

Power price hike in ČR not to exceed 5.5% in 2011, Nečas says

The Czech government decided yesterday to introduce a 26-percent withholding tax on solar energy to prevent a steep increase in electricity prices next year, Prime Minister Petr Necas said after a cabinet meeting yesterday.

Prices of electricity for households and companies should not therefore grow by more than 5.5 percent, he said.

The tax could generate about Kc4.2bn next year.

In addition, the government decided to impose a gift tax on carbon credits allocated to companies in 2011 and 2012. Revenues from this tax should bring Kc4.8bn.

The government also decided to raise fees for the exemption of land on which solar power plants are located from the agricultural fund, which will generate another Kc1.7bn.

"We have fixed the subsidies for photovoltaic sources at Kc370 per megawatt-hour, which will require Kc11.7bn from the state budget," Necas said. "The increase in electricity prices for both industrial customers and households will not therefore exceed 5.5 percent," he added.

The Economic Chamber and the Confederation of Industry have said earlier that Czech enterprises are able to cope with a power price hike up to 5 percent. They said in a joint statement yesterday they had acknowledged the government's response to the problem.