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2009
Power Distribution in the Czech Republic

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Deputy Minister
Ministry of Industry and Trade
Prague, 8th June 2009
Third Package on Internal Market
(approved 22.4.2009 by European Parliament)

- **Unbundling**
  - OU – ownership unbundling
  - ITO – Independent Transmission Operator
  - ISO – Independent System Operator

- **Smart Metering**
  - Based upon analysis prepared by Member State
  - 80% of end users equipped by Smart Meters
Czech Legislation

**Amendment to the Energy Act**
*(No. 458/2000 Coll.)*

- **Real Burden**
  - Easement of Access
  - Use of other Property
  - Compensation of Damages

- **Duty for Network Operators**
Institutional Framework

- **Ministry of Industry and Trade (MIT)**
  - energy policy, legislation authorization for construction of new generating capacities and lines,

- **Energy Regulatory Office (ERO)**
  - licensing, price regulation, electricity rules for electricity market

- **Electricity Market Operator (EMO)**
  - organization of short term electricity market, settlement of differences, central registry of greenhouse gas emission allowances

- **State Energy Inspection (SEI)**
  - controlling institution – price control, right to impose fines
Regulated and non-regulated components of electricity price

The proportion of individual components of electricity prices for 2009 (excluding VAT)

- Power energy: 56.9%
- Distribution: 34.1%
- Transmission: 3%
- Support services ČEPS: 4%
- RES, CHP: 1.5%
- Distributed generation: 0.3%
- EMO: 0.1%
3 large distribution companies (8 former regional distribution companies):

- **ČEZ Group**: 3.5 million customers, 34 TWh
- **E.on**: 1.4 million customers, 14.3 TWh
- **PRE Holding**: 0.7 million customers, 7.2 TWh

(Ownership: City of Prague, GESO, RWE, ČEZ, State)

278 closed (local) distribution companies
DISTRIBUTION – REGULATED ACTIVITY

- Role of Energy Regulatory Office (ERO)
- Regulated Electricity Price Components
  Transmission, Distribution, EMO Services, Distributed Generation, Support services, CHP, RES
  Share of RES (In 2008, 3.1 bill. CZK) – for covering grid losses of ČEPS + PDS (at certain share of RES)
Current Regulation and Needs for Development

- pressure on 
  cost reduction \(\text{VS}\) increase of quality parameters 
  \((\text{SAIDI, SAIFI})\)
- obsolete parts of distribution grids urgently need money for reconstruction
- price for distribution covers operation of grids and partly necessary investment and needs for development
Conclusion

Basic options for settlement of needs for development of distribution grids:

1. Prolongation of current regulation and conservation of distribution prices which means short term effect but long term negative influence on safety and quality indices
2. To satisfy eligible needs for reconstruction and development of obsolete parts of distribution grids
3. To accept increase of costs of regulated part of electricity at the time of electricity price decrease.
4. To encourage network investments as a part of economic crisis solution
Thank You for Your Attention

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