



# Title of the audit:

## Finances Earmarked for the Support of Energy Production from Renewable Energy Resources

- ✓ Type of audit: Compliance, Performance
- ✓ Year of publication: **2015**
- ✓ Audited period: **2011 - 2013**



# The aim of the audit

- ✓ was to scrutinise the provision of finances to promote the production of energy from renewables, including assessing the results achieved compared to the goals set and the funds used.



# Audited bodies:

- ✓ Ministry of Industry and Trade;
- ✓ Business and Investment Development Agency CzechInvest;
  
- ✓ Ministry of the Environment;
- ✓ State Environmental Fund of the Czech Republic;
  
- ✓ Ministry of Agriculture;
- ✓ State Agricultural Intervention Fund;
  
- ✓ Energy Regulatory Office.

# Data collection

Requests for documents



Publicly available sources



Short survey to EUROSAI WGEA Member States

3 Questions

(23 replies; 12 positive)

[DOCUMENT](#)

# Set Goals for Czech Republic

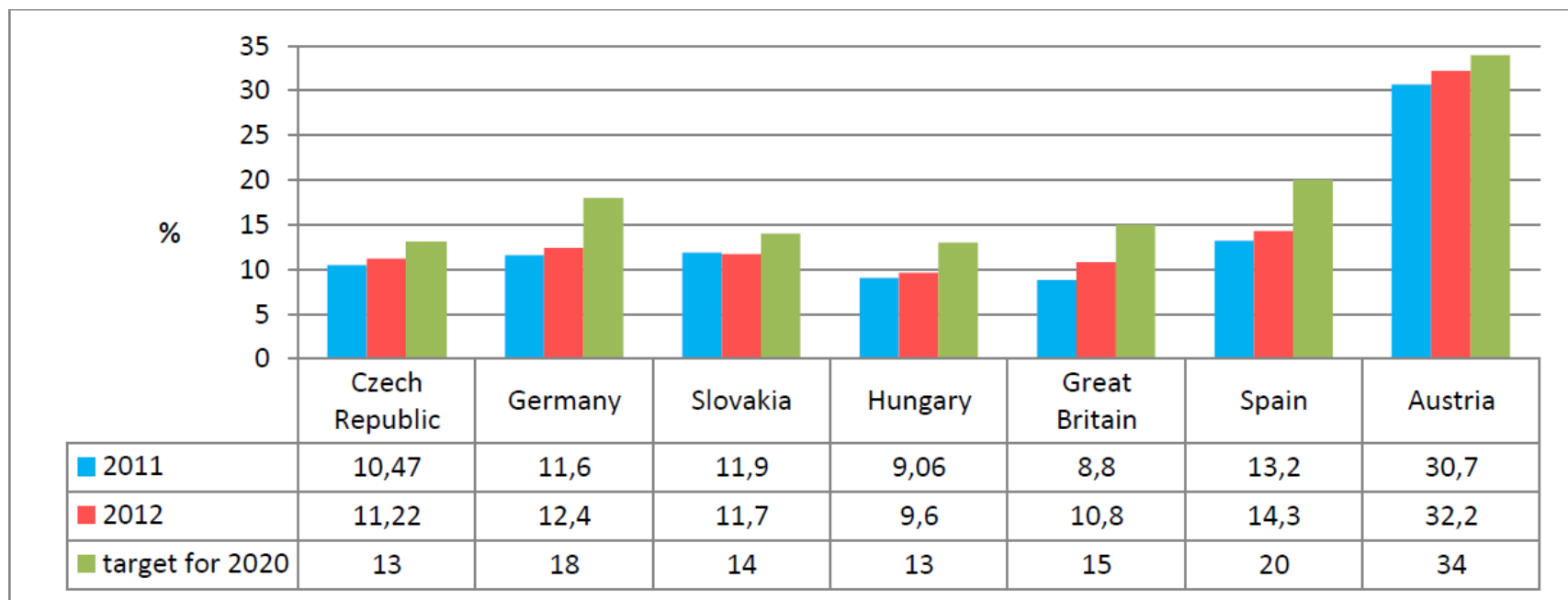
- ✔ Directive 2001/77/EC of the European Parliament and of the Council set an indicative target for the Czech Republic of 8% of electricity production from renewables out of the country's gross consumption in 2010.
- ✔ At least 13% of gross final consumption of energy generated from renewables by 2020 (Directive 2009/28/EC).



# The Situation in 2012

- ✓ In 2012 the share of gross final consumption of energy generated from renewables in the Czech Republic was **11.2%**. To achieve the 13% target in 2020 this share needs to be increased by 1.8 percentage points, the same as in Austria. Compared to countries like Germany, Slovakia or Hungary, the Czech Republic and Austria were the closest to achieving the 2020 target.

# Total share of renewables in gross final consumption of energy in selected EU states (%)



Source: Audit conclusion from audit no. 14/06 „Finances Earmarked for the Support of Energy Production from Renewable Energy Resources „



# Audit Assessment


Questions



Answers



# Why and how are renewables supported in the Czech Republic?

- ✓ The EU set renewables targets for member states. 
- ✓ Increasing the share of renewables is also part of the government energy strategies of the Czech Republic.
- ✓ Support for renewables in the Czech Republic consists of **operating aid** for the produced energy (levies on consumers and state budget subsidies), **investment aid** (programmes using EU funds) and **tax support**.

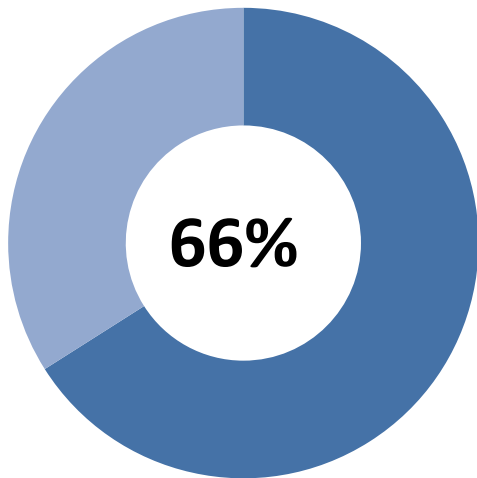
# Was the set target achieved, and was it achieved economically?

The indicative target for 2010 was achieved (8%).

The provision of support for renewables was **uneconomical** – the defined tasks were not performed at the lowest possible cost. The target was achieved at the cost of a disproportionate burden on the economy – the majority of the operating aid is **paid for by electricity consumers**.

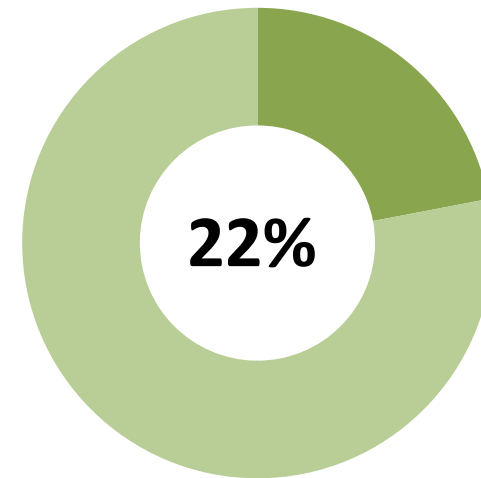
# What was the basic reason for the lack of economy?

- ✓ The basic reason was the application of the principle of **blanket support**.



66% of the cost to support all types of RES formed a support of photovoltaics

Year 2013



share of energy production through photovoltaics was 22%

# What is the total cost of supporting energy produced from renewables?

- ✓ In the years from 2007 to 2013 the MoIT, MoE and MoA departments approved **investment aid** in the form of grants for projects involving renewables amounting to CZK 7,971 million and investments were supported with loans (CZK 457 million) and guarantees (CZK 4,315 million).
- ✓ The ERO put the cost of **operating aid** for the production of electricity from renewables in 2013 at more than CZK 44 billion.
- ✓ The amount of **tax support** provided to renewables is not monitored.

# Were measures taken to reduce the cost of promoting renewables?

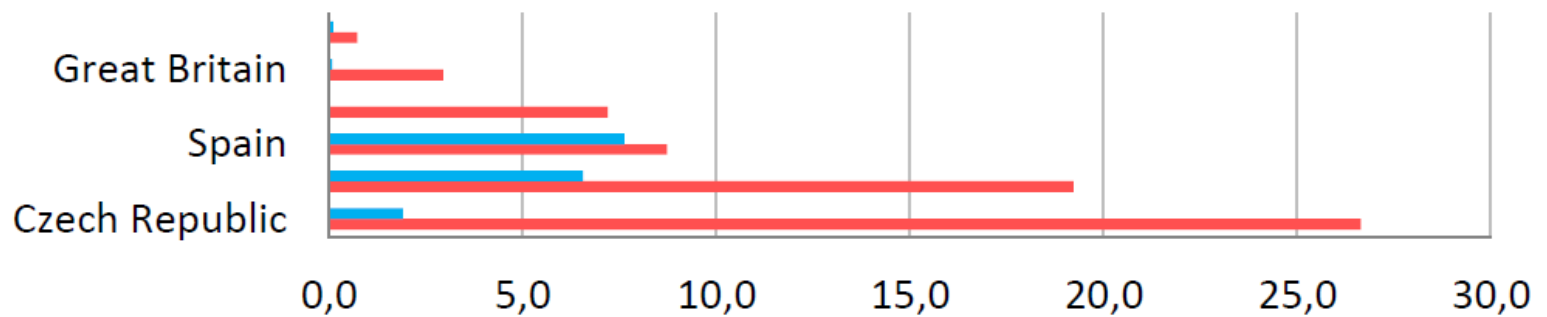
- ✓ After 2010, operating support for photovoltaic power stations was gradually wound down and then completely stopped for installations completed after 2013. Operating aid for other renewables is being limited in an equivalent manner.
- ✓ To offset part of the cost of supporting photovoltaics, a levy on solar sources of electricity production was introduced by law from 2011. From 2011 to 2013, this levy brought in around CZK 6 billion per year; the planned yield from 2014 on amounts to approx. CZK 2 billion.

# How does the Czech Republic compare to other EU member states?

- ✔ Like other European countries, the Czech Republic increased its production of electricity from renewables between 2009 and 2012. Extreme growth is evident in photovoltaics: while 89 GWh of electricity was generated from renewables in 2009, in 2012 the figure was 2,149 GWh, an increase of 2,320%. Such growth is inordinate compared to other EU member states.

# How does the Czech Republic compare to other EU member states?

Total gross electricity production from renewables accounted for by photovoltaic power stations, 2009 and 2012 (%)



|                                               | Czech Republic | Germany | Spain | Slovakia | Great Britain | Austria |
|-----------------------------------------------|----------------|---------|-------|----------|---------------|---------|
| ■ Photovoltaics share of renewables 2009 in % | 1,9            | 6,6     | 7,6   | 0,0      | 0,1           | 0,1     |
| ■ Photovoltaics share of renewables 2012 in % | 26,6           | 19,2    | 8,7   | 7,2      | 3,0           | 0,7     |



# How does the Czech Republic compare to other EU member states?

Rate of growth in electricity production using selected renewables from 2009 to 2012

