

NEW ENERGY LEGISLATION IN THE CZECH REPUBLIC – LAW ON STATE ADMINISTRATION AND BUSINESS CONDITIONS IN ENERGY BRANCHES, LAW ON ENERGY UTILISATION

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1. Law No. 458/2000 Sb., Energy business conditions and state administration executive in the energy branches and some its obligations (energy law)

The above-mentioned law modifies the business conditions, state administration executive and regulation in the energy industry, i.e. electric energy industry, gas and communal heating industry, as well as the rights of the self-employed and corporate entities and duties concerning these problems.

For the purposes of this law, there are the definitions of some terms mentioned in the introduction. Under the regulation we understand the direction of the enterprise in energy departments for the purpose of replacement of some effects of economic competition and assuming the creation for its formation and operation, safekeeping interests of consumers and licence keepers and assurance of certain supply of electricity, gas and heating energy, demonstration of need, the constraints or supply cuts of energy supply in the whole territory of the Czech republic or in its part from the reasons and by sort mentioned in this law, the responsible representative person appointed by a licensee for the production, transmission and distribution of electricity, for transfer, distribution and storage of gas, for production and distribution of heating energy and for business with electricity and gas (further only „licensee“), which relate to the licensed activity according to this law.

Further for the purposes of this law the basic definitions are determined in the terms in electric energy industry, in gas and communal heating industries.

The subject of business in energy departments is electricity production, transmission, distribution and business, gas production, transfer, distribution, storage and business with gas and heating energy production and distribution. Electricity

transmission, gas transfer, electricity distribution and gas distribution, gas storage, heating energy production and separation are operated in the public interest. To run a business in the energy department on the Czech republic territory can be defined in this law conditions for registered legal entities only on the basis of state registration, to whom is the licence granted by Energy regulation office licence by this law is not granted for the business, distribution and storage of propan-butan and its mixtures, till it does not relate to distribution of pipeline systems, and for the production of heating energy assigned for the supply to end consumers via heating captation device, located within the identical object. Further on the electricity or gas distribution licence doesn't be granted to the consumers, which provide the purchased electricity or gas intermediary to the other person or entities via their own captation device out of undertaking accordance to the Commercial code.

The licence holder submit the causes concerned to the energy supplies contractual terms, providing of system services, grid connecting refusal, energy sale contract conclusion refusal or its motiveless interruption, to the Energy regulation office.

The state administration activity in the energy sector belongs to the Ministry, Energy regulation office and to the State energy inspectorate as well.

The Ministry, as an energy executive administration makes the governmental approval for the new source of power and heating capacity and the governmental approval for the direct lines and for the selected gas equipment according to the special part of (abovementioned) law, execute the state energy conception and ensure the fulfilment of the state obligations according to the international treaties, which was by the Czech republic admitted, or which resulted from the Czech republic international bodies membership obligations.

The Energy regulation office is an administrative authority for the energy regulation executive with independent chapter of the Czech Republic state budget. Residence of the State regulation office is the town Jihlava. To the responsibility of the State regulation office belongs the economic competition support and customers interest defence in scope of those energy sectors, where the competition is impossible, for purpose of the customer's suitable energy supplies requirements satisfaction. The Energy regulation office manages the chairman, who is for 5 year denominated and removed by the government. The chairman of the Energy regulation office is an employee of this office. The chairman of this Office can be

removed by the government before effluxion of time for which he was denominated, only in case of disease, which steady precludes execution of his tasks, rough violation of his responsibilities, in case of valid verdict confirmative commission of crime, or in case of his resignation.

Energy regulation office adjudicate upon the accordance, change or suspension of the licence, more licences possessed by the physical person or legal entities accordance with executive legal, sentences of beyond licensed supply responsibility, sentences of responsibility to yield the energy equipment to execute beyond licensed supply obligations in case of emergency purposes, incl. easement statement and price regulation according to the pricing law.

Energy regulation office decide disputes in case of disagreement among the licence holders and its customers, requires to give the publicity of him assigned information to the licence holder, entrust member of his staff to enter into subject which serve to the licensed activities, decide disputes in case of disagreement in scope of regulated admission to the transmission or distribution network, approve the Regulations for the transmission and distribution energy network operating, take the initiative to the State energy inspection obligations inspection, put away the obligation to the licence holder to arrange the ascertained negatives retrieval and to report the accepted proceeding in the time defined by the Energy regulation office, or determine the form of negatives elimination, propose to the State energy inspection to mulct for the breach of the responsibilities according to this law.

The energy branch inspection carry out the State energy inspectorate, which follow the special part of this law.

There are defined an electricity and gas market conditions and their participants, producers, distribution, transportation and transmission network operators, lawful and protected customers, electricity and gas merchants, underground gas reservoir operators and lawful and protected electricity and gas customer power and duties, in the special part of this law.

In the heating branches there are defined producers, heating grid operators and heat energy customers power and duties. Further on there are defined renewable resource and combined heat and power generation (CHP), obligatory purchase of this powers, authorization granting conditions for the new energy sources construction, unauthorized offtakes, protective zone, obligatory content OF the contracts, measurement, feeder line and facilities shifting in the heating branche.

2. energy conservation law

The law set out powers and duties of self-employed and corporate entities at power treatment, namely with electricity and heating energy, further on with the gas and other fuels, contribute for economically exploitation of the natural sources and environmental protection in the Czech republic, and to the economic energy use raising, competitiveness, energy supply reliability and sustainable society development.

The law define the state energy conception, representative and strategical document look out 20 years ahead, expressive the state targets in the energy economy conformable with economy and society development, incl. environmental protection, instrumental for territorial energy conceptions designed as well.

The territorial energy conceptions come out the state energy conception and include the targets and energy economy solution principles on the region level. The law create the energy economy conditions conformable with economy and society development incl. economically exploitation of the natural sources and environmental protection as well. The territorially energy conception elaborate the regional authority, Capitol Praha and corporate towns in carried scope. The territorially energy conception is an obligatory underlayer for regional planning. The community has a right to elaborate the territorially energy conception valid for their territory zone or its part, conformable with the state energy conception and they can issue the obligatory legal enactment on behalf of its completion.

National economy energy exploitation plan and renewable and lateral resources exploitation (further on "Program ") is an act expressive the targets relative to the energy saving, renewable and lateral resources exploitation conformable with economy and public demands according to the sustainable development and environmental protection base. The state budget subsidies for the Program completion can be granted in favour of:

- a) Energy saving proceedings resulted in energy efficiency use
- b) combined heat and power generation (CHP) development
- c) power station and distribution grids modernization
- d) up to date technology and materials for energy saving proceedings

- e) renewable and lateral resources exploitation
- f) further education, training, education and advising in the range of energy disposal
- g) science, research and development in the range of energy disposal
- h) territorial energy conceptions treatment

For purpose of energy efficiency raising there are determine some regulations:

Energy producer is obliged to ensure the minimally energy efficiency level, defined by the public notice, at least, in case of new built power or heating plants. He has these obligations in case of existing building conversion (accordance to the building code) of the power or heating plants as well.

Entity, that distribute the electricity is obliged to ensure not exceed the maximum loss, defined in the regulation, on the new constructed electricity transmission and distribution grids, internal supply electricity and heating energy network as well. He has this obligation as soon as in case of existing building conversion (accordance to the building code).

Producer, importer or distributor can introduce on the market only the energy appliances with minimally guaranteed efficiency level, defined in the regulation. The building owner or owners corporation is obliged to enclose the documentation showing the heating energy efficiency requirements to the building permit application form.

The building owner or owners corporation cannot exceed the specific heating energy consumption indicators in the heating and hot water preparation in case of existing building conversion.

The building owner or owners corporation is obliged to equip the internal building facilities by the regulation equipments that control the energy supply top the end consumer accordance to the regulation. Every end consumer is obliged to enable the installation, maintenance and inspection of these equipments. The building owner or owners corporation is obliged to follow the heating and hot water preparation regulations.

There is specified for the combined heat and power generation (CHP) that every heat producer, who deals with the summary source greater than 5 MW_t and every electricity producer who deals with the summary source greater than 10 MW_e is obliged to yield the documentation to the energy audit in term of electricity or heat production establishment in case of being or existing energy sources conversion.

The energy labels are being introduced for the sake of better customer informedness. The domestic producers or whole produced appliances importers, those list is appointed in the regulation (further on “ regulation”) those are obliged to equip this appliances with the energy labels (further on “ labels”). The labels data have to be inscribed in Czech language.

The energy audit is a set of activities, those resulted in the information relative to the styles and level of energy exploitation in the buildings as well as in the energy economy of the screened self-employed and corporate entities incl. the proceeding proposal, necessary to gain the energy savings. The obligations to submit to the energy audit cover following:

all the self-employed and corporate entities who apply for an subsidies in the Program frame state entities, region and community entities incl. contributory bodies within year – round energy consumption greater than by regulation defined value, and which amounted 1 500 GJ.

self-employed and corporate entities, besides the contributory bodies, within year – round energy consumption greater than by regulation defined value, and which amounted 35 000 GJ.

Energy auditor is an self-employed person, incorporated into list of energy auditors, led by the ministry. Presumption of registration into energy auditors roster is to pass the skills examination, legal capacity, legal correctness, expressed by the non punishing in the scope of intended criminal or other act pertinent to the matter of auditor and required skill competence. The skill examination is held in the face of examination board, designated by the ministry.

Discharge of this law duty and penalty sentencing in consequence of the failure of this enactments modify the law No. 458/2000 Sb, which entrust it to the State energy inspection. The penalty those are graduated until 5 000 000 CZK.

The ministry is an injured body of the state administration in charge of protection of the state interests protected by this law, in the guidance executed by the Ministry of Defence, Interior Ministry or by the Ministry of Justice, in case of discharge of the surveyor's office function. The State energy inspection is an injured body of the state administration in charge of protection of the state interests protected by this law in the guidance executed by the other surveyor's office, as above mentioned.