

Annual report to the European Commission

on the implementation of the Modernisation Fund

Information provided by:
Reporting year:

Czech Republic
2022

1. Overview of investments

<i>1.1. number of investments financed from the Modernisation Fund to date 31.12.2022</i>	13 priority schemes 6 non-priority schemes (total allocation 5,789 mEUR)
<i>of which in 2022</i>	9 priority schemes 6 non-priority schemes (2022 disbursements 1,340 mEUR)
<i>1.2. number of on-going investments</i>	13 priority schemes 6 non-priority schemes (4,129 mEUR to be disbursed in 2023-2030)
<i>1.3. number of completed investments</i>	0
<i>1.4. number of discontinued investments</i>	0
<i>1.5. overall ratio of the financing provided to priority investments against non-priority investments, if any, in the beneficiary Member State</i>	73,9%

Scheme designation	P / NP	Scheme title	Objectives/measures supported	Confirmed/ Approved by IC	Dates of calls	Implementation timing of Calls	State by the end of 2022
MF 2021-1 CZ 0-001	P	Scheme (Part A): Support for photovoltaic power plants with installed capacity up to 1 MW of the "RES+" Programme (New renewable energy sources)	Installation of new photovoltaic power plants with capacity up to 1 MW and elements of active energy management. Electricity storage systems can only be supported as part of a complex photovoltaic plant project.	08/06/2021	12/07/2021–28/02/2022 10/08/2022–15/03/2023	3 years <i>(Implementation period between the Decision of Minister and projects' completion)</i>	Projects submitted: 354 Projects approved: 134 Projects realized/financed: 107 Projects completed: 0
MF 2021-1 CZ 0-002	P	Scheme (Part B): Support for photovoltaic power plants with installed capacity above 1 MW of the "RES+" Programme (New renewable energy sources)	Installation of new photovoltaic power plants with capacity above 1 MW and elements of active energy management. Electricity storage systems can only be supported as part of a complex photovoltaic plant project.	08/06/2021	12/07/2021–29/10/2021 03/08/2022–31/10/2022	5 years <i>(Implementation period between the Decision of Minister and projects' completion)</i>	Projects submitted: 361 Projects approved: 56 Projects realized/financed: 56 Projects completed: 0
MF 2021-2 CZ 0-001	P	Scheme (Part A): Modernisation of energy sources (Programme HEAT – Modernization of thermal energy supply systems)	Modernisation of energy sources and fuel base switch in thermal energy supply systems, with primary objective of decommissioning of coal-fired energy sources, in particular reconstruction or replacement of the energy source with a change of the fuel used or type of energy to renewable energy sources in high-efficiency cogeneration of heat and power.	12/10/2021	24/05/2021–14/01/2022 25/07/2022–30/06/2023	30 months <i>(Implementation period between the Decision of Minister and projects' completion)</i>	Projects submitted: 3 Projects approved: 3 Projects realized/financed: 2, 473,475,501 CZK (19.326 mil. EUR, CZK/EUR = 24.5) paid by the end of 2022 Projects completed: 0
MF 2021-2 CZ 0-002	P	Scheme (Part A1): Modernisation of energy production (Programme ENERG ETS – Improvement of energy efficiency and reductions of emissions of greenhouse gases in EU ETS industry)	Modernisation of energy sources and fuel base switch in EU ETS industry, with primary objective of decommissioning of coal-fired energy sources, in particular reconstruction or replacement of the energy source with a change of the fuel used or type of energy to renewable energy sources with high-efficiency CHP.	12/10/2021	19/07/2021–31/01/2022 29/11/2022–30/06/2023	30 months <i>(Implementation period between the Decision of Minister and projects' completion)</i>	Projects submitted: 0 Projects approved: 0 Projects realized/financed: 0 Projects completed: 0
MF 2022-1 CZ 1-001	NP	Scheme (Part 1A): Modernization of energy sources	The main aim of the proposed investments is the modernisation of energy sources and fuel base switch in	07/04/2022	24/05/2021–14/01/2022	5 years <i>(Implementation period between the</i>	Projects submitted: 1 Projects approved: 0

		to biomass without CHP (Programme HEAT)	the heat supply sector, with primary objectives of a substantial improvement in energy efficiency and emission reductions. The scheme supports replacement of the energy source with a change of the fuel used or type of energy to RES, without high-efficiency CHP.		25/07/2022–30/06/2023	<i>Decision of Minister and projects' completion)</i>	Projects realized/financed: 0 Projects completed: 0
MF 2022-1 CZ 1-003	NP	Scheme (Part 1C): Modernization of energy sources to natural gas without CHP (Programme HEAT)	Modernisation of energy sources and fuel base switch in thermal energy supply systems, with primary objective of decommissioning of coal-fired energy sources, in particular replacement of the energy source with a change of the fuel used or type of energy to natural gas without CHP.	07/04/2022	24/05/2021–14/01/2022 25/07/2022–30/06/2023	5 years <i>(Implementation period between the Decision of Minister and projects' completion)</i>	Projects submitted: 2 Projects approved: 2 Projects realized/financed: 1 Projects completed: 0
MF 2022-1 CZ 1-004	NP	Scheme (Part 2A): Modernisation of energy sources to biomass without CHP (Programme ENERGETS)	The main aim of the proposed investments is modernisation of energy sources and fuel base switch in EU ETS industry, with primary objectives of a substantial improvement in energy efficiency and emission reductions. The scheme supports replacement of the energy source with a change of the fuel used or type of energy to RES, without high-efficiency CHP.	07/04/2022	19/07/2021–31/01/2022 29/11/2022–30/06/2023	5 years <i>(Implementation period between the Decision of Minister and projects' completion)</i>	Projects submitted: 2 Projects approved: 2 Projects realized/financed: 0 Projects completed: 0
MF 2022-1 CZ 1-006	NP	Scheme (Part 2C): Modernisation of energy sources to natural gas without CHP (Programme ENERGETS)	Modernisation of energy sources and fuel base switch in thermal energy supply systems in EU ETS industry, with primary objective of decommissioning of coal-fired energy sources, in particular replacement of the energy used or type of energy to natural gas without CHP.	07/04/2022	19/07/2021–31/01/2022 29/11/2022–30/06/2023	5 years <i>(Implementation period between the Decision of Minister and projects' completion)</i>	Projects submitted: 4 Projects approved: 2 Projects realized/financed: 0 Projects completed: 0
MF 2022-1 CZ 1-008	NP	P-2E: Scheme – Modernization of natural gas energy sources without CHP (Programme ENERGETS)	Modernisation of energy sources in energy supply systems used in industry under EU ETS, where natural gas is used as fuel, without CHP. The following technologies will be supported by the scheme: 1) natural	07/04/2022	19/07/2021–31/01/2022 29/11/2022–30/06/2023	5 years <i>(Implementation period between the Decision of Minister and projects' completion)</i>	Projects submitted: 1 Projects approved: 1 Projects realized/financed: 0 Projects completed: 0

			gas hot water boiler, directly heating the heat supply system's heating water, and 2) natural gas fired steam boiler; natural gas is the original fuel in both technologies.				
MF 2022-1 CZ 0-001	P	Scheme: Modernization of energy sources to natural gas with CHP (Programme HEAT)	The investment proposal concerns a scheme for the period 2022-2030 relating to the modernisation (reconstruction or replacement) of energy sources in thermal energy supply systems into high efficiency combined heat and power (CHP) generation with fuel switch from solid fossil fuels to natural gas.	23/03/2022	24/05/2021– 14/01/2022 25/07/2022– 30/06/2023	5 years <i>(Implementation period between the Decision of Minister and projects' completion)</i>	Projects submitted: 6 Projects approved: 5 Projects realized/financed: 1 Projects completed: 0
MF 2022-1 CZ 0-002	P	Scheme: Modernisation of energy sources to natural gas with CHP (Programme ENERGETS)	The investment proposal concerns a scheme for the period 2022-2030 relating to the modernisation (reconstruction or replacement) of energy sources in industry under EU ETS into high efficiency combined heat and power (CHP) generation with fuels switch from solid fossil fuels to natural gas.	23/03/2022	19/07/2021– 31/01/2022 29/11/2022– 30/06/2023	5 years <i>(Implementation period between the Decision of Minister and projects' completion)</i>	Projects submitted: 1 Projects approved: 1 Projects realized/financed: 0 Projects completed: 0
MF 2022-1 CZ 0-003	P	Scheme: Modernisation of energy sources to natural gas with CHP (Programme ENERGETS)	The investment proposal concerns a scheme for the period 2022-2030 relating to the modernisation (reconstruction or replacement) of natural gas energy sources in industry under EU ETS into high efficiency combined heat and power (CHP) generation.	23/03/2022	19/07/2021– 31/01/2022 29/11/2022– 30/06/2023	5 years <i>(Implementation period between the Decision of Minister and projects' completion)</i>	Projects submitted: 0 Projects approved: 0 Projects realized/financed: 0 Projects completed: 0
MF 2022-1 CZ 0-004	P	Scheme: Municipal PV - small municipalities (Programme RES+)	The objective of the scheme is to promote investments in renewable energy sources by providing investment subsidies for new installed capacity. This scheme focuses on projects of photovoltaic power plants in municipalities up to 3 000 inhabitants. Electricity generated from renewable sources replaces the production of fossil-fuels power plants.	23/03/2022	17/08/2022– 30/06/2023	3 years <i>(Implementation period between the Decision of Minister and projects' completion)</i>	Projects submitted: 7 Projects approved: 0 Projects realized/financed: 0 Projects completed: 0

MF 2022-1 CZ 0-005	P	Scheme: Municipal PV – communal renewable energy (Programme RES+)	The objective is to promote investments in renewable energy sources by providing investment subsidies for new installed capacity. This scheme focuses on projects of photovoltaic power plants within communal energy in municipalities, mostly on public sector properties.	23/03/2022	17/08/2022– 30/06/2023	5 years (Implementation period between the Decision of Minister and projects' completion)	Projects submitted: 4 Projects approved: 0 Projects realized/financed: 0 Projects completed: 0
MF 2022-1 CZ 0-006	P	Scheme: Modernisation of public lighting (Programme LIGHTPUB – Modernization of public lighting systems)	The scheme focuses on projects of reconstruction and modernisation of public lighting systems within municipalities and increasing energy efficiency. Supported measures within the scheme: reconstruction and modernisation of public lighting systems, modernization of light sources, regulation of luminous flux, optimization of control, etc.	23/03/2022	As of now, no call has been launched yet.	5 years (Implementation period between the Decision of Minister and projects' completion)	Projects submitted: 0 Projects approved: 0 Projects realized/financed: 0 Projects completed: 0
MF 2022-2 CZ 1-001	NP	Renewable Modernisation of Energy Sources for Residential Sector (Programme HOUSEnerg)	The scheme aims at replacing inefficient fossil fuel based domestic heating sources with renewable heat sources through the following measures: 1) Replacement for heat pumps (electrically driven), 2) Low-emission biomass boilers and heaters, 3) Solar thermic systems for hot water heating, 4) Connection to an efficient heat supply system.	25/10/2022	As of now, no call has been launched yet.	20 months <i>(Implementation time within the period of the announced call)</i>	Projects submitted: 0 Projects approved: 0 Projects realized/financed: 0 Projects completed: 0
MF 2022-2 CZ 0-001	P	Energy Efficiency and Energy Savings in houses and buildings for Residential Sector (Programme HOUSEnerg)	The support aims at increasing energy efficiency, reducing energy consumption, and further increasing adaptation and mitigation measures in building in residential sector, in particular by reduction of energy consumption and increasing of energy efficiency of single-family houses and apartment buildings, installation of PV systems, etc.	11/10/2022	09/01/2023– 31/08/2024	20 months <i>(Implementation time within the period of the announced call)</i>	Projects submitted: 0 Projects approved: 0 Projects realized/financed: 0 Projects completed: 0
MF 2022-2 CZ 0-002	P	Improving energy efficiency in industrial production under the EU ETS	The aim of the investment is to increase energy efficiency and reduce greenhouse gas emissions in the	11/10/2022	19/07/2021– 31/01/2022	5 years (Implementation period between the	Projects submitted: 7 Projects approved: 2

			production or industrial processing primarily through modernisation (reconstruction or replacement) or change of configuration of production or manufacturing equipment.		29/11/2022–30/06/2023	Decision of Minister and projects' completion)	Projects realized/financed: 0 Projects completed: 0
MF 2022-2 CZ 0-003	P	Financial instrument for improving energy efficiency in business (ENERG Programme)	The scheme will support measures to increase energy efficiency in business where the recipients of support will be business entities outside of the EU ETS system. Supported measures fall under the following categories: 1) Measures in the energy management, 2) Reducing the energy demand of buildings, 3) Hydrogen applications, 4) EPC projects, incl. the above-mentioned measures.	11/10/2022	As of now, no call has been launched yet.	App. 3 years	Projects submitted: 0 Projects approved: 0 Projects realized/financed: 0 Projects completed: 0

As seen from the table above, most of the project applications received and the projects approved by the end of the year 2022 belong to the schemes supporting construction of new photovoltaic power plants under the programme RES+ of the Modernisation fund. According to the conditions of the program, support is provided to the approved projects only after the completion of the given project measures' implementation. For this reason, just a small part of the approved and received allocation for schemes submitted by the Czech Republic has been reimbursed to project proponents so far and only for the project implemented under the HEAT program, where the subsidy is provided already during the implementation phase of the projects in accordance with the conditions of the program.

In addition to the projects listed above, which were submitted as part of the approved schemes, individual projects were also submitted by the end of 2022, for which the subsidy amount exceeds the GBER limit. These over-threshold projects were submitted within the programmes HEAT (covering modernization of thermal energy supply systems) and ENERGETS (covering improvement of energy efficiency and reductions of emissions of greenhouse gases in EU ETS industry). In the HEAT programme, 18 individual projects in total were submitted within calls, 3 of them submitted to EIB, 0 approved, and in the ENERGETS programme, 6 individual projects in total were submitted within calls, 0 submitted to EIB, 0 approved by the end of 2022.

The **administration of projects financed from the Modernization Fund** is provided by the State Environmental Fund of the Czech Republic (SEF CR) in accordance with Act no. 383/2012 Coll. on the Emissions Trading, as well as in accord with Act No. 388/1991 Coll. on the State Environmental Fund of the Czech Republic, as amended, and the Statute of the State Environmental Fund of the Czech Republic. The Minister of the Environment decides on the provision of funds from the SEF CR.

The main organizational units involved in the preparation processes and subsequent administration of the Modernization Fund are:

- a) Committee for the Modernization Fund composed of representatives of the Ministry of the Environment, the SEF CR, the Ministry of Industry and Trade and the Ministry of Finance,
- b) Platform for the Modernization Fund, which consists of representatives of stakeholders from the ranks of state administration bodies, trade unions, the professional public and other partners.

The **Committee for the Modernization Fund** (hereinafter referred to as the “Committee”). The Committee is an advisory body to the Minister of the Environment, discusses and recommends proposals of members of the Committee, and deals in particular with basic conceptual, strategic and implementation documents related to the management of funds from the Modernization Fund. It is chaired by the Deputy Minister of the Section of EU Funds, Financial and Voluntary Instruments of the Ministry of the Environment; its Deputy Chairman is the Director of the Department of Energy and Climate Protection of the Ministry of the Environment, and its Member is the Director of the SEF CR. The Minister of the Environment also appoints three members on the proposal of the Minister of Industry and Trade and one member on the proposal of the Minister of Finance.

The **Platform for the Modernization Fund** (hereinafter referred to as the “Platform”) serves for the exchange of information and suggestions between the institutions of state administration, private sector, and others. The Platform mainly discusses the recommendations of its members to the essential conceptual and implementation materials submitted by the Committee and comments on the documentation relevant for the implementation of the Modernization Fund in the Czech Republic. In addition to the members of the Committee, other members of the Platform are also entities whose scope includes areas supported by the Modernization Fund.

The SEF CR is also responsible for the preparation of the **General Program Document**, the relevant implementation programmes and other implementation documents. The Fund coordinates their preparation by means of *working groups* composed of representatives of the relevant ministries at working level, represented in the Modernization Fund Committee as well. Depending on the topics discussed, representatives of the Platform and other experts can also be invited to these debates of relevant working groups. The general program document, defining the scope of supported measures and the proportion of the Modernization Fund’s resources in the financing of individual areas of support (so-called programs), was prepared in cooperation with representatives of the ministries concerned and is based on conceptual and strategic documents on climate and energy that are binding for the Czech Republic. These are, e.g.: National Climate and Energy Plan, State Energy Concept of the Czech Republic, Climate protection policy in the Czech Republic, Long-term renovation strategy (to support renovation of national housing stock and other than residential buildings), National Action Plan for Clean Mobility, National Action Plan for Smart Grids, National Action Plan for Adaptation to Climate Change, National Emission Reduction Program of the Czech Republic. The coherence and interconnections with these conceptual and strategic documents, policies and action plans, covers not only the identification of specific areas of support, eligible measures and beneficiaries, but also the amount of investments needed for individual areas of support and their relative importance for the sustainable development of the Czech Republic.

The **program implementation documents** mentioned above describe specific conditions and forms of support provided from areas (as e.g. Renewable Energy Sources, Transport, Heating, Industry, etc.) that are intended to be financed from the funds of the Modernization Fund, set under the General programming document approved by the government of the Czech Republic in January 2021. Projects are submitted within the programs for EIB approval individually or, if it is effective, through a scheme within the meaning of Art. 2 point 5 of the Modernization Fund Regulation.

Up to now, the SEF CR has launched 15 **calls for the submission of applications** for support from the implementation programs mentioned in the titles of the schemes presented in this annual report. 12 of them cover the schemes in question, 3 were launched for above-limit projects, i.e. projects above GBER threshold.

SEF CR, as the managing authority of the Modernization Fund in the Czech Republic, informs and regularly publishes information related to the current state of preparation of implementing programs, their implementation and subsequently supported investments on its [website](#). On the website, the goals and principles of the implementation of the Modernization Fund in the Czech Republic are also presented. Moreover, the site is used to provide information on the forms and methods of support, conditions of acquiring it and the estimated timetable of calls. Announced calls from the Modernization Fund are published there as well. Most of the information is published and regularly updated through social networks managed by the SEF CR.

Annexe: Excel sheet **Annexe_A_to_AR-2023** with information on investments as per subsections:

2. *Information on each investment,*
3. *Additional information about investments other than schemes, and*
4. *Additional information about non-priority proposals*

of Annex II – Information to be provided by the beneficiary Member State in the annual report to the Commission of the Commission implementing regulation (EU) 2020/1001 laying down detailed rules for the application of Directive 2003/87/EC of the European Parliament and of the Council as regards the operation of the Modernisation Fund supporting investments to modernise the energy systems and to improve energy efficiency of certain Member States.

