

# Current challenges of the Czech climate and energy policy

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# Current challenges

- Strategies / policies
  - NECP
  - SEP
  - CPP
- Legislation
  - Delayed implementation of winter package
  - Implementation of FF55
- Technical / economical
  - Shift from coal
  - Decentralisation

# NECP actualisation

- Based on Regulation (EU) 2018/1999 on the Governance of the Energy Union and Climate Action
- First CZ NECP submitted on 13th January 2020
- NECP update drafts to be submitted by 30th June 2023
- CZ NECP submitted on 18th October 2023
- Targets based on WAM3 scenario of SEEPIA modelling
- NECPs to be evaluated by EC until 31st December
- Final NECP to be submitted by 30th June 2024

# Energy and climate strategies of CZ

- State Energy Policy
- Climate Protection Policy of the Czech Republic
- Both to be updated / submitted to the Government by 1Q/2024 in close cooperation of MoIT and MoE
- Complementary with NECP

# Climate and energy targets

	2020	2030	2030-FF55	2050
GHG	-20 %	-40 %	-55 %	Climate neutrality
ETS	-21 %	-43 %	-61 %	
Non ETS	-10 % / +9 %	-30 % / -14 %	-40 % / -26 %	
RES	20 % / 13 %	32 % / 22 %	42,5 % / 30 %	
EE	20 %	32,5 %	11,7 % (vs. 2020)	
PEC	1483 Mtoe / 1855 PJ	1273 Mtoe / 1735 PJ	992,5 Mtoe / 1206 PJ	
FEC	1086 Mtoe / 1060 PJ	956 Mtoe / 990 PJ	763 Mtoe / 846 PJ	

# Legislative action

- Finishing of „winter package“ implementation
  - Energy communities in „lex OZE 2“
  - Accumulation, aggregation, flexibility in „lex OZE 3“
- Implementation of FF55 package
  - RED III (2023/2413)
  - EED revision (2023/1791)
  - EPBD revision
  - Market design
  - ETS 2
  - CO2 standards for vehicles
  - CBAM, SCF,...

# Shift from coal

- Coal Commission: 2038, current Policy Statement of the Government: 2033
- Unconditional need to replace decommissioned sources in both electricity and heat production
  - 2021: 40,2 % gross electricity and 49,8 % gross heat production from coal
  - 2022: 43,5 % gross electricity and 47,4 % gross heat production from coal
- Also need to replace suppliers of ancillary services
- Challenge especially in the field of district heating – with smaller portfolio of replacement technologies
  - Biomass and biogas, heat pumps, geothermal energy
  - Thus bigger stress on energy savings both in buildings and processes
- Shift from coal also big opportunity for coal regions
  - Examples: hydrogen hub in Ústí region, „hydrogen memorandum“ between MoE and coal regions, green hydrogen production (Veolie Frýdek-Místek)

# Decentralisation

- Strong and fast development of local RES projects
- Examples:
  - 5,3 GW of ČEZ's own PV projects
  - 18 GW reserved in ČEZ Distribuce grid for 2023-2028
  - 1000 new applications for connection every month
- High demands on distribution grids capacity, stability
  - Added investment in magnitude of hundreds of billion CZK needed for grid strengthening, accumulation, electrolysers



# Investment needs

- To reach climate neutrality by 2050:
  - 3200 billion CZK of investment according to Aspen / Boston Consulting
  - 4000 billion CZK of investment according to McKinsey & co.
  - 2200 billion CZK of added investment against WEM scenario (SEEPIA)
- To reach 2030 goals according to SEEPIA:
  - 750 billion CZK of added investment costs against WEM scenario
- 165 billion CZK for RES investment subsidies only (SOZER)

# Financial sources

- Cohesion funds -> Operational programmes
- Modernisation Fund
- EU ETS proceedings -> New Green Savings, operation support of new RES
- RRF

# Operational programmes

- OP Environment
  - 18,38 billion CZK for sustainable energy and climate protection
- OP Technologies and Applications for Competitiveness
  - 10 billion CZK for sustainable energy
- Integrated Regional OP
  - 10,3 billion CZK for transport infrastructure
- OP Transportation
  - 27,5 billion CZK for sustainable urban mobility

# Modernisation Fund (1/2)

- Minimal allocation for CZ 150 billion CZK (15,6 % of the whole ModFond), based on EU ETS price more likely over 500 billion CZK
- Complementary to OP PIK, OP TAK, NPO a OP FST
- 9 support programmes

- HEAT
- RES+
- ENERG ETS
- ENERG
- TRANSCom
- TRANSGov
- ENERGOv
- KOMUENERG
- LIGHTPUB

**HEAT**



Modernizace  
teplárenství

**RES+**



Nové obnovitelné  
zdroje energie

**ENERG ETS**



Snižování emisí  
v průmyslu

**ENERG**



Energetické úspory  
v podnikání

**TRANSCom**



Modernizace dopravy  
v podnikání

**TRANSGov**



Modernizace  
veřejné dopravy

**ENERGOv**



Energetické úspory  
ve veřejných budovách

**KOMUENERG**



Komunitní  
energetika

**LIGHTPUB**



Modernizace veřejného  
osvětlení

# Modernisation Fund (2/2)

- Programme Document to be revised at the beginning of 2024
- New activities to be supported
  - Grids
  - Hydrogen and synthetic gases
- Change in allocation
  - EU ETS price change => 150 -> 500 billion CZK
  - Changes between subprograms

# Thank you for your attention



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