



Assessment of climate change policies as part of the European Semester

Country Report Czech Republic

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1 Short Summary

The National Programme to Abate the Climate Change Impacts in the Czech Republic is the country's main document coordinating climate policies at the national level. It was adopted in 2004 and revised for the last time in 2007. Currently, two new strategic documents in the field of climate change are being drafted. The first one, the Climate Protection Policy, will contain mitigation measures for the short-, medium- and long-term horizons. It is aimed at implementing the EU Climate and Energy package. The second one, the Adaptation Strategy will specify estimates of negative impacts and will outline adaptation measures.

In the Czech Republic, energy targets are set out in the State Energy Concept. According to the latest update, the Ministry of Industry and Trade (MPO) is planning to build three additional reactor units at Czech utility ČEZ's Temelín and Dukovany plants. This would increase the share of nuclear energy in the domestic energy mix to 30-35% by 2040. Meanwhile, previously strong political support for renewable energy has declined. According to an amendment to the Act on Supported Energy Sources from August 2013, the feed-in tariff system was de facto abolished. Solar energy plants are only eligible if put into operation before 31 December 2013. Wind, hydro or biomass plants put into operation before 31 December 2014 will be eligible for support only if the building permit was issued before 2 October 2013.

By 2020, the Czech Republic can increase its emissions not covered by the EU ETS by 9% compared to 2005, according to the Effort Sharing Decision (ESD). The latest data for 2013 show that the Czech Republic reduced its emissions by 1.6% despite a positive annual allocation interim target of 0.7% under the ESD for the year 2013. Despite this possibility to increase emissions under the existing legislation, national projections indicate that the country will reduce its emissions by 7.4% by 2020 with existing measures and by 9.3% with additional measures.

The key policy developments in 2014 include the launch of the New Green Savings Programme to support energy savings measures in households, the update of the Operational Programme Environment allocating investment grants from the ERDF for energy efficiency measures and renewable energy projects for the 2014-2020 programming period, as well as the launch of the new Operational Programme Business and Innovation for Competitiveness (OPPIK) which offers investment grants for small, medium and large companies to increase the energy efficiency of the business sector and to support the use of renewable sources. For the household sector, there is a further subsidy programme which shall encourage the use of boilers utilising RES, the so-called "Boiler subsidies" provided by the Ministry of Environment and specific regions of the Czech Republic.

2 Climate and energy policy priorities

In general, electricity generation in the Czech Republic is highly dominated by fossil fuels (51%) and nuclear power (36%); renewable energy sources accounted for around 12.7% of the total electricity generation in 2013. Almost 90% of the fossil fuels used for electricity generation is coal, the rest coming mainly from gas, while oil plays a very marginal role (ENTSO-E 2014).

The energy policy priorities of the Czech Republic are stipulated by the Ministry of Industry and Trade (MPO) in the State Energy Concept. According to the latest update from November 2012, the MPO is planning to build three additional nuclear reactor units at Czech utility ČEZ's Temelín and Dukovany plants. In this regard, the main priority of the Czech Government is to improve the country's energy independence and provide for a secure energy supply. The State Energy Concept envisages an increase of the nuclear energy share in the domestic energy mix from 17% currently, and in 2020, up to 30-35% by 2040. On the contrary, the share of solid fuels would drop from 40% to 32% by 2020 and 12-17% by 2040 (SEK, 2012). Coal-fired power generation would decline to around one half of its current level by 2020, whereas the role of natural gas in electricity generation is expected to grow (ICIS, 2012). No new coal plants are planned, and a progressive closure of coal fired plants is foreseen.

Meanwhile, previously strong political support for renewable energy has declined in 2013 and 2014. The original support scheme to solar energy proved to be extremely inefficient and is viewed as having caused market distortions. Subsequently, after deciding to grant feed-in tariffs only to relatively small renewable power generators (plants with capacities up to 100 kW), the Czech Parliament adopted the proposal of the MPO to amend the Act on Supported Energy Sources. According to the updated law, only new solar energy plants put into operation before 31 December 2013 will be supported. Wind, hydro or biomass plants put into operation before 31 December 2014 will be eligible for support only if the building permit was issued before 2 October 2013. Furthermore, the renewable fee for consumers will be lowered and set at a maximum amount of 495 CZK (approx. 17.50 EUR) per MWh.

On 20 October 2014, the Czech Government approved an amendment of the country's Energy Act, transposing the relevant provisions of the EU's Energy Efficiency Directive (2012/27/EU) as well as adapting the Regulation on Energy Market Integrity and Transparency and the regulation laying down guidelines for trans-European energy networks. The draft bill also foresees changes to the Act on Supported Energy Sources, aiming at improving the legal environment for the support of small roof-top PV installations up to 10 kW. According to experts however, the proposal is completely lacking support for electricity from wind power (Šimoník, 2014). Furthermore, the amendment also repeals the exemption of renewable energy from the electricity tax, which could particularly affect the use of electricity from RES in the public transport sector. In December 2014, the amendment was approved by the Parliament. To come into effect, the amendment still has to be approved by the parliamentary committees, which is to be expected in January 2015 (Solární novinky, 2015).

The Czech Republic's National Programme to Abate the Climate Change Impacts in the Czech Republic is the country's main document coordinating climate policies at the national level and was adopted in 2004 prior to its accession to the European Union. The strategy was revised for the last time in 2007 (Climate-ADAPT, 2015). Currently, the Ministry of the Environment, together with other relevant ministries, is drafting two new strategic documents in the field of climate change. The first one, the Climate Protection Policy, will contain mitigation measures for the short-, medium- and long-term horizons. The strategic document is aimed implementing the EU Climate and Energy package. The second one, the Adaptation Strategy will cover estimates of negative impacts, adaptation measures, legal and economic analyses. Both strategic documents are expected to be presented to the government in 2015 (MŽP, 2015).

3 GHG trends and projections

The Czech Republic reduced its total GHG emissions by 13% between 2005 and 2013. The share of GHG emissions not covered by the European Emission Trading Scheme (EU ETS) is about 47%, which is below the EU28 average (see Table 1).

Table 1 Key data on GHG emissions

		National data				EU28
		2005	2011	2012	2013	2013
Total GHG emissions	Mt CO ₂ eq	146.0	135.3	131.5	126.9	4,539
Non-ETS emissions	Share in total emissions	44%	45%	47%	47%	58%

Source: EEA 2014a; EEA 2014c

By 2020, the Czech Republic can increase its emissions not covered by the EU ETS by 9% compared to 2005, according to the Effort Sharing Decision (ESD). The latest data for 2013 show that the Czech Republic reduced its emissions by 1.6% despite a positive annual allocation interim target of 0.7% under the ESD for the year 2013 (see figures in Table 2). Despite this possibility to increase emissions under the existing legislation, national projections indicate that the country will reduce its emissions by 7.4% with existing measures (WEM) and by 9.3% with additional measures (WAM) (EEA 2014a).

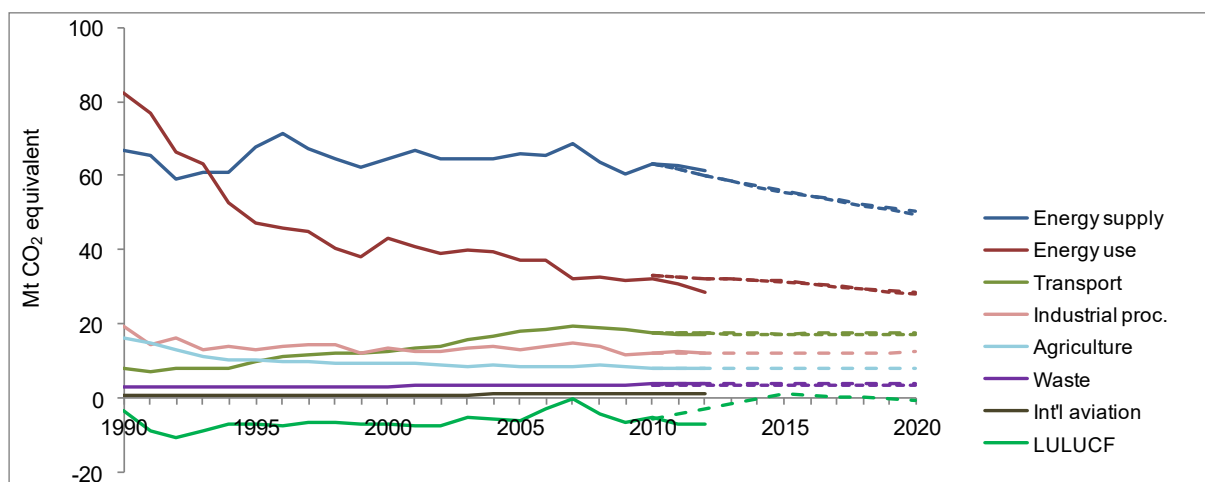
Table 2 Non-ETS emission targets, trend and projections

		Compared to base year
2013	ESD interim target	+ 0.7%
	ESD emissions	- 1.6%
2020	ESD target	+ 9.0%
	ESD projections WEM	- 7.4%
	ESD projections WAM	- 9.3%

Source: EEA 2014a. Green indicates target met or exceeded.

GHG emissions are mainly created by the energy industry followed by direct fuel consumption (e.g. households for heat generation) and the transport sector (see figure below for historic and estimated emissions by sector). Projections indicate that by 2020 emissions from the energy industry will be reduced, while emissions from direct fuel consumption will reduce only slightly. By 2013, both sectors had already decreased their emissions. Transport emissions have been at a relatively constant level, and the projections indicate the expectation that this trend will continue.

Figure 1 GHG trends and projections by sector



Source: EEA 2014a. Actual data until 2012 and projections from 2010 onwards

4 Policy development

This section covers significant developments made in key policy areas between January and December 2014. It does so through two different perspectives: 1) progress on the policies communicated under the National Reform Programme and 2) developments in the identified national priority sectors and policy areas.

4.1 Key policies as outlined in the National Reform Programme

Member States prepare National Reform Programmes (NRPs) each April outlining the country's progress and the key policies and measures to achieve targets under the EU 2020 Strategy. These key policies and measures are summarised in the following table and their current status is provided.

Table 3 Key policies and measures as outlined by the NRP 2014

New Green Savings Programme	
Status in the NRP	Follow-up of the Green Savings programme. The first call for applications under “New Green Savings” to support energy savings measures in households was issued in January 2014.
Status as per Dec 2014	In force
Description of policy	See chapter 4.2.2

Operational Programme Environment	
Status in the NRP	The programming period 2007-2013 has been concluded.
Status as per Dec 2014	The OP Environment has been updated for the programming period 2014-2020 (OP Environment, 2014)
Description of policy	The Operational Programme Environment allocates investment grants from the European Regional Development Fund (ERDF). Energy efficiency measures and renewable energy projects are eligible for support under Priority Axis 5 “Energy Savings”, in particular Investment Priority 1 “Encouraging the transition to a low carbon economy in all sectors by promoting energy efficiency, smart energy management systems and the use of renewable energy in public infrastructures, including public buildings and the housing sector” (RES Legal Europe, 2015).

Operational Programme Enterprise and Innovations	
Status in the NRP	The programming period 2007-2013 has been concluded.
Status as per Dec 2014	Amended. The OP Enterprise and Innovations has been followed up by the Operational Programme Business and Innovation for Competitiveness (OPPIK, 2014)
Description of policy	OPPIK allocates investment grants for small, medium and large companies in the amount of 1 million to 100 million CZK (approx. 36,000 to 3.6 million EUR). Renewable energy projects are eligible under Priority Axis 3 “More Efficient Energy Management”, namely Investment Priority 1 “Supporting the production and distribution of energy from renewable sources” (i.e. ‘Target 3.1’). For the specific target 3.1, a share of 1.24% of OPPIK’s total budget (approx. 1.7 billion CZK –60 million EUR) has been allocated. The programme supports the construction or reconstruction of electricity or heat generating plants, for which the energy produced is primarily intended for distribution rather than own consumption. The first call under target 3.1 is expected in the first half of 2015 (RES Legal Europe, 2015).

Eco-Energy	
Status in the NRP	The programming period 2007-2013 has been concluded.
Status as per Dec 2014	Concluded
Description of policy	The ECO-ENERGY programme was part of the Operational Programme Enterprise and Innovations and gives entrepreneurs the opportunity to apply for investment grants or low-interest loans (see "Loans") for projects in the field of renewable energy under calls for applications. This programme is funded by the ERDF (European Regional Development Fund) (Eco-Energy, 2013).

EFEKT	
Status in the NRP	In force
Status as per Dec 2014	On 3 December 2014, the EFEKT programme for 2015 was published.
Description of policy	EFEKT is a programme to support energy savings and renewable energy run by the Ministry of Industry and Trade. The priority of the programme is education and professional training, helping cities and regions to introduce energy management and supporting small-scale investment projects. For 2015, the budget of EFEKT amounts to 30 million CZK (approx. 1.2 million EUR) (MPO Efekt, 2015).

4.2 National policy priorities

The below sub-sections provide updates on key existing and new policies in priority sectors and policy areas of relevance to the energy and climate targets under the Europe 2020 strategy¹. Each sector or policy area contains information on the most important policy instruments in operation or development.

4.2.1 Environmental Taxation

In the Czech Republic, the implicit tax rate on energy is the seventh lowest in the EU with EUR 79 per ton of oil equivalent in 2012 (Eurostat, tsdcc360). However, the share of environmental tax revenues in overall tax revenue was 6.7% in 2012 and therefore above the EU average of 6.1% (Eurostat, ten00064). When comparing environmental tax revenues with GDP, however, the Czech Republic is close to the EU average of 2.4% in 2012 (Eurostat, ten00065).

The second stage of the Czech Republic's environmental tax reform is still under preparation by the Ministry of Finance in cooperation with the Ministries of Industry and Environment. The first phase consisted of a transposition of the Council Directive restructuring the Community framework for the taxation of energy products and electricity (2003/96/EC), and introduced taxes on natural gas, solid fuels and electricity to supplement the existing excise duty on mineral oils which came into force on 1 January 2008. The current second phase of reform involves dividing them into two components – one that takes into account the energy content of the fuel (energy tax in its current form) and the CO₂ content of the fuel (carbon tax) (Nazeleno, 2012).

No further progress has been made in this sector in 2014.

The carbon tax component was supposed to come into effect on 1 January 2014 (Ekolist, 2012) but negotiations over its structure are ongoing due to EU carbon market developments (Restep, 2014). Czech policymakers had originally intended to link their carbon tax level to the price of allowances in the EU ETS (EUAs), but abandoned that idea since the EUA price has dropped in recent months to below 5 EUR per tonne. The Ministry of Finance and Ministry of the Environment rather envisage CO₂ tax levies of 12-14 EUR per tonne (European Commission, 2013), but no decisions have been made as to the use of this potential revenue, although a strongly green-growth-oriented agenda would see it earmarked for emission reductions or other environmental initiatives. As planned, the new tax would not apply to operators of installations already covered by the EU ETS (European Commission, 2013). The Czech Government has halted the second part of the tax reform due to the financial crisis.

4.2.2 Energy Efficiency

Within the EU28, the Czech Republic has the fourth most energy-intensive economy. Energy intensity declined by 18% from 2005 to 2012 and is above the EU average of 13% (Eurostat, tsdec360). Final

¹ The Consortium jointly with DG Clima identified these based on identified challenges in Country Profiles (EEA, 2014), share of sectors in total GHG emissions, and Country Specific Recommendations (2014). DG Clima has identified additional relevant issues to be reviewed for some or all Member States, including country specific energy challenges.

energy consumption dropped by 8% between 2005 and 2012 with the reductions coming mainly from the industrial sector (Eurostat, tsdpc320). The Czech Republic is currently on track towards its indicative EU energy efficiency target (EEA, 2014a).

According to its National Reform Programme, the Czech Republic is determined to achieve energy savings of 47.84 PJ (13.29 TWh) in the period from 2014 to 2020. This goal shall be achieved with the help of the Operational Programmes funded by the European Union as well as the New Green Savings Programme (NRP, 2014).

According to a keynote which was discussed and approved by the newly formed cabinet under Bohuslav Sobotka, the insulation of private and public buildings is considered one of the priorities of the Czech Government for improving energy efficiency. During the next programming period (2014-2020) a total of 75 billion CZK (approx. 2.64 billion EUR) can be used from European funds for the energy-saving renovation of public and residential buildings in the Czech Republic. The professional association "Šance pro budovy" pointed out that if the two responsible Ministries for Regional Development and the Environment will be able to coordinate their efforts in one stable programme, the Government could effectively use CZK 12 billion (approx. € 423 million) of subsidies per year, which would lead to an annual growth rate of one percentage point of GDP and create 35,000 new jobs across the country (EnviWeb, 2014a).

Until now, one of the main policy instruments to support energy efficiency measures in the Czech Republic was the Operational Programme Environment (OPŽP). The last calls for applications under the programming period 2007-2013 were announced by the Ministry of the Environment through the State Environmental Fund of the Czech Republic in March 2014. Among others, these calls focussed on reducing emissions and pollution load as well as realising energy savings (EnviWeb, 2014b).

On 23 September 2014, the Czech Minister of the Environment, Richard Brabec, signed 195 projects which were in the pipeline of OPŽP and which will receive EU subsidies in the total amount of 472 million CZK (approx. 17 million EUR). In addition, the Minister approved 145 further applications from the 2007-2013 programming period which will be granted subsidies in the total amount of 1.2 billion CZK (approx. 43 million EUR). The 145 approved applications were the last projects supported under the 2007-2013 programming period. They will contribute to the improvement of environmental protection of water, air and nature. Around 300 million CZK (approx. 10.6 million EUR) will be used to renovate industrial boilers or to reduce fine dust emissions and pollutants in industrial plants. 10 million CZK (approx. 350.000 EUR) will help to insulate schools, kindergartens or public buildings (EnviWeb, 2014c).

In 2014, the OPŽP has been updated for the programming period 2014-2020. Energy efficiency measures and renewable energy projects are eligible for support under Priority Axis 5 "Energy Savings", in particular Investment Priority 1 "Encouraging the transition to a low carbon economy in all sectors by promoting energy efficiency, smart energy management systems and the use of renewable energy in public infrastructures, including public buildings and the housing sector" (RES Legal database, 2015).

On 12 August 2013, a new round of subsidy applications started under the New Green Savings programme ("Nová zelená úsporám"). The Ministry of Environment has earmarked 1 billion CZK (approx. 40 million EUR) for the first call and plans to add another 800 million CZK (approx. 32 million EUR) from the sale of emission allowances. The first call focused on energy efficiency and insulation measures, the construction of houses with very low energy consumption as well as the exchange of inefficient heat sources.

For the second round of applications, the Ministry of Environment allocated a total amount of 1.9 billion CZK (approx. 69 million EUR), which again focused on reducing the energy intensity in the household sector. The subsidies are expected to lead to the creation of around 5,000 jobs and the refurbishment of more than 8,000 houses (Nazeleno, 2014a). Eligible energy efficiency measures include the insulation and replacement of windows and doors, the construction of houses to the passive standard as well as the installation of heat pumps and solar thermal systems for heating water (Nazeleno, 2014a).

In 2014 however, the New Green Savings programme is facing several challenges: According to the Czech Minister of the Environment Richard Brabec, the New Green Savings Programme for energy efficiency measures is currently missing about 12 billion CZK (approx. 437 million EUR) of the envisaged total budget of 27 billion CZK (approx. 984 million EUR). This lack of funds can be explained by the lower price of emission allowances. However, Brabec further pointed out that the Government considers energy savings as one of their key projects and will therefore do everything possible to eventually raise the lacking funds for the programme. He mentioned the profits of energy giant ČEZ as another possible source of funding (Nazeleno, 2014b).

In 2014, the State Environmental Fund (Státní fond životního prostředí – SFŽP) received fewer grant applications for the insulation of family houses or the replacement of windows than last year. One month after the opening of the New Green Savings Programme, the fund recorded over 900 applications for a total amount of 145 million CZK (approx. 5.3 million EUR). According to SFŽP, this is about one thousand applications less than in 2013 (Biom, 2014).

In reaction to this, the SFŽP has significantly accelerated the registration of new applications for the New Green Savings programme. On 11 September 2014, Director Petr Valdman pointed out that in the past many applicants have been discouraged by the long waiting times. Therefore, the SFŽP is now able to process new applications within two weeks (Nazeleno, 2014c).

Furthermore, the Czech Government also approved the new state programme “EFEKT” (MPO Efekt, 2015) to promote energy savings and the use of renewable and secondary energy sources in 2014. According to the Ministry of Industry and Trade, the programme is one of the tools to ensure that the Czech Republic will meet its international commitments: in particular, reducing energy consumption by 1% of GDP per year; increasing the share of electricity from renewable energy sources to 20% and reducing energy consumption by 20% in 2020. Even though only 30 million CZK (approx. 1.2 million EUR) have been allocated for 2014, “EFEKT” shall play an important role especially in regions which are not eligible for support under the EU structural funds. Project applications could be submitted until 28 February 2014 (MPO, 2013).

For the household sector, there is a further subsidy programme which shall encourage the use of boilers utilising RES, the so-called “Boiler subsidies” (TZB info, 2014) provided by the Ministry of Environment and specific regions of the Czech Republic. On 20 May 2014, the Czech Minister of Environment Richard Brabec announced that for the period from 2014-2020 up to 9 billion CZK (approx. 330 million EUR) could be allocated from European funds to extend these subsidies for the replacement of inefficient household boilers to all regions of the Czech Republic. So far, 5 of the 14 regions have joined this subsidy programme: Moravian-Silesia, Central Bohemia, Ústí nad Labem, Hradec Králové and Pilsen. In 2012, the programme originated in the region of Moravian-Silesia which has traditionally the highest fine dust pollution due to its coal and steel industry. The programme was then extended to further regions and so far it has been very successful. The amount of support varies between 15,000 to 60,000 CZK (approx. 550 to 2,200 EUR) according to the type and the efficiency of the boiler. The subsidy programme is financed equally by the region and the Ministry of the Environment (TZB info, 2014).

4.2.3 Renewable Energy

The share of renewables in gross final energy consumption was 11.2% in 2012, which is above the indicative 2012 target of 7.5% set out by the Renewable Energy Directive (RED). The average annual growth rate was 8.1% between 2005 and 2012. Thus, an annual growth rate of only 4.8% is needed between 2013 and 2020 to reach the 2020 target of 13% (EEA, 2014a). The share of renewable electricity generation in final electricity consumption tripled from 3.7% to 11.6% between 2005 and 2012 while the share of renewable heating only increased by half from 9.1% to 13.6 % (Eurostat, SHARES 2014).

On 1 January 2013, the Act on Supported Energy Sources entered into force. According to the new law, only operators of plants with an installed capacity less than or equal to 100 kW (or 10 MW in case of hydro power) were eligible for the feed-in tariff, and the tariff rates are now determined in accordance with the general rule of a “15 year simple return of investment”. Whereas grid operators used to pay the tariff, it is now the responsibility of the owners of renewable generation with the Ministry of Industry and Trade now selecting “mandatory purchasers” from electricity trading licence

holders. At least for the years 2013 and 2014, these mandatory purchasers will be the distribution grid operators.

On 16 August 2013, the Czech Parliament adopted an amendment (Předpis č. 310/2013 Sb.) of the Act on Supported Energy Sources which primarily intends to halt the increase of electricity prices for consumers by implementing more strict subsidies and reducing the renewable fee for consumers which has now been set at 495 CZK (approx. 18 EUR) per MWh. The amendment de facto abolishes the feed-in and premium tariff schemes in the Czech Republic. According to the current legislation, only new solar energy plants put into operation before 31 December 2013 will receive the guaranteed electricity tariffs. Wind, hydro or biomass plants that were issued a construction permit or an authorisation by the Ministry of Industry and Trade before the amendment entered into force (2 October 2013), are still eligible for support if the plant will be put into operation before 31 December 2015 (RES LEGAL Europe, 2015).

On 20 October 2014, the Czech Government approved an amendment of the country's Energy Act. It envisages among others to improve the stability and transparency of the regulatory environment in the energy sector and to enhance the rights of energy consumers. In particular, the amendment aims at transposing the relevant provisions of the EU's Energy Efficiency Directive (2012/27/EU) as well as adapting the Regulation on Energy Market Integrity and Transparency and the regulation laying down guidelines for trans-European energy networks (Czeph, 2014).

Furthermore, the draft bill also foresees changes to the Act on Supported Energy Sources. In this regard, the amendment aims at improving the legal environment for the support of renewable energy sources; for instance, it simplifies the conditions for the grid connection of small roof-top PV installations up to 10 kW. According to experts however, the new law contains major drawbacks for the country's RES sector (Deník Referendum, 2014). In particular, the proposal is completely lacking support for electricity from wind power, even though this is the cheapest renewable energy source, which according to a study of the Czech Academy of Sciences has the potential to provide electricity for more than 2.5 million Czech households. What is more, the amendment also repeals the exemption of renewable energy from the electricity tax. This could particularly affect the use of electricity from RES in the public transport sector. In addition, the draft law introduces support for biogas plants fed by organic waste. Experts however criticise that the use of waste food is not eligible for support which could lead to the situation that biogas plants will be lacking fuel (Šimoník, 2014).

In December 2014, the amendment was approved by the Parliament. To come into effect, the amendment still has to be approved by the parliamentary committees, which is to be expected in January 2015 (Solární novinky, 2015).

4.2.4 Transport

Both GHG emissions as well as energy consumption from transport have more than doubled between 1990 and 2012 but showed a downward trend since 2007. Their proportion among the Czech Republic's total emissions was 13% in 2012 (Eurostat, tsdcc210 and tsdpc320).

Average emissions for newly registered cars are high in the Czech Republic with a level of 134.6 CO₂/km. This value is the ninth highest in the EU but has decreased by 9% between 2005 and 2013, at a rate much lower than the EU average decline of 22% (Eurostat, tsdtr450). Both excise duties on petrol and diesel are above the EU average; the diesel duty is the tenth highest in the EU.

In the Czech Republic, no CO₂-based tax exists on vehicles (ACEA, 2014). An ownership tax is in place but levied only on vehicles for business use. For passenger cars it is based on engine size and for freight vehicles on weight and the number of axles (ACEA, 2012). Furthermore, a time-based vignette system with uniform rates for passenger cars is in place. For HDVs a distance based fee has been introduced, which applies for selected parts of the road network (CE Delft, 2012).

The Clean Air Act) entered into force on 1 September 2012 implementing the EU Fuel Quality Directive 98/70/EC. The act requires that any gasoline or diesel fuel sold in the Czech market for the purposes of transport consists of a certain percentage biofuel - 4.1% for gasoline and 6.0% for diesel. The customs office imposes a fine on every fuel supplier failing to meet the obligatory volume of

biofuels. The fine amounts to 40 CZK (1.6 EUR) per litre of unfulfilled biofuel content and may be paid no later than 30 days after receipt. Every year on 31 January, suppliers are obligated to submit a report to the competent customs office proving that minimum biofuel volumes have been met (TZB-info, 2013). The Clean Air Act represents Czechs primary emissions reduction policy next to taxation.

In 2013, the Czech Government approved two key strategic documents for the transport sector – the Transport Policy for 2014-2020 and the Transport Sector Strategies. The Transport Sector Strategies is the main strategic document covering the operation and development of the country's transport infrastructure. The Transport Policy of the Czech Republic identifies the main problems of the sector and outlines measures to address them. In addition, individual sub-strategies elaborate on solutions for problems and specify funding within the different areas. The key priorities include the development of rail and water transport, improvement of the quality of road transport, the promotion of multimodal transport systems and the use of alternative types of fuel (natural gas, electricity, LPG) as well as the support for the infrastructure for alternative fuels (NRP, 2014). Currently, a draft National Action Plan for Clean Mobility in the Czech Republic is being developed. The document shall set targets regarding the support of alternative fuel vehicles (Dopravní noviny, 2014).

5 Policy progress against Country Specific Recommendations (CSRs) issued 2013

The EU Commission provides Country Specific Recommendations (CSRs) for each MS for consideration and endorsement by the European Council. The recommendations are designed to address the major challenges in relation to the targets of the EU 2020 Strategy. In the following table, the CSRs relevant for climate change and energy are listed, and their progress towards their implementation is assessed.

Existing CSRs	Progress
Step up the efforts to improve energy efficiency in the economy.	<p>Energy efficiency measures in small, medium and large enterprises are supported under the Operational Programmes “Environment” and “Business and Innovation for Competitiveness” (see Chapter 4.1).</p> <p>Overall, the Czech Republic is determined to achieve energy savings of 47.84 PJ (13.29 TWh) in the period from 2014 to 2020 (NRP, 2014).</p> <p>For the household sector, there is a further subsidy programme to encourage the use of renewable energy sources for heat generation, the so-called “Boiler subsidies” provided by the Ministry of Environment and specific regions of the Czech Republic (see Chapter 4.2.2).</p>
Shift taxation to areas less detrimental to growth, such as recurrent taxes on housing and environmental taxes.	<p>The carbon tax component was supposed to come into effect on 1 January 2014 but negotiations have stalled (see Chapter 4.2.1). So far, housing taxes are not envisaged.</p>

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