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Czech Republic: the adoption of a retroactive measure breaks investors' confidence

After the adoption by the Czech Parliament on 9 November 2010 of an amendment on the retroactive impact of revenues from PV systems, yesterday the Czech Senate confirmed the decision. With immediate effect, PV plants that were guaranteed to receive a fixed Feed-in-Tariff for a period of 20 years will have to pay a tax on the revenues generated - this breaks the confidence of investors.

Yesterday, the Czech Senate confirmed the adoption of an amendment to the renewable energy act which will have a retroactive effect. The amendment foresees that in the next three years, PV plants larger than 30 kWp set up in 2009 and 2010 will have to pay a tax of 26% on the revenues generated. The photovoltaic sector severely condemns this decision:

- the retroactivity, changes the conditions guaranteed to the operators of solar power plants already on the grid in 2009 and 2010. Current law guarantees them a FIT already set for these years. A special tax of 26% retroactively reduces that guaranteed FIT
- it substantially interferes with the legitimate expectations of operators of solar power plants. One may therefore expect a number of litigations and arbitrations against the Czech Republic government

Commenting on the decision, EPIA Secretary General (ad interim) Eleni Despotou said *"The Photovoltaic sector unanimously condemns the measure; investors have based their confidence on the stability that the Feed-in-Tariff scheme brings since it is guaranteed by the law. This decision will clearly break their trust in the renewable technology as a reliable investment and in the reliability of Czech republic as a safe place for investment"*.

On 10 November 2010, the European Commission issued a communication (COM (2010/639)) in which it recalls its opposition to retroactive changes to support schemes given the negative effect such changes have on investors' confidence. *"The Czech decision largely compromises its capacity to reach the mandatory target set by the RES Directive. Today we are calling on to the European Commission, currently evaluating the way Member States are implementing the RES Directive to ask the Czech government and any other EU government with similar intentions to reconsider their decision"* concluded Eleni Despotou.

Note to editors

With over 230 Members drawn from across the entire solar photovoltaic sector, the European Photovoltaic Industry Association is the world's largest photovoltaic industry association and represents about 95% of the European photovoltaic industry. EPIA members are present throughout the whole value-chain: from silicon, cells and module production to systems development and PV electricity generation as well as marketing and sales. EPIA's mission is to deliver a distinct and valuable service driven from the strength of a single photovoltaic voice.

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