

News at SEVEN

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ENERGY EFFICIENCY NEWS FROM THE CZECH REPUBLIC

Stranded cost in the Slovak electricity sector: a quagmire for policy-makers

At the present time, Slovakia's policy-makers are tackling the problem of stranded costs in their attempt to prepare the Slovak energy sector to join the common electricity market in the European Union. Many problems have finally begun to be dealt with, among them energy tariffs, independent regulation, corporate governance and environmental pollution. One of the major tasks at the moment is privatisation of Slovenské elektrárne, a.s (Slovak Power Plants, jsc).

The debate on this topic is also interesting in relation to privatisation and liberalisation of the energy sector in the Czech Republic.

Slovenské elektrárne (SE) is the dominant and, until recently, with the exception of prices, almost unchallenged electricity generation company in Slovakia (CEZ, the Czech Energy Utility, has also shown interest in its privatisation). However, SE's massive investments in new generation capacity and environmental clean-ups, as well as the gradual opening-up of the Slovak domestic electricity market, pose a significant threat



to its cost recovery and maintenance of market share. Political distaste for increasing consumer energy tariffs to cost recovery levels during the 1990s meant that the bulk of SE's investment was financed from external sources. Prices have increased significantly over the past three years and tend to cover SE's overall costs; however, the cost levels are affected by past investment decisions.

In 2003 the Slovak electricity market opened for large industrial users with annual consumption above 40 GWh, as well as for all three major electricity distribution companies. In 2005 the market will open for all customers except households. Some eligible users have already exercised their right to choose suppliers and many are willing to do so if there is the right price-quality mix.

In the light of these changes, SE faces the threat that it may not be able to recover some of its costs. SE's massive investment programme may prove to be too costly to compete in the open market. In addition,

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Foto: Juraj Rizman

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THE IFC/GEF COMMERCIALIZING ENERGY EFFICIENCY FINANCE (CEEFF) GUARANTEE FACILITY

International Finance Corporation (IFC) and the Global Environment Facility (GEF) have established a Commercializing Energy Efficiency Finance (CEEFF) Guarantee Facility to promote energy efficiency financing in the Czech Republic, Estonia, Latvia, Lithuania and Slovak Republic. This program is designed to support energy efficiency financing activities of qualified private sector financial intermediaries principally by providing partial credit guarantees and technical assistance.

The energy efficiency projects eligible for support from the program are investments in goods and services aimed at improving efficiency of energy use in buildings, industrial processes and other energy end-use applications. This can be in any sector, i.e. corporate, small and medium enterprises, retail, municipal, etc. The type of projects might include boiler upgrades and controls, district heating systems upgrade, cogeneration systems, energy management control systems, waste heat recovery, building insulation, use of renewable energy sources etc.

CEEFF uses a grant of US\$15 million from the GEF to support an IFC investment of up to \$75 million in creating a \$90 million Guarantee Facility. This is expected to mobilize a portfolio of energy efficiency projects with a total value of around \$225 million.

This project plays an important role in promoting energy efficiency through:

- Supporting disadvantaged sectors. Small

and medium enterprises and the residential sector are expected to be the largest beneficiaries of CEEFF, as they comprise the end-user groups generally unable to carry out energy efficiency upgrades from their own resources. At the same time, they also face reluctance by the financial sector to extend long term financing for energy efficiency investments.



Global Environment Facility



• Promoting the ultimate commercialization of energy efficiency funding. CEEFF is expected to increase the experience and capacity of domestic financial institutions to provide project finance and thus reduce the gap between perceived and real credit risk in energy efficiency finance; contribute to more favorable credit conditions to borrowers; and promote financial innovation in this market. The program is available to several institutions simultaneously, thereby promoting competition in the field and encouraging the development of a variety of specialized niche financial products to meet the needs of energy users in the residential, commercial, industrial and institutional sectors. Projects are financed on fully commercial terms as negotiated between the financial institutions and their borrowers, with a guarantee fee charged by

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SEVEN has moved

SEVEN,
The Energy Efficiency Center,
has moved from Slezská 7
to Americká 17, 120 00 Prague 2.
Telephone numbers
and email addresses
remain unchanged.



THE IFC/GEF COMMERCIALIZING ENERGY EFFICIENCY FINANCE (CEEFF) GUARANTEE FACILITY

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IFC to the financial institution. Over time, as experience is gained and as more institutions enter this market, they are expected to offer not only more energy efficiency financing but also to do so on more competitive terms.

- **Raising awareness.** Through its extensive technical assistance program but also through the demonstration effect of projects made possible by the guarantee, CEEF is expected to play an important role in raising awareness in these markets about the viability of energy efficiency investments for Energy Services Companies and financial institutions.

THE GUARANTEE FACILITY

The guarantee would be channeled through local financial intermediaries (FIs), which would provide loans from their own sources of funding. There are already participating FIs in each of the five countries. Up until May 2003, co-operation agreements have been signed with Latvian JSC Hansabanka, SIA Hanza Lizings, JSC Latvijas Unibanka and SIA UNILIZINGS, Prvá Komunálna Banka from Slovak Republic and the largest Czech bank Česká Spořitelna a.s.. Several other

institutions have expressed interest in participating in CEEF.

The specific terms and conditions for the loans are set by the participating financial institutions in each country. The basic terms of the guarantees are as follows:

Guarantee Percentage: Up to 50% of outstanding principal balance
Guaranteed Amount: Max. US\$1,875,000 (equivalent)
Availability Period: Project Guarantees may be issued until December 31, 2006
Guarantee Term: The maximum term of each project guarantee shall be 7 years.

TECHNICAL ASSISTANCE FACILITY:

CEEFF also includes a complimentary technical assistance program designed to meet those needs and could support, among others:

- training of Financial Intermediary's staff,
- marketing and preparation of projects for investment (such as energy audits) for both financial

institutions and the energy efficiency businesses,

- other activities developed to enhance partner's ability to develop and grow their energy efficiency related activities.

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FEEDBACK

Energy planning and municipal ordinances – from a different perspective

The March issue of News at SEVEN included an article on the alleged problems relating to the issuance of municipal ordinances pertaining to municipal energy plans. As this article contains misleading information from the state administration viewpoint, I decided to respond. I will try to explain how the entire issue is regulated by law. This is also necessary due to the fact that J. Zeman's article makes some allegations resolved by developments in legislation.

The issue of municipal energy plans is regulated by Act No. 406/2000 Coll., on energy management, which lays down an obligation for the regions, the City of Prague and statutory towns, and the right of municipalities to draw up a municipal energy plan prepared for their territorial district. For its implementation, a region, town or municipality may issue a legally binding regulation within its independent operation. The municipal energy plan is also a binding basic document for land-use planning. As was unambiguously confirmed by the legal opinion of the Ministry of Industry and Trade and the State Energy Inspection at a session of a working group assessing the application of the Energy Management Act, these provisions clearly determine that a municipality may issue a legally binding ordinance relating to the principles of arrangement of the municipality's equipment in compliance with Article 4 of Act No. 406/2000 Coll. and on the basis of the binding section of the municipality's land-use plan pursuant to Article 29 of Act No. 50/76 Coll. The binding section is approved by the municipal Board of Representatives and declared a binding ordinance of the municipality in independent operation in accordance with Article 84 paragraph 2 letter b) of the Act on Municipalities.

I do not understand why, as Jiří Zeman says, municipal ordinances formulated in this manner

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Tradeable green certificates in Great Britain

April 2003 marked the first anniversary of the introduction of a new system supporting the use of renewable energy sources in Great Britain – a combination of an obligatory quota for the share of renewables in electricity supplied and tradeable green certificates. What results has it brought?

Between April 2002 and 2003 electricity suppliers in Britain were obliged to ensure that 3% of the total volume of electric power generated was derived from renewable sources. For 2010 this quota has been set at 10%, while a significant rise is being planned for 2026.

To prove compliance with the quota stipulated by law, the energy regulator, OFGEM, issues Renewable Obligation Certificates (ROCs), whereby a supplier obtains one certificate for each 1 MWh of electric power from renewables supplied to British consumers.

Suppliers have two ways of meeting the requirements defined by law:

- To hand over certificates in the volume set by the quota which they either obtained for their own electricity supplies or bought from other suppliers;
- To pay a charge of GBP 30 for each undelivered certificate.

Producers of electricity from renewables have income from two sources – the electricity market and the certificate market. In the past year, certificates were traded at the price of approximately GBP 50, i.e. roughly threefold the electric power market price. At first glance, it is somewhat surprising that this price is higher than the charge for handing over a certificate. The reason is that at the end of each period the income from charges collected is redistributed among the suppliers who have fulfilled their obligation by

handing over certificates. Thus, the certificate's economic value increases – a supplier saves the money for the charge and, in addition, obtains the redistributed income. In the event that installed capacity does not make it possible to supply the share of electricity from renewable sources required by the quota, this mechanism fulfils two functions:

- It reduces suppliers' costs to a bearable limit, giving them the opportunity to pay the charge;
- At the same time, it adds another form of economic motivation for investments in renewable technologies.

The success of the system creating economic motivation for investments in renewable sources has also been confirmed by the results of a new Ernst & Young study. According to this document, the United Kingdom is the country with the most advantageous conditions for investments in wind power, owing to the introduction of the aforementioned quota system in combination with a simplified planning permission procedure concerning new power plants, as well as the huge potential for use of wind power. The British Wind Power Association expects the installation of approximately 1,000 new wind turbines over the next two years and points out that by this March almost 550 had already received construction permission. Furthermore, alongside coal, many coal power plants have begun combusting various types of biomass in order to obtain certificates for the part of electricity generated from a renewable energy source. Partially contributing to the higher use of renewable sources in Great Britain is also green electricity's exemption from the GBP 4.3/MWh climate change levy.

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Jana Szomolányiová

Stranded cost in the Slovak electricity sector: a quagmire for policy-makers

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there are also some legislative and contractual obligations that may increase SE's costs above competitive levels. If SE's costs are uncompetitive, eligible consumers would switch to lower cost suppliers and SE managers would not be able to recover the company's costs. As a result, the portion of SE's costs that is irrecoverable in a competitive market would become "stranded."

Hence, the important question for the Slovak government is whether to allow SE to receive reimbursement for its stranded costs. There are two main approaches available. They involve either temporary restriction of competition until the costs that are considered stranded are recovered or a mechanism that recovers stranded costs in a manner that does not distort competition in the open market. Both approaches should involve identification and quantification of stranded costs and determination of the duration of the stranded cost recovery.

The government has opted for the first approach, although it has not undertaken all steps necessary to tackle the problem in its entirety. It adopted a legal measure that limits import of electricity to Slovakia in the next two years. Eligible users can only import one-third of their consumption in 2003. This limit will increase to two-thirds in 2004 and in 2005 will be completely removed. The aim of this measure was to temporarily protect SE's dominance in the domestic market, as there is no other significant competitor in Slovakia.

The approach adopted could only be effective prior to SE's privatisation. In this way, potential investors could evaluate the level of stranded costs and incorporate this information in their evaluation of SE's assets. As a result, the price

that investors would pay for SE would also include the value of stranded costs. Effectively, the Government would pay for the stranded costs in the form of lower receipts from privatisation and no specific mechanism for recovery of stranded costs may be needed.

Unfortunately, the approach adopted was implemented on a piecemeal basis. The implementing legal measure was adopted in the absence of accompanying legal and regulatory rules that would address specific issues of market liberalisation, such as the set-up of a liberalised electricity market, the specification of system operation rules, the structure of the future SE, etc. It lacked specification of the amount of stranded costs to be recovered and a description of their nature. The fact that the primary energy legislation is currently being extensively modified means that the implementing legal measure itself is likely to be modified, along with a whole set of other legal and regulatory measures. As a result, the level of uncertainty about stranded cost recovery remains significant. This could place a significant discount on SE's privatisation price and, in the extreme case, discourage investors completely.

It remains the task of the Slovak Government, in cooperation with the market regulator, to identify and evaluate the level of stranded costs and to design a stranded cost recovery scheme before SE's privatisation takes place. This is a standard, though complex and sometimes difficult, procedure.

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Energy efficiency programmes – the success stories

What is the difference between a successful and an unsuccessful energy efficiency programme? What are the factors causing some programmes and policies to be successful and others not? Which of the successful programmes are suitable for application in other countries too? The authors of the "Successful Energy Efficiency Programmes" project initiated by the European Environmental Agency (EEA) have tried to answer these questions.

The project aims to identify and report on the factors that make particular energy efficiency programmes successful. The work has involved a review of the energy efficiency policies of all 31 EEA members and, following an extensive workshop and consultation, the preparation of 20 'success stories', which show good examples of energy efficiency policy implementation.

One of the successful projects is the Hungarian Energy Efficiency Loan Scheme. This project used World Bank funding to provide partial financial guarantees for loans granted for energy efficiency projects in the commercial and industrial sectors. Rising energy prices and the involvement of the World Bank were two key drivers for the success of the project as they reduced the main barriers. The involvement of the World Bank is thought to have increased participants' trust in the scheme and in energy efficiency in general, thus reducing perceived risks. Secondly, rising energy prices and the perception that they could increase further encouraged participants to actively control energy consumption. The success of this project is also documented in another article in this magazine, describing the project's further expansion to five Central European countries.

Energy Performance Contracting in the Czech Republic has undergone an interesting development. This project introduced third-party finance and energy service provision to Czech industrial, municipal and commercial organisations. However, in order for these concepts to work effectively, market and institutional barriers had to be removed. The targeting of these, especially the regulations which prevented the organisations making savings from retaining them, is believed to have been crucial in the success of this policy. Furthermore, it concerned the preparation of standard contractual terms and conditions for organising public tenders that have extended the group of subjects interested.

Worth mentioning is the Efficient Lighting Initiative in Latvia. Funding from the International Finance Corporation was used to allow a Latvian engineering consultancy to develop a campaign promoting energy-efficient lighting. The campaign took a holistic approach, beginning by identifying what the common barriers to improved lighting were in Latvia, then attempted to deconstruct each of these in as rigorous a manner as possible. The resulting programme contained elements of marketing, education, demonstration projects and network building.

This work is due to be presented this autumn in an integrated publication summing up and characterising the successful policies. Please contact the European Environment Agency: eea@eea.eu.int for more details.

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Tradeable green certificates in Great Britain

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	Wind Index	Solar Index	Biomass and Other Resource Index
UK	79	42	51
USA	76	82	65
Germany	76	70	62
Spain	75	71	63
Italy	67	73	50
Greece	64	55	39
France	60	60	50
Portugal	59	52	51
Ireland	58	32	40
Denmark	57	40	43
Sweden	56	39	61
Netherlands	55	50	43
Norway	46	34	54
Belgium	46	36	37
Austria	36	42	47

The index includes these factors: market changes risks, planning procedures, grid access, taxes, access to cheap loans and grants, prices and their volatility, durability of contracts, political support, renewable energy industry maturity, current usage and natural conditions.

More information:

www.dti.gov.uk/energy/renewables/policy/renewables_obligation.shtml

www.ey.com/global/Content.nsf/UK/Media_-_03_01_29_DC_-_Wind_power

Green electricity on liberalised European markets: a marketing opportunity for traders and/or state policy?

Many electricity consumers around the world have the opportunity to choose their own electric power supplier. In more than a dozen countries, green electricity marketing – independent sale of electric power fully or partially generated from renewable sources – has occurred. Foreign experience with sale of green electricity can help in understanding why consumers require green electricity, how to create successful marketing strategies and how the interplay works between the green electricity market and policy enhancing the use of renewable energy sources.

An example of green electricity being successfully placed on the market is the Netherlands, where green electricity was first introduced as an independent product in 1995. In 1999, all 12 domestic distribution companies began supplying it. Sales of green electricity markedly grew at the end of 1999, when the World Wide Fund for Nature (WWF) started to participate in its promotion. The campaign facilitated the increase in the number of green electricity consumers from 100,000 in September 1999 to 140,000 in January 2000. From then on, the demand was enhanced by tax breaks on green electricity and promotion on the part of energy suppliers hoping that on the eve of market opening they would raise their customers' loyalty since all households could choose their green electricity supplier from July 1, 2001. In April 2002, an estimated 775,000 customers purchased green electricity, i.e. approximately 13 % of households (in other countries where this product has been introduced merely 1 – 5% of customers have opted for it). In some Dutch regions the market share even amounted to 20%. The vast majority of customers buy green electricity from their former electric power supplier, only 50,000 have changed supplier. On the basis of the average electricity consumption in households of 3,300 kWh/year, it

is estimated that annually about 2,500 GWh of green electricity is sold, more than the total electric power generated from renewable sources in the Netherlands. In order to satisfy demand, suppliers must import green electricity from other European countries or buy green certificates.

At the present time, major green electricity suppliers levy just a slight surcharge (between 1.5 and 9.5 %) to energy prices or none at all. One supplier even sells green electricity more cheaply.

In comparison with other countries, the Dutch green electricity market has been extremely successful. The number of customers utilising green electricity has been continually growing, several new green electricity suppliers have entered the market, thus the market has recorded signs of continuous growth. However, the question arises of how to meet the demand for green electricity with regard to the fact that electric power from virtually all domestic renewable sources is fully sold. To date, supply of green electricity has not resulted in the development of new renewable sources. Due to the limitations arising from the high density of population in the Netherlands, only two options come into consideration: construction of wind power plants in offshore waters or increased imports. Debates on wind power plants in offshore waters are in their infancy. As regards imports, the Government has set new rules for issuing green certificates for imported products, which could result in Dutch green electricity consumers supporting the development of renewable sources in other countries.

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For details on experience from many other countries, visit:

www.nrel.gov/docs/fy02osti/32155.pdf

Opinion poll: Greater interest in renewables than energy savings

Although energy consumption in Europe has been continuously rising, its inhabitants are in no mood to change their habits and reduce power consumption. However, an opinion poll has revealed that they are willing to pay more for "green electricity" and research into energy-efficiency technologies. Those most inclined towards these ideas are Northern Europeans.

Up to 70% of respondents are ready to accept increased funding of research into energy-saving technologies, while 38% are willing to pay more for purchase of green electricity generated from renewable energy sources. This data is the result of a Eurobarometer poll in which 16,000 people participated. The poll confirmed the lack of willingness of individual consumers to reduce their energy consumption. Most respondents consider that the greatest saving potential is in the industrial sector. Hence, instead of changing their consumption habits, they call for further research into energy-efficiency technologies and new energy sources.

Another poll involving 3,000 respondents from households and small companies in Western and Central European countries was carried out by the organisers of a project dealing with electric power labelling. Among other things, it revealed consumers' interest in knowing the fuel composition of the electricity supplied to them, as well as the fact that up to 50% of consumers were willing to pay more for electricity generated from renewable energy sources. On the other hand, one-third of respondents would not pay an increased price for this product.

-jk-

www.greenprices.com/eu/newsitem.asp?nid=595

www.electricitylabels.com/reports.html

Electricity origin labelling

Most goods we buy in shops bear a description of their composition on the packaging. This is not, however, the case with electric power. Besides the purchase of green electricity (in the Czech Republic so far supplied just by one distributor), we cannot ascertain the origin of the electric power consumed by merely studying the energy bill. Yet, it is obvious that electricity generation has significant adverse environmental effects, with some energy sources being far more harmful than others. How then is it possible to make consumer purchase decisions in the absence of this essential piece of information?

Disclosure of electricity origin may play an important role. A free market, functioning in an increasingly higher number of European countries and developing steadily in the Czech Republic, works best when customers have sufficient information at their disposal. Since more and more countries have been opening their electricity market to competition, the importance of electricity origin labelling has been growing too. Moreover, just as information on foodstuff packaging reveals the presence of GMOs, the origin of electric power, in terms of the fuel source and its environmental burden, can change a consumer's purchase decision.

Electricity origin labelling was first introduced in California, where it has been compulsory since

1998. At present, more than 21 American states (including three with a non-liberalised energy market) have similar requirements, albeit with a slightly differing appearance of labels and the information contained.

The first European country applying this measure is Austria, with electricity origin labelling being obligatory since 2002. Other similar legislative regulations are under preparation in Switzerland and the Netherlands, as well as in New South Wales, Australia. In November 2002, through ministers responsible for the energy sector, the European Union expressed its interest in energy origin labelling since household and small business consumers possess the right to acquire electric power of a quality declared in advance and at a suitable price. Therefore, they should at least receive information on the volume of CO₂ emissions and radioactive waste contained on average in an electricity unit, as well as on the make-up of individual sources in the electric power consumed in the previous year.

Back in 2001 the European Union adopted a directive which from October 27, 2003 imposes the duty to specify for all kilowatt-hours of electric energy generated from renewable sources its guarantee of origin (the presumption for 2004 is 400 terawatt-hours). This applies to all EU member states from next year on. This obligation may significantly affect the volume of electricity from renewable sources sold and international trading in it. Development and simplification of international green electricity trading would also facilitate the overall development of renewable energy sources.

Electricity Facts			
Smart Energy Co., Super Savings Plan, TDSP Service Area June 2001			
Electricity price	Average monthly use:	500 kWh	1,000 kWh
	Average price per kilowatt-hour:	1x,31¢	1,00x3¢
Contract	Minimum term:	1 month	Penalty for early cancellation: none
	See Terms of Service statement for a full listing of fees, deposit policy, and other terms.		
Sources of power generation	This product		Texas (for comparison)
	Coal and lignite	20%	49%
	Natural gas	70%	37%
	Nuclear	8%	13%
	Renewable energy	2%	1%
	Other	0%	0%
Total		100%	100%
Emissions and waste per kWh generated	Carbon dioxide	88	
	Nitrogen oxides	112	
	Particulates	56	
	Sulfur dioxide	23	
	Nuclear waste	10	
		Better than Texas average	Worse than Texas average
(Indexed values; 100=Texas average)			

An energy label used in Texas documents the information that might be contained in this type of label. Besides information on quantity of electric power consumed and its price, it also states the electricity sources participating in its generation, as against the national average. It also specifies several pollutants that have been emitted into the environment during its generation, again in comparison with the national average.

www.electricitylabels.com

www.greenprices.com

www.recs.org

www.europa.eu.int/scadplus/leg/en/

[/lvb/127035.htm](http://lvb/127035.htm)

FEEDBACK

Energy planning and municipal ordinances – from a different perspective

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should be inconsistent with the principles of economic competition and the constitutional order. I am fully aware that the Constitution and the Charter of Fundamental Rights and Freedoms is valid, that no one is to be compelled to do what the law does not impose and that duties may only be stipulated on the basis of the law and within its limits. However, I do not consider it applicable as an argument against the issuance of municipal ordinances. This is precisely the reason why these rights and duties of municipalities are defined by law so as to prevent the repetition of situations when previously issued ordinances were abolished by the Supreme or Constitutional Court since they had no support in law.

The article's author claims that in a number of instances the incriminated ordinance has been annulled or, in extreme cases, judicial proceedings commenced. Since the Act came into force, I have not heard of any case of annulment of an ordinance or related judicial proceedings. As regards the allegation that in practice there has never been a case when a court has not annulled the respective ordinance, this was only true up to 31.12.2000, i.e. the period before the Energy Management Act came into effect. After all, the provision on energy plans was amended in the Act on the initiative of MPs, reacting to the aforementioned situation. When it comes to the results of negotiations with state bodies, such as the Ministry of Regional Development, the Ministry of the Environment, the Office for Economic Competition and experts in constitutional law, as far as I know, they have not been formulated in writing in such a manner that it would eventual-

ly be possible to arrive at a conclusion different from the one expressed in the current legal opinion of the Ministry of Industry and Trade and the State Energy Inspection.

It is true that the new Act No. 86/2002 Coll., on Air Pollution Control, provides municipalities with some new, robust tools for regulating the energy sector. They are fully in compliance with the requirements expressed in land-use energy plans. And since the goal is identical in both cases, the drafting of documents pursuant to both Acts, i.e. on energy management and air pollution control, is frequently interlinked.

I would like to cite the first document issued in accordance with the Energy Management Act. It concerns an ordinance issued by the City of Pilsen. In line with the requirements of the Energy Management Act, the City Council took into account and, pursuant to Article 4 paragraph 2 of Act No. 406/2000 Coll., imposed upon the competent municipal organisational services the duty to apply the land-use energy plan as a binding basic document for land-use planning. The subsequently issued ordinance is binding on all subordinate building authorities.

In conclusion, let me express my hope that this contribution to the discussion will facilitate acceleration of the negotiations mentioned in the original article and, at the present time, when the drafting of land-use energy plans is in full swing, will eliminate possible confusion.

František Plecháč
General Director State Energy Inspection
www.cr-sei.cz

NEWS from the press

- The Office for the Protection of Competition (ÚOHS) confirmed the amended version of the resolution on the terms of integration between the Czech Energy Utility (ČEZ) and regional electricity distributors dated December 10, 2002. On the basis of ČEZ's appeal against the acquisition terms, ÚOHS prolonged the deadlines for meeting individual terms. Thus, the transfer of shares of the three distribution companies will not be approved by the antimonopoly office, while the condition of selling 34% of the transmission system's shares to the state has also been dropped. ČEZ can now choose who to sell them to.

- According to observers, consolidation of ČEZ and regional electric power distributors will result in privatisation being delayed until the period after the 2006 parliamentary elections.

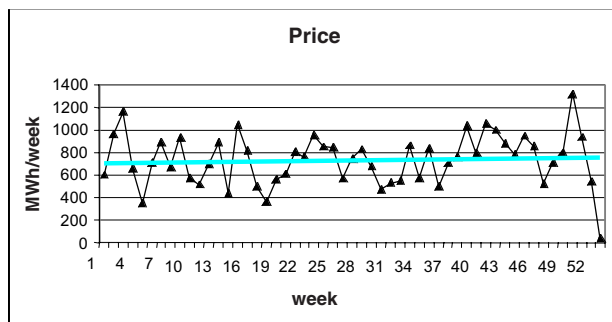
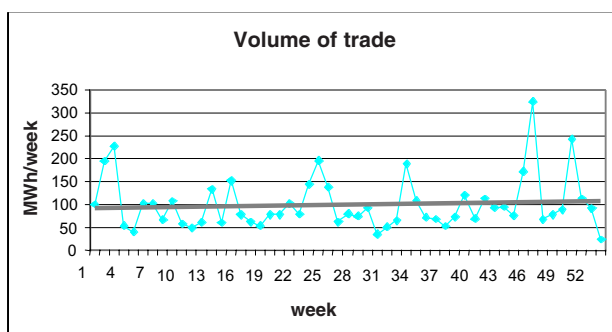
- The Supervisory Board of the Austrian energy company Energie AG approved the intention to withdraw its shares from three Czech distribution companies. The firm's management has yet to agree upon transfer terms with Germany's E.ON Energie AG. These two companies jointly own a majority stake in Jihočeská energetika (South Bohemian Energy Utility) and Jihomoravská energetika (South Moravian Energy Utility) and a minority stake in Západočeská energetika (West Bohemian Energy Utility).

- ČEZ's management announced that it would sell its 51% stake in Severočeská energetika (North Bohemian Energy Utility), while in parallel it would negotiate with E.ON and RWE over the exchange of minority interests in individual electricity distributors. Sale of the majority stake in one of the distribution companies is the antimonopoly office's precondition for ČEZ's merger with semi-state regional distributors.

- In the first quarter of this year 20.4 billion kWh of electric power was generated in the Czech Republic, representing a 9.2% growth in comparison with the same period last year. After deducting exports, year-on-year consumption increased by 7.3%. In the Czech Republic annual electricity consumption will rise by at least 1 to 2 % over the next seven years. These estimates were published by the Energy Regulatory Office.

Development of trading on the short-term electricity market in 2002

The Electricity Market Operator, which originated in 2001, started its routine operation on 1. 1. 2002. Its main activities include processing the balance of electricity supply and demand, organising the short-term electricity market, evaluation of real and agreed electric power supplies and take-offs, providing settlement of variances of real and agreed electricity supplies and take-offs, drawing up monthly and annual reports on the Czech electricity system etc. The two graphs below document the trading volume on the short-term daily market in 2002 and the price at which this electricity was sold. They clearly show the interconnection between the volume of electricity traded and its price. (Note: For better illustration, the graph lines show linear dependence of individual figures).



Source: Electricity Market Operator, a. s.

www.ote-cr.cz

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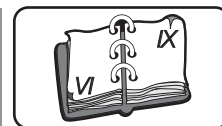
Dear readers,

If you like our magazine, please tell others; if not, tell us. This is the wording of many companies' favourite slogan and it certainly applies to our bulletin too. Attached to the most recent issue was a leaflet offering the possibility of continued dispatch of News at SEVEN, although we already contact most readers electronically. However, you can still have our magazine delivered to your door. If you are interested in the electronic version, please send a short email to news@svn.cz with your contact data. We would be pleased if you passed this information on to other people who are possibly interested in our magazine. On request, we will send News at SEVEN to you in an attached file, or just in the form of an announcement of its publication on our website.

More information:

juraj.krivosik@svn.cz

Conferences, exhibitions and presentations



July - September 2003

House 2003

10th general building exhibition

22 – 24. 8.

Louny Exhibition Grounds, Czech Republic

Contact: Diamant Expo, s.r.o.

sekretariat@diamantexpo.cz

www.diamantexpo.cz

1st European Hydrogen Energy Conference

One of the major events for international scientific exchanges between research, industry and government, as well as for the commercial development of hydrogen energy.

2 – 5.9.

Alpexpo, Grenoble, France

Contact: French Hydrogen Association

afhparis@aol.com

www.afh2.org

House and Heating

Exhibition of heating, household amenities and furniture

4 – 7. 9.

Lysá nad Labem Exhibition Grounds, Czech Republic

Contact: vystaviste_lysa@pvtnet.cz

www.vystaviste-lysa.cz

MSV 2003

45th international machinery trade fair

15 – 19. 9.

Brno Exhibition Grounds, Czech Republic

Contact: Veletrhy Brno, a.s.

msv@bw.cz

www.bvv.cz/msv

5th Annual Renewable Energy Finance Forum

22.– 23. 4.

London

Contact: Euromoney Energy Events

tmayrhofer@euromoneyplc.com

www.euromoneyenergy.com/energy.as

For Arch

14th international building trade show

23 – 27. 9.

Letňany Exhibition Complex,

Czech Republic

Contact: ABF, a.s.

veletrhy@abf.cz

www.forarch.cz

Windtech Husum 2003

23.– 27. 9.

Husum, Kielsberger. 8-10, Detschland

Contact: Expoconsult Fotter, Messe

info@expoconsult-fotter.de

www.windtechhusum.de

8th Grove Fuel Cell Symposium 2003

International forum for discussion of the latest developments in fuel cell technology and commercialisation.

24. – 26. 9.

ExCel, London, United Kingdom

Contact: Grove Fuel Cell Conference

Secretariat,

Elsevier Science Ltd.

sm.wilkinson@elsevier.com

www.grovetfuelcell.com

World Climate Change Conference

29. 9. – 3. 10.

ITC, Moscow, Russia

Contact: wccc2003@hydromet.ru

www.wccc2003.org

Consultancy centres for energy efficiency and renewable energy sources

WWW

Internet energy consultancy and information centre

<http://www.i-ekis.cz/>

List of energy consultancy and information centres

<http://www.ceacr.cz/subpage.php3?src=ekis>

EkoWatt

<http://www.ekowatt.cz/hyperporadna.php3>

České Budějovice Energy-Centre

<ftp://ftp.ecn.nl/pub/www/library/report/1999/c99072.pdf>

TZB-Info

<http://www.tzb-info.cz/t.py?t=11&i=1>

Somatherm, s. r. o.

<http://vytapani.maincube.cz/cz/forum.html>

Energ, s. r. o.

www.energ.cz

Pražská energetika, a.s. (Prague Energy Utility)

http://poradenstvi.pre.cz/static/o_nas/onas.php

Jihomoravská energetika, a. s. (South Moravian Energy Utility)

<http://www.jme.cz/kontakt/konzultacni.asp>

Západočeská energetika, a. s. (West Bohemian Energy Utility)

<http://www.zapni.cz/localfaq/list/?Section=1>