



European Construction Sector Observatory

Policy measure fact sheet

Czech Republic

New Green Savings Programme

Thematic Objectives 1 & 3

February 2018



In a nutshell

Implementing body:	State Environmental Fund of the Czech Republic on behalf of the Ministry of the Environment
Key features & objectives:	Financial support programme for owners of family houses and apartment buildings. It provides grants to help improve energy efficiency in existing buildings, and to support the construction of low energy residential buildings, the efficient use of energy resources and the reduction of greenhouse gas emissions.
Implementation date:	January 2014
Targeted beneficiaries:	Households (home owners and home builders)
Targeted sub-sectors:	Construction companies, professional contractors, manufacturers, designers, energy specialists.
Budget (EUR):	1.07 billion (CZK 27 billion)

The majority of residential blocks in the Czech Republic were built between 1954 and 1994. Nearly 1.2 million apartments were built using pre-fabricated technologies.¹ Technological faults were a common feature of this type of construction at the time, creating low quality housing with problems such as poor insulation, water leakages and a weakening metal structure causing safety hazards for occupiers and energy loss. Today, approximately 25-30% of Czech housing blocks have been reconstructed and modernised in order to achieve increased energy efficiency and improved overall housing quality².

In 2014, the third National Energy Efficiency Action Plan (NEEAP) was launched in line with the requirements of Directive 2012/27/EU on energy efficiency, defining the energy saving target 47.78 PJ (petajoule = 10¹⁵ joules) for final energy consumption to be reached by 2020, and the policy measures required to achieve it³. The fourth NEEAP, which was approved in 2016, raised the energy saving target to 50.67 PJ and included additional

measures in areas such as residential construction, industry and transport to ensure the fulfilment of the target⁴. Adopted measures are specifically focused on improving energy efficiency in buildings.

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Launched in 2014, the New Green Savings Programme (NGSP) is one of the measures defined in the third NEEAP, which aims to increase the energy efficiency of buildings. The first edition of the programme – the Green Savings Programme – ran between 2009 and 2012 and given the high demand and positive feedback, the implementing body - the Ministry of the Environment decided to extend the programme.

The NGSP is planned to run until 2021 with a budget of approximately EUR 1.07 billion (CZK 27 billion). The Czech Republic finances the NGSP through the sale of emission allowances (European Union Allowance – EUA) pursuant to Act No. 383/2012 Coll., on the conditions of trading in greenhouse gas emission allowances, as amended by the EU ETS 2013–2020⁵.

To date, there has been high demand for NGSP grant funding areas, such as energy efficiency measures for family houses, and less demand in other areas, such as measures to make more efficient use of energy sources.

Changes to the NGSP have been introduced over the recent years in response to stakeholder feedback. The NGSP has, for example, moved from time limited calls for applications to open and continuous calls. The NGSP aspires to be a long-term support vehicle for energy saving measures in the residential sector.

1

General description

The NGSP is being implemented by the State Environmental Fund on behalf of the Ministry of Environment.

It aims to improve the environment by reducing greenhouse gas emissions through improved energy efficiency in buildings, to support the development of residential buildings with ultra-low energy performance, and to promote the efficient use of energy sources.

The NGSP also aims to deliver other longer-term social benefits such as improving the quality of housing, municipalities and cities⁶.

The NGSP is divided into the two sub-programmes, one focusing on family houses and the other on apartment buildings. Each sub-programme provides grant funding for specific products and services within three main areas of support, as shown in Table 1. The NGSP is open to grant applications from the owners of family houses and apartment buildings, including both natural persons and legal entities⁷. Although it was originally designed for private buildings only, the NGSP is now also open to applications for grant funding for public buildings, as a result of changes that were introduced in 2016⁸.

The eligible work categories are further expanded in sub-areas which describe the specific terms and conditions and technical parameters to be followed when applying for grant funding. Category A has three sub-areas (A1-A3), Category B has two sub-areas (B1-B2), and Category C has 6 sub-areas (C1-C6). When applying for Category A and C grants, applicants can also benefit from supplementary financial aid to support the use of rain water for heating purposes. When applying for Category A and B grants, applicants can also benefit from supplementary financial aid to support the construction of green roofs¹⁰.

NGSP grant applications can only be submitted electronically within the timeframe stipulated by the open call procedures. Applications may be submitted prior, during or after the eligible works have been implemented. NGSP grant funding is only applicable to products, equipment and technologies listed in the List of Products and Technologies¹¹ and contractors listed in

the List of Qualified Manufacturers and Suppliers¹². All contractors and products that meet the pre-defined programme conditions can be added to the list free of charge.

Table 1: Types of work eligible for NGSP grant funding

Family Houses
<p>A. Improving energy efficiency in existing family houses:</p> <ul style="list-style-type: none"> • Thermal insulation of the building envelope, including the replacement of windows and doors, thermal insulation of perimeter walls, roofs (including green roofs), ceiling and floors - both partial and comprehensive renovations;
<p>B. Building ultra-low energy family houses:</p> <ul style="list-style-type: none"> • Construction of ultra-low energy family houses;
<p>C. Efficient use of energy sources:</p> <ul style="list-style-type: none"> • Replacement of the original main source using solid fossil fuels under the 3rd emission class for efficient eco-friendly sources; • Replacement of electrical heating with heat pump systems; • Installation of solar thermal and photovoltaic systems; • Installation of heat recovery ventilation systems; • Waste water heat recovery measures.
Apartment Buildings
<p>A. Improving energy efficiency in existing apartment buildings</p> <ul style="list-style-type: none"> • Thermal insulation of the building envelope, including the replacement of windows and doors, thermal insulation of perimeter walls, roof, ceilings and floors. These measures can be suitably combined with the exchange of non-ecological heat sources for efficient, environmentally friendly sources, installation of renewable energy technologies, heat recovery ventilation systems and others.
<p>B. Building ultra-low energy residential buildings:</p> <ul style="list-style-type: none"> • Construction of ultra-low energy residential buildings; • Construction of green roofs; • Waste water heat recovery measures;
<p>C. Efficient use of energy sources</p> <ul style="list-style-type: none"> • Replacement of the original main source using solid fossil fuels under the 3rd emission class for efficient eco-friendly sources; • Replacement of electrical heating with heat pump systems; • Replacement of gas heating for heat pump systems; • Installation of solar thermal and photovoltaic systems; • Installation of heat recovery ventilation systems; • Waste water heat recovery measures.

Source: New Green Savings Programme⁹

The level of the available/awarded NGSP grants depends on the energy savings achieved, and within the currently open calls, the grants can cover up to 50% of total expenditure.

However, during the previous calls, the level of grant coverage has varied. The NGSP website provides detailed information of all open calls and an online calculator (to determine the maximum amount of support available), including real-life examples showing different NGSP funding options.¹³

2

Achieved or expected results

To date, each NGSP sub-programme has implemented three calls for grant applications. Two calls for renovation grants for family houses are now closed (2014-15) and one remains open until 2021. One call for renovation grants for apartment buildings is now closed (2015) and two remain open until 2021.

The full schedule is presented in Table 2.

Table 2: Overview of NGSP calls

NGSP calls	Opening date	Closing date
Call 1 – Family houses	01.04.2014	31.12.2014
Call 2 – Family houses	15.05.2015	15.07.2015
Call 3 – Family houses	22.10.2015	31.12.2021
Call 1 – Apartment buildings	15.05.2015	31.10.2015
Call 2 – Apartment buildings ¹⁴	15.03.2016	31.12.2021
Call 3 – Apartment buildings	09.01.2017	31.12.2021

Source: New Green Savings¹⁵

The initial calls for applications were time-limited, and in the case of apartment buildings, the first call also had a specific focus (categories). More recently, the implementing body has decided to open continuous calls, which accept applications until the end of the NGSP in 2021. This decision was taken in order to solve pressing problems related to insufficient time available for applicants to prepare their application, peak seasons for implementation and a quick exhaustion of financial resources assigned to each open call¹⁶. There is no specific budget for the calls that are currently open, as the financing is highly dependent on the actual demand and revenues from the sale of emission allowances. In practice, an annual budget

is announced each year. Table 3 provides an overview of the open calls, in terms of the funding categories they cover (A, B, C) and an estimated budget.¹⁷

Table 3: Overview of open calls

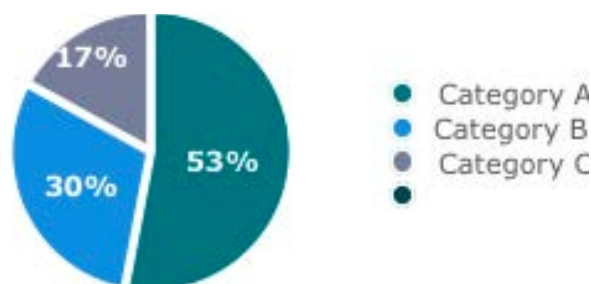
NGSP calls	Opening date	Closing date
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Source: New Green Savings¹⁸

Calls 1 and 2 for family houses revealed the highest demand for Category A (measures to improve energy efficiency in family houses), and the lowest demand for Category C measures (efficient use of energy sources).

Figure 1 shows the demand (%) for each category in Call 1, in terms of NGSP funding awarded.

Figure 1: Call 1 for family houses: demand by category (%)

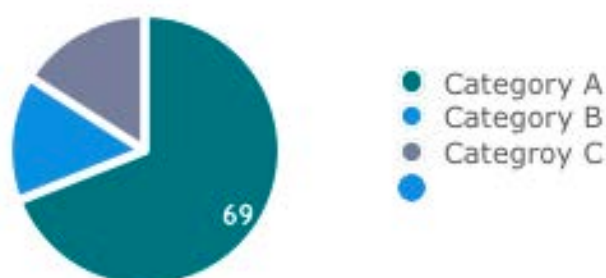


Source: New Green Savings¹⁹

Call 2 for Family Houses experienced particularly high demand which resulted in the maximum budget being reached within 50 days.

The initial deadline for applications was 31 October 2015 or until the funds were exhausted. As an indication of its popularity, this call received daily requests for up to EUR 475,000 (CZK 12 million) in grant funding. Figure 2 shows the demand (%) for each funding category in Call 2, in terms of NGSP funding awarded. Demand for Category A funding was even more marked than in Call 1, and demand for Category B funding was 50% less than the same category in Call 1.

Figure 2: Call 2 for family houses: demand by category (%)



Source: New Green Savings²⁰

In contrast with the high demand for Call 2 for family houses, demand for Call 1 for apartment buildings, which opened at the same time but with a slightly lower budget, was at that time much lower, with 90% of the budget still remaining.

This may be at least partly explained by the fact that the insulation / renovation of apartment buildings is more complex and demanding (compared to a house), especially in terms of time and financial resources. It also requires the mutual agreement of all residents²¹.

Whereas Call 3 for Apartment Buildings is focusing on the construction of ultra-low energy houses across the whole country, Call 2 for Apartment Buildings (Categories A and C) is restricted only to Prague, the capital city. Residents outside of Prague can benefit from the Integrated Regional Operational Programme (IROP) of the Ministry of Regional Development, which has been providing support for energy savings for apartment buildings since late 2015. Additionally, the maximum amount of grant funding (within the NGSP) has risen from 20% to 30% of eligible expenditure and is therefore aligned with the IROP.²²

A number of changes to the scope and parameters of the programme have been introduced to improve its implementation. In 2015, the NGSP began to provide support to partial solutions, (e.g. just the replacement of windows), in addition to more complex solutions. This made it possible for applicants with limited financial resources to invest in energy efficient solutions and benefit from grant funding²³. Based on the results and experience from the first two open calls, the NGSP also introduced the option of combining grants from Categories A and C to give beneficiaries greater scope, in terms of the measures they can include in their application for funding. Furthermore, from September 2017, an extraordinary bonus of EUR 1,600 (CZK 40,000) was made available for applicants that would like to combine measures from category A (insulation, replacement of windows and doors or installation of a solar system), and boiler subsidy from category C (replacing the boiler based on solid fuels for another energy saving heat source).

The supply of grants for solar energy systems has also been expanded.

For the acquisition of a solar photovoltaic power plant with a higher installed capacity (more than 4,000 kWh/year), the NGSP introduced a grant of up to EUR 5,900 (CZK 150,000). Applicants that already have solar systems and would like to expand them further are now also eligible for grant funding through the NGSP.²⁴ The State Environmental Fund is reacting to a higher demand for photovoltaic solutions and is also trying to reduce the use of solid fuel boilers. Special focus is placed on regions with the most polluted air, where the limits of harmful substances are repeatedly exceeded. By providing a bonus of EUR 300 (CZK 7,500) for boiler replacements, the programme is trying to promote green solutions and eventually reduce and prevent further pollution in these regions²⁵.

In terms of communication activities, the State Environmental Fund has organised seminars and taken part in trade shows and fairs throughout the Czech Republic informing potential beneficiaries about the programme rules, its associated benefits and opportunities. In addition to the media campaign that promotes NGSP grant funding, the State Environmental Fund has also introduced communication activities via social media channels, including Twitter²⁶, YouTube²⁷ and LinkedIn²⁸. It has also started to publish short educational videos²⁹ in response to the most common types of misinformation associated with the programme and energy efficiency solutions.³⁰

3

Perspectives and lessons learned

From a **government perspective**, the Ministry of Environment points out that the NGSP has already supported more than 12,500 applications, allocating approximately EUR 80 million (CZK 2 billion) and it is one of the most effective incentive programmes in the Czech Republic³¹.

Moreover, the Ministry says that the NGSP is aspiring to become a long-term state subsidy programme that will run for years without major changes. It will enable citizens to obtain financial support to implement practical measures that are not only energy efficient and lead to lower energy costs, but also increase the value of their property and improve the environment.

On the other hand, the Ministry of Environment and the State Environmental Fund are always trying to improve the conditions and make the NGSP more attractive, e.g. by introducing continuously open calls, providing support for partial measures, the possibility to combine categories, reducing the administrative burden and simplifying the system for calculating the amount of support. At the same time, they are trying to respond to national and international trends, such as a higher demand for solar systems. In western countries, solar systems are widely used and their popularity is growing in the Czech Republic too. Promoting such energy sources is among the top priorities, so the favourable conditions were introduced³².

According to the **State Environmental Fund**, which implements the NGSP on behalf of the Ministry of Environment, the newly introduced support for the acquisition of larger photovoltaic power plants opens up the possibility of getting support for homes with higher electricity consumption. The high demand for solar systems was evident from the number of applications received - 5,395 applications have already been received for grants for solar systems and a total of nearly EUR 9.2 million (CZK 233 million) has been awarded, making it the second most popular area after insulation³³.

From an **industry perspective**, the Chamber of Renewable Energy Sources, which represents the solar sector in the Czech

Republic, welcomes the newly introduced changes benefiting solar and photovoltaic systems and providing overall support for renewable energy.

Even though the market is growing year by year, they expect a more rapid growth as a result of the NGSP³⁴.

From the homeowners' perspective, the large number of applications for the programme is evidence of the high demand for NGSP funding.

The main issue reported by homeowners relates to the difficulty of complying with the deadlines for the open call procedures; however, the switch to continuous calls addressed this. Furthermore, the recent changes to the programme which made it possible for homeowners with limited financial resources to implement partial measures were also effective. A recent example of their implementation is the renovation of a family house in the Liberec region which included the thermal insulation of the facade and parts of the internal structures. These improvements have enabled the homeowners to achieve considerable energy savings, and the NGSP grant has covered one third of the total cost³⁵.

Another example illustrates a complete renovation scenario, which included renovations to the facade, roof and floor of the building, as well as window replacements. The homeowner from the Pardubice Region received an NGSP grant to cover almost 50% of the total cost of the renovation project. As a result, the homeowner has managed to achieve annual reduction in energy consumption of more than 83%. In this case, several companies were contracted, which resulted in a lengthy process of obtaining the necessary documents and permits for the grant application process. The homeowner perceived it as an inconvenient administrative burden.³⁶

The last example illustrates the construction of an ultra-low energy family house (category B). A owner of a newly built family house in the Central Bohemian Region appreciates the low operating costs and the functioning of the used technical systems (heat pump in combination with a solar system), as well as the smooth cooperation with the State Environmental Fund of the Czech Republic.³⁷

Endnotes

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