



## Introduction

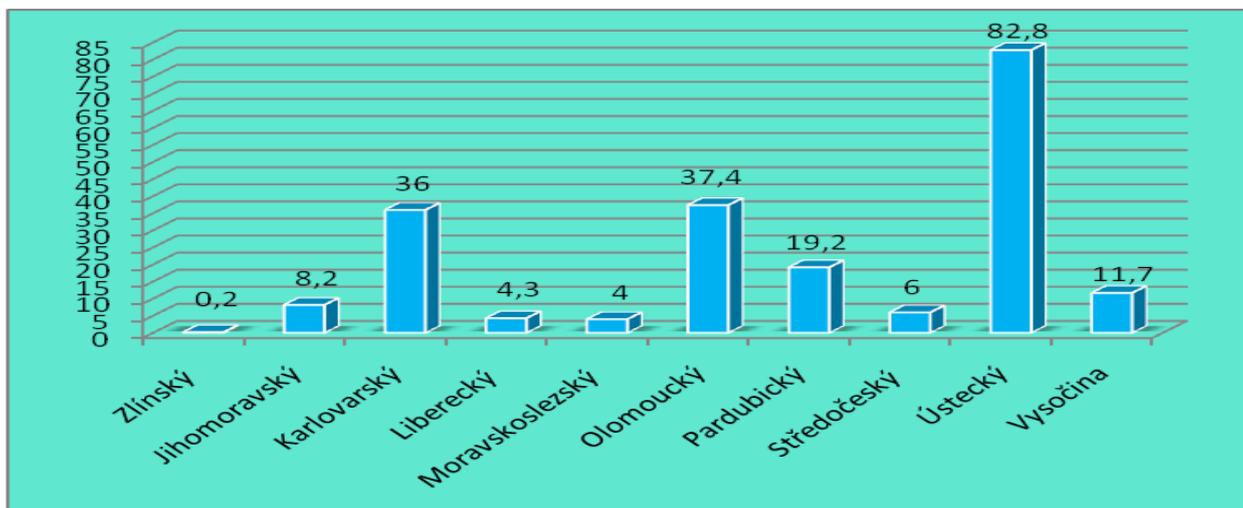
A recent report of the European Commission and Joint Research Center (JRC) shows that last year the renewable energy sources made up 62% (17 GW) of new electricity production capacities installed in 27 countries of the EU. This proportion continues to grow. The wind energy made up the biggest share - 37% from the total - already for the second year. In absolute figures, renewable energy sources covered 19,9% of electricity consumption in Europe. In 2009 renewable energy sources participated in the total electricity consumption in Europe (i.e. 3042 TWh) with not even twenty percent (608 TWh). Energy from water had the biggest share (11,6 %), followed by the wind energy (4,2%), biomass (3,5 %) and solar (0,4%). As far as the newly installed capacities are concerned (27 GW), wind energy was the first (37%) followed by photovoltaics (21%), biomass (2% and other sources. However gas power stations (24%) have a big proportion, followed by coal power plants (9%), oil, waste incineration and nuclear power plants. If the current speed of growth continues, up to 1400 TWh will be acquired from renewable sources in 2020. It would represent about 35 -40 % from the total electricity consumption in the EU. Special attention must be paid to ensure a just access to networks, to support science and research and also to adjust the current electricity system to accept the electricity from renewable sources. The study stresses that the reduction of costs and the acceleration of the implementation will be more dependent on the production capacity than on time.



Until the end of the year you can participate in the competition "Adopt a Wind Turbine" within the campaign "Breath of Fresh Air" which is organized by our partner association EWEA. In this campaign you can win different prizes, as for example a weekend trip to Copenhagen and the Swiss Alps. These exciting trips will also include a visit of a real wind farm. Visit the webpage <http://freshair.ewea.org/> and **adopt your own wind turbine via internet or vote for the most favourite ones !!!**

## Statistics

Installation of wind turbines according to regions\* in MW (regions not included in the chart have so far no wind turbines)





## Legislation

In recent weeks the media have been full of information on how much the electricity price would grow for end consumers and entrepreneurs next year and in which way, respectively through which measures, the government wants to reduce the price impacts caused by the support of photovoltaics/renewable energy sources. We would like to sum up the mentioned measures and detail the information about their adoption.

### **Amendments to Act no. 180/2005 Sb.**

In the last issue of the Newsletter we informed you about a minor and quick amendment to Act no. 180/2005 Sb. influencing the support of island system and photovoltaic power plants with installed output over 30 kWp and on a free surface which was approved by the government in September and immediately submitted to the Chamber of Deputies (Parliamentary print no. 97). The Chamber of Deputies discussed the proposal and approved it without any changes in the first reading in the meeting held on October 29, and subsequently the amendment was discussed and approved by the Senate on November 3. Only a signature of the Czech President remains and after it is published in the Collection of Laws the act will come in force as of January 1, respectively March 1, 2011, as planned and announced by the government before.

In the meantime the government dealt with the amendment to Act no. 180/2005 Sb. once more, namely in the meeting held on October 13 when another amendment to the act was approved. This second amendment contains the same provisions on the limitation of support for island systems and photovoltaics as the amendment mentioned above, but it was supposed to include provisions in the act which would enable to put money from the state budget into the support of electricity from renewable energy sources, secondary sources and combined electricity and heat production (KVET). Then the Energy Regulatory Office could regulate more the extra for renewable energy sources charged to the consumers and the remaining extra costs of distribution companies and ČEPS would be covered by a subsidy from the state budget to which the state can get the money by adopting other budget measures. You can find the extended amendment in the documents of the Chamber of Deputies as Parliamentary print no. 145/0.

On Wednesday, October 20, the government discussed and approved the measures bringing this necessary money to the state budget, by implementing a payment from the electricity produced by solar power plants installed between 2009 and 2010 (26% from the redemption price, 28% from green bonus), introducing a gift tax on emission permits for power plants and increasing the payment for the exclusion from the agricultural land reserves.

These measures were included in the adjusted proposal registered as Parliamentary print no. 145/1 which was discussed by the Economic Committee of the Chamber of Deputies on Tuesday, November 2 and should be discussed and perhaps approved by the Chamber of Deputies during the first week of November.

Perhaps even the deputies did not want to feel ashamed in the campaign against photovoltaics/renewable energy sources and so among the proposals of an amendment to Act no. 180/2005 Sb. we have to mention an initiative by deputies. This amendment proposed by deputies should regulate the right to support a producer of electricity from renewable sources which is a joint stock company. Those joint-stock companies would be entitled to a support which have stock certificates at owner's name. Other joint-stock companies would be obligated to inform the Energy Regulatory Office about its ownership structure; the Energy Regulatory Office should publish these information in its journal and on internet.

The second part of the amendment introduced by deputies concerns the changes to the act on the stabilization of public budgets, particularly the part on the electricity tax. The deputies suggest to introduce a tax on electricity from big solar power plants, i.e. solar power plants over 30 kW put into operation between January 1, 2006 and December 31, 2010. The tax rate is scaled from CZK 265/MWh at photovoltaic power plants from 2006 to CZK 6075/MWh at photovoltaic power plants put into operation this year.



This proposal was submitted by a group of deputies on October 13 and now it is registered as Parliamentary print no. 143. It is also suggested this amendment is discussed and approved immediately in the first reading. However, because it is a proposal introduced by a group of deputies, it must be first examined by the government.

Here, I cannot but ask a rhetorical question: Should the effort to clarify the ownership structures of the recipients of renewable energy support be an effort to clarify the relation of politicians to photovoltaics? This idea is new among various "anti-photovoltaic" measures, in terms of taxation the government has already introduced own proposals and the proposal of deputies is probably not going to succeed in this part.

### **Tax amendments**

Other discussed measures belong to the field of taxation. It is especially a proposal of the amendment to the act on income taxes (Act no. 586/1992 Sb.) about which we also informed you in the last issue of the Newsletter. After the adjusted proposal as approved by the government and submitted to be discussed by the Chamber of Deputies was published, we found out, that there were some changes.

A significant change affects especially transitory provisions related to the cancellation of exemption for the incomes from the operation of environmental-friendly sources. According to the updated version of the proposed amendment year 2010 should be the last taxing period in which the tax exemption on the incomes applies. In the following period the exemption shall not be applied even by the production units which were put into operation before the amendment came in force, i.e. by December 31, 2010, as expected. The same should apply for depreciation change/deferral.

The discussion of this amendment registered as Parliamentary print no. 130 was originally also included in the program for the meeting of the Chamber of Deputies which started on October 26, however the government asked for an accelerated procedure in legislative emergency. The proposal was therefore submitted again as Parliamentary print 158, discussed and approved on November 2 and submitted to the Senate which will discuss it in its meeting beginning on November 12.

All mentioned amendments can be found under the specified number of parliamentary prints at [www.psp.cz](http://www.psp.cz).

The increase of electricity price "because of" photovoltaics was also discussed by the Economic Committee of the Chamber of Deputies in its meeting on October 6. Based on doubts about the extent of culpability of the Energy Regulatory Office in the current situation the Economic Committee has asked the Energy Regulatory Office to submit the proposal for the price decision on redemption priced for 2011 by November 8, including an explanatory report.

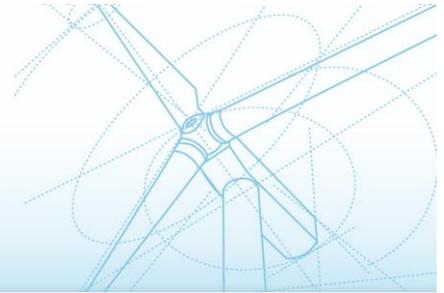
The Energy Regulatory Office published the proposal for a price decision for 2011 at its website on October 26. The suggested redemption price is CZK 2230/MWh for wind turbines put into operation in 2011.

At the same time an amendment to Regulation no. 475/2005 Sb. was published in the Collection of Laws, which, as of November 11, 2010 finally adjusted the technical and economic parameters for photovoltaic power plants, i.e. officially specified parameters on which the Energy Regulatory Office bases the calculation of redemption prices. Applicability of this regulation was a condition to make a valid reduction of the redemption prices for electricity from photovoltaic power plants.

### **Amendment no. 2/2010 to the Distribution network operation rules (PPDS)**

On the turn of September and October the Energy Regulatory Office dealt with the proposal of Amendment no. 2/2010 to the Distribution network operation rules (PPDS). The amendment includes more detail adjustments to the process of the first connection of an electricity production unit and its putting into operation. The approved amendment came in force for the particular distribution companies as of following dates: ČEZ Distribuce, a.s. - October 26, 2010, PREdistribuce, a.s. - October 26, 2010, E.ON Distribuce, a.s. - October 26, 2010.

You can find the updated version of PPDS at the websites of particular distribution companies.



*\*(The abovementioned information on legislation are updated as of November 3, 2010)*

## Organized events

During October the Czech Wind Energy Association organized the first lectures in this school year. The first one was for the students of the Secondary Industrial School of Information and Communication Technologies, particularly for 140 students of the second and third year specialized in digital technologies, telematics and information technologies.



A lecture at the Secondary Vocational School in Vyškov followed. The lecture was for the students of the third and fourth year specialized in the management of electrical engineering. The total of more than 25 students were present and several teachers.

A crucial event of the month was held on October 25 when the Czech Wind Energy Association organized a lecture on wind turbines and the aspects of their operation for the students of the Institute of electricity sector at the Faculty of Electrical Engineering and Communication at Brno University of Technology ([www.feec.vutbr.cz](http://www.feec.vutbr.cz)).

49 students from the fourth year of engineer studies participated in the lecture



The lecture was scheduled as usual for 1 hour and 20 minutes. Because I was to give a lecture for future electricity engineers I invited Ing. Šikula, a colleague from the field, to the lecture. He is in charge of power plant operation at one of the biggest Czech company in the field. When the lecture finished there was a long debate where students asked very specific questions. And often they took the opportunity to ask a man with professional experience. This free debate was very lively and was only finished by a lecturer who demanded to access the room as he had students eager for his lecture at mathematical statistics.... Following week we organized an excursion to the wind turbine in Bantice with a tour to a photovoltaic power plant nearby for these students of the

Institute for electricity sector.

At the end of the month educative events were held in Pilsen, particularly on Monday, October 25. A seminar on renewable sources and wind turbines was prepared for teachers from elementary and secondary schools for the afternoon.

As a lecturer I came to Pilsen from Moravia and it did not seem to me efficient to travel so far away because of a single seminar. Therefore I contacted the Secondary Industrial School of Electrical Engineering in Pilsen. Thanks to the interest and positive attitude of the teachers I was able to give another lecture on wind turbines in the morning for 45 students specialized in electricity engineering. There was a big surprise awaiting me at the school. Within their professional training the students have constructed a small wind turbine directly on the school premises.



When the lecture at the secondary school was over I moved to the seminar for teachers. 14 teachers from elementary and secondary schools from the whole Pilsen region participated. The seminar was started with a lecture on conventional and renewable energy sources. Another lecture was focused on wind turbines and the last part was practical; we paid attention to a model of a wind turbine and a collection of arithmetical problems on renewable sources designed for the students of physics at elementary and secondary schools.

In October the Czech Wind Energy Association gave 5 lectures for 273 participants and organized one specialized excursion for the students of the Brno University of Technology.

Ing. Jiří Špičák, lecturer of the Czech Wind Energy Association



Teachers in Pilsen



Brno University of Technology



Teachers in Pilsen