in the Czech Republic, formulated in the EU-accession period of 2004 and focusing on the implementation of Kyoto commitments. This Programme will be replaced by the new Climate Protection Policy to 2050, to be developed in 2015. Mitigation and adaptation policy objectives are also included in the State Environmental Policy 2012–2020.

The Burden-Sharing Decision of the EU allows the Czech Republic to increase emissions not covered by the European Emission Trading Scheme by 9% by 2020 compared to 2005 levels. In fact, emissions were reduced by around 0.9% between 2005 and 2012 and the target is expected to be reached without requiring additional measures.

The regions play an important role in implementing national climate initiatives. They have to develop regional development plans that include the management of natural resources affected by climate change such as water management for rivers, flood prevention measures, the development of renewable energies and improvement of energy efficiency.

Energy supply

The Czech Republic has a 2020 target for 13% of its energy to come from renewable sources. The share of renewables in final energy consumption was 11.2% in 2012. The uptake of renewables was supported with a feed-in tariff and a green bonus for renewable power. Plant operators could choose payments based on the feed-in tariff or a bonus on the market price for renewable electricity. In 2013 the feed-in tariff mechanism, as well as the green bonus, were reduced.

Eligibility for the feed-in tariff has been limited to operators of plants with an installed capacity of less than 100kW and the tariff rates are based on a 15-year return on investment. The Ministry of Industry and Trade selects obligatory purchasers from available licence holders for electricity trading. A solar tax was adopted in January 2011, aiming to slow down the uptake of solar/PV projects. Initially equal to 26% of the feed-in tariff for operators of new installations in operation after 1 January 2009 (exception of rooftop installations up to 30kW), it has been reduced to 10% of the feed-in tariff or 11% of the green bonus received starting January 2014 and limited to installations commissioned between January-December 2010. Since 1 January 2014 new renewable energy sources are not supported by feed-in tariff or the green bonus, except installations granted permits before October 2013 and in operation by the end of 2015, small hydropower installations (<10 MW), and – during the transition period January–December 2014 – wind, geothermal and biomass facilities.

In addition, as part of the path to a low-carbon economy, policies supporting the uptake of renewable energies and emission cuts in non-energy sectors are complemented by support for nuclear power. According to the draft of the new Energy policy, the share of nuclear energy is expected to increase from 35% in the national electricity mix to 50% by 2040, while the share from solid fuels is expected to drop from 50% to 12-17%.

Energy demand

The increase in energy demand in the building sector has been met with stricter standards for energy efficiency in buildings in the form of an amendment to the Energy Management Act (approved by Parliament in September 2012). Construction and major reconstruction permits are conditional upon compliance with the Energy Management Act and require an Energy Performance Certificate issued by an authorised energy expert. Subsidies are available to improve insulation in residential and municipal buildings and replacement of fossil fuel-based heating systems via the Green Savings Programme from 2009 to 2012, where the equivalent of USD2bn was disbursed to more than 70,000 project participants.

This original programme has been followed by the New Green Savings Programme 2013 and the New Green Savings Programme 2014-2020, managed by the State Environmental Fund of the Czech Republic. The 2014-2020 Programme offers financial support covering up to 55% of expenses for energy efficiency improvement through renovation of family houses, and up to CZK550,000 (USD24,884) for construction of new family houses with close-to-zero energy consumption. Additional resources have come from the Cohesion Fund, the Czech state budget, fees from polluters and the European Regional Development Fund to help fund energy savings and RES support. In addition, the State Environmental Fund provides financial resources to fund research and development activities to reduce GHG emissions from energy consumption. Recently such research has been supported by the Technology Agency of the Czech Republic.

Carbon pricing

The EU ETS is the Czech Republic's major carbon pricing initiative. The corresponding EU-level legislation has been implemented. Since 1st January 2015, the revenues from the EU Allowances auctions are to be devoted to climate-related programmes. The Czech Republic also implemented the EU directive on taxation of energy products and electricity including taxation of gas, electricity and solid fuels that took effect in 2008. It has funded the Green Savings Programme from the sales of Assigned Amount Units - AAUs under the Kyoto Protocol. In total, between 2009 and 2013 the Czech Republic sold 103,672,000 AAUs and revenue from these sales amounts to almost CZK20.5bn (USD927m).

REDD+ and LULUCF

The Czech Republic participates in international efforts to integrate climate and forest management objectives into assistance for economic development in developing countries within the European Union efforts. Domestically, there are provisions for land-use planning to reduce the impacts of extreme meteorological situations, erosion and floods and in agro-environmental measures under the Common Agricultural Policy and government regulations. These measures include greening measures such as grassing over of cropland and sloped land or organic farming.

Transportation

Emissions from transportation increased substantially between 1990 and 2012, rising 15.8% as a result of economic development and the third lowest taxation of transportation in the EU. Emissions from transportation are primarily addressed via the National Action Plan for Energy from Renewable Sources that confirms the EU target of at least 10% share of renewable energy in transportation by 2020 and the Clean Air Act, which mandates a 4.1% of biofuels in gasoline and 6% in diesel.

Adaptation

A new adaptation strategy is in preparation and should be presented to the government in 2015. It focuses on agriculture, forestry, water management, biodiversity, urban planning, risk prevention and management, tourism, energy and transport. However, many sectoral strategies partially deal with adaptation – Flood Protection Strategy, Soil Protection Strategy, National Forestry Programme II, Biodiversity Strategy, Civil Protection Strategy, etc. Adaptation is also one of the most important topics of the State Environmental Policy (2012 - 2020).

Water management is projected to be the most vulnerable sector and is a key adaptation element in response to extreme meteorological and hydrological situations causing draughts or floods. The River Basin Management Plans present important policy measures and focuses on management of precipitation water. The flood risk management plans as well as flood risk maps are currently in preparation. The implementation of adaptation measures is carried out mainly by regions and/or municipal governments. Measures supported via the Landscape programme and Programme for Renewal of the Natural Function of the Landscape have a special focus on nature and landscape protection and are financed through national resources. The Operational Programme Environment and the Rural Development Programme (both supported through EU funds) should continue to finance adaptation activities and measures in the next financial period (2014 – 2020).

Czech Republic: Legislative portfolio

Name of law	**Minimum biofuel content for transportation fuels (Act No. 201/2012 Coll., on the protection of atmosphere - Clean Air Act)**
Date	1 September 2012 (last amended 01 June 2014)
Summary	The Clean Air Act mandates among others minimum biofuel contents for transportation fuels, namely: • 4.1% for gasoline • 6% for diesel The Act also allows for transferring any biofuel content exceeding the minimum requirement target in any given year towards fulfilment of the target in the subsequent year (up to 0.2% of the volume requirement).

Name of law	**Act No. 165/2012 Coll. on supported energy sources and on amendment to some laws**
Date	31 January 2012 (last amended 21 May 2014)
Summary	The Act contains measures to slow-down the further development of energy from renewable sources while still meeting the EU targets for renewable energy under the burden sharing agreement in compliance with the Renewable Energy Directive. The objective is to minimise consumer prices and guarantee a long-term sustainable development of renewable energy sources. It regulates the guarantees of origin for energy from renewable sources, funds to support the market competitiveness of energies from renewable sources by granting subsidies to operators to bridge the cost difference, levy on electricity from solar/PV, and creates market conditions for achieving the national targets on energy from renewable sources under the consideration of customer interests to minimise the economic impacts of support for renewable energies on energy prices. However, the 2013 amendment to the Act limits state support to renewable energy sources to installations commissioned before 31 January 2013 (hydropower generation facilities with capacity up to 10 MW exempt). The Act further introduces a tax levy on subsidised solar power production. Initially (2011) equal to 26% of the feed-in tariff for operators of new installations in operation after 1 January 2009 (exception of rooftop installations up to 30kW), it has been reduced to 10% of the feed-in tariff or 11% of the green bonus received (starting January 2014 and limited to installations commissioned between January-December 2010). Installations with capacity under 30kW are exempt from the levy. The Act also provides for development and biannual update of the National Action Plan for energy from renewable sources. The latest one has been elaborated for the period 2010-2020 and sets a 13% target for renewable energy in gross final consumption by 2020 (base year 2005).

Name of law	**Act No. 406/2000 Coll. on Energy Management, as amended**
Date	1 January 2001 (last amended 02 October 2013)
Summary	The purpose of this law is to implement EU legislation and improve the effectiveness of energy management within the National Programme to Abate Climate Change Impacts in the Czech Republic. This Act dates back to 2000 and has been amended several times. It aims to promote measures that increase energy efficiency, introduce requirements for eco-design and energy-consuming products, as well as provide rules to create a State Programme to Promote Energy Savings and Use of Renewable Energy Sources. It contains a number of strategy documents, which all aim at the reduction of energy consumption and improvement of energy efficiency in different sectors – the State Energy Policy, the State Programme in Support of Energy Savings and the Usage of Renewable Energy Sources. Subsidies are available for energy-saving measures; combined heat and power; modernisation of energy installations; technology/materials supporting energy-saving measures; renewable energy development; recovering energy from municipal waste; improving public awareness for energy efficiency; research and development in energy management, renewable energies and energy efficiency; energy intensity certificates for buildings; support on improved eco-design for small and medium sized

	companies and other measures such as efficiency of energy use, energy intensity of buildings, combined production of electricity and heat, energy labels, energy audits and eco-design. The 2013 amendment to the Energy Management Act (implementing partially the EU Energy Efficiency Directive) aims to address the increases in energy consumption in the building sector and the high energy intensity of the Czech economy through stricter standards for energy efficiency in the residential sector. These include: • minimum energy efficiency requirements for new energy or electricity generation facilities; • regular controls of heat generation and distribution systems (> 20kW), as well as air conditioning systems (> 12 kW); • minimum energy efficiency requirements for new buildings (from 1 January 2013) and close-to-zero-energy requirements for state-owned buildings (>1500 m2 from 1 January 2016, >350 m2 from 1 January 2017, <350 m2 from 1 January 2018).

Name of law	**Act No. 458/2000 Coll., on the Conditions for operating business and on performance of state administration in energy sectors (the Energy Act)**
Date	1 January 2000 (last amended 21/05/2014)
Summary	This legislation provides the framework for operating an enterprise in the energy sector capable of providing safe, affordable and reliable energy supply while withstanding economic competition, satisfying consumer needs as well as the interests of the licence holders. Section 31 creates a framework for use of renewable energy sources. The act allows preferential connection to the distribution system for renewable electricity producers and encourages the co-production of heat and electricity under certain requirements. In addition, the law implements a series of EU Resolutions and Directives.

Czech Republic: Executive portfolio

Name of policy	**State Environmental Policy (2012-2020)**
Date	September 2012
Summary	The overall framework to effectively protect the environment, following the State Environmental Policy of the Czech Republic 2004-2010. Objectives include climate mitigation, adaptation and the sustainable management of natural resources to contribute towards an improvement of the quality of life for Czech citizens and its neighbours. The policy has a climate protection component in conjunction with improving air quality. It aims to reduce per capita GHG emissions to 10.5 tCO2eq by 2020 (17% lower than 2009 levels). It also aims to reduce GHG emissions within the EU ETS by 21% and to limit the GHG emission growth for sectors not covered by the EU ETS to 9% by 2020 (from 2005 levels). Key measures include the promotion of renewable energies and especially energy efficiency via more energy efficient technologies. Further objectives include improving adaptation to climate change, and improving the ambient air quality, particularly in locations where emission limits are exceeded.

Name of policy	**National Programme to Abate the Climate Change Impacts, Government Resolution No. 187**
Date	3 March 2004
Summary	Framework document on climate change legislation, replacing the Government Resolution on the 'Strategy of Protection of the Climate System of the Earth in the Czech Republic'. This was the central legislation implementing the Czech Republic's international commitments following from the UN Framework Convention on Climate Change and the Kyoto Protocol. The accession to the European Union required a new

overall strategy that harmonised the national policy framework with European climate legislation. This National Programme to Abate Climate Change Impacts in the Czech Republic ('National Programme') is the key document through which the ministries co-ordinate national cross-cutting and sectoral policies that are necessary to comply with the European Climate Change Programme and other EU climate legislation. It thus forms the basis for further, sector-specific climate legislation.

The Programme sets in particular the following targets:

- Reduction of CO2 emissions per capita by 30% by 2020 compared to 2000
- Reduction of aggregate CO2 emissions by 25% by 2020 from 2000

This document has been evaluated and updated in line with the progress in the UNFCCC negotiations and the European climate package of 2007. In 2008 the Ministry of the Environment submitted an Evaluation of the National Programme to the government, emphasising that the progress is particularly due to the increase in the share of renewable energies (particularly biomass and hydropower, but also progress in wind and solar/PV). It also outlined the inadequate progress in economic analysis of the effectiveness of the measures and the unfavourable record of energy intensity and the increase in GHG emissions per capita and in the transportation sector. It further emphasised the importance of improving the awareness among the population and its acceptability of further GHG reduction measures.

The Programme is to be updated by the new Climate Protection Policy for the 2050 period expected by the end of 2015.

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