EUROPEAN COMMISSION

Brussels, 7.3.2017
C(2017) 1589 final

In the published version of this decision, some information has been omitted, pursuant to articles 30 and 31 of Council Regulation (EU) 2015/1589 of 13 July 2015 laying down detailed rules for the application of Article 108 of the Treaty on the Functioning of the European Union, concerning non-disclosure of information covered by professional secrecy. The omissions are shown thus […]		PUBLIC VERSION This document is made available for information purposes only.

Subject: **State Aid SA.45768 (2016/N) – Czech Republic**
Promotion of electricity from high-efficiency combined heat and power generation installations commissioned since 1 January 2016

Sir,

1. PROCEDURE

(1) Following pre-notification contacts, on 7 November 2016 the Czech authorities notified, pursuant to Article 108(3) of the Treaty on the Functioning of the European Union (TFEU), the above-mentioned measure.

(2) The Commission requested clarifications on 14 November 2016, the Czech authorities provided additional information on 15 November 2016. The Commission sent further questions on 29 November 2016 and 8 December 2016,

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to which answers were received on 5 December 2016 and 11 January 2017 respectively.

(3) On 13 February 2017 the Czech authorities provided a language waiver and agreed that the decision be adopted and notified in English as authentic language.

2. DETAILED DESCRIPTION OF THE MEASURE

2.1. Objective and scope

(4) The primary objective of the notified measure is environmental protection through the promotion of electricity production from high-efficiency combined heat and power (CHP) plants. According to the Czech authorities, the high-efficiency co-generation of electricity and heat will contribute to increasing energy efficiency and reducing CO_2 emissions.

(5) The notified measure covers operating aid in the form of feed-in premiums to new high-efficiency CHP plants and to existing high-efficiency CHP plants, which have undergone full refurbishment.

(6) The Czech authorities explained that the high investment costs involved in the construction of high-efficiency CHP plants coupled with low electricity and heat prices hinder the deployment of high-efficiency CHP installations by making the construction of such plants economically unviable. The Czech authorities also submitted cash flow calculations, showing that high-efficiency CHP plants would not be viable in the absence of aid.

2.2. Legal basis

(7) The legal basis for the notified measure consists of the following legal acts:
- Decree No. 37/2016 Coll. on electricity from high-efficiency combined heat and power production and on electricity from secondary sources;
- Decree No 145/2016 Coll. on reporting of energy from supported sources;
- Decree No. 9/2016 Coll. on the registration procedures for the support of the market operator, deadlines, procedures and changes to green bonus schemes of electricity and the date of offering electricity to the compulsory buyer;
- Decree No. 408/2015 Coll. on electricity market rules;
- Decree No. 441/2012 Coll. on establishing the minimum efficiency of energy use in the production of electricity and thermal energy;
- Act No. 165/2012 Coll. on Promoted Energy Sources and on Amendment to Certain Laws (Act on Promoted Energy Sources); and
- the annual price decisions, issued by the Czech Energy Regulatory Office (ERO).

(8) The duration of the notified measure is from 1 January 2016 until 31 December 2020.

2.3. Granting authority

(9) The granting authority is the Czech Ministry of Industry and Trade.

(10) The administration of the support scheme is entrusted to the Czech Electricity and Gas Market Operator - OTE a.s. that actually manages the payments of aid.

(11) OTE is a State owned joint-stock company performing obligations and duties of the market operator, as stipulated by Act No. 458/2000 Coll., the Energy Act. OTE acts as a clearing centre which operates the entire system of state support under the notified measure. OTE administers the registration data system for the purpose of the notified scheme, including, for instance, information about identification and types of beneficiaries.

(12) The level of the support is set annually by the ERO by means of the so-called price decisions.

2.4. Beneficiaries

(13) Beneficiaries of the notified measure are operators of new high-efficiency CHP plants or existing but fully refurbished high-efficiency CHP plants, satisfying the definition of high-efficiency cogeneration as set out in Article 2(34) of Directive 2012/27/EU[1]. Both categories of beneficiaries produce electricity for household and industrial use and fulfil the following requirements:

(a) plants must be commissioned or fully refurbished in the period 1 January 2016 – 31 December 2020; and
(b) they must be located on the territory of the Czech Republic.

(14) In order to be eligible, beneficiaries must submit to the competent authorities, prior to the start of works on the project, an application form for the issuance of the authorisation for construction. The competent authorities perform an assessment to ensure all eligibility criteria are met before authorising the granting of aid. The actual disbursement of aid is subject to further approvals, which OTE must grant on the basis of the procedure established under Act No. 165/2012..

(15) The Czech authorities have explained that only a limited number of high-efficiency CHP plants (15 installations) with installed capacity above 1 MW will be commissioned under the notified support scheme. Of those 15 high-efficiency CHP plants above 1 MW, 13 will have installed capacity in the range 1.35 MW – 4 MW.

(16) The Czech authorities have further clarified that 12 of those 15 installations were granted the right to receive aid at the time they were awarded the necessary state authorisation for construction, namely in the period July 2013 – December 2016. The right to receive aid is conditional on the approval of the notified scheme by the Commission and the fulfilment of all requirements detailed in the legal basis of the support scheme (see recital (7) above).

(17) The Czech authorities have also confirmed that no aid will be granted to undertakings in difficulty[2] or to undertakings subject to an outstanding recovery order following a previous Commission decision declaring an aid illegal and incompatible with the internal market.

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[1] Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC Text with EEA relevance, OJ L 315, 14.11.2012, p. 1–56

[2] As defined by the applicable Guidelines on State aid for rescuing and restructuring non-financial undertakings in difficulty, OJ C 249, 31.7.2014, p.1 - 28

2.5. Source of financing

(18) The support scheme is financed through a combination of:

- a levy, which is part of the electricity price in terms of a single payment in CZK/MW of connected output for extra high voltage and high voltage customers, and a payment in CZK/Ampere for customers on the low voltage level and
- resources from the State budget of the Czech Republic.

2.6. Budget

(19) The estimated total budget of the scheme is EUR 420 million.

2.7. Form of aid

(20) Support under the notified measure is granted in the form of annually fixed feed-in premiums – the so-called 'green bonuses for highly efficient CHP electricity' paid to beneficiaries in addition to the electricity market price.

(21) The annual fixed feed-in premiums are calculated as the difference between the electricity production costs of high-efficiency CHP plants and an administratively set proxy for the market price of electricity.

(22) The electricity production costs are calculated on the basis of estimated capital expenditure, operating costs, thermal and electro efficiency as well as the annual utilisation rates of model high-efficiency CHP installations. The electricity production costs are updated on annual basis for the purposes of setting the annual green bonus for new high-efficiency CHP installations coming on line in subsequent years. The table 1 below summarises the electricity production costs for different model high-efficiency CHP installations.

(23) The Czech authorities have provided sample calculations for the fixed annual feed-in premiums applicable to high-efficiency CHP installations.

Table 1: High-efficiency CHP electricity production costs and support levels for 2016

[…]

Source: the Czech authorities

(24) The administratively set electricity market price is established yearly on the basis of monthly historical base (off-peak) load and peak load average market prices observed on regional power exchanges operating in Central Europe[3] […]. That reflects the role of high-efficiency CHP plants as providers of primarily peak load but also of base load. The administratively set proxy for the market price of electricity is updated annually on the basis of real electricity prices recorded on regional power exchanges.

(25) The green bonus for highly efficient CHP electricity provides for the coverage of the extra production costs stemming from the high-efficiency cogeneration of

[3] For example the European Energy Exchange (EEX) and Power Exchange Central Europe, a.s.(PXE).

electricity and allows beneficiaries a pre-tax rate of return (i.e. profit) of around 5.56% in 15 years.

(26) Once awarded, the green bonus for existing high-efficiency CHP plants is subject to annual revisions on the basis of the year on year change in fuel costs, observed on the market.

(27) Support is granted for the full depreciation period of high-efficiency CHP plants, namely for 15 years. The Czech authorities have explained that no aid will be granted after high-efficiency CHP plants have been fully depreciated.

(28) High-efficiency CHP plants benefitting from support under the notified scheme will sell the electricity produced on the market to electricity traders. In exchange high-efficiency CHP plants receive the prevailing market price from electricity traders and the support in the form of the green bonuses from OTE.

(29) According to the provisions[4] of the Energy Act No. 458/2000 Coll. all electricity producers, including high-efficiency CHP plants, as participants in the electricity market bear general balancing responsibilities. Electricity producers can choose to bear the balancing responsibilities themselves or to transfer them to a third party against payment.

(30) The Czech authorities undertake to ensure that no aid is paid under the notified scheme where electricity prices are negative on the day-ahead market in the Czech Republic for a period of six consecutive hours or more.

(31) The Czech authorities have explained that the high-efficiency CHP plants benefitting from aid under the notified scheme will not burn waste as fuel for the purposes of energy production.

2.8. Cumulation

2.8.1. Investment aid

(32) Aid under the notified measure can be cumulated with investment aid.[5]

(33) Cumulation of investment aid with operating aid under the notified scheme is tackled by applying a formula for calculating the amount (in CZK/MWh) by which the applicable fixed annual feed-in premiums should be reduced in order to take into account any investment aid granted.

(34) The formula for calculating the reduction amount reads as follows:

$$RF = (IS \times AF)/ YEP$$

where:

$$AF = \frac{IRR}{1 - \frac{1}{(1 + IRR)^{SP}}}$$

[4] § 22 odst. 2 písm. a) energetického zákona č. 458/2000 Sb.

[5] Any investment aid granted to the beneficiaries of the notified aid measure is outside the scope of the present decision.

$YEP = P_{inst} \times UF$

RF is the reduction amount (in CZK/MWh)
IS is the total investment aid granted to the project (in CZK)
AF is the annuity factor for the project
YEP is the yearly expected energy production (in MWh)
SP is period of granting operating aid / lifetime period of the plant
IRR is the rate of return of the project (in %)
P_{inst} is installed capacity of the plant (in MW)
UF is utilization of capacity per year (in h) – Utilization Factor

(35) The reduction amount will be calculated and applied by the market operator OTE – the entity responsible for administering the operating aid under the notified scheme. OTE will calculate the applicable fixed feed-in premiums for high-efficiency CHP installations having received investment aid on the basis of the information provided by the latter in the respective aid application forms.

(36) The reduction formula allows for full deduction of investment aid received by beneficiaries under the notified scheme.

2.8.2. Other operating aid

(37) The Czech authorities have declared that no other operating aid can be cumulated with the aid granted under the notified scheme.

2.9. Reporting and Transparency

(38) The Czech authorities will ensure that detailed records regarding all measures involving the granting of aid are maintained. These records will be kept for the duration of the scheme plus an additional period of ten years, including all information relevant to demonstrating that the terms of the proposed scheme have been complied with.

(39) The Czech authorities have further explained that detailed information about the projects funded will be published on a publicly available website. Information on all individual awards exceeding EUR 500 000 will be published on the European State Aid Transparency Module[6].

3. ASSESSMENT OF THE MEASURE

3.1. Presence of State aid

(40) Article 107(1) TFEU provides that "*any aid granted by a Member State or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods, shall, in so far as it affects trade between Member States, be incompatible with the common market*".

[6] https://webgate.ec.europa.eu/competition/transparency/

(41) The notified measure is financed from the State budget of the Czech Republic and through the collection of a special levy i.e. from both direct State recourses and by means of financial resources which are under the control of the State authorities.

(42) The green bonuses amount to an economic advantage to the beneficiaries of the scheme, which they would not obtain under normal market conditions. The notified measure solely benefits producers of electricity from high-efficiency CHP plants and is thus selective in nature.

(43) Granting of aid to the Czech producers of highly efficient CHP electricity strengthens their position on the relevant market *vis-à-vis* other electricity producers, including from other countries of the European Union. As there is cross-border trade of electricity, the measure affects trading and competition conditions on electricity markets across the EU.

(44) Taking the above into consideration, the Commission concludes that the notified measure involves State aid within the meaning of Article 107(1) TFEU.

3.2. Legality

(45) The Czech authorities confirmed that the notified measure will not be implemented before the approval of the Commission. The Czech Republic has therefore complied with its obligations under Article 108(3) TFEU.

3.3. Compatibility

(46) The objective of the notified measure is to promote high-efficiency combined heat and power production, since the production in such high-efficiency CHP installations creates primary energy savings compared to separate production of heat and electricity. The framework of compatibility conditions for high-efficiency cogeneration is laid down in the Commission's *Guidelines on State aid for environmental protection and energy 2014-2020* (EEAG) adopted on 9 April 2014,[7] in particular Section 3.4. thereof on energy efficiency measures, including cogeneration.

3.3.1. Objective of common interest

(47) Point 27 (a) of the EEAG establishes that aid measures must contribute to a well-defined objective of common interest in accordance with Section 3.2.1 of the EEAG.

(48) The aim of the notified measure is to help the Czech Republic promote environmental protection by incentivising the development of high-efficiency cogeneration. High-efficiency cogeneration has been recognised by the Energy Efficiency Directive 2012/27/EU[8] as having significant potential for saving primary energy and thus, for energy efficiency. In addition as set out in recital (4) above, high-efficiency co-generation contributes to reducing CO_2 emissions.

[7] Communication from the Commission *Guidelines on State aid for environmental protection and energy 2014-2020*, C(2014) 2322, OJ C 200, 28.6.2014, p. 1.

[8] Directive 2012/27/EU of the European Parliament and the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC, OJ L 315, 14.11.2012, p. 1).

(49) In line with point 139 of the EEAG, the Czech authorities have confirmed that operating aid in the form of green bonuses for highly efficient CHP electricity will be granted exclusively to high-efficiency cogeneration plants, which satisfy both the definition of high-efficiency cogeneration and the requirement that there be overall primary energy savings as compared to separate production as set out in Directive 2012/27/EU (see recital (13) above).

(50) In line with points 27(a), 30 and 31 of the EEAG, the scheme is directed at an increased level of environmental protection through promoting high energy-efficient cogeneration and thus, contributes to the objective of common interest in the form of energy efficiency.

3.3.2. Need for State intervention

(51) Under Point 27(b) of the EEAG, State aid may only be deemed compatible with the internal market if the Member State has demonstrated a need for State intervention, i.e. that the State aid measure is targeted towards a situation where aid can bring about a material improvement that the market cannot deliver.

(52) As indicated in recital (6) the Czech authorities have submitted evidence to the Commission on the existence of a market failure, which hinders the development of high-efficiency CHP installations, thus impeding the Czech Republic achieving the mandatory environmental targets, established by EU legislation.

(53) As set out in recital (6) above, the Czech authorities have submitted cash flow calculations, showing that high-efficiency CHP plants would not be viable in the absence of aid. The Commission is therefore satisfied that the Czech Republic has adduced sufficient evidence that in the absence of support projects supported under the scheme would not be financially viable and that the State aid is aimed at addressing that residual market failure, as provided for by point 37 of the EEAG. As such, the Czech Republic has demonstrated that there is a need for State intervention.

3.3.3. Appropriate instrument

(54) Point 27(c) of the EEAG stipulates that the proposed measures should be an appropriate policy instrument to address the objective of common interest in accordance with Section 3.2.3. of the EEAG. The Commission will also verify compliance with those parts of Section 3.4 of the EEAG which are relevant in determining the appropriateness.

(55) In line with point 145 of the EEAG, State aid may be considered an appropriate instrument to finance energy efficiency measures, independent of the form in which it is granted. The Commission considers that the green bonuses are appropriate aid instruments to compensate high-efficiency CHP plants for the higher production costs of high-efficiency cogeneration as they target the extra costs, stemming from the specificities of that particular generation technology.

3.3.4. Incentive effect of the aid

(56) Point 27(d) of the EEAG provides that aid must have an incentive effect in accordance with Section 3.2.4 of the EEAG in order to be deemed compatible with the internal market.

(57) In line with point 49 of the EEAG, the incentive effect occurs if the aid induces the beneficiary to change its behaviour towards reaching the objective of common interest, which it would not do without the aid. As stated in recital (6) above, high-efficiency CHP projects would not be economically viable without the support under the notified scheme. The calculations provided by the Czech Republic also show that the costs of electricity from high-efficiency CHP plants are higher than the current electricity market prices – an additional confirmation that without support high-efficiency CHP projects would not be economically viable. Thus, in the absence of aid high-efficiency CHP installation would not be constructed. The aid therefore has an incentive effect, in that it causes the beneficiaries to change their behaviour and invest in high-efficiency CHP projects.

(58) As indicated in recital (14) above, the Czech authorities have demonstrated that the beneficiaries have to fill in an application form prior to the start of works on the project to receive support. Thus the Commission considers that the aid scheme complies with the obligation to use an application form for obtaining aid set out in point 51 of the EEAG.

(59) Bearing in mind the facts outlined in recitals (56) to (58), the Commission concludes that the notified measure has an incentive effect.

3.3.5. Proportionality of the aid

(60) Point 27(e) stipulates that for the aid to be proportionate it should be limited to the minimum needed to incentivise the additional investment necessary.

(61) The notified measure consists of operating aid for high energy-efficient CHP plants, thus point 151 EEAG is applicable for the assessment of proportionality. The high-efficiency CHP plants benefiting from the measure fall into both categories defined in point 151(a) and (b) EEAG: they partly sell electricity to the public and their output partly serves for the industrial use.

(62) For the assessment of proportionality, point 151 EEAG makes reference to the conditions applying to operating aid for electricity from renewable energy sources as established in Section 3.3.2.1.

(63) In principle, from 1 January 2017 a competitive bidding processes have to be used to set the minimum amount of aid needed for the projects to be carried out (point 126 EEAG).

(64) As explained in recitals (15) and (16) above only 15 installations supported under the scheme will have an installed capacity above 1 MW and 12 of those installations were granted the right to receive aid in the period 2013 – 2016. That is prior to the date as of which a competitive bidding process must be carried out. Thus, only 3 high-efficiency CHP plants with installed capacity above 1 MW will be granted aid under the scheme after 1 January 2017. Therefore, the Czech Republic can benefit from the derogation from the requirement of having to grant aid in a competitive bidding process. The mentioned derogation is provided for by point 126(a) of the EEAG in cases when there are a very limited number of projects or sites, eligible for support as in the case at hand.

(65) The remaining high-efficiency CHP plants to receive support under the notified scheme will be installations with capacity of up to 1MW and thus can benefit from the exemption from tendering provided for by point 127 of the EEAG.

(66) Point 128 of the EEAG stipulates that, in the absence of a competitive bidding process, as in the case at hand, the compatibility conditions of points 124 and 125 and the conditions for operating aid to energy from renewable energy sources other than electricity, as set out in point 131 of the EEAG are applicable.

(67) According to point 124 of the EEAG, in order to incentivise the market integration of electricity, beneficiaries must sell their electricity directly in the market and be subject to market obligations. The following cumulative conditions apply from 1 January 2016 to all new aid schemes and measures:

(a) The aid is granted as a premium in addition to the market price whereby the generators sell their electricity directly in the market;
(b) The beneficiaries are subject to standard balancing responsibilities, unless no liquid intra-day balancing markets exist;
(c) The scheme ensures that generators have no incentive to generate electricity when market prices are negative.

(68) The aid under the current scheme will be in the form of a premium on top of the market price (see recital (20) above). As explained in recitals (28) and (29) above, high-efficiency CHP installations benefitting from support under the notified scheme will sell the electricity they produce on the market and will be subject to balancing responsibilities.

(69) The Czech authorities have also confirmed that no aid will be granted when electricity prices are negative for more than six consecutive hours, which ensures that electricity production is not incentivised in periods of negative prices (see recital (30) above).

(70) On the basis of the facts outlined in recitals (68) and (69) it can be concluded that the requirements of points 124 and 125 of the EEAG are complied with.

(71) In line with point 131 of the EEAG, the following cumulative conditions must be complied with:

(a) The aid per unit of energy does not exceed the difference between the total levelised costs of producing energy (LCOE) from the particular technology in question and the market price of the form of energy concerned.
(b) The LCOE may include a normal return on capital. Investment aid is deducted from the total investment amount in calculating the LCOE.
(c) The production costs are updated regularly, at least every year.
(d) Aid is only granted until the plant has been fully depreciated according to normal accounting rules in order to avoid that operating aid based on LCOE exceeds the depreciation of the investment.

(72) In the case at hand, the condition under point 131(a) is met as the annual green bonus equals the difference between the production cost of highly efficient CHP electricity and a representative proxy of the market price of electricity (see recital (21) above).

(73) The submitted calculations demonstrate that the fixed feed-in premiums under the notified support scheme do not exceed the difference between the production

costs (LCOE) of the relevant installations and the market price of electricity (see Table 1 above).

(74) The annual revision of the green bonuses already awarded to existing high-efficiency CHP plants takes into account only the changes in fuel costs (see recital (26) above), which guarantees that the aid will not exceed the difference between the production costs of highly efficient CHP electricity and the market electricity price and thus the requirement of point 131(a) of the EEAG will continue to be respected.

(75) As explained in section 2.8 above, there will be no cumulation of aid under the notified scheme with other types of operating aid and all investment aid granted to beneficiaries of the notified scheme will be duly deducted. To that end, the Czech authorities will deduct an amount calculated by means of the formula laid down in recital (34) above from the green bonuses to be paid to installations having received investment aid. Thus the calculations of the amount of aid granted to those installations comply with point 131(b) of the EEAG.

(76) Moreover the pre-tax rate of return of 5.56% resulting from the support granted under the scheme (see recital (23) above) can be deemed as normal as it is comparable with the rates of return of analogous projects bearing similar levels of risk.

(77) In light of what set out in recitals (72) to (76), it can be concluded that the requirements of point 131(a) and (b) are complied with.

(78) In line with the requirement in point 131(c) of the EEAG, the input parameters of the fixed feed-in premiums, which also form part of the input parameters of the LCOE calculations, are updated on a yearly basis by ERO, see recital (22)above.

(79) In line with the requirements of point 131 (d) of the EEAG aid is only granted to high-efficiency CHP installations which are not fully depreciated, see recital (27) above.

(80) In light of the facts outlined in recitals (72) to (79), the Commission concludes that the aid under the notified scheme satisfies the conditions of point 131 of the EEAG and is, therefore, in line with the relevant proportionality conditions set out in the EEAG.

3.3.6. Distortion of competition and balancing test

(81) According to point 90 of the EEAG, the Commission considers that aid for environmental purposes will by its very nature tend to favour environmentally friendly products and technologies at the expense of others, more polluting ones. Moreover, the effect of the aid will in principle not be viewed as an undue distortion of competition since it is inherently linked to its very objective.

(82) As explained in recital (31) above, high-efficiency CHP plants benefiting from aid under the notified scheme will not burn waste as fuel. Consequently the

requirements of point 118 of the EEAG as regards the principles of the waste hierarchy[9] are not applicable in the case at hand.

(83) Furthermore as explained in recital (17) above no aid will be granted to undertakings in difficulty or to undertakings subject to an outstanding recovery order.

(84) Last but not least, the aid scheme will benefit a range of different market players who intend to invest in projects falling under the notified scheme.

(85) Consequently, the Commission concludes that the distortion of competition caused by the scheme under assessment is limited.

3.3.7. Transparency

(86) Under Point 104 of the EEAG, Member States have the obligation to ensure the transparency of the aid granted, by publishing certain information on a comprehensive State aid website. In line with point 106 of the EEAG, Member States are requested to comply with this obligation as of 1 July 2016.

(87) The Czech Republic committed to complying with the transparency requirements set out in points 104 to 106 of the EEAG (see recital (39) above).

3.3.8. Conclusion with regard to the compatibility of the measure

(88) In light of the above assessment, the Commission considers that the notified scheme pursues an objective of common interest in a necessary and proportionate way without unduly affecting competition and trade, and that therefore the aid is compatible with the internal market on the basis of the EEAG.

4. AUTHENTIC LANGUAGE

(89) As mentioned under section 1 of this decision, the Czech Republic has waived its right to have the decision adopted and notified in Czech. The authentic language of this decision is therefore English.

5. CONCLUSION

The Commission has accordingly decided:

[9] The waste hierarchy consists of (a) prevention, (b) preparing for re-use, (c) recycling, (d) other recovery, for instance energy recovery, and (e) disposal. See Article 4(1) of Directive 2008/98/EC of the European Parliament and of the Council 19 November 2008 on waste and repealing certain Directives (Waste Framework Directive) (OJ L 312, 22.11.2008, p. 3).

not to raise objections to the aid on the grounds that it is compatible with the internal market pursuant to Article 107(3) (c) of the Treaty on the Functioning of the European Union.

If any parts of this letter are covered by the obligation of professional secrecy according to the Commission communication on professional secrecy and should not be published, please inform the Commission within fifteen working days of notification of this letter. If the Commission does not receive a reasoned request by that deadline, the Czech Republic will be deemed to agree to the publication of the full text of this letter. If the Czech Republic wishes certain information to be covered by the obligation of professional secrecy, please indicate the parts and provide a justification in respect of each part for which non-disclosure is requested.

Your request should be sent electronically in accordance with Article 3(4) of Commission Regulation (EC) No 794/2004,

Yours faithfully
For the Commission

Margrethe VESTAGER
Member of the Commission

CERTIFIED COPY
For the Secretary-General,

Jordi AYET PUIGARNAU
Director of the Registry
EUROPEAN COMMISSION