

THE CZECH REPUBLIC CONVENED AN EXTRAORDINARY COUNCIL OF MINISTERS FOR ENERGY IN BRUSSELS



The Czech Republic convened an extraordinary Council of Ministers for Energy in Brussels on 9 September, chaired by Czech Minister of Industry and Trade Jozef Síkela. The main topic was a discussion on options for a Europe-wide solution to the problem of high energy prices. "I said today that we will do whatever it takes to protect our households and industry from high energy prices. We do not have weeks, we have days. We will devise an immediate, concrete solution with the European Commission. And we will approve it by the end of September," says Minister of Industry and Trade Jozef Síkela.

The Council agreed that the European Commission should issue legal proposals within days, which will be approved by member states, to complete the legislative process as soon as possible. The terms of reference for the Commission are based on the member states' positions. They include, for example, the possibility of using excessive profits of electricity producers to finance

measures to reduce the impact of high energy prices on citizens and businesses, to invest in energy savings, renewable energy sources, and other emission-free technologies. There was further agreement among ministers to reduce electricity demand, which they also see as one of the primary measures to reduce pressure on energy prices. The Temporary Crisis Framework allowing public support for companies affected by the consequences of the Russian aggression against Ukraine should also be extended without further delay. The several Member States have expressed the need to review the functioning of the electricity market in the medium term, reflecting market conditions. The European Commission should also come up with a proposal to cap gas prices, but it must be careful not to jeopardise gas supplies to Europe. The Czech Republic is ready to reconvene an extraordinary meeting of the Council of Ministers by the end of September, and other EU ministers have also expressed their willingness to meet.

THE CONFEDERATION OF INDUSTRY OF THE CZECH REPUBLIC HOSTED LEADERS OF BUSINESSEUROPE

The newly elected President of the Confederation of European Business (BusinessEurope), Fredrik Persson, accompanied by Director General Markus Beyrer, attended another event in Prague organised by the Confederation of industry of the Czech Republic (SP CR). The visit followed the June meeting of the BusinessEurope Presidents' Council, when business representatives from 35 European countries handed over the "Prague Declaration" of European business to the government headed by Prime Minister Petr Fiala, during which Fredrik Persson was also elected President.

The afternoon meeting of the SP EU team was a smooth follow-up to the morning meetings of the

delegation accompanied by the Vice President of BusinessEurope Radek Špicar and the Director of the International Relations Section of SP CR Lukáš Martin with the Prime Minister Petr Fiala, the Minister of Industry and Trade Jozef Síkela and the Deputy Minister for European Affairs Marek Havrda.

The SP EU expert team members had an opportunity to discuss their priorities in the ongoing CZ PRES agenda and get feedback complemented by fresh information from the Czech government. The government representatives appreciated the intensive cooperation with the Confederation of Industry and welcomed that the Confederation of Industry will continue to participate in the development of

News FLASH

> A VAGUE MESSAGE FROM BRUSSELS

The Czech solution should consist primarily in capping electricity prices for consumers. The estimated cost of compensation for the capping of energy prices is CZK 130 billion. An amendment to the Energy Act, which defines an "exceptional market situation" justifying price regulation, is being hastily prepared.

> THE FIRST LIQUEFIED GAS SHIP FROM THE UNITED STATES

The Czech Republic officially opens an LNG terminal in Eemshaven, the Netherlands, which can cover about one-third of the country's annual gas consumption. On 20 September, the first liquefied gas ship from the United States arrived at the terminal, and gas will soon start flowing into the Czech Republic.

> SUBSIDIES FOR THE CONSTRUCTION OF WIND POWER PLANTS

Companies can start applying for subsidies for the construction of wind power plants. A total of half a billion Czech crowns are available for applicants. The subsidies are administered by the Agency for Enterprise and Innovation (API), which is established by the Ministry of Industry and Trade of the Czech Republic. Companies can submit more than one application. They can receive up to 80% of eligible expenditure back in the form of a grant, up to a maximum of EUR 15 million per company or project.

effective measures to support Czech companies in the current energy and economic crisis, both at national as well as European level through BusinessEurope.

Source: <https://www.spcr.cz/en/news>

HIGH ELECTRICITY AND GAS PRICES ARE ONLY NOW BECOMING APPARENT FOR COMPANIES

According to the survey of the Confederation of Industry of the Czech Republic (SP ČR), up to 80% of companies do not have fixed energy prices for 2023. The Confederation of Industry of the Czech Republic surveyed 114 industrial companies on questions related to the energy crisis. The results are not very optimistic, and it turns out that most companies do not even have a guaranteed contract for the next year, 2023. Most of the companies that participated in the survey have fixed gas prices for this year, roughly 2/3 of the companies, half of which have approximately the same conditions as in 2021, and the other half have a fixation several times higher. The remaining 1/3 are not yet significantly affected by the electricity and gas prices increase. However, the biggest problem is expected next year. For gas, according to the survey, only 22% of companies have a price fix, and overall, companies confirmed that they have a big problem with negotiating energy supply contracts for 2023. Firms are responding by trying to save as much energy as possible. Investing in energy savings is one of the most common measures that firms are taking. There is also a big problem for firms that cannot replace gas quickly due to technology, and more than one-quarter of the firms surveyed are

unable to reduce their gas consumption. Many firms plan to invest in their photovoltaic power plants, more than half plan to install more efficient lighting, and a quarter will upgrade their heating system. Jaroslav Hanák, President of the Confederation of Industry of the Czech Republic, points out, "Many companies have also been forced to reflect the rising energy prices in their product prices, but only a small number of companies have managed to do so in full. Almost half of the companies reduced their planned investments due to high energy prices. However, this may be a problem in the future, as firms may lose competitiveness by limiting investment in their development". He then says that the government needs to look rapidly for other options, and an extension of the Temporary Crisis Framework aid for another year needs to be negotiated. The Czech Chamber of Commerce says the same, which appreciates the extension of the Crisis Framework until the end of this year, but an extension for another year, 2023, needs to be negotiated, which would have to be done before the end of the Czech Presidency.

Source: <https://www.spcr.cz/pro-media/tiskove-zpravy>



EESC CORNER: REPOWEREU PLAN



The EESC as the representative of civil society, which is unduly affected by the current dramatic price increases, points out that many of the problems that need to be solved now could have been avoided, or at least limited, if the dependency on energy imports had been reduced - as proposed by the Commission the past years. The EESC recalls the statements in the 2014 EU Energy Security Strategy and the 2015 Energy Union Strategy that the EU remains vulnerable to external energy shocks calling on policy makers at national and EU level to make clear to citizens the choices involved in reducing our dependency on particular fuels, energy suppliers and routes. However, most politicians and large parts of our

society have been blinded by the cheap fossil supplies and failed to pursue any precautionary policies. The current situation is the backlash of this negligence. The EESC regrets that it has taken the war in Ukraine and the ensuing distortions in Russian energy delivery to bring attention to this basic energy security issue and trigger the measures proposed in the REPowerEU Plan to ensure independence of import of Russian energy. The EESC in that context draws attention to the support possibilities offered by the planned Social Climate Fund and – as regards business – the temporary crisis state aid guidelines. The goal must be to facilitate the transition. Given the urgency of the situation and the risk of unforeseen disturbances in Russian energy

delivery, the EESC attaches importance to measures that can be implemented at once, in particular very strong energy saving, supported by partnership agreements and early implementation of new initiatives. The EESC draws attention to the risk of the combined economic and social effects of the current crisis putting the democratic system under strain unless adequate solutions are found.

Massive investment is needed to increase the share of renewables in the EU's energy mix. That said, the share of public investment in research and development of decarbonisation technologies is lower in the EU than in other major economies, jeopardising the EU's competitiveness in key future technologies. The EESC notes that the green transition and security of supply need enough of the right mix of renewables for electrification and for the production of green hydrogen to succeed, storage technologies to be developed and the opportunities provided by digitalisation to be fully exploited. There is therefore still a significant need for research and development investment.



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