

Günther Oettinger
European Commissioner for Energy
1049 Brussels

10 June 2013

Formal complaint to the European Commission against unacceptable retrospective changes to renewable energies legislation in Czech Republic

Dear Commissioner Oettinger,

The European Renewable Energies Federation (EREF) and the European Biogas Association (EBA) would like to express their concern regarding the current situation for investors in renewable energies in the Czech Republic. They are facing a strong discriminatory move from the current Czech government¹, in clear opposition to the objectives set by the European Directive 2009/28/EC on the promotion of renewable energies. The national support scheme has been drastically changed, to the detriment of the development of renewable energies.

Until 2012, the share of renewable energy sources (RES) in gross final energy supply was steadily growing in the Czech Republic and the country was on a good path to meeting its 2020 RES target of 13%, a large part of the RES, however, being biomass co-firing. The government has now decided to eliminate the feed-in tariffs and publicly qualified RES support schemes as “the biggest fraud in the history of Czech Republic” (President Zeman on 07.05.2013). A Green Bonus has been put in place to replace the feed-in tariffs but it does not provide plant operators and investors with any certainty as the rate is floating on an hourly basis according to current demand, going even down to zero. Further, from 2014 on, the Green Bonus will be stopped for new PV and biogas installations leading to a situation of a complete stand still of support for these technologies in Czech Republic.

These are retrospective changes to national legislation as the elimination of the feed-in tariffs would apply to all RES installations, both existing and new ones. We wonder if this change has been notified to the European Commission.

The new system would jeopardize the survival of the RES industry in the Czech Republic and it may endanger the achievement of the national 2020 binding targets. Indeed, the Green Bonus being not high enough, it could be expected that RES installations would file for bankruptcy or biomass co-firing plants would switch to pure coal again, therefore strongly reducing the national share of RES.

Additionally, the Czech Republic could set a regional negative trend signal and other Eastern European countries could also start implementing further, damaging policies to the RES sector. Similar policies are already being discussed in Slovakia. The Czech decision is causing a loss of confidence in the renewable energy regulatory framework at national and European level and RES projects are now struggling to find investors not only in the Czech Republic but also in neighbouring countries.

¹ This cumulated lately in President Miloš Zeman outlining during his recent speech in front of the Czech Parliament that the renewable energies are “enemies of the state” (07.05.2013).

However, the renewable energy sector is one of the most recession-resistant parts of European economy. In 2012, it contributed 1% of the EU's GDP and directly and indirectly employs more than 1.2 million people constituting an increase of 30% on the 2009 figure. Losses for the renewable energy industry may therefore cause significant damage to the economy at large, which is something particularly crisis-struck countries like the Czech Republic cannot afford.

Thus, EREF and EBA call on the European Commission to take any adequate measures to convince the Czech Government of the economic and environmental benefits that renewable energies bring along and of the necessary regulatory stability for existing installations and investments made. We would formally ask not to accept this deviation from the original support mechanism and the National Renewable Energy Action Plan of the Czech Republic.

Furthermore, we highlight again the need for an EU-wide binding renewable energy target for 2030 to create the much needed policy predictability beyond 2020, based on a clear decision that significant growth of renewables continues to be a major objective of the European Union.

Yours sincerely,



Rainer Hinrichs-Rahlwes
President
European Renewable Energy Federation



Arthur Wellinger
President
European Biogas Association