



Energy Regulatory Office
of the Czech Republic

Combined Publication

Report on the Activities and Finances
of the Energy Regulatory Office
&
National Report of the Energy Regulatory Office
on the Electricity and Gas Industries in the Czech Republic
for

2025

Contents



Foreword by ERO Chairman.....	5
1. Introduction	9
1.1 The ERO Board and organisation of the Office.....	9
2. Consumer Protection and ERO Instruments	13
2.1 Prevention and education.....	13
2.2 Consumers' submissions, advisory activities	13
2.3 ADR	14
2.4 Supervision and REMIT.....	15
2.4.1 Supervision	15
2.4.2 REMIT	15
2.5 Sanction proceedings	16
2.6 Explanatory statement.....	16
2.7 Price comparison application: electricity and gas suppliers	16
3. Price Control Methodology	21
4. Electricity Industry	25
4.1 Safe and reliable regulation, supply quality.....	25
4.2 Technical regulation.....	25
4.2.1 Ten-year National Development Plan for the electricity transmission system in the Czech Republic 2025–2034.....	27
4.2.2 Improving systems' energy efficiency	27
4.2.3 Implementation of Network Codes and Framework Guidelines	27
4.2.4 Projects for smart grid development and local cooperation	29
4.3 Price controls – network tariffs	30
4.3.1 Tariff structure innovation in the electricity industry	33
4.4 Supervisory activities.....	34
5. Gas Industry	37
5.1 Gas supply security	37
5.2 Technical regulation.....	38
5.2.1 Ten-year National Development Plan for the gas transmission system in the Czech Republic 2026–2035.....	38
5.2.2 Improving systems' energy efficiency	38
5.2.3 Implementation of Network Codes and Framework Guidelines	39
5.3 Price controls – network and LNG tariffs for connection and access.....	41
5.4 Supervisory activities.....	42
6. Heat Supply Industry	45
6.1 Regulation.....	45
6.2 Consumption, prices, and share of fuels in thermal energy production	45
6.2.1 Prices by the fuel mix in each of the Regions	47
6.3 Supervisory activities.....	48

7. Renewable and Supported Energy Sources	51
7.1 State aid.....	51
7.1.1 Notification procedures.....	52
7.2 RES development in the Czech Republic	52
7.3 International cooperation	53
8. Strategic Cooperation	57
8.1 International activities	57
8.2 RDI activities.....	57
8.3 Cooperation with universities.....	58
9. Management of Levies on Surplus Revenue and of Compensations	61
9.1 Supervisory activities	61
9.2 Taxation procedures	61
10. Legislative and Administrative Activities	65
10.1 Legislative activities.....	65
10.1.1 Public notices.....	65
10.1.2 Laws.....	69
10.1.3 European legislation and other documents	70
10.2 Administrative activities	71
10.2.1 Remonstrance proceedings.....	71
10.2.2 Adversarial proceedings	72
10.2.3 Approval proceedings	72
10.2.4 Proceedings under the law on free access to information.....	72
10.2.5 Sanction proceedings	73
10.2.6 Licensing.....	73
10.2.7 Recognition of professional qualifications	73
11. ERO's Finances, Operation, and Internal Control System	77
11.1 Budget management	77
11.1.1 Chapter 349 revenues	78
11.1.2 Chapter 349 expenditure	78
11.1.3 Programme financing.....	79
11.1.4 Expenses on business trips abroad.....	80
11.1.5 Evaluation of the economy, efficiency, and effectiveness of ERO's financial management.....	80
11.1.6 Meeting of mandatory targets	81
11.1.7 Cash funds, assets, receivables, and liabilities as at 31 December 2025	81
11.2 Internal control system	82
11.2.1 External inspection	84

Foreword by ERO Chairman



Dear Readers,

The Report on the Activities and Finances of the Energy Regulatory Office and the National Report of the Energy Regulatory Office on the Electricity and Gas Industries in the Czech Republic, which make up this combined publication, describe the major developments of 2025. In this Foreword, I would like to highlight the most important of them.

The presentation of the Price Control Methodology for the Sixth Regulatory Period was crucial, and not only from ERO's perspective but also in terms of the entire energy sector's functioning. The Methodology sets out the basic regulatory framework and rules for the next five-year regulatory period from 2026 to 2030. When formulating it, ERO faced quite a difficult task: put in place adequate conditions for the necessary modernisation and development of systems, allowing the entire energy sector's transition, while taking into consideration the various market participants' expectations and minimising adverse impacts on customers.

Thus, the new Methodology introduces a number of new features and schemes; for example, incentive regulation that supports ERO's more efficient control over the channelling of capex, using clear-cut criteria that regulated entities have to satisfy. By 2030, we expect capex on electricity systems to exceed CZK 200 billion while another CZK 50 billion will flow into the gas industry. Despite that we expect, precisely thanks to a number of measures specified in the new Methodology, that regulated prices will annually only rise by approximately the rate of inflation or one to two percentage points higher, depending on other circumstances, primarily wholesale energy prices.

Major changes have also taken place in gas industry regulation; geopolitical developments have caused a deep plunge in the international gas transit across the Czech Republic, which also has, naturally, adverse impacts on the country's customers. Under the Energy Act, ERO is obliged to select the ways and means for systems' reliable and safe operation; it has also significantly reduced allowed revenues for the gas transmission system operator and put in place a 'unified revenue cap' that ensures that future revenues from international gas transit will automatically benefit the country's customers.

In addition to capex channelling, the necessity to modernise the country's energy sector and to boost the efficiency of its regulation also concerns the way we actually use energy systems. In 2025, ERO therefore intensified preparations for the Innovation of the Electricity Tariff Structure. ERO introduced some tariff changes, initially for customers connected to higher voltage levels, in 2025 with effect from January 2027. ERO has learned a lesson from the past, and adopted a different approach and changed its communication: all of that helped the presented changes to be generally welcomed and accepted. The objective is to release unused capacities in systems for new applicants, thereby reducing the need for new capex, and ultimately to slow down the growth of regulated prices for all customers. We expect these savings to be favourably reflected in the regulated component of the electricity supply price, its growth slowing down by up to CZK 3 billion every year. Not least, the new changes will also make it possible to use new instruments and technology.

In early July 2025, a large part of the Czech Republic was hit by a blackout. In view of its large extent and the fact that the reliability and safety of electricity supply is one of ERO's key priorities, we immediately set up a Czech working group to assess this unprecedented event. Under our leadership, the working group proposed remedial measures at the national level along three lines: technical, legislative, and communication. In the process, we considered the facts that we found directly in connection with the blackout and the relevant international experience. Our shared objective was to deliver a comprehensive description of the cause of the blackout and to implement measures preventing this situation from recurring, or mitigating the risks thereof and their adverse impacts. The above capex on the systems but also a change in the approach to operating them are obviously related to the reinforcement of the safety and reliability of electricity supply.

In respect of customer protection, ERO levied record fines last year: the highest ever individual fine and the sum total of the fines for anti-consumer conduct in excess of CZK 18 million. The last reverberations of the energy crises played a role in this respect: practices such as violations of the agreed fixed prices

or failure to refund high overpayments resounded in the market. ERO also revoked licences for suppliers repeatedly engaging in serious misconduct.

ERO aims at repression intended to eliminate undesirable malpractices from the market, being very emphatic about it, and also at prevention and education. Thus, the bulk of our operation is shifting due to the consumers' changing needs and the market situation calming down following the end of the energy price crisis. We seek to offer the consumers certain tools using which they can be proactive and so able to leverage the competitive market's advantages. This is borne out by our price comparison application that compares suppliers' quotations, which was visited by almost 140,000 users last year alone. We also proactively seek to share with the public other relevant information that we collect further to the broadening of our monitoring competences, such as the Traders Security Index and indicative prices. We want the market to be clearer and more transparent, e.g., as regards contract terms and conditions or simplified billing.

Looking back at the results of ERO's operation I am delighted to see that we have been successful in discharging our continuously increasing legislative duties and in meeting the rising expectations placed on us by market participants, both the relevant entities and consumers. It was therefore important that we managed to arrest the outflow of highly skilled staff members; after several years, new employees outnumbered departures. It will now be important that this trend is preserved and that ERO is able to play its role adequately through sufficient funds for skilled experts and for the modernisation and digitalisation of its various agendas.

My sincere thanks go to all of you for your interest in ERO's operation and energy in general. 2025 was the first year of my chairmanship mandate and I trust that the results prove my determination to make ERO a respected and modern authority with a high level of expertise.

Jan Šefránek
ERO Chairman

Introduction |

1. Introduction

The Energy Regulatory Office (ERO, regulator, Office) issues a combined publication that effectively integrates the *Report on the Activities and Finances of ERO* and the *National Report* again for 2025. The contents of these two reports overlap to some extent and combining them in a single publication improves the efficiency of disclosing information about the Office's operation.

ERO lays these reports before Parliament of the Czech Republic, the Czech Government, the European Commission (EC), the Agency for the Cooperation of Energy Regulators (ACER), and the Council of European Energy Regulators (CEER) on a regular basis.

1.1 The ERO Board and organisation of the Office

In 2025, ERO was headed by the ERO Board, the members of which had been appointed by the Czech Government. However, with effect since 1 August 2025, ERO has been headed by the Chairman, who manages its operation. The ERO Board decides in cases listed in the Energy Act.

The ERO Board in 2025: Chairman Jan Šefránek, and members Tomáš Hüner, Martina Krčová, Stanislav Trávníček, and Markéta Zemanová.



See Annex 1 for ERO's organisational structure.

Consumer Protection



2. Consumer Protection and ERO Instruments

2.1 Prevention and education

In 2025, ERO continued to place great emphasis on promoting public education and awareness as effective prevention of consumers' disputes with suppliers and intermediaries. The key issue was supplier switching, or rather the problems that it can cause. ERO warned against the tricks through which suppliers themselves try to prevent their clients from leaving them and against the mounting activity of crooked intermediaries, who are generally referred to as 'energy scumbags'.

Media communication helped to impart key information to the public. The media were massively spreading ERO's press releases for consumers and ERO also communicated with journalists on an individual basis; they often asked and wrote about issues such as advances and billing, and specifically owed overpayments.

Traditionally, our website at eru.gov.cz was the source of the largest amount of information for consumers. The regulator also offered advice and current information in the social media. There, it continued to run its *Actively with Energy* campaign, the purpose of which is to provide information to customers and motivate them to be proactive in the energy market, for example, through using the price comparison apps on ERO's website.

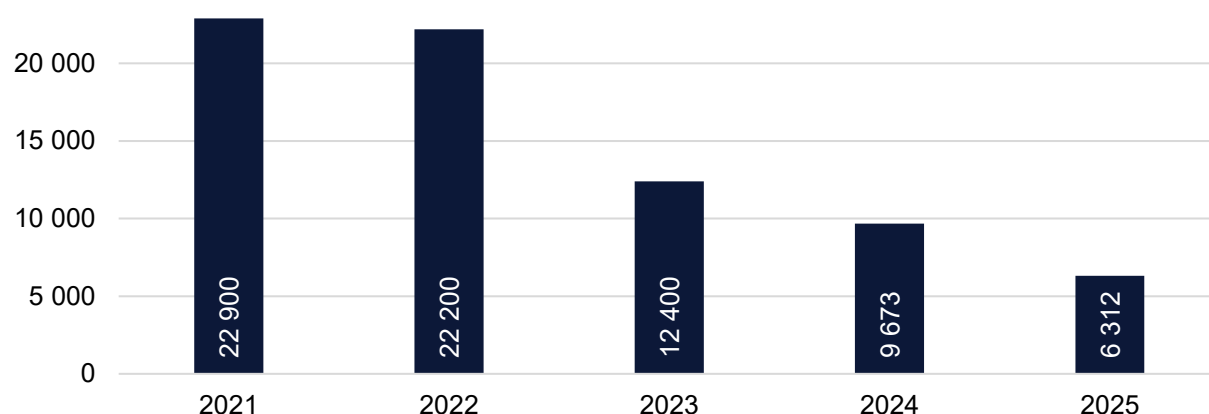
ERO representatives appeared at many conferences, seminars, and other events that also focused on consumer rights. ERO itself continued to organise webinars; in 2025, their key target group were specifically consumers owning photovoltaic plants.

The regulator also continued to cooperate with professional organisations and associations on a regular basis, primarily with the Czech National Disability Council (NRZP) and the Union of Towns and Municipalities of the Czech Republic; on an ongoing basis, it cooperates with, e.g., the dTest consumer organisation. Most recently, ERO has started closer cooperation with the Czech Telecommunications Office (ČTÚ). To the *Mosty* journal, published by NRZP, ERO contributed articles on energy. ERO also held a seminar for a socially innovative project, *Energy Poverty Prevention*, at the Ministry of Labour and Social Affairs (MPSV).

2.2 Consumers' submissions, advisory activities

ERO received 6,312 submissions from consumers in 2025. The share of general and recurring questions shrank, which can be attributable to a higher level of consumers' awareness and the energy market's gradual stabilisation. In addition, the structure of the advisory service has changed: rather complicated submissions, the handling of which required individualised fact finding, detailed assessment as to the law, and intensive communication with the market participants involved appeared much more frequently. The nature of ERO's advisory service has shifted to cases placing greater requirements on ERO's expertise and time, also in connection with the continuing energy transition that generates many new legal and practical questions. Most of the submissions could be handled informally as part of the advisory service without the need to bring formalised administrative (e.g., adversarial) proceedings: an expert explanation, recommendation of a viable procedure, or conciliation between the supplier and customer, which support a quicker resolution of contentious situations by ERO.

Chart 1 Number of submissions from consumers



Source: ERO

More than one third of the submissions, 2,371, made up the single largest thematic group concerned with energy supply billing and the related conditions for advances and pricing conditions. Consumers most often pointed out failure to send the bill as due, delays with the refund of overpayments, or ambiguities in billing.

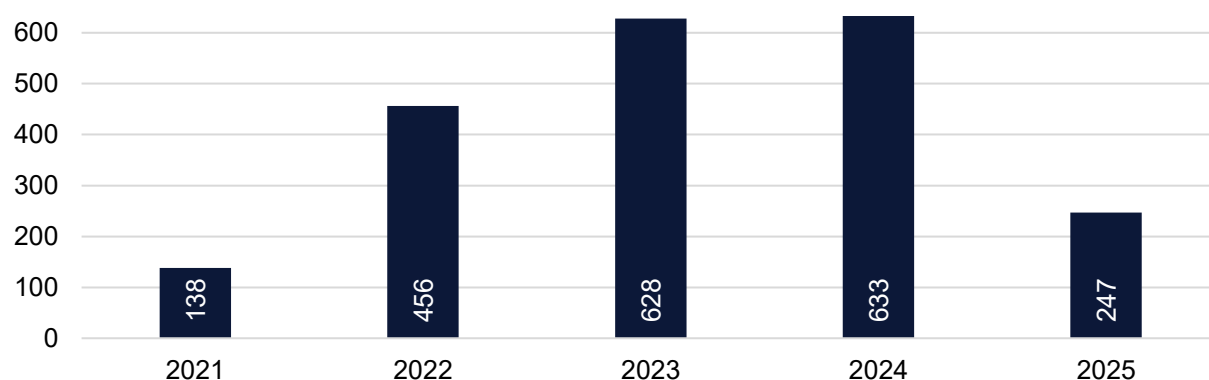
Certain suppliers continued to communicate insufficiently with their customers or failed to perform their duties under the legislation and the contracts in place. Consumer rights were being violated through hindering the exercise of the right to rescind the contract following the start of supply or through providing incomplete or misleading information about contract terms and conditions.

Questions concerning the latest developments, primarily electricity sharing and energy communities, constituted a new and gradually growing group of submissions. Consumers mainly approached ERO with requests to explain the conditions for joining the sharing mode and the options for arranging contract relationships amongst sharing participants, and to answer questions related to the method for allocating the shared electricity costs. A significant portion of these submissions had a preventive nature and sought a clarification of the application of new legislation in particular situations, often before actually entering into the relevant contract relationship.

2.3 ADR

ERO received 247 applications for a consumer dispute in 2025. Compared with 2022 to 2024, this is a significantly smaller number of applications; the drop is due to the termination of problematic suppliers' operations in 2021 and 2022.

Chart 2 Number of ADR cases



Source: ERO

The applications for ADR most often concerned billing, where some suppliers failed to issue a bill or issued it at variance with the contract or failed to refund overpayments to consumers as due. In the latter case, consumers used adversarial proceedings for obtaining an enforcement order for potential enforcement through the decision in the proceedings.

Consumers also lodged applications for the determination of the extinction of a legal relationship on energy supply in cases where the consumer intended to change their supplier and the existing supplier did not acknowledge contract termination.

2.4 Supervision and REMIT

2.4.1 Supervision

Inquiries and checks at suppliers and intermediaries look into practices such as providing misleading or false information, aggressive commercial practices etc., which customers come across primarily in cases of supplier switching, the wording of commercial terms and conditions, and changes in product pricing or prices, and which are indirectly manifest in omitted steps such as bill not issued or late, overpayments not refunded, complaints not handled, advances increased for no reason, etc.

Where ERO finds the complete state of affairs and it is properly documented already at the stage of inquiry, it directly brings proceedings on administrative offences.

Table 1 Number of checks and number of inquiries referred to sanction proceedings

Checks	Total / of which, for consumer protection purposes
Opened	170/32
Completed	170/24
Inquiries referred to directly to proceedings on administrative offences	248/185

Source: ERO

2.4.2 REMIT

A total of 492 entities were registered in ERO's National Register of Market Participants (CEREMP) on 31 December 2025.

Table 2 CEREMP statistics

Category	Number
Newly registered market participants	29
Erased registration (at request / entity no longer existing)	5
Sent requests for remedy (update of details on the entity)	7
Satisfied requests for remedy	4

Source: ERO

In compliance with REMIT obligations (Article 5a), less than 8% of market participants specified in their CEREMP registration that they were engaging in algorithmic trading and less than 4% of market participants stated that they were providing direct electronic access (DEA). In CEREMP, ERO also

registers market participants from third countries who, under Article 9(1) REMIT, have elected their representative in the Czech Republic.

In 2025, ERO's supervisory activities identified two cases of a possible breach of REMIT (Article 5) concerning prohibition of market manipulation. Simultaneously, investigations continued in cases of suspicion of a breach of REMIT (Article 8) from the preceding year in connection with potential failure to perform the obligation of transaction reporting.

By the end of 2025, the Czech legislation had almost completely adjusted to the updated REMIT. The year also saw the preparatory work and a consultation process for a revision of Commission Implementing Regulation (EU) No 1348/2014 and the forthcoming Commission Delegated Regulation amending REMIT.

In addition to continuously intensifying cooperation with ACER in respect of data, ERO was involved in the ACER REMIT Committee, REMIT Policy Task Force, Market Monitoring Standing Committee, and Market Integrity and Transparency Working Group. One of the outputs was the 30th edition of updated Questions & Answers on REMIT.

2.5 Sanction proceedings

In respect of consumer protection, in 2025 ERO levied fines totalling CZK 18.552 million, the largest amount over the time of its purview. The main reason for the record amount of the fines levied within one year was the fact that decisions on offences committed in the preceding crisis years 2022 and 2023 became final.

The highest fine that became final, CZK 6 million, had been levied on ELGAS Energy, s.r.o., for its unfair commercial practices, delayed handling of complaints, and provision of false information upon supplier switching. Other fines amounting to millions were levied on electricity and gas traders ARMEX ENERGY a.s. (CZK 4.9 million), Lidová energie s.r.o. (CZK 1.4 million), Delta Green s.r.o. (CZK 1 million), and again ELGAS Energy, s.r.o. (CZK 1 million). A complete list of sanctions can be found in point 10.2.5.

2.6 Explanatory statement

As part of its conceptual and system tools for consumer protection, ERO issued its Explanatory Statement 1/2025 on contract rescissions under Section 1829 of the Civil Code in cases where electricity or gas supply was already started, with a view to helping again to unify the application practice, eliminating interpretation uncertainty, and providing guidance to both suppliers and consumers.

2.7 Price comparison application: electricity and gas suppliers

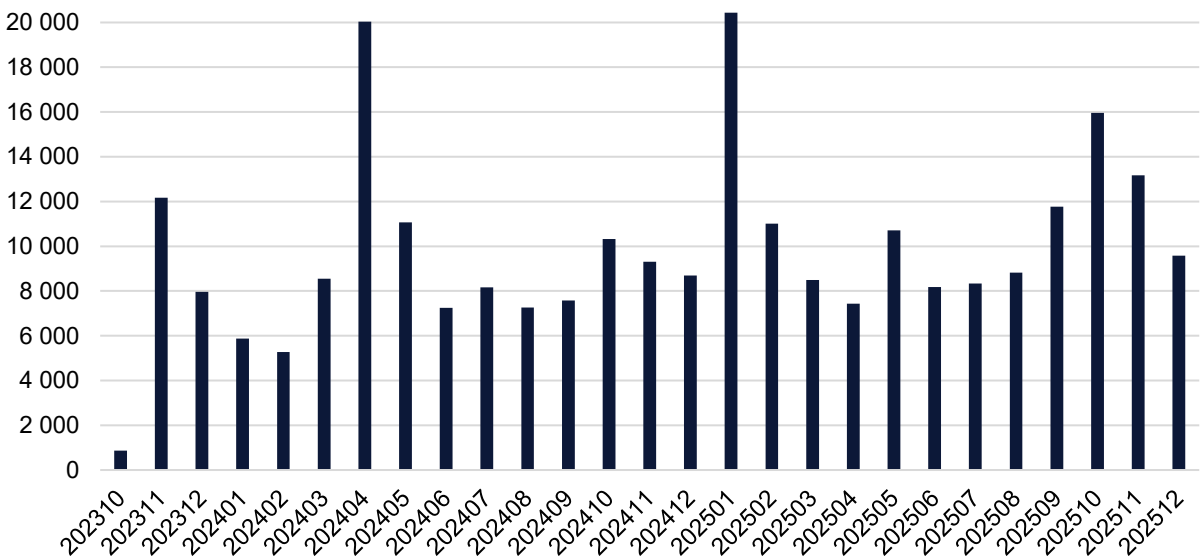
ERO operates two applications for comparing electricity and gas suppliers' quotations (comp sites). One of them is accessible at srovnac.ero.gov.cz. It was launched in 2023 and is provided as a white label solution by Savings Tech Lab, a company developing and operating platforms for comparing and arranging energy supply (for ERO, without the option to arrange for products and without provision, hence without using personal data). This site for comparing quotations for consumers also offers a functionality for automatic uploads of details from PDF bills and based on uploaded data, it searches for and compares suppliers' price lists.

In October 2025, ERO launched the pilot operation of a new comp site at novysrovnac.ero.gov.cz, which also helps to compare quotations for businesses. This new app has been developed, with state aid, by Technology Agency of the Czech Republic (TAČR) under the BETA2 Programme and constitutes a comprehensive solution that also contains, in addition to the actual comparison of energy quotations, a database of public quotations that energy suppliers have been obliged to deliver to ERO under an

amendment to the Energy Act since last year. This comp site includes an admin environment with a catalogue of products for suppliers. Once all quotations have been made available in the open data standard, the database should become an authoritative source of information about public energy quotations.

The parallel operation of the two comp sites makes it possible for ERO to discharge its legislative duties to the full extent at a standard expected from it by today's users.

Chart 3 Comp site utilisation until the end of 2025: number of visits



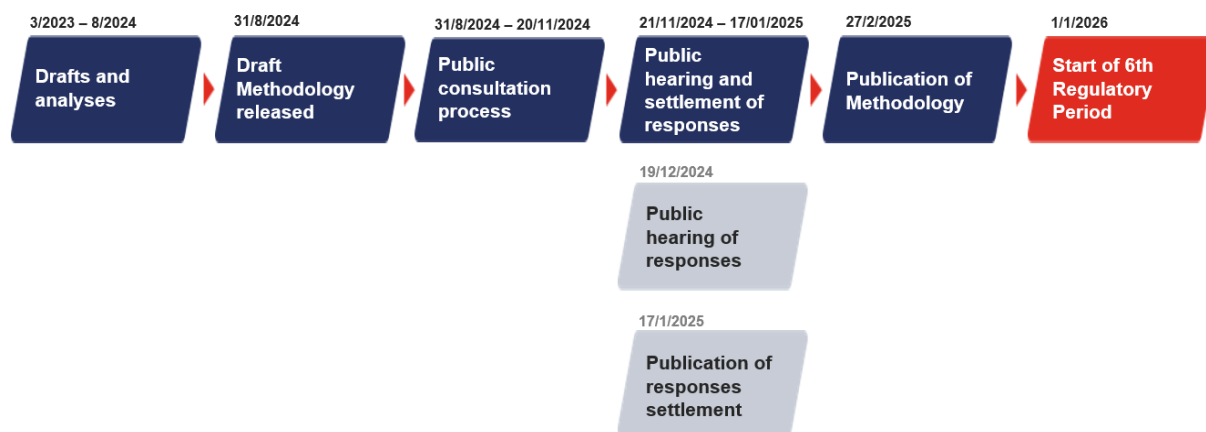
Source: Google Analytics, ERO

Price Control Methodology



3. Price Control Methodology

The preceding years saw work on the document *Price Control Methodology for the 2026–2030 Regulatory Period for the Electricity and Gas Industries, the Market Operator’s Activities in the Electricity and Gas Industries, the Electricity Data Centre, Mandatory Buyers, and Suppliers of Last Resort* (‘Price Control Methodology’). The obligation to draw up a Price Control Methodology for a regulatory period is incumbent on ERO under the Energy Act, which also lays down its main purpose, i.e., put in place the conditions for a transparent, predictable, and stable environment in the electricity and gas industries. The Price Control Methodology was released in February 2025, see the timeline:

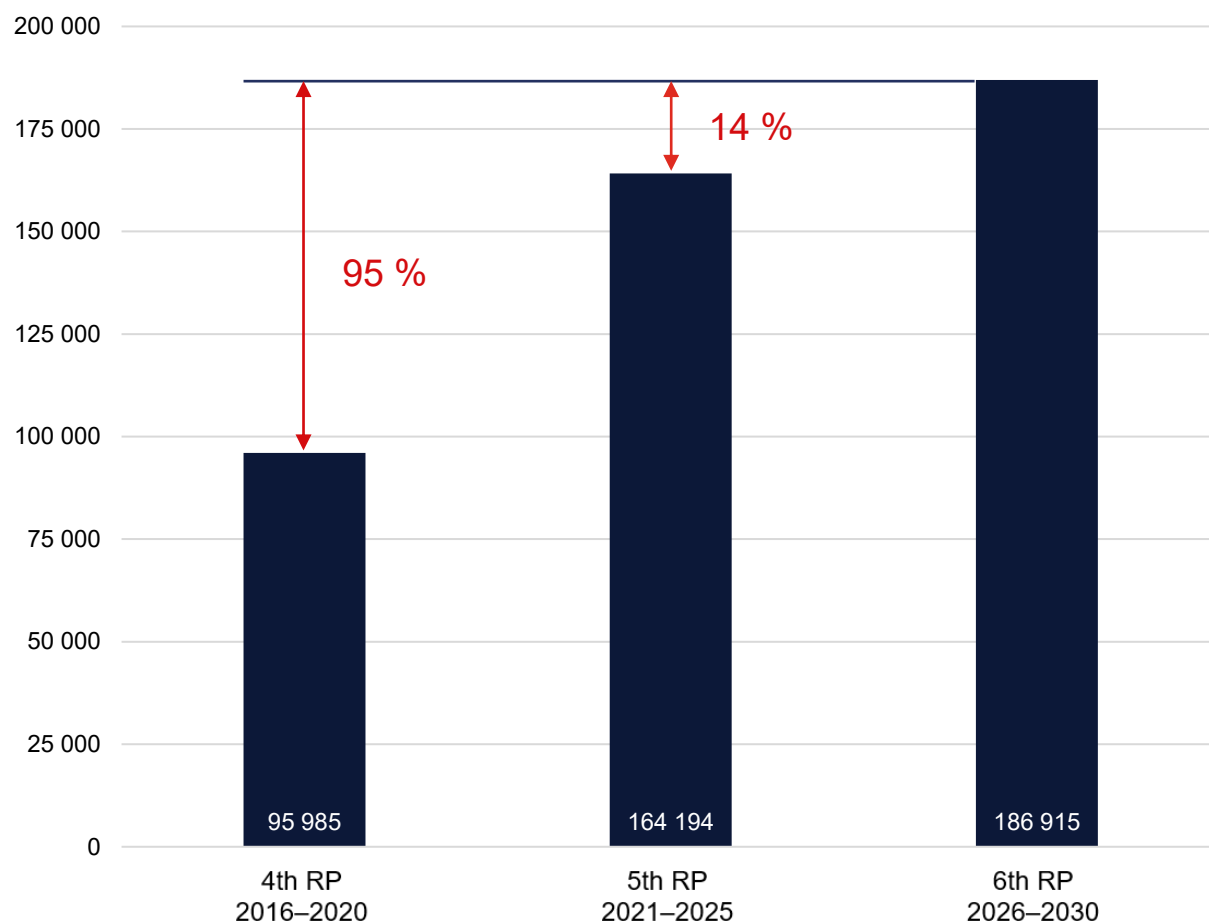


The Price Control Methodology specifies the procedures for determining ‘adjusted allowed revenues’, i.e., the basic inputs into regulated prices that are published in price decisions every year. ERO thus continues in its established practice and sets the regulatory period at five years. This length of the regulatory period provides a sufficient degree of predictability and stability for electricity and gas market participants. On the other hand, in the case of new strategic objectives, it will allow ERO to issue a new price control methodology in reasonable time. A five-year regulatory period is frequent in other European countries too.

The strategic principles for the sixth regulatory period have been specified as follows:

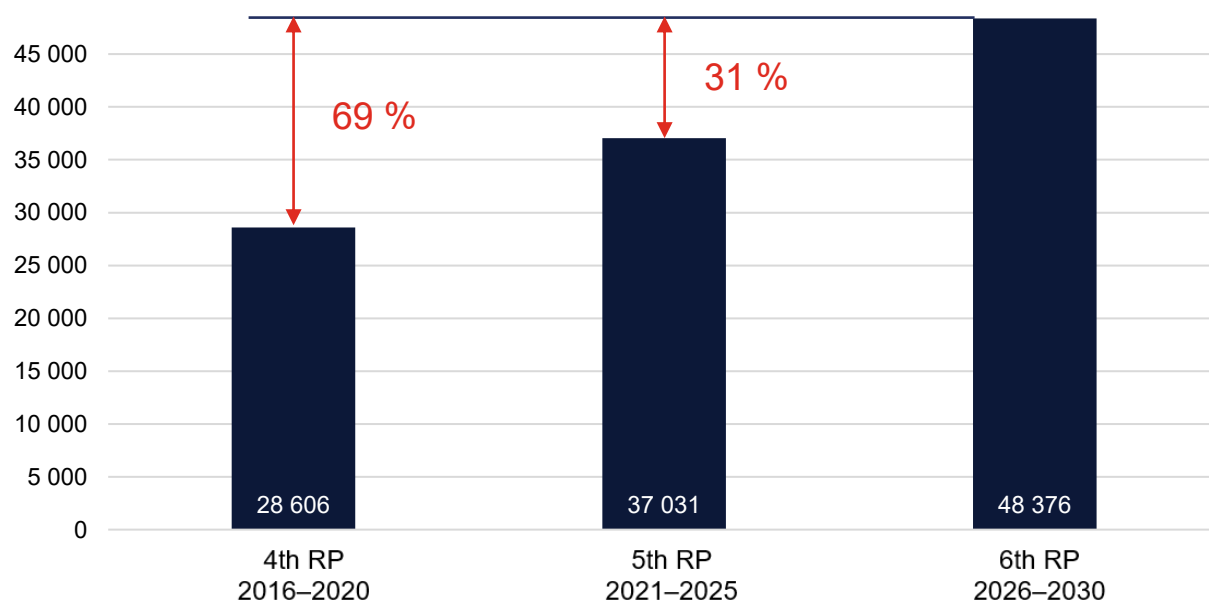
- Compatibility with the applicable Czech and EU legislation
- Stability, flexibility, and sustainability
- Predictability and continuity
- Balanced impacts on regulated entities and customers
- Objective and transparent setting of regulatory principles and inputs

Chart 4 Capex in the electricity industry in the fourth to sixth regulatory periods [CZK million]



Source: ERO

Chart 5 Capex in the gas industry in the fourth to sixth regulatory periods [CZK million]



Source: ERO

Electricity Industry



4. Electricity Industry

The details of the Czech electricity grid's operation in 2025, such as generation, consumption, installed capacity, load etc., are available in the Yearly Report on the Operation of the Czech Electricity Grid. The source of this data is the statistical and regulatory returns; in the electricity industry in 2025, their number was 22,697 and ERO received 96.5% of them via its Dataportál application. The details about the connection of power generating facilities in 2025 are available in the Monitoring of the Connection of Power Generating Facilities to the Distribution System in the Czech Republic. The two documents are available on ERO's website.

Electricity spot market

At electricity spot markets organised by the market operator, 37,891 GWh of electricity was traded (31,989 GWh at the day-ahead market and 5,902 GWh at the intraday market). The weighted average of the marginal prices of electricity traded at the day-ahead market increased to EUR 96.96/MWh in 2025. At the end of 2025, 176 market participants had access to the electricity spot market (the figure was 155 in 2024).

4.1 Safe and reliable regulation, supply quality

Under Section 21 of public notice 540/2005 on the quality of electricity supply, ERO monitors the level of supply quality achieved in distribution systems measured by electricity supply continuity indicators:

- System Average Interruption Frequency Index in the period under review (SAIFI),
- System Average Interruption Duration Index in the period under review (SAIDI), and
- Customer Average Interruption Duration Index in the period under review (CAIDI).

In addition, it monitored:

- Momentary Average Interruption Frequency Index (momentary interruption means electricity transmission or distribution interruption with a duration from 30 seconds to 3 minutes, inclusive) at customers in the period under review (MAIFI).

ERO publishes the results of this monitoring by the end of May every year in its Reports on Continuity Levels in the *Energy Regulatory Gazette* and on its website.

An extraordinary event was a massive blackout on 4 July 2025, which triggered the declaration of emergency in the grid by ČEPS, a.s. Further to this event, ERO set up and headed a Working Group on the 4 July 2025 Blackout, in which it has been addressing, together with the entities concerned, the causes and development of the event, primarily identifying the room for learning a lesson and implementing remedial measures. The first of the ongoing measures adopted were published on ERO's website on 19 December 2025.

In 2025, a major event from the perspective of the electricity grid's safety was the first ever notification of the discontinuation of electricity generation by over 100MW plants under Section 34 of the Energy Act. In this respect, ERO received the notification from the operators of the plants concerned and based on the procedure envisaged in the Energy Act, it expected the results of the calculation of the need for these plants from ČEPS, a.s. within 60 days from the notification.

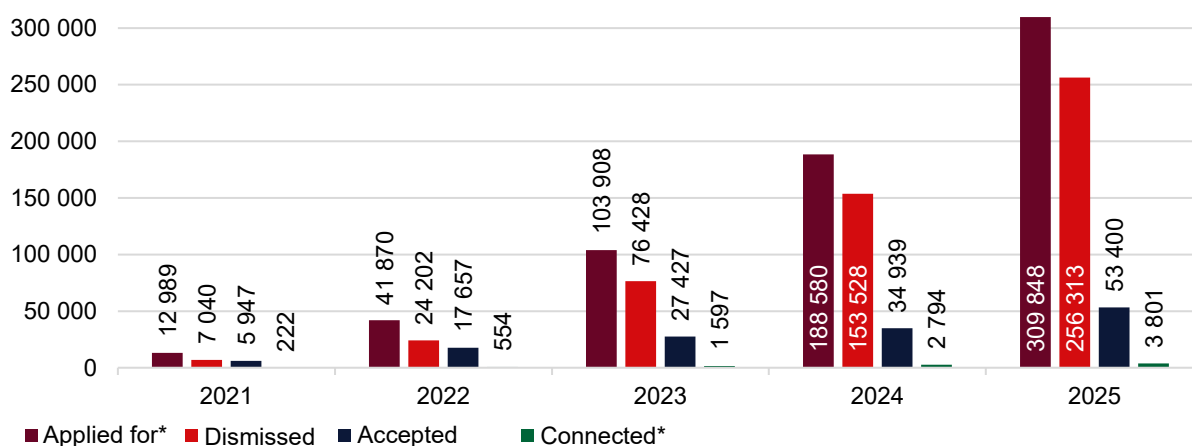
4.2 Technical regulation

Along the technical line, ERO controls the systems primarily through its public notices [statutory instruments] and its approval of operating documents and methodologies. It also uses supporting

activities for this, such as market monitoring. In the case of public notices, 2025 again saw major amendments with crucial impacts on the electricity market (see point 8.1). In particular, 408/2015 on the Electricity Market Rules, 16/2016 on the conditions for connection to the electricity grid, and 401/2010 on the required contents of codes were amended.

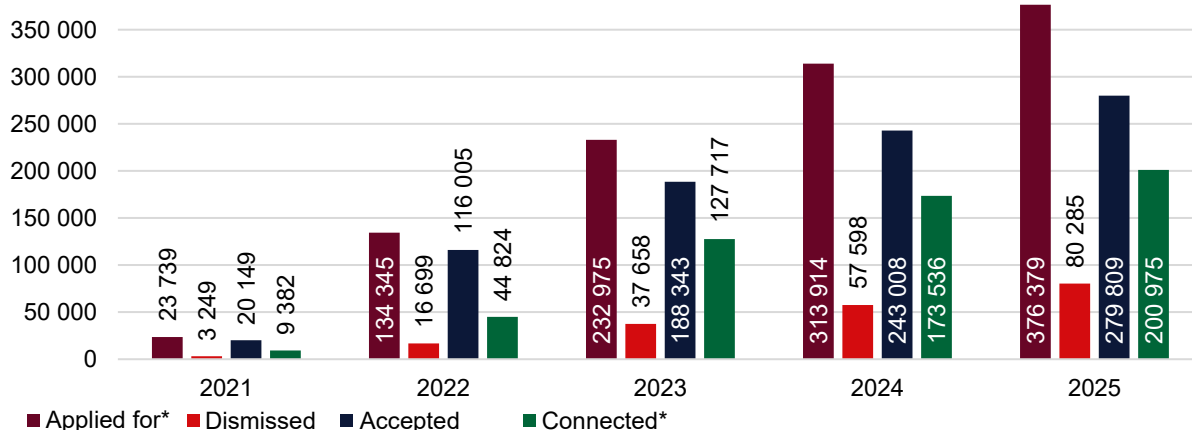
The ongoing and regular monitoring of progress in connection, primarily of power generating facilities in distribution networks, also continued in 2025. The evaluated data for 2021–2025 indicate that 2025 was marked by a further decline in the number of the lodged applications for connecting new facilities, although cumulatively, the year saw another increase, by 62,465, with the requested installed capacity totalling 121.29 GW at all voltage levels. For the period under review, some 80,000 applications with requested installed capacity totalling 256.31 GW were dismissed, and some 280,000 applications with requested installed capacity totalling around 53.38 GW were accepted. In 2025, an additional 27,439 facilities with reserved power totalling 1.01 GW were connected, while over the whole period under review, 200,975 facilities with reserved power totalling 3.80 GW were connected.

Chart 6 Connection cumulatively [MW]



Source: ERO, * including simplified connection and connection upon notification

Chart 7 Connection cumulatively [number of facilities]



Source: ERO, * including simplified connection and connection upon notification

4.2.1 Ten-year National Development Plan for the electricity transmission system in the Czech Republic 2025–2034

ČEPS, a.s., the transmission system operator, did not provide its Ten-year Plan for the Development of the Czech Transmission System 2025–2034 ('Plan') to ERO for approval within the time limit and only did so in 2025. The delay was caused by processing the data for creating the system development scenarios, which have to be harmonised with those of the European ten-year plan. Once delivered to ERO, the draft Plan was subjected to public consultation. During this administrative procedure, several responses were received from and settled with two entities.

ERO assessed the Plan with regard to a number of criteria, including climate objectives and RES development, or the safety and reliability of operation, and approved the Plan.

4.2.2 Improving systems' energy efficiency

ERO also assessed the progress achieved in improving electricity transmission and distribution systems' energy efficiency, primarily relying on changes in technical losses in the system. At the TSO, energy efficiency was seen in a lower value of the losses expected for 2025, by 6% compared with the long-term average for the preceding known ten years. At the regional DSOs, the impacts for the same period were even stronger: technical losses in aggregate for all regional DSOs dropped by 20%. In 2025, in its Price Control Methodology ERO announced the introduction of new types of incentives for the TSO and regional DSOs, with the following incentive schemes specifically covering improvements in systems' energy efficiency:

- Support for loss reduction in electricity transmission defined by a minimum length of new or modernised transmission lines and the commissioning of at least one low-loss 400 kV/110 kV transformer per year in a given regulated year.
- Support for loss reduction in electricity distribution defined by a minimum length of new or renewed cable lines at the MV and LV levels and a minimum number of newly installed low-loss MV/LV transformers in a given regulated year.

These incentive schemes will be first evaluated for 2026.

4.2.3 Implementation of Network Codes and Framework Guidelines

Green Deal, or Directive (EU) 2024/1711 and Regulation (EU) 2024/1747, continued to influence international cooperation. June 2025 saw the approval of the methodology for assessing flexibility needs, which was reflected in national legislation. In the autumn of 2025, ERO started close cooperation with the TSO to set the parameters of flexibility needs evaluation at the national level.

As every year, the European resource adequacy evaluation was a major issue; compared with the preceding year, changes that should have an impact on ensuring more robust and more comparable evaluations in the coming years were presented. At ACER, regulators were drawing up position papers, in particular those on TSOs' proposals, for example, to amend some already approved methodologies or propose new methodologies under Regulations (EU) 2019/943, 2016/1719 (FCA), 2015/1222 (CACM), 2017/1485 (SOGL), and 2017/2195 (EBGL).

Work on amending Commission Regulation (EU) 2016/1719 (FCA 2.0), and the preparation of an impact assessment study and certain changes to the current rules continued largely in the form of consultations. The Commission followed up on the 2024 public consultation and continued to prepare a legislative change.

In 2025, FCA implementation continued most notably in the harmonisation of forward markets and the strengthening of a unified approach to the allocation of cross-border capacities. In this respect, methodologies for capacity allocation and for capacity calculation play the key role. 2025 also saw

amendments to HAR (Harmonised Allocation Rules), which lay down the rules for LTTR (long-term transmission rights) allocation. These changes mainly responded to experience with incidents (such as market decoupling) while reflecting the need to align with the development of spot markets, chiefly in connection with the rollout of the 15-minute trading interval. The move to the 15-minute trading interval was a key milestone in the Czech Republic: the market operator, OTE, a.s., implemented it at the day-ahead market as of 30 September 2025. The development of LT CCM (long-term capacity calculation methodology), which constitutes a key element for the forward markets' functioning, also continued.

Methodologies supporting the functioning of short-term markets were being developed. HMMCP (Harmonised Maximum and Minimum Clearing Price) sets out price limits at short-term markets with a view to avoiding the potential triggering of the automatic price adjustment mechanisms in cases of low liquidity in the European day-ahead and intraday markets (such as in situations of a partial or complete market decoupling). The methodologies for calculating cross-border capacities continued to be extended and improved, the objective being to increase the volume of available capacity for trading under Regulation (EU) 2019/943, where TSOs must make available at least 70% of electricity transmission capacity for the cross-border market.

2025 saw work on amending Regulation (EU) 2015/1222 (CACM 2.0), primarily as a continuing legislative and consulting process amongst the Commission, ACER, and member states. Emphasis was placed on collecting responses from stakeholders and evaluating the impacts of the proposed changes, most notably as regards capacity calculation, market coupling, and cross-border flow management. Simultaneously, they discussed modifications to the key elements of CACM, such as streamlining the rules for capacity calculation, better coordination between regions, and greater harmonisation of the European electricity markets.

Throughout the year, the duties under Commission Regulation (EU) 2017/2195 concerned balancing and the related amendments to the methodologies in this respect. The issue of the method for calculating cross-zonal capacities using co-optimisation was further elaborated on and two related reports were drawn up, focusing on this method's benefits in various conditions. The gradual connection of TSOs to platforms for balancing energy exchanging and sharing continued. Countries whose TSOs have been putting off their connection are applying measures that might be motivational in this respect, and share their experience. Some of the effort focused on cooperation with the working group addressing the reliability of the supply reserved for barriers to non-fossil flexibility. In the following year, the outputs from this activity will be used in connection with flexibility needs assessment.

In line with the long-term expectation, 31 December 2025 was the last day of the TERRE (exchanges of balancing energy from replacement reserves) platform's operation. Talks towards the end of the year mainly addressed the possibility of recovering and recalculating the data from the time of the platform's operation, mainly in connection with the hypothetical incidents investigated under REMIT.

On 1 September 2025, the Czech Republic acceded to the ALPACA (Allocation of Cross-zonal Capacity and Procurement of aFRR Cooperation Agreement) platform. The first exchange of reserves took place on 3 September 2025. This cooperation between Germany, Austria, and the Czech Republic should bring new market opportunities for balancing service providers plus further reductions in the aFRR procurement costs. The platform is working to expectations, according to the TSO.

In respect of the cybersecurity aspects of cross-border electricity flows, governed by Commission Delegated Regulation (EU) 2024/1366, the National Cyber and Information Security Agency (NÚKIB) was appointed as the competent authority under this Regulation on 1 August 2025. For ERO this means that since that date, it has been carrying out only the tasks assigned to it under the Regulation as the national regulatory authority. Thus, the most extensive task, which will only be completed the following year, is to carry out a national benchmarking analysis to assess investments in cybersecurity.

The Commission and regulators consulted two Regulations with a significant impact on the electricity market model in the Czech Republic. One is the Demand Response Regulation and the other is Regulation (EU) 2023/1162 on interoperability requirements etc., which concerns access to metering

and consumption data. In the latter case, ERO has already launched implementation in the electricity supplier switching process, precipitating the requirement to carry out the technical change of the electricity supplier within 24 hours. In the former case, the Regulation will be implemented over the next few years.

Cooperation in the Core & Central Europe working group focused on updating and approving important methodologies deriving from the CACM, FCA, and SOGL Regulations. They include the long-term capacity calculation methodology, Core LT CCM; the day-ahead capacity calculation methodology for Core & Central Europe, Core & Central Europe DA CCM; the intra-day capacity calculation methodology for Core, Core ID CCM; and the regional operational security coordination methodology for Core, Core ROSC. In 2025 again, some of the important issues discussed in the Core & Central Europe group were Switzerland's inclusion in capacity calculation methodologies and Ireland's connection to Core & Central Europe.

2025 saw important discussions on long-term capacity calculation and Core LT CCM. One of the milestones was the receipt from TSOs of the first proposal to amend the methodology. The key objective of the amendment is ensuring sufficient capacities for the market while improving the transparency and reliability of their calculation. A fundamental innovation is the introduction of an ATC benchmark to ensure that the long-term flow-based domain remains proportionate to historically allocated long-term capacities. In addition, the methodology now also includes the integration of the Single Electricity Market of Ireland and Northern Ireland (SEM) bidding zone into the long-term capacity calculation process.

In respect of the methodologies approved for Core & Central Europe, two major ones for capacity calculation can be pointed out. In 2025, the Central Europe region's NRAs approved the Central Europe DA CCM, the first methodology for the newly established Central Europe region; it should help to unify and coordinate the calculation of day-ahead cross-border capacities in continental Europe. NRAs also approved the fourth amendment to Core ID CCM, which responds to the implementation of phase IDCC(c) and the related need to modify the capacity calculation process, most notably postponing their publication from 03:45 to 04:30 on day D. The purpose of this change is to support the use of a higher-quality and more coordinated network model and so achieve more accurate and secured capacities.

Major incidents resulting in complete or partial blackouts occurred in the European interconnected network in 2025. These mainly include an extensive blackout in Spain and Northern Macedonia and a partial blackout in the Czech Republic. These incidents have been classified as scale 2 and 3 incidents and so are subject to extensive investigation by an international working group headed by ENTSO-E with the participation of RCCs, TSOs, NRAs, and ACER representatives. ERO representatives were on the expert teams for the incidents in Spain and the Czech Republic.

4.2.4 Projects for smart grid development and local cooperation

ACON Smart Grids is a project run by EG.D, a.s. and its Slovak partner, Západoslovenská distribučná, a.s. A Project of Common Interest (PCI) with expected implementation between 2018 and 2025, it aims at smart grid development and, following an increase, is supported by a CEF-Energy grant of EUR 190 million. EG.D's capital expenditure is EUR 90 million and the expected support by the EU is 50%. ACON should contribute to a greater RES penetration, integration of electric vehicle charging points, use of power storage equipment, and rollout of a smart communication network for sharing data from smart devices. The objective of the project is enhancing the safety and stability of the distribution network's operation in crisis situations. Because of planning and approval processes, the project is delayed and its completion is therefore expected in 2027.

Gabreta Smart Grids, an EG.D and Germany's Bayernwerk project having a PCI status and a EUR 300 million grant, is to be implemented between 2023 and 2030. The project's main benefits include an economically efficient electricity system with lower losses and enhanced quality, greater security of supply, improved integration of RES, grid users' increased capacity, improved capacity utilisation, positive environmental impacts and, not least, enhanced international cooperation and

knowledge sharing. Gabreta will foster cross-border cooperation at the distribution level through a new cross-border interconnection. The specific project activities will also prepare the power grid infrastructure for a broader energy transition towards intermittent renewable sources. The project itself was at the stage of the approval process at the end of 2025.

Selena is a new energy project of ČEZ Distribuce, a.s., implemented in cooperation with distributors in Hungary and Slovakia. Selena’s key objective is to enhance energy security, efficiency, and resilience in the Czech Republic, Hungary, and Slovakia through electricity distribution network modernisation and integration. The project’s key benefits include an increase of up to 1,500 MW in network capacity for connecting new RES, deployment of smart network elements, physical protection of critical infrastructure, and cyber security data sharing. Selena follows up on successful PCI projects such as ACON and Danube InGrid. It also actively addresses support for transport and heating electrification. It significantly reinforces cross-border cooperation and emphasises progress in new areas of infrastructure development and digital innovation. In 2025, it was included in the PCI list.

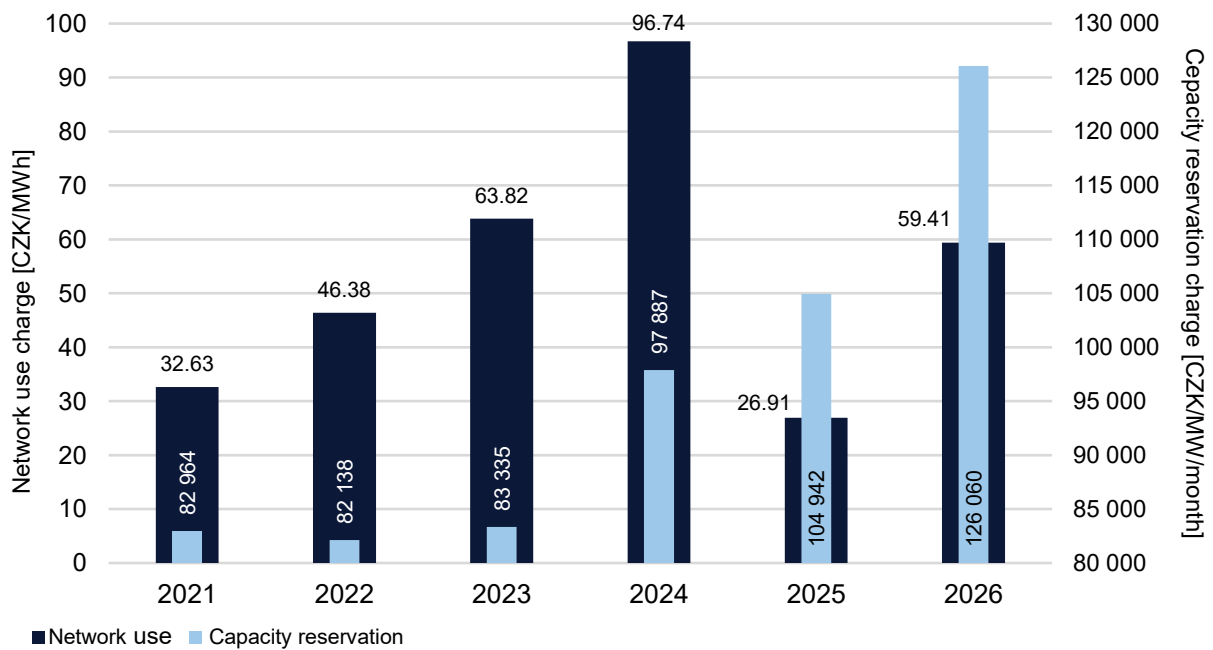
4.3 Price controls – network tariffs

In 2025, ERO issued three standard price decisions that primarily concerned the regulated prices set for 2026, and three price change decisions that reflected, among other things, an amendment to the Energy Act and set out charges for electricity storage facilities. A complete overview including the price decisions is on ERO’s website.

The average regulated component of the electricity supply price for 2026 at the HV level declined by 34.2%, at the MV level by 21.0%, and at the LV level by 15.1%. The year-on-year decline is largely due to setting a zero component of the supply price for aid to electricity from supported energy sources under a Czech government decision.

September 2025 was the effective date of Government Order 248/2025 amending 392/2015 on the charge for the activities of the Energy Regulatory Office, which is contained in the charge for the operation of non-network infrastructure.

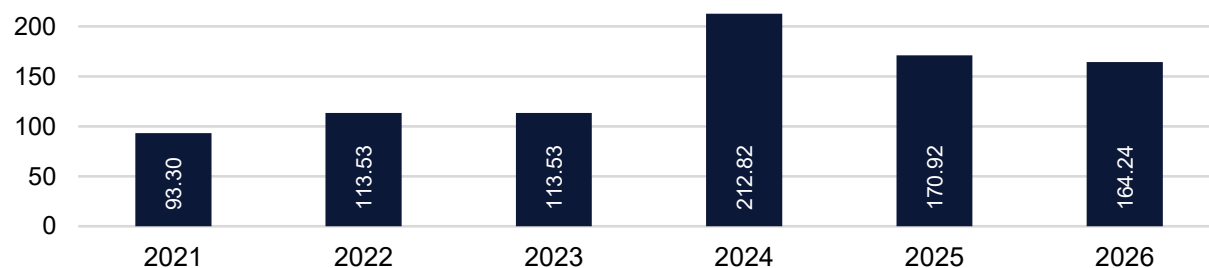
Chart 8 Charges for network use in the transmission system [CZK/MWh] and reserved capacity [CZK/MW/month]



Source: ERO

Note: The significant year-on-year increase in the charge for using transmission system networks in 2026 is due to the correction factor applied in this charge in 2025, which had approximately halved the charge.

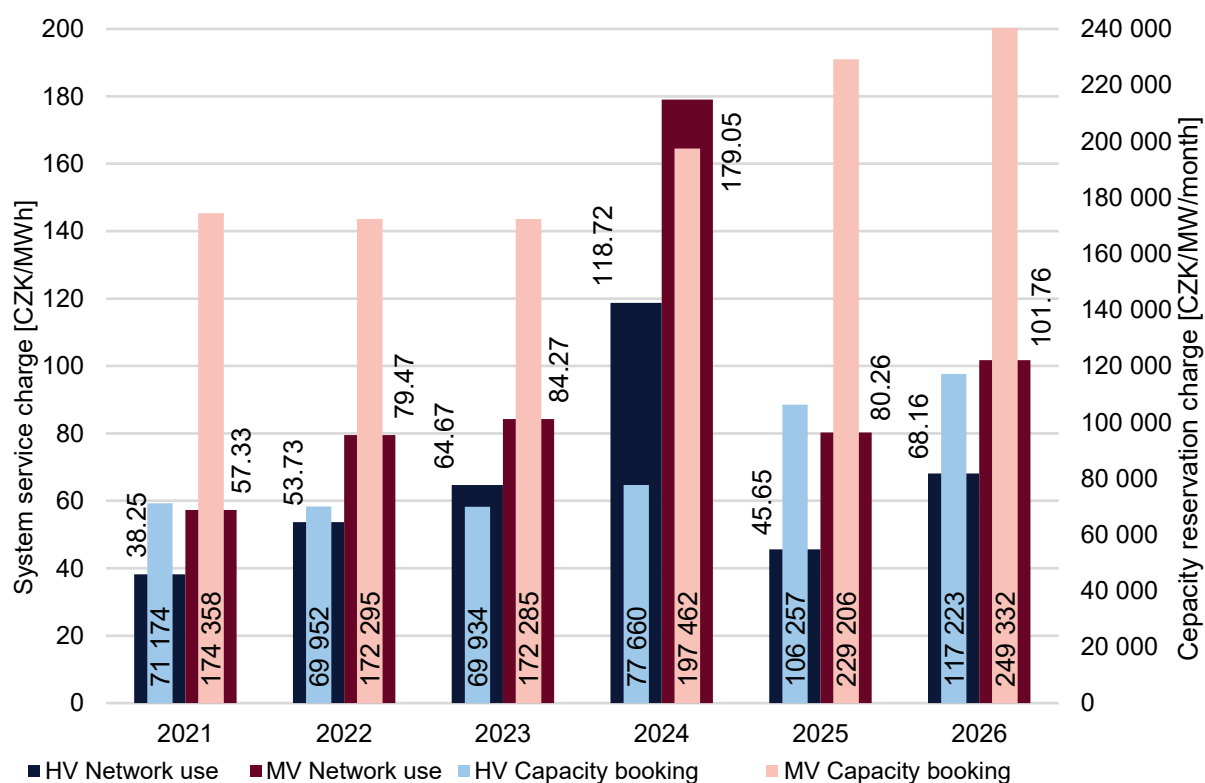
Chart 9 Charge for system services [CZK/MWh]



Year-on-year change		2026/2025
Charge for system services		-3.9%

Source: ERO

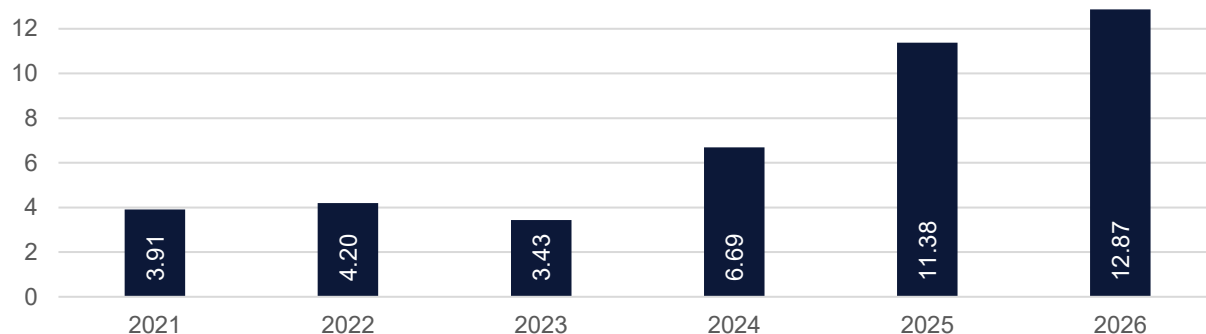
Chart 10 Charges for use of MV and HV distribution system networks [CZK/MWh] and reserved capacity [CZK/MW/month]



Year-on-year change		Voltage level	2026/2025
Network use charge		HV	49.3%
		MV	26.8%
Capacity booking charge		HV	10.3%
		MV	8.8%

Source: ERO

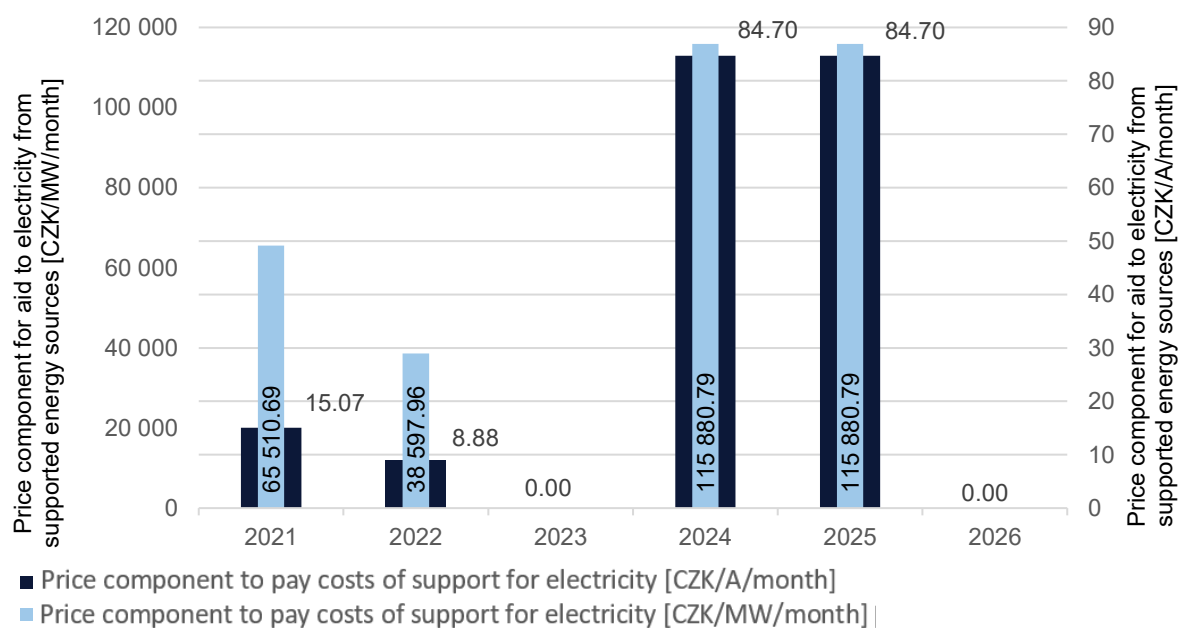
Chart 11 Charge for the operation of non-network infrastructure (formerly for the market operator's services in electricity) [CZK/supply point/month]



Source: ERO

Note: Starting in 2024, the chart shows the charge for the operation of non-network infrastructure; it includes the charge for the market operator's services. Average charges are shown for 2024 and 2025.

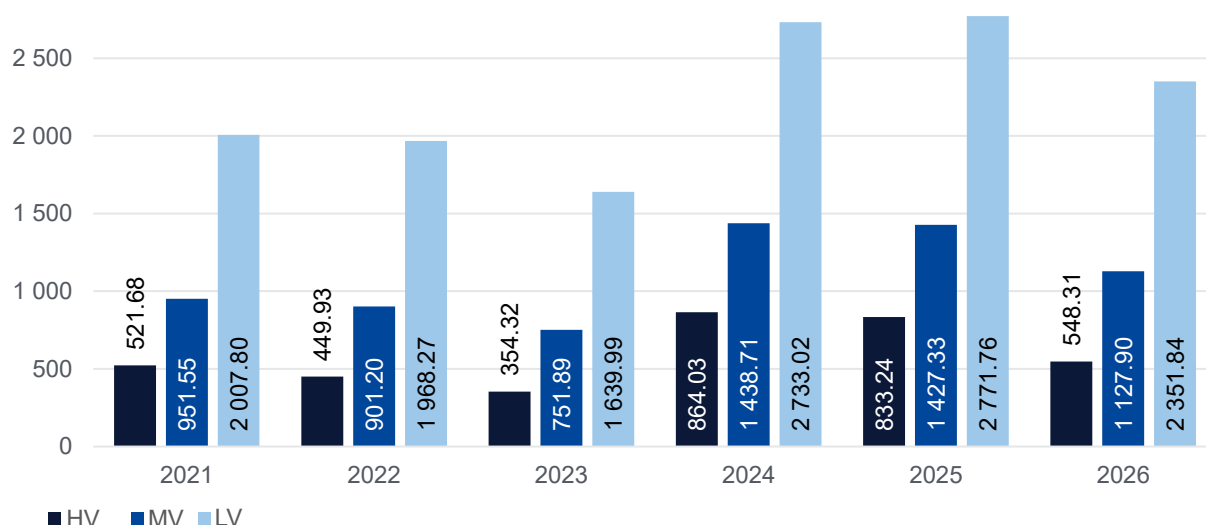
Chart 12 Development of the charge for renewable electricity support



Source: ERO

Note: Average value is shown for 2022.

Chart 13 Average regulated component of electricity price at each of the voltage levels [CZK/MWh]



Year-on-year change	Voltage level	2026/2025
Average regulated component of electricity price	HV	-34.2%
	MV	-21.0%
	LV	-15.1%

Source: ERO

4.3.1 Tariff structure innovation in the electricity industry

Although the innovation of the tariff structure in the transmission system and distribution systems at the high voltage (HV) and medium voltage (MV) levels, consisting in replacing the charge for reserved capacity and the charge for exceeding reserved capacity with a combination of a charge for booked input power and a charge for the maximum power taken, had been approved and implemented in the Electricity Market Rules with effect from 2027, work on some parts of the tariff structure innovation, which would be implemented only in the price decision for 2027, such as the charge for electricity storage facilities, continued in 2025. Work also continued on the charge for reactive energy flows and update of the documents describing in detail the forthcoming change from 2027. The information was released well in advance before the issuance of the price decision for 2027 in the first half of 2026.

This change of the tariff structure will result in more efficient system operation and help to release network capacities at higher voltage levels; the current tariff system does not motivate market participants to that. Electricity market participants often reserve input power much higher than they actually use, which may precipitate the need to reinforce system capacities—such reinforcements being unnecessary and ineffective—with the increased costs passed through to all customers; what can also be the result is constraints on connecting new market participants to the system or impediments to the required increase in reserved input power. ERO expects the proposed changes to help reduce the market participants' total input power reserved in the electricity grid by approximately 3.3 GW, i.e. 15%, in the conservative variant, with a potential of approximately CZK 4.2 billion savings of system operators' future capex funds. The release of unused reserved input power and its uptake by other market participants will also generate additional revenue from the charge for the maximum power taken, from which a part of the fixed costs of system operation will be defrayed. The potential of this contribution is around CZK 2.5 billion per year, i.e., approximately 3.8% of the system operators' adjusted allowed revenues.

2025 also saw work on analysing viable modifications to the tariff structure in the distribution systems at the LV level. The tariff structure innovation at the LV level (households and small businesses) is conditional on the rollout of smart metering for customers, which will be partially completed by mid-2027. Not later than in 2028, a pilot project for testing the potential changes in the tariff structure at the LV level will be launched. Customers with smart metering will thus be able to join the voluntary change in the tariff structure at the LV level from 2030.

4.4 Supervisory activities

Inquiries and some inspections also check the condition of licensed energy installations at electricity producers and distributors. Dozens of submissions also concern damage to energy installations, disturbance of their protective zones, or potential risks to their safe operation (Chapter 2 is dedicated to consumers).

In 20 cases, ERO inspected natural and juristic persons' generating or intermediating activities carried on in the electricity industry without a licence or registration. ERO registers a considerable rise in the submissions related to the operation of small photovoltaic power plants (operated without or with a licence), the most frequent problem being technical issues with the plant, connection conditions, products offered for electricity purchase, and accounting for surpluses.

Gas Industry |

5. Gas Industry

The details of the operation of the Czech gas system in 2025 are available in the Yearly Report on the Operation of the Czech Gas System, which ERO released on its website in the first half of 2026. The source of this data is the statistical and regulatory returns; in the gas industry in 2025, their number was 2,242 and ERO received 62.5% of them via its Dataportál application.

The agenda of international working groups for gas centred on the implementation of the Decarbonisation Package (Regulation (EU) 2024/1789 and Directive (EU) 2024/1788). In addition, working groups continued to discuss, in theory, the development of a hydrogen ecosystem over the gas ecosystem from the legislative and technical perspective.

ERO's activities in ERRA's GF COM group continued with a focus on the gas industry's decarbonisation, discussing issues such as stimulating the gas tariff policy as a decarbonisation factor, guarantees of origin for renewable gases and hydrogen, boosting the regulatory framework, and support for the development and integration of low-carbon gases, placing great emphasis on hydrogen as the key element of energy transition. The discussions have shown that clearer rules for transit will have to be put in place, primarily as regards pure hydrogen, the subsequent certification being a key issue. In the group, ERO helped to prepare the Report on Gas Networks: Risks of Stranded Costs & Potential Benefits of Repurposing – Hydrogen & Biomethane Blending. The report presents the findings of a survey conducted across 12 member countries. The survey examined the regulatory, technical, and economic readiness for repurposing natural gas infrastructure for hydrogen and biomethane integration.

As part of the forthcoming GF COM Report Questionnaire on Hydrogen, ERO participated in a questionnaire survey on: Market Design, Feasibility & Supply Chain and The Future Role of Regulators. Subsequently, ERO participated in reporting on the current situation and latest developments in each of the countries.

In the context of amending the Gas Market Rules, ERO has put in place a new systematic framework for gas storage. Newly, gas market participants can use the storage capacity not only based on auctions but also through the SSO's or another market participant's price quotation up to 25% of the total volume of the storage facility. This change in the rules makes it possible to offer storage capacities in the form customary in the EU's gas market and improves the Czech market's flexibility during price fluctuations. It should also boost security of supply, broaden the range of products, and support the complete filling of storage facilities.

Gas spot market

A total of 3,789 GWh of gas was traded at the within-day gas market organised by the market operator. In 2025, the weighted average of the prices of gas traded at the within-day market slightly grew to EUR 39.95/MWh. At the end of 2025, 136 market participants had access to the spot gas market (the figure was 144 in 2024). In 2025, the prices at the Czech within-day gas market again closely followed the spot prices in the German market area, Trading Hub Europe (THE within NCG), of products traded at EEX.

5.1 Gas supply security

The gas supply security standard (GSSS) is understood to be a service ensuring that protected customers keep receiving gas supply under certain non-standard conditions too.

As part of GSSS arrangements, the gas trader must be able to transport gas supply from the source to the protected customers and thus must also have in place the matching transport capacities. In this context, there are a number of gas sources. The obligation to provide information about the extent and method of GSSS arrangements also applies to 'another gas trader', through whom the GSSS service is

provided. The GSSS costs are laid down in a public notice and gas traders usually include them directly in their commodity (gas) price or treat them outside the commodity price.

ERO regularly publishes GSSS details in its Monthly Reports on GSSS on its website. Among other things, ERO monitors factors that might stand in the way of ensuring secure and reliable gas supply to final customers.

5.2 Technical regulation

1 December 2025 marked the end of the selection process for PCI/PMI projects under amended Regulation (EU) 2022/869.

NET4GAS's hydrogen transmission projects were also selected, namely Czech Hydrogen Backbone Infrastructure NORTH (HYD-N-1251) and Czech Hydrogen Backbone Infrastructure WEST (HYD-N-1034) as part of a broader project of common interest 10.5 Central European Hydrogen Corridor Ukraine–Slovakia–Czechia–Germany, and 10.2 Czech-German Hydrogen Interconnection. ERO endorsed both projects, as the year before.

5.2.1 Ten-year National Development Plan for the gas transmission system in the Czech Republic 2026–2035

The TSO provided the Ten-year National Development Plan for the Gas Transmission System for 2026–2035 [‘Plan’] as due. In its various investment projects, the Plan focuses on modernising and maintaining the robustness of the existing gas transmission system, or its potentially necessary extension to ensure the security of supply and adjustment to the EU’s new energy targets.

The approval process

As part of its dialogue with the expert circles, the TSO sought to integrate the market participants’ technical and economic suggestions into the document.

The Plan provided to ERO for assessment reflected the responses received from the various market participants to a large extent. In the public consultation process, ERO received responses from the Association for District Heating of the CR and the Slovak TSO, eustream, a.s. The handling of the responses, including the consulted documents, are posted on the ERO website.

When assessing the Plan, ERO primarily examined its compliance with the Czech and EU legislation, the effectiveness of its spending with regard to end prices for consumers, and continuous energy self-sufficiency and security.

5.2.2 Improving systems’ energy efficiency

In the Plan, the TSO first specified the measures for improving the gas transmission system’s energy efficiency in terms of the scope and costs, estimating the capex for the following ten years at CZK 800 million.

The planned measures include various capex projects for the development and upgrade of the gas transmission system, which will bring environmental, economic, and operating benefits; in practical terms they are, in particular, upgrades of the gas transmission system components (such as more efficient turbines), reductions in methane leakage, smart system control to optimise operation and reduce losses, and energy recovery.

In terms of the above, ERO will check the assessment of the progress achieved in improving energy efficiency in 2026 as part of the preparation of the Ten-year National Development Plan for the Gas Transmission System for 2027–2036.

ERO also reviewed the progress achieved in improving regional gas distribution systems' energy efficiency based on changes in losses in the systems. At regional DSOs, energy efficiency was seen in losses expected for 2025 lower by 28% compared with the long-term average for the preceding known ten years. In 2025, in the Price Control Methodology ERO announced the introduction of new types of incentives for the regional DSOs conducive to further reductions in losses.

The performance of the obligations laid down in Regulation (EU) 2024/1787 of the European Parliament and of the Council of 13 June 2024 on the reduction of methane emissions in the energy sector and amending Regulation (EU) 2019/942, in force since 4 August 2024, will also help to improve the energy efficiency of the gas transmission and distribution systems in the future.

5.2.3 Implementation of Network Codes and Framework Guidelines

AHMR-TF

An ACER Hydrogen Markets and Regulation Task Force, AHMR-TF, was set up at ACER. In 2025, this TF's key priority was continued preparation of methodologies for inter-temporal cost allocation.

At meetings held in 2025, additional case studies were presented and best practice was shared on issues related to the development of hydrogen energy, for the most part focused on the regulatory approach in the various member states.

In the context of the ACER Regulation's obligations and following the required procedure, a reasoned opinion on the presented draft Articles of Association (one of the statutory documents) of the newly founded association, the European Network of Network Operators for Hydrogen (ENNOH), was prepared. Last year, the Commission published its Opinion on the ENNOH statutory documents, thereby making a key step in its formal establishment. In 2025, ENNOH focused on, e.g., a cost-benefit analysis (CBA) methodology for the hydrogen infrastructure with a view to drafting a methodology into which the responses from a public consultation running in the second half of 2025 would be incorporated.

December 2025 saw the release of a second report on hydrogen market monitoring for 2025 (*European hydrogen markets, 2025 Monitoring Report*, MMR 2025), which notes that the European hydrogen market is coping mainly with high costs of renewable hydrogen and delayed implementation of European rules, which slows down infrastructure investments and development.

NC BAL

ACER monitors and evaluates balancing at the European level. ACER has developed an analytical framework for assessing and comparing various balancing zones in the EU (Balancing Analytical Framework, BAF). ENTSO-G provides data to this system and ERO is responsible for verification in the Czech Republic. Based on ACER's assessment it can be noted that the Czech balancing system is operational and well designed.

ERO evaluates the efficiency of the model of gas balancing in the system on an ongoing basis, as the network codes have already been fully implemented in the Gas Market Rules.

An amendment to the Gas Market Rules included a change in the small adjustment, i.e., change of the amount of the applicable price for a daily imbalance quantity specified in the Rules, because the transmission system is used for transit purposes at only a very low level; the parameters of the imbalance evaluation model were therefore adjusted to result in a small surplus rather than in revenue neutrality. The Czech Republic has long been one of the EU member states having some of the lowest percentage premiums on the reference price applied to imbalance pricing, including the positive and negative imbalance quantity. In practice, the change concerns an adjustment of the kkDVM coefficient (coefficient of positive daily imbalance quantity) for adjusting the spot market index for positive daily imbalance quantities, newly set from 0.92 to 0.975, and also an adjustment of the kzDVM coefficient

(coefficient of negative daily imbalance quantity) for adjusting the spot market index for negative daily imbalance quantities, newly set from 1.025 to 1.08.

NC CAM

In 2025, the greatest attention was again devoted to Commission Regulation (EU) 2017/459. In addition to preparing the yearly report on congestion, the capacity allocation mechanism task force (CAM TF) focused on completing the technical, procedural, and practical finalisation of the NC CAM revision, i.e., elaborated on the impacts of recommendations for NC CAM and analysed the requirements for implementation at the parties concerned (transmission network operators, national regulators).

In this respect, ERO was approached for a further assessment of the procedure for adopting NC CAM changes. This questionnaire survey addressed some specific areas, primarily: capacity allocation, transfer mechanism, Balance of Month auction, and NC CAM application at interconnection points with third countries.

From the Czech perspective, the essential issue contained in the output for the Commission was the aspect of a new type of capacity product, Balance of Month, which should be added to the currently available range in order to utilise the transmission system more efficiently. In 2025, this product was further discussed with a view to incorporating it in the Regulation.

The revision process sees certain entities' continued effort for a revision of the incremental process, which in practice has only been generating extra costs for TSOs, which then have to be socialised in regulation. ERO completely agrees with this attitude.

CMP

Under the CMP rules, elaborated on in the Gas Market Rules, the TSO shall inform both ERO and the BRP/foreign participant concerned about any unused booked transmission capacity following the end of the period under review.

2025 saw continued intensive monitoring of gas trade licensees' use of long-term transmission capacities. The trend of failure to use booked capacity, which was triggered by Russia's invasion of Ukraine, continued to intensify. Despite the gradual meeting of the criteria for divesting of capacity in the context of the applicable CMP rules, an assessment of the situation has shown that in the Czech Republic, as in the adjacent member states, it is not feasible to divest the shipper of such capacity for the long term through a simple measure.

As part of the forthcoming study on CMP (Impact assessment for the revision of the capacity allocation and congestion management rules), a consultation with all the stakeholders on the identified problems related to CMP design and application and the potential need for regulatory interventions was launched in 2025. ERO also contributed its opinions to the survey (DG ENERGY study on CMP Guidelines, a survey).

NC TAR

In April 2025, Part 2/2025 of the *Energy Regulatory Gazette* carried a reasoned Decision under Article 27(4) NC TAR, for regulated years 2026 to 2030, based on which the charges for the gas transmission service were then set for 2026.

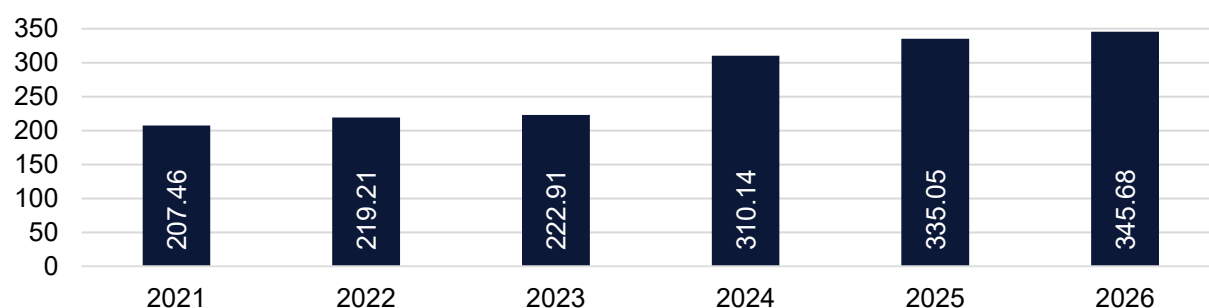
Under Article 28 NC TAR, ERO consults the discounts, multipliers, and seasonal factors on an annual basis. It then reflects the outcome of such consultation in its price decision. On its website, it posts information required by NC TAR (Articles 29 and 30) every year.

5.3 Price controls – network and LNG tariffs for connection and access

In 2025, ERO issued, for the gas industry, two standard price decisions; they are available on ERO's website in their complete wording.

The average total regulated component of the price of gas supply for 2026 (the distribution system service charge, including the gas transmission service, and the market operator's clearing charge, including the fee for ERO's activities) is 3.2% higher than in 2025. The main reason for the increase was the need for higher capex, but also low consumption, which had earlier hit its 30-year low. On the other hand, gas transit has slightly recovered, and customers in the Czech Republic will benefit from this thanks to the redesigned price control methodology.

Chart 14 Year-on-year comparison of the average total regulated component of the gas supply price (distribution, transmission, market operator's clearing charge) [CZK/MWh]

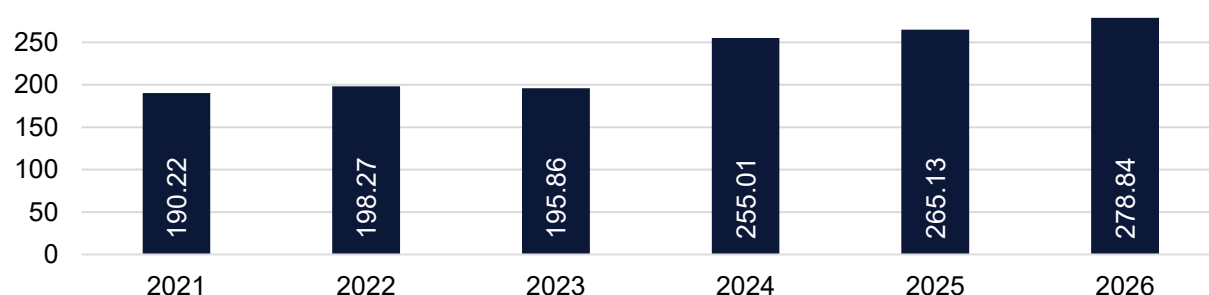


Year-on-year change		2026/2025
Average total regulated component of the gas price		3.2%

Source: ERO

Note: The charge for the market operator's clearing includes a fee under Section 17d of the Energy Act. It was changed in 2025 and so the average value is used for 2025.

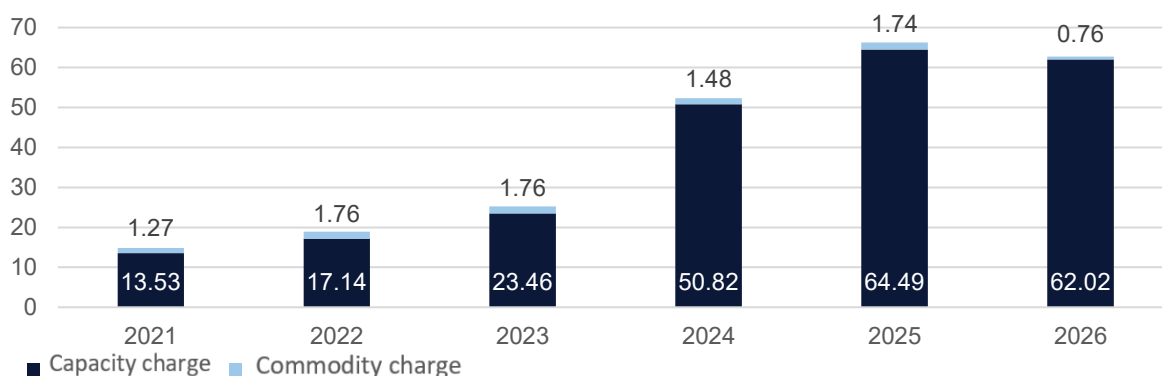
Chart 15 Year-on-year comparison of the average charge for distribution system services for all customer categories in the Czech Republic [CZK/MWh]



Year-on-year change		2026/2025
Average charge for distribution system services		5.2%

Source: ERO

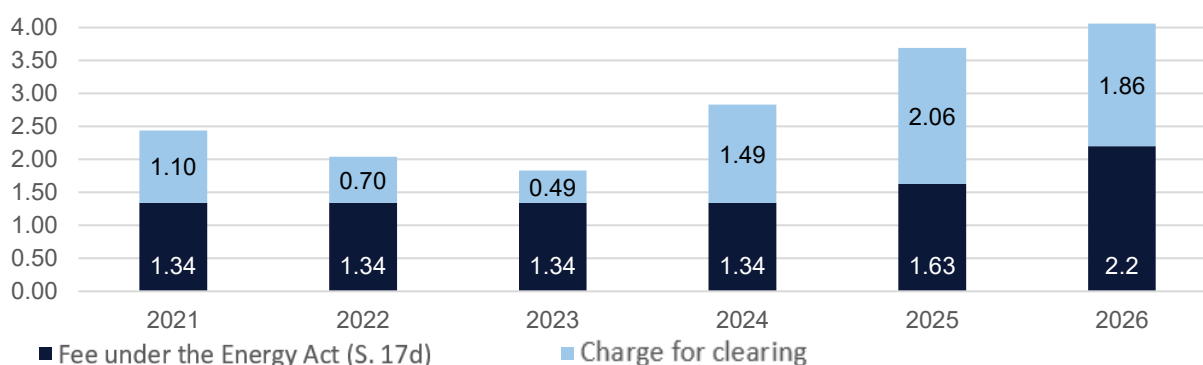
Chart 16 Year-on-year comparison of the average charge for the gas transmission service for customers connected to distribution systems [CZK/MWh]



Year-on-year change		2026/2025
Charge for the service of gas transmission to the domestic point		-5.2%

Source: ERO

Chart 17 Year-on-year comparison of the market operator's clearing charge, including the ERO activity fee [CZK/MWh]



Year-on-year change		2026/2025
Charge for clearing, including the fee under Section 17d of the Energy Act		10.0%

Source: ERO

Note: The fee under Section 17d of the Energy Act was changed in 2025 and so the average value is used for 2025.

ERO did not apply any special tariffs for LNG in the Czech Republic in 2025.

5.4 Supervisory activities

In 2025, ERO received more than 200 reports from DSOs and Czech Police on third-party damage to energy installations or disturbance of the protective zone caused by prohibited activities. Further to the reports, ERO carried out investigations and inspections of checks of the condition of gas producers' and distributors' energy installations.

ERO also carried out inspections specialised in gas producers' and distributors' compliance. In particular at biogas plants, it looked at the condition of their energy installations, compliance of their parameters with their licence, or licence conditions for any thermal energy supply.

Heat Supply Industry



6. Heat Supply Industry

6.1 Regulation

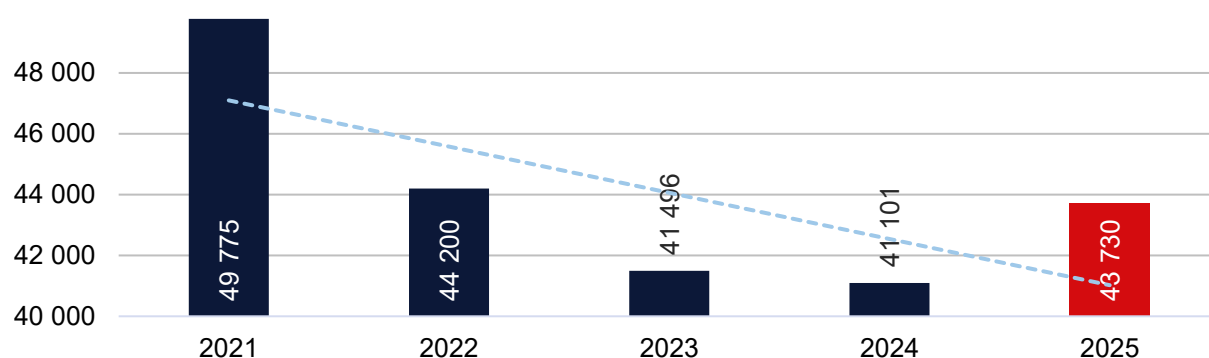
Many diverse entities supply thermal energy (also referred to as 'heat') in the Czech Republic. The rules, set by ERO, allow the supplier to reflect the 'economically justified' [eligible] costs that it necessarily incurs in heat production and/or distribution, a reasonable profit, and the value-added tax (VAT) in its price. Prices lower than the 'limit price', set by ERO at CZK 183.10/GJ w/o VAT, are exempt from the regulatory rules.

Suppliers must calculate preliminary prices and subsequently the resulting prices for the relevant calendar year and provide this information to ERO through regulatory returns. A huge amount of data from regulatory returns must be checked, and ERO therefore has information about heat prices at a certain delay and the prices therefore have to be regarded as preliminary only in a given year.

6.2 Consumption, prices, and share of fuels in thermal energy production

Over the long term, heat supply to final customers is, disregarding the weather effects, showing a rather declining trend related to energy saving measures. In spite of that, the value expected for 2025 indicates a possible increase in consumption compared with 2024.

Chart 18 Heat supply to end consumers [thousands GJ]



Source: ERO

Note: For 2025, the expected value is shown.

Although for 2025 the average heat price across the country is almost the same as in 2024, the prices of heat produced from each of the fuels show more distinct variations. Emerging following the energy crisis, the trend in the development of the prices of heat produced from each of the fuels is also visible for 2025. The price of heat from coal is rising due to a gradual reduction in coal consumption combined with the development of emission allowances, the price of heat from gas is declining due to a gradual decline of gas prices at energy markets, and the price of heat from biomass and other RES is rising quite distinctly due to the growing demand for green fuels.

Compared with the extremely rough developments in 2022 and 2023, the year 2025 continued to confirm the gradual cooling of price variations in the heat supply industry and a convergence to the pre-crisis prices of heat from the various fuels, but at higher levels.

However, it is also true that the development of thermal energy prices cannot be viewed solely from the perspective of a nationwide average or a specific fuel mix. Typical of the heat supply industry is

a distinctive diversity of suppliers in terms of the size of the companies, the type and age of the equipment used, cost structure, operating efficiency, etc. The fact that suppliers take different approaches to passing their costs through to thermal energy prices plays an important role. While some respond to changes in the input costs more flexibly, others prefer greater pricing stability for final customers and reflect cost increases in prices gradually or compensate for cost increases by reducing their profit. The supplier's ownership structure can also be a pricing factor.

Average statistical data therefore has to be treated vigilantly as the data *per se* may not tell anything about the justifiability or otherwise of a particular price of thermal energy from the various suppliers. The fact that in a particular case the thermal energy price is much higher than the nationwide or regional average does not *per se* mean that the price has been calculated contrary to pricing regulations, because it may reflect the specific technical, economic, and operating conditions of the particular thermal energy supply system.

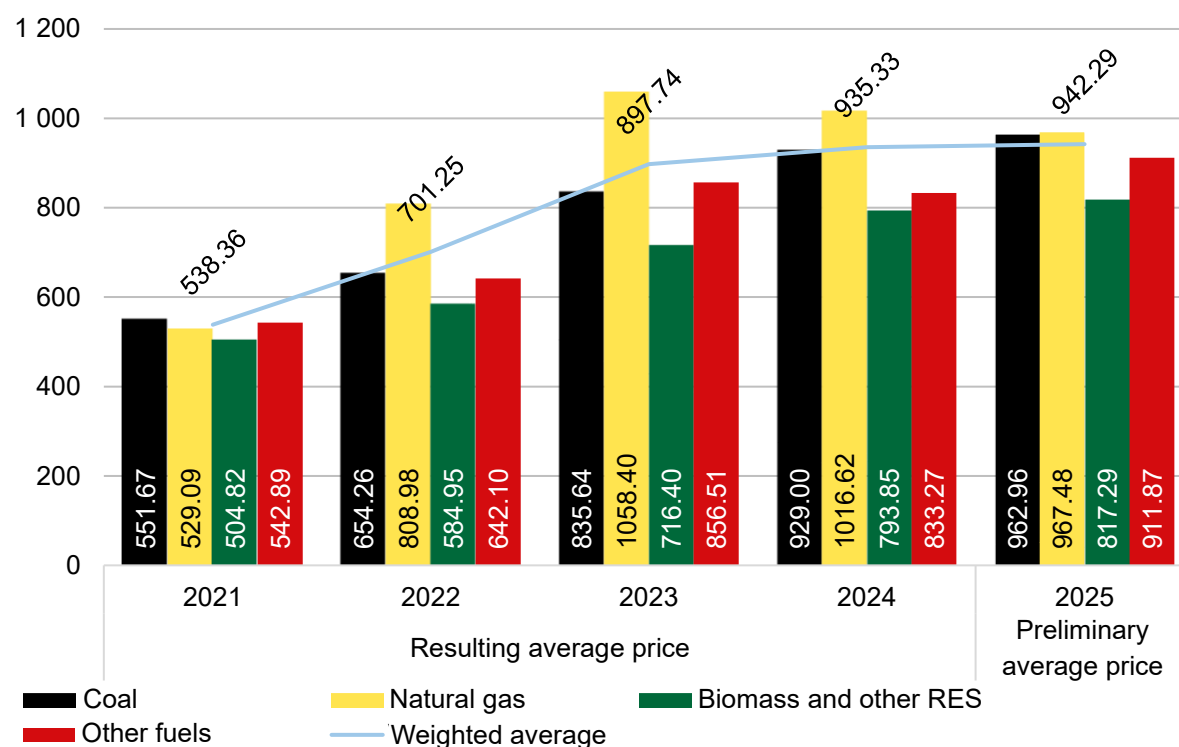
Table 3 Average preliminary heat prices for end consumers, including the percentage change [CZK/GJ] (w/o VAT)

	Preliminary price for 2025 [CZK/GJ]	Percentage change 2025/2024 [%]
Coal	962.96	3.66
Natural gas	967.48	-4.83
Biomass and other RES	817.29	2.95
Other fuels	911.87	9.43
Weighted average	942.29	0.74

Source: ERO

Note: Other fuels include mainly waste, but also fuel oils, electrical energy, etc.

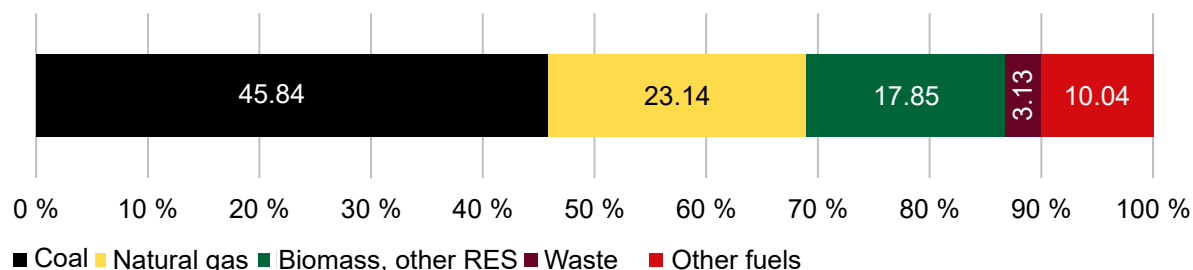
Chart 19 Average heat prices for end consumers [CZK/GJ] (w/o VAT)



Source: ERO

In 2025, coal's share of heat production dropped to the lowest level ever, but it continues to be the most important fuel. On the other hand, the shares of natural gas, biomass and other RES, and waste as low-emission and alternative fuels are increasing.

Chart 20 Shares of fuels in heat production on 1 January 2025 [%]



Source: ERO

Note: These are values expected for 2025.

6.2.1 Prices by the fuel mix in each of the Regions

The stabilisation of prices can also be observed in the development of heat prices in the Regions, where the price levels usually change only slightly. Exceptions include the Karlovarský Region, with an over CZK 100/GJ increase (w/o VAT) in heat prices, and the Liberecký and Jihomoravský Regions where the drop by CZK 55/GJ (w/o VAT) can be regarded as a major change.

Despite a minor decline in the price, the most expensive heat remains in Prague while the Pardubický Region again remains the least expensive Region despite a slightly higher price. Although in these Regions the year-on-year changes are rather negligible, they nevertheless show a continuing tendency of the price spread between Regions narrowing down. In 2024, it was CZK 320.71/GJ (w/o VAT), in 2025 it declined to CZK 296.05/GJ (w/o VAT).

The comparison of Regions in terms of the amount of and changes in heat prices, including the fuel mix, shows that the fuel share as such cannot be regarded as the single determinant of the price level. The simple assumption that a Region with a large share of natural gas must automatically experience the deepest drop in heat prices or that a Region with a large share of coal must necessarily experience the highest increase in heat price was again not vindicated in 2025.

The largest price cuts took place in the Jihomoravský and Liberecký Regions, having relatively similar fuel bases with the country's largest shares of gas, over 70%, but an analogous conclusion cannot be automatically applied to all Regions. In the Pardubický and Ústecký Regions, with the largest shares of coal, the price slightly rose. In the Karlovarský Region, with the largest heat price hike, the fuel base is similar to that in the Moravskoslezský Region where the heat price hike was not so strong and in the Královéhradecký Region where the price declined somewhat.

By the same token, nor does a large share of a certain fuel automatically mean similar price levels across the Regions. The Pardubický Region with the largest share of coal continues to be the least expensive Region while the Karlovarský and Moravskoslezský Regions, also with large coal shares, have above-average heat prices, the gas shares being similar in these three Regions.

Table 4 **Average preliminary heat prices [CZK/GJ] (w/o VAT) for end consumers, showing the percentages of fuels by Region**

Region (in the ascending order by price)	Coal [%]	Natural gas [%]	Biomass and other RES [%]	Waste [%]	Other fuels [%]	Price [CZK/GJ]
Pardubický	68.20	28.83	2.65	0.04	0.28	796.51
Plzeňský	40.91	25.50	24.94	8.29	0.35	804.20
Královehradecký	57.71	25.70	16.36	0.00	0.23	807.22
Vysočina	5.63	44.98	45.51	0.00	3.89	810.74
Jihočeský	23.13	19.62	43.58	0.00	13.67	851.15
Středočeský	32.05	40.75	24.95	0.09	2.17	863.03
Ústecký	65.35	19.50	14.99	0.00	0.16	897.40
Liberecký	2.60	77.72	0.91	16.23	2.54	909.78
Olomoucký	32.00	43.38	6.53	17.82	0.28	932.82
Jihomoravský	0.02	72.84	9.03	16.95	1.16	962.30
Zlínský	26.94	50.29	14.71	0.00	8.06	988.22
Karlovarský	56.76	31.38	11.52	0.00	0.34	1,003.05
Moravskoslezský	57.12	26.24	3.51	0.00	13.13	1,017.98
Prague	44.98	49.74	0.66	4.44	0.17	1,092.56

Source: ERO

6.3 Supervisory activities

In 2025, ERO started 35 oversight checks, of which 27 were technical and 8 were price checks. It completed 36 checks from preceding years in 2025. Breaches of legislation were found in 22 cases, of which 16 in technical and 6 in price checks.

Renewable and Supported Energy Sources



7. Renewable and Supported Energy Sources

7.1 State aid

2025 was the first time that ERO published the amount of operating aid through price decisions containing a detailed justification for the amount of the aid as required by the Act on Prices and the Energy Act. For SES, two extraordinary and five standard price decisions were issued and posted on ERO's website in 2025.

The first extraordinary ERO price decision, 1/2025 of 13 May 2025, amending ERO price decision 7/2024 of 25 September 2024 laying down aid for supported energy sources, as amended in 13/2024, responded to the Commission's '*notification of no objection*' under SA. 113882 (2024/N), Maintenance support for heat from renewable energy sources with a nominal heat output above 1 MW burning biomass, setting the green premium (bonus) for heat for 2025 in line with the applicable public notice on technical and economic parameters.

The other extraordinary ERO price decision, 5/2025, amending ERO price decision 7/2024 of 25 September 2024 laying down aid for supported energy sources, as amended in 13/2024 and in 1/2025, added, as of 1 August 2025, a green premium for heat for biogas plants commissioned in 2023 under a transitory provision in Article XII point 2 of *Lex RES III*. The premium was calculated based on year-on-year changes in electricity and heat prices and fuel procurement costs in line with the technical and economic parameters public notice valid and effective for 2025.

The standard price decision for 2026 was divided into four separate decisions by RES group. In the price decisions, ERO did not lay down any aid for the power generating facilities for which support was ended under transitory provisions of the SES Act, the renewable electricity generating facilities commissioned before 1 January 2006, and power generating facilities using CHP (up to 5 MWt) and secondary sources commissioned before 1 January 2013.

- ERO price decision 7/2025 laying down aid for electricity generated using the energy of water, wind, and solar radiation, slightly increased the yearly green premiums for most power generating facilities due to the statutory 2% indexation of feed-in tariffs.
- ERO price decision 8/2025 laying down aid for electricity and heat produced using the energy of biomass and ERO price decision 9/2025 laying down aid for electricity, heat, and biomethane produced using the energy of biogas reduced, for the most part, the amount of green premiums due to the year-on-year increase in electricity and gas prices.
- ERO price decision 10/2025 laying down aid for electricity generated from secondary sources and high-efficiency combined heat and power generation applied, for the first time ever, a procedure derived from the year-on-year change in auction premiums to the year-on-year change in aid for CHP. In principle, this has resulted in unifying the method for the year-on-year recalculation of the green premium and greater transparency and unification of the slight differences in the parameters used by ERO over the years. For up to 5 MW CHP generating facilities, green premiums were slightly increased due to higher fuel costs while for over 5 MW CHP the premium remained unchanged due to a combination of a year-on-year increase in electricity prices and emission allowances and stable coal prices.
- The reasoning in all price decisions describes in detail the legislative principles and ERO methodologies for calculating the aid amounts, including the monitoring of the year-on-year change in the market prices of electricity, heat, and emissions allowances and in fuel procurement costs.

ERO price decision 11/2025 laying down the price for mandatory buyers' activities and prices related to guarantees of origin set out, in line with the SES Act, for 2026 only administrative prices in the case of guarantees of origin, including new prices concerning auctions of guarantees of origin.

7.1.1 Notification procedures

Under the auspices of the Ministry of Industry and Trade (MIT), 2025 saw a notification procedure for assessing the compatibility of a new scheme of auction premiums on biomethane with the EU's internal market for 2026–2030. The MIT decided to prefer the procedure under the European CISAF rules to the hitherto used CEEAG rules. ERO's role was, in particular, to prepare the documents related to demonstrating the funding gap for proving the adequacy of the aid and subsequent answers to the Commission's questions. Although no '*notification of no objection*' had been issued by the end of 2025, ERO and the MIT cooperated on preparing the parameters and the requirements for the auction to select the mandatory gas buyer and for the actual auctions of new aid to biomethane injected into the gas system from 2026.

In 2025, ERO was also actively involved in the drafting of amendments to the MIT's public notices. Specifically, to 110/2021 on determining the types and parameters of supported renewable energy sources, fuel reporting, sustainability criteria, and GHG emission savings, and to 166/2022 on reporting energy under the SES Act. In addition to a comprehensive revision of the method of energy reporting, including detailed reporting on satisfying the sustainability criteria and emission savings, ERO also pushed through a more accurate definition of the commissioning date for generating facilities. The first half of the year also saw the completion of an amendment to the MIT's public notice 72/2022 on ensuring the adequacy of operating aid granted to energy generating plants.

During the year, ERO also provided cooperation to the MIT, as required by the law, in the setting of the maximum levels of auction prices as part of calls for renewable and high-efficiency CHP electricity.

7.2 RES development in the Czech Republic

Connection of new facilities to the Czech electricity grid

Based on the data published by the market operator, 1,139 new electricity plants with a capacity of 412.1 MW (operated under electricity generation licences) were registered in 2025. The largest part of them are 877 photovoltaic plants with an installed capacity of 226.9 MW and CHP plants with a capacity of 141 MW. A few other plants contribute 412 MW to overall capacity.

Flexibility and energy sharing

The dynamic development of flexibility services and electricity sharing continued in 2025. In 2025, the EDC system, launched in 2024, entered into a more stable operating phase. Registered entities began using energy sharing to a larger extent. Thus, the number of registered entities and the quantity of shared electricity were gradually increasing.

In 2025, the rollout of the 15-minute metering of consumption and generation, introduced in 2024, made it possible to control energy flows more accurately and to dispatch flexible plants and use appliances more efficiently. Distribution companies continued to roll out their digital infrastructure required for flexibility aggregation.

Energy communities

In 2025, community energy continued to develop. Its foundations were laid by the legislation allowing electricity sharing from 2024. Sharing mainly took place in smaller groups of prosumers and energy communities, the growth in their numbers being attributable to a stabilised environment of registrations in the EDC system. However, the opportunities for community projects were predetermined by the then existing technical and legislative conditions in 2025. The key mechanisms that are intended to allow communities to join flexibility provision through its aggregation will only be available following the

effective date of the forthcoming legislative changes (*Lex RES III*). In 2025, energy communities therefore primarily focused on electricity sharing itself rather than on proactive control of generation or consumption to distribution systems' needs.

Acceleration zones for wind power plants

A new legislative framework supporting the introduction of acceleration zones for faster RES approval processes, in particular wind and photovoltaic projects, was put in place in 2025. The purpose of this instrument is to simplify and shorten the approval process in areas where an evaluation of the key potential conflicts with public interests took place in advance earlier. Although the legal basis was adopted, no acceleration zone was actually specified in 2025. The preparatory process was still running and included the release of methodologies and maps, and support for municipalities and Regions in obtaining the required documents. According to the Ministry of the Environment, the first specified zones should start to appear in 2026.

Digitalisation in energy

Digitalisation in energy, chiefly further to the update of the National Action Plan for Smart Grids for 2025–2030, continued in 2025. This framework has strengthened the focus on modern grid control, smart metering development, and support for customers' involvement in the energy market through more accurate data and flexible processes.

DSOs continued to increase their capex on digitalisation, in particular smart metering, IT systems, and network control automation. Considerable funds were channelled into the modernisation of the infrastructure for RES connection and future flexibility services, which has made it possible to gradually accelerate and simplify the connection processes.

Biomethane

A total of 13 biomethane plants were in operation in the Czech Republic at the end of 2025, of which 11 were connected to the Czech gas system and 2 were island operations sending biomethane for direct final consumption in transport. ERO granted new gas production licences to three biomethane plants in 2025; of those, one acquired operating aid in the form of green premiums.

Gross electricity generation from RES and its share of the country's gross RES production and biomethane production until 2025 is available in the Yearly Reports on the Operation of the Electricity System and Gas System in the Czech Republic, posted on ERO's website in the first half of 2026.

7.3 International cooperation

CEER

The Renewables Work Stream (RES WS under the CEWG Electricity Working Group) finalised and released the Status Review of Renewable Support Schemes in Europe for 2022 and 2023 offering an in-depth overview of how electricity from renewable energy sources was supported in 2022 and 2023 across 25 CEER Member Countries. The report provides updated insights into the evolving landscape of renewable energy support mechanisms and their alignment with EU policy directions.

Biomethane issues were being discussed and ERO therefore broadened its representation in the Regulatory Gas Strategy Work Stream (RGS WS) and took an active part in NRAs' Reflections on Enabling the Injection and Access to the Wholesale Market of Biomethane, a report that provides an overview of how nine EU Member States are implementing key provisions of the Gas Decarbonisation

Package relevant to biomethane. The report contributes to the implementation of the EU's legislative framework for renewable and low-carbon gases.

ERRA

In ERRA, ERO is active in the Energy Transition Committee (ET COM), in which it presented a case study, Solutions for Promoting the Use of Renewable Sources for Heating and Cooling in the Czech Republic.

Disclosure Platform

In 2025, ERO proactively joined European expert discussions on energy information publishing (energy disclosure) on the AIB Disclosure Platform in the role of the disclosure body for the Czech Republic.

Under the auspices of CEER, Brussels hosted a meeting on the results of the project 'Proposals for energy disclosure for electricity, gas, hydrogen, heating and cooling as a model for Europe', the purpose of which was to formulate recommendations for a European framework for energy disclosure.

Strategic Cooperation |

8. Strategic Cooperation

8.1 International activities

As part of its international activities (for more details see the various agendas), ERO has long pursued close cooperation with international organisations CEER, ACER, and ERRA, in which its representatives are members of working groups and the highest steering bodies, ACER Board of Regulators and CEER General Assembly, which discuss each of the positions and outputs.

As part of the national coordination of activities vis-à-vis the EU, ERO representatives also took part in the regular meetings of the Ministry Coordination Group under the MIT and the Committee for the EU at the working level. These activities help to convey ERO's position on important documents related to the discussion of EU acts: the European Council's working groups, COREPER I, the European Council's various executive formations, and the preparation of general positions on EU acts. All these activities help to ensure a stable position for the Czech energy sector and effective preparations for the future applicability of the forthcoming EU legislation.

8.2 RDI activities

Research, development, and innovation (RDI) projects continued in 2025 under programmes in which ERO directly participates, THETA 2 and BETA3.

In early 2025, the following projects were completed:

- TK04010077 *Economically justified costs in the regulated sectors of the electricity and gas industries*
- TK04010017 *Gas system utilisation for hydrogen*

Programme outcomes were being used continuously and also immediately following the end of projects through discussion in the relevant working groups related to the particular issue.

Several new projects approved in the second public competition under the THETA 2 programme, for which ERO had specified several priority research objectives, were launched during 2025. In the public competition, almost all projects important for ERO's operation were successful, in particular as regards regulation in the heat supply industry and the design of the form and frame of aid through auction mechanisms and through advanced data analysis in market monitoring.

In 2025, Technology Agency of the Czech Republic was preparing a third THETA 2 public competition, for which ERO had prepared one priority research objective concerning connectivity of biomethane plants to gas systems.

ERO is taking an active part in the programme for support of innovations in State and public administration, BETA2 and BETA3. Under BETA2, terminated at the end of 2024, activities related to the completion and acceptance of research project results were carried out in early 2025.

Under BETA3, in 2025 ERO was building a project framework for a project of effective consumer protection in the energy sector in the conditions of its transition. The project team prepared the project in the form of a public contract that should be carried out through BETA3 in 2026.

ERO monitors the activities under some other national and international programmes, such as SIGMA, Horizon Europe, LIFE, and CETPartnership. ERO also granted formal backing through a Letter of Intent to additional projects seeking support across the range of programmes, e.g., those for cybersecurity, promotion of technology skills in the energy sector, and the development of community energy in regions.

8.3 Cooperation with universities

The scheme of cooperation with higher education institutions in the Czech Republic continued to be consolidated in 2025. Lectures and presentations continued to be delivered: ERO experts spoke to university students across the country and across fields of expertise. We organised eight lectures at seven universities, with a total of up to 500 students attending them.

In respect of final qualification theses, ERO has long been offering students the option to treat its in-house topics in their assignments. They are issues of peripheral or emerging challenges related to ERO's statutory duties in regulation, market monitoring or consumer protection. Thus, through their treatment of the topic the students have an opportunity to start their technical cooperation with ERO and so gain insight into the relevant issues.

2025 saw continued opportunities for students' internships and work experience related either to their university enrolment or to their own voluntary activity aimed at broadening their technical knowledge of and experience with work in state administration. In 2025, interns found good opportunities in the Administrative Proceedings Section, addressing the legislative and legal aspects covered by ERO, in the Analysis and Data Support Department, working on data analyses development and energy trends evaluation, and in the ERO Operation Department, focusing on administrative and technical support for the financial and organisational aspects of ERO's functioning.

Cooperation with universities or individual students also helps ERO to boost recruitment of new staff from the ranks of university graduates.

Levies and Compensations

9. Management of Levies on Surplus Revenue and of Compensations

9.1 Supervisory activities

Surplus revenue collection

In 2025, ERO started detailed checks of over 1 MW power generating plants for which it lacked the closing 'levy statements'. The checks focused on the performance of duties under the Energy Act and whether levies were treated correctly. Based on ERO's requests and the data provided by the market operator, levy statements were additionally lodged and ERO subsequently additionally calculated payable levies, including incidentals, at CZK 120 million.

On payers who failed to provide the required cooperation ERO imposed the levy authoritatively based on the available information from its own *ex officio* activities and other relevant records. Further to these basic checks, ERO continued in additional inspection procedures to check the accuracy of levy calculation under the Tax Rules.

Compensation

In 2025, ERO completed the first stage of compensation checks, consisting of checking the details contained in requests for compensations. ERO communicated any doubts about the accuracy of the calculation of compensations to the market operator and the relevant market participant. It checked 137 requests for compensation totalling CZK 47.897 billion. At the end of the year, ERO prepared and launched the second stage of compensation checks.

9.2 Taxation procedures

In 2025, ERO opened more than 200 sets of taxation procedures in connection with the agenda of levies and compensations; the procedures primarily consist of requests to lodge levy statements, procedures conducted to dispel doubts, and authoritative determinations of the levy. An upward trend was also registered in connection with the Tax Rules, where ERO was conducting over 30 sets of proceedings on requests to waive late interest, requests to allow delayed levy payment, and submissions concerning decisions under Section 97(5) of the Energy Act on the payment of compensation for demonstrable loss and reasonable profit in an incorrect amount.

Legislative and Administrative Activities



10. Legislative and Administrative Activities

10.1 Legislative activities

10.1.1 Public notices

ERO responded to amendments to the Energy Act, primarily the *Lex RES III* amendment, by issuing 12 public notices.

Public notice 166/2025 amending 349/2015 on Gas Market Rules, as amended

This amendment has brought a comprehensive change of the rules for storage capacity booking, mainly in terms of the booking procedure. Individual changes concerned, e.g., information provision in the case of arranging for dynamic pricing of gas supply or equipment testing operation, the procedure to sell illegally stored gas, and daily imbalance quantity.

It came into effect on 1 July 2025, some of the provisions on 1 January 2026.

Public notice 184/2025 amending 8/2016 on details of licensing for business in energy industries, as amended in 147/2022 and 47/2024

This amendment has added annexes containing model forms for applicants for electricity storage licences, so that such applications can be lodged. Individual changes have introduced ‘the traders’ seal’ or the demonstration of financial standing.

It came into effect on 1 August 2025.

Public notice 225/2025 amending 408/2015 on Electricity Market Rules, as amended

This amendment has added ‘electricity storage operator’ as a new market participant to the existing processes set out in the public notice and provisions on the registration of the electricity storage facility’s delivery point in the market operator’s system. It lays down the procedure for determining the electricity quantity taken, and supplied into the electricity grid, from the electricity storage facility in order to set the maximum amount payable as the component of the charge for distribution system service or the component of the charge for the transmission system service intended to support renewable electricity.

It reflects a new case of illegal electricity flow into the grid under Section 52(1)(f) of the Energy Act, the shift to quarter hours in the operating aid system, the extension of the mode of supplier of last resort, and the shift from the monthly to a daily interval for transmitting data from type B metering and type C categories C1, C2 and C3 metering for imbalance settling.

It came into effect on 1 October 2025, some of the provisions on 1 August 2025 or 1 January 2026 or 1 January 2027.

Public notice 245/2025 amending 489/2021 on the procedure to register aid with the market operator and the implementation of certain other provisions of the law on supported energy sources (the registration public notice), as amended in 366/2024

This amendment responds to the introduction of premiums on biomethane in auctions [auction aid] and the shift to quarter hours in the operating aid system. It clarifies the details recorded for the auction aid and adds the details checked by the market operator when biomethane auction aid is being registered.

In response to a change of the authorisation to issue the public notice, the provision on the option to change the green premium mode was repealed because the law on supported RES does not grant such option to any producer.

It came into effect on 1 January 2026.

Public notice 302/2025 amending 16/2016 on the conditions for connection to the electricity grid, as amended

This amendment has implemented the rules for electricity storage facilities and the related conditions. The required details of connection applications have been overhauled and merged into a single annex and the way to lodge such applications has been changed.

It has also changed the rules for power reservation at the connection point and for sharing the system operator's costs of connection through a lump sum.

Further to another amendment to the Energy Act, *Lex Gas*, the public notice primarily reflects the obligation to pay and the method to determine the non-refundable part of this lump sum to reduce the risk of blocking the system's capacity due to unused requests.

It came into effect on 1 October 2025.

Public notice 315/2025 amending 79/2022 on the technical and economic parameters for determining reference feed-in tariffs and green premiums and on the implementation of certain other provisions of the law on supported energy sources (public notice on technical and economic parameters), as amended

This amendment has revised the parameters for retrofitted power generating facilities that use water energy and biogas, reducing their useful life by 5 years to 15 years, their unit capex, and the period of the yearly utilisation of their installed capacity.

It has also changed the unit opex on biomass, reducing it from CZK 210/GJ to CZK 190/GJ in categories 1 and 2 and increasing it from CZK 50/GJ to CZK 60/GJ in category 3.

In response to the *Lex RES III* amendment to the Energy Act, it provides for 15 years as the period of biomethane auction aid. It sets out the parameters of only those of supported RES, which are usable in price controls.

It came into effect on 1 January 2026.

Public notice 340/2025 amending 401/2010 on the required content of the Electricity Transmission System Operating Rules, Distribution System Operating Rules, the Gas TSO Code, DSO Codes, the SSO Code, and the market operator's commercial terms and conditions, as amended

The amendment has introduced a list of the required details of development plans for regional distribution systems.

It has modified and broadened the required content of the Data Centre Code with regard to the new activities that the data centre should perform from 1 August 2026 (reflection of the activation of flexibility when balancing energy is supplied, reflection of electricity storage, and coordination of the preparation of the transmission/distribution system's operation scheduling).

It has also added some required details of the market operator's commercial terms and conditions in the electricity industry, who is now obliged to also register the aggregator (aggregating the flexibility provided by electricity market participants) for delivery points, and some required details of the Electricity Transmission System Operating Rules and the Distribution System Operating Rules because of electricity storage facilities, which have been included among the facilities connected to the electricity grid.

It came into effect on 1 October 2025.

Public notice 346/2025 on submitting information for monitoring the electricity and gas markets, on the method to set the value of traders' security index, and on the provision of information about electricity and gas supply quotations compared via a comp site (the monitoring public notice)

ERO issued this completely new public notice under an authorisation in the *Lex RES III* amendment to the Energy Act. It specifies the interval and extent of the information to be reported by licensees, concerning mainly contract prices and contract terms, which makes it possible to monitor the condition of competition in the retail market.

It has introduced a methodology for computing the trader's security index, including predictions of future consumption; thus, ERO is in a better position to determine whether the trader has contracts in place to feed its supply, or whether his business strategy is risky.

It also reflects the legally required implementation of the State's comparison application, including the dates and form of the mandatory provision of information about suppliers' quotations.

It came into effect on 20 September 2025. The provisions on the submission of information for the monitoring of the condition of competition in retail electricity and gas markets came into effect on 1 January 2026.

Public notice 369/2025 amending 488/2021 on conditions of connection to the gas system

This amendment modifies the rules for connecting to the gas system to cover renewable gas production plants, including hydrogen. It has added the technical conditions for the laying of the gas withdrawal pipeline that will be bought by the DSO in the case of connecting a renewable hydrogen production plant.

As regards obtaining the capacities under connection contracts, it introduces the option to extend the time for capacity booking, and it also broadens the conditions under which connection contract capacities are extinguished and those under which the applicant is responsible for a portion of the higher-level system operator's stranded costs.

ERO has also revised the required content of the connection application and tightened the conditions under which the procedure of the accelerated connection process, i.e., by merely entering into the contract, can be used.

The amendment newly lays down the conditions for installing and operating the equipment required for ensuring the distribution system's safe and reliable operation in gas production plants and also the conditions for erecting and operating equipment for adjusting gas specs where the person responsible for the costs of such erection and operation is solely the connection applicant who is obliged to adjust gas specs to the system's parameters.

The public notice came into effect on the day following the day of its promulgation, i.e. 3 October 2025.

Public notice 443/2025 amending 207/2021 on the billing of supply and related services in energy industries, as amended

The amendment lays down the extent, required content, and dates of providing information about the billing of gas supply and related services in the gas industry. Now, the new required details in the billing document also include information that ERO serves as the single contact point.

In the gas industry, a new feature is information on the share of renewable gas and the share of low-carbon gas for households and small business customers and that on the environmental impacts of natural gas and hydrogen, together with CO₂ emission details.

In the electricity industry, a new feature is the obligation to include information on the origin of electricity at the level of each particular customer in the billing documents.

It came into effect on 1 January 2026.

Public notice 508/2025 on regulatory reporting

ERO issued this new public notice, superseding 262/2015 as amended, further to the Price Control Methodology for the Regulatory Period 2026–2030, which had newly introduced, e.g., incentive schemes for licensees and changed the rules for, e.g., taking account of subsidies, service costing within business groups (SLA agreements) or the monitoring of local DSOs' operations. In the electricity and gas industries the new public notice ensures that the scope of reported information meets ERO's price control needs. In the heat supply industry, the changes have simplified reporting and reflect suppliers' option to set thermal energy prices on an individual basis, which ensures a functioning link between the cost-plus pricing rules and practical life.

It came into effect on 1 January 2026.

Public notice 513/2025 amending 194/2015 on the price control method and procedures for price control in the electricity and gas industries

The amendment lays down the limit thermal energy price at CZK 250/GJ systematically on the basis of regulatory reporting. Earlier, the limit price was laid down in price decisions.

It came into effect on 1 January 2026.

10.1.2 Laws

Act No 87/2025 amending 458/2000 on the Conditions of Business and State Administration in Energy Industries and Amending Certain Laws (the Energy Act), as amended, and other related laws

An extensive amendment to the Energy Act, referred to as *Lex RES III*, was promulgated in the Official Gazette. The various provisions of the law are coming into effect gradually (from immediate effect until 1 January 2028) but most of them came into effect on 1 August 2025.

The original purpose of the amendment was, in particular, to transpose the EU's *Winter Package* (primarily Directive (EU) 2019/944 of the European Parliament and of the Council of 5 June 2019 on common rules for the internal market for electricity and amending Directive 2012/27/EU (recast)) and to adjust the Czech energy legislation to the ongoing energy transition and growing RES share. The key objective is to create a regulatory framework allowing a greater flexibility of the electricity system, more efficient integration of decentralised capacities, and market participants' more active involvement.

A fundamental innovation is the legislation on storage as a self-standing regulated activity. Before this amendment was passed, electricity storage installations could be used solely as those connected to the power generating facility, and could only store electricity solely from the connected generating facility. Now, electricity storage installations can be connected to transmission/distribution systems independently as a tool for balancing generation and consumption, which is intended to help stabilise the grid.

The law newly defines flexibility as the capability to change consumption or generation to the grid's needs, thereby also creating new market opportunities for prosumers and other market participants to provide services that promote the electricity grid's balancing and effective working. Associated with this concept is the flexibility aggregation legislation that allows aggregating smaller generating plants and demand into larger wholes, thus broadening the group of the participants involved and improving the efficiency of the use of the flexibility available in the electricity grid.

The law also brings major changes for electricity and gas traders, which respond to the problems in 2021 and 2022. Now, applicants for a trading licence must prove their university education and at least three years of practical experience in the industry and they must not be associated with any negative experience in the energy business for the past five years. Traders must publish their price lists and contract documents, make sure to own a certain percentage of the commodity for their customers (traders' security index), keep the dates for billing and complaint handling, otherwise facing penalisation, and provide certificates of origin for their commodities.

The amendment also empowers consumers, customers and prosumers. Traders must refrain from discriminatory practices constraining electricity sharing or flexibility provision. They must also supply ERO with information for the comp sites and market monitoring.

Act No 223/2025 amending Act No 458/2000 on the Conditions of Business and State Administration in the Energy Industries and Amending Certain Laws (the Energy Act), as amended, and other related laws

1 August 2025 was also the effective date of another major amendment, *Lex Gas*, intended to help promote RES and make the Czech energy sector more flexible and sustainable. The law amends the Energy Act and also another eight laws, largely those related to the amendment to the Energy Act: the law on energy management, the law on EIA, the law on accelerating strategic infrastructure rollout, the law on SES, the construction law, and the law on a single environmental opinion.

The law was promulgated in the Official Gazette on 30 June 2025.

The most important new feature is support for the construction of new gas-fired power stations and RES, whose capacity is to replace coal in a few years. The amendment includes over 100 MW gas-fired power stations and over 15 MW RES among 'energy security structures', a notion intended to accelerate the approval processes, because in their considerations administrative authorities will prefer such structures to projects lacking strategic importance. The amendment reduces the time allowed for the issuance of permits and restricts the opportunities to lodge remedies against decisions that permit such projects. In addition, EIA validity has been extended from the original five to seven years. The changes are intended to help accelerate and simplify the permitting of large gas-fired power stations and wind/solar parks.

Another major change is the reinforced role of energy storage and its inclusion in the regulatory framework as a fully-fledged element in the energy system. This opens room for a broader use of battery storage sites, which help to stabilise the grid and integrate RES.

A major change is the introduction of a non-refundable portion of the investor's share of the justified costs of connecting a new generating or storage facility to the electricity grid. Formerly, this payment was actually a refundable advance, but now a portion of the payment will remain non-refundable even if the project is not carried out. The non-refundable portion is intended to motivate investors to a responsible approach and reduce speculative capacity blocking. ERO public notices set out the amount of the payment and it depends on the voltage level of the connection and the length of booking. The maximum amount is CZK 50 million.

The law also implements the rules for introducing capacity mechanisms and strengthens ERO's powers in respect of electricity supply security. In case of urgent need and in public interest, ERO is now authorised to oblige electricity generation licensees to produce electricity over and above their existing licence should this be, based on assessment by the transmissions system operator, ČEPS, a.s., required for ensuring the electricity grid's safe and reliable operation. The power station operator shall be financially compensated for such imposed activity.

Another new feature on which the amendment legislates is the prohibition of resistive load banks, which convert electricity to heat and release this heat without any use into the atmosphere, thereby serving as a source of negative flexibility in the grid. Newly, such facilities must not be used in balancing services at all and the heat produced by load banks must be effectively used. A fine of up to CZK 5 million may be levied for breaching this condition.

10.1.3 European legislation and other documents

Directive (EU) 2025/2647 of the European Parliament and of the Council of 16 December 2025 amending Directive 2013/11/EU on alternative dispute resolution for consumer disputes and amending Directives (EU) 2015/2302, (EU) 2019/2161 and (EU) 2020/1828 following the discontinuation of the European Online Dispute Resolution Platform

Adopted in December 2025 and in force since 19 January 2026, the Directive modernises the alternative dispute resolution (ADR) framework. It primarily addresses disputes with traders established in third countries and cross-border disputes, and clarifies ADR entities' obligations as regards public awareness and transparency of procedures. It supports fast and cost-effective resolution of consumer disputes in the energy industries, generally contributes to increasing the trust and confidence of consumers in energy markets and boosts the enforceability of their rights without the need of judicial resolution.

Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions 2030 Consumer Agenda and action plan for consumers in the single market ‘A new impulse for consumer protection, competitiveness and sustainable growth’

The EU's 2030 Consumer Agenda adopted in November 2025 defines a strategic framework that also has impacts on the energy sector. It mainly focuses on the protection of vulnerable consumers and issues related to high energy prices and energy poverty. It also clears the ground for tightening the rules against unfair commercial practices, interlinks consumer protection with energy transition, promotes consumers' active involvement and seeks a just clean transition without weakening their rights. One of the Commission's deliverables will be the Citizens Energy Package already being prepared.

10.2 Administrative activities

10.2.1 Remonstrance proceedings

The ERO Board decides on administrative appeals (remonstrance) based on recommendations provided by the remonstrance commission. In 2025, ERO had in place three panels of the remonstrance commission: one for primarily energy infrastructure and trade, one for primarily SES, and one for consumer protection.

Table 5 Overview of appeals decided

Total appeals, of which	166
Appeals against decisions in adversarial proceedings, of which:	107
Electricity industry	54
Gas industry	31
Electricity and gas industries	9
Heat supply industry	2
Supported energy sources	11
Appeals against decisions on administrative offences, of which:	35
Under the Energy Act	21
Under the Act on Prices	2
Under the Consumer Protection Act	6
Under the Consumer Protection Act and the Energy Act	6
Appeals in cases of requests for information	1
Appeals against licensing decisions	15
Appeals in proceedings on the determination of the legal relationship	2
Appeals against decisions prohibiting compensation for demonstrable loss and reasonable profit	6

Source: ERO

With relevance for decision-making, many more appeals were lodged than the year before. In 2025, the remonstrance commission considered 183 appeals and requests for review, and the ERO Board decided on 166 appeals.

10.2.2 Adversarial proceedings

Consumer disputes under Section 17(7)(e)(1) and (2) of the Energy Act concerned the performance of obligations under agreements on electricity/gas supply/distribution and the determination of whether the legal relationship between the customer and licence holder had come into existence, continued to exist, or had ceased to exist, and when this happened. In 2025, the number of consumer disputes caused by suppliers billing energy supply at variance with the contract and the energy supply price agreed therein declined. The number of disputes over failure to bill supply on time and failure to refund overpayments as due also declined.

The number of disputes over contract conclusion, disputes over the curtailment, interruption, or resumption of energy supply/distribution on account of illegal offtake or illegal distribution, and disputes over the connection of or access to installations in the electricity grid or gas system was relatively small.

A special type of disputes in the electricity industry was some legally complicated disputes under Section 17(7)(d) of the Energy Act taken together with the SES Act (formerly Section 52) in consequence of a judicial interpretation of the SES Act in the adjudication of disputes over the surrender of unjustified enrichment and over damages due to the generator's unauthorised utilisation of aid for electricity generated.

Typical disputes under Section 17(7)(d) of the Energy Act over SES issues continued in the trend to include generators' claims for the payment of the aid owed for generated electricity, where in the generator's opinion the market operator or the mandatory buyer failed to pay the aid.

Table 6 Overview of conducted and finally concluded adversarial and approval proceedings by ERO competence

Type of proceedings	Conducted proceedings	Concluded proceedings
Adversarial proceedings, of which	17	10
Electricity industry	13	7
Gas industry	4	3
Heat supply industry	0	0
Consumer disputes	247	190
Approval proceedings	31	28

Source: ERO

10.2.3 Approval proceedings

In 2025, ERO decided on the approval of the Electricity/Gas Transmission System Operating Rules and Distribution System Operating Rules, the market operator's commercial terms and conditions, the SSO Codes, and the ten-year gas transmission system development plan. It also decided on approval of methodologies, and other documents or procedures under the relevant EU Regulations. In 2025, ERO received 31 requests for approval of such documents.

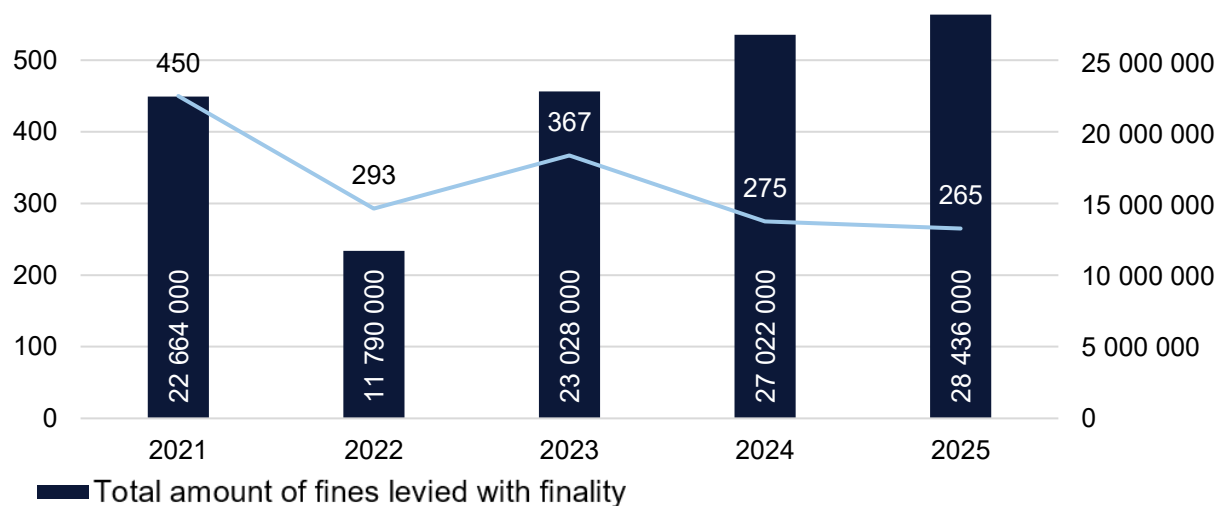
10.2.4 Proceedings under the law on free access to information

The ERO Annual Report on Activities in Information Provision is appended hereto as Annex 3.

10.2.5 Sanction proceedings

ERO conducts proceedings on administrative offences under the Energy Act, the Act on Prices, and the Consumer Protection Act.

Chart 21 Fines levied with finality, including the total amount, lower number in columns [CZK]



Source: ERO

10.2.6 Licensing

Thanks to the amendment to the Energy Act, *Lex RES III* laying down that no licence is required for up to 100 kW power generating facilities intended for own consumption, the number of applications declined (more details in Annex 4).

Table 7 Number of licensing proceedings by application type

	2021	2022	2023	2024	2025
New licences	679	1,246	1,542	1,525	1,157
Amended licences	1,141	1,294	1,848	1,842	1,602
Revoked licences	407	437	448	529	527
Total	2,227	2,977	3,838	3,896	3,286

Source: ERO

Note: More detailed information about licensees can be found on ERO's website in the licence search engine.

10.2.7 Recognition of professional qualifications

In 2025, ERO received eight applications for the recognition of professional qualifications within the meaning of Act No 18/2004. It decided to recognise professional qualifications in five cases, and discontinued the proceedings in three cases (the applications were withdrawn).

ERO's Finances, Operation, and Internal Control System

11. ERO's Finances, Operation, and Internal Control System

11.1 Budget management

The budget for Chapter 349 Energy Regulatory Office was approved as part Act No 434/2024 on the National Budget of the Czech Republic for 2025 on 20 December 2024.

Table 8 Chapter 349 Mandatory targets

Target	Approved budget [CZK]	Budget after changes [CZK]	Final budget of income and expenses [CZK]	Actual [CZK]	Percentage (column 4 / column 3) [%]
	1	2	3	4	5
Aggregate targets					
Total income	491,418,980	491,418,980	491,418,980	374,756,660	76.26
Total expenditure	360,595,840	352,995,640	369,097,530	334,267,940	90.56
Specific targets – income					
Tax revenues	465,241,600	465,241,600	465,241,600	351,576,030	75.57
Non-tax revenues, capital revenues and accepted transfers, of which:	26,177,380	26,177,380	26,177,380	23,180,630	88.55
total income from EU budget w/o CAP	6,177,380	6,177,380	6,177,380	5,527,650	89.48
other non-tax income, capital revenues and accepted transfers	20,000,000	20,000,000	20,000,000	17,652,980	88.26
Specific targets – expenditure					
Outlays to support ERO tasks	360,595,840	352,995,640	369,097,530	334,267,940	90.56
Standard targets					
Salaries for employees and other payments for work	200,583,940	198,057,980	201,755,550	187,500,870	92.93
Salaries for employees under employment contract, except for civil servants	27,945,300	26,695,300	28,000,450	27,216,000	97.20
Salaries for civil servants under the Civil Service Act	159,227,910	158,751,950	160,281,320	146,991,200	91.71
Salaries for employees under employment contract derived from salaries of constitutional officials	11,095,200	10,495,200	10,495,200	10,438,800	99.46
Statutory insurance premiums paid by the employer	67,797,370	66,922,400	67,776,460	62,484,230	92.19
Allocation to the Fund of Cultural and Social Needs (FKSP)	1,982,680	1,983,420	2,011,770	1,854,740	92.19
Arrangements for crisis situations under the Crisis Act	0.00	0.00	0.00	0.00	0.00
Total outlays co-financed completely or partly from the EU budget w/o CAP, of which	6,177,380	6,177,380	11,518,380	9,880,640	85.78
from the national budget	0.00	0.00	5,341.00	3,935.99	73.69
share from the EU budget	6,177,380	6,177,380	6,177,380	5,944,650	96.23
Total expenses recorded in the EDS/SMVS programme financing information system	16,777,380	15,177,380	22,008,380	17,113,550	77.76

Source: ERO

11.1.1 Chapter 349 revenues

Funds under the mandatory target 'income from the EU budget without the common agricultural policy' were budgeted at CZK 6,177,380.

Table 9 **Actual performance**

	Budget of revenue 2025 [CZK]	Actual 2025 [CZK]	Performance v actual in 2025 [%]
Total revenues, of which	491,418,980	374,756,660	117.68
Tax revenues	465,241,600	351,576,030	117.99
Total non-tax revenues, capital revenues and accepted transfers	26,177,380	23,180,630	86.12

Source: ERO

The tax revenues were received from the fees paid for ERO's activities and administrative fees for licence grant, amendment, and renewal for energy business entities.

Non-tax revenues, capital revenues, and received transfers were mainly received from fines levied on energy business entities, income from the EU budget (transfers relate to a Czech Recovery and Resilience Plan project called Replacement of the Heating System and Lighting in ERO's Building) and unplanned income related to compensations (returned payments for covering demonstrable loss and reasonable profit to electricity/gas market participants).

In 2025, 148 fines levied in administrative proceedings were paid, totalling CZK 4,750,510 (without the costs of proceedings), down by 24.58% on 2024 (in absolute terms CZK 14,575,880). The lower amount of paid fines is due to a change in tax administration (Act No 218/2025), whereby the collection of fines levied by ERO was transferred to Customs Administration (*Celní správa*) on 1 July 2025. Sixty-three fines totalling CZK 1,727,040 (net of costs of proceedings) were transferred to customs offices.

The number of paid fines decreased by 96.67% (i.e. by 93 fines) on 2024.

In respect of fines levied with finality, there were 154 outstanding receivables totalling CZK 3,840,320, i.e. down by 66.03% (by CZK 7,465,030) on 2024.

Other *ad hoc* revenue totalled CZK 12,902,470.

11.1.2 Chapter 349 expenditure

For 2025, total expenditure was budgeted at CZK 360,595,840 (approved budget), and during the year it was adjusted to CZK 352,995,640 (changed budget). The budget accepted claims on unused expenses ('NNV') under Section 47 of Act No 218/2000 on budgetary rules, totalling CZK 26,300,160, and funds amounting to CZK 10,198,270 were tied for vacancies; the final budget for Chapter 349's total expenditure stood at CZK 369,097,530.

Table 10 Total amounts actually drawn

	Final budget of expenditure 2025 [CZK]	Actual 2025 [CZK]	Performance v final budget [%]	Performance v actual 2024 [%]
Total expenditure, of which:	369,097,530	334,267,940	90.56	10.42
Capital expenditure	18,228,110	14,114,220	77.43	81.77
Current expenditure	350,869,420	320,153,720	91.25	10.03

Source: ERO

In each case of expenditure, the funds were spent as effectively, economically, and efficiently as possible, with a view to always achieving the maximum benefit for ERO and its activities. Thanks to the above, savings were achieved versus the budget of expenditure, amounting to CZK 34,829,590 for 2025. As at 31 December 2025, Chapter 349 posts a balance of claims for use amounting to CZK 30,086,850.

Table 11 Breakdown of expenditure budget savings

Salaries and other personnel expenses, incl. insurance premiums and FKSP (Fund of Cultural and Social Needs) [CZK]	19,703,560
Programme financing EDS/SMVS [CZK]	3,257,080
'Other current expenditure' [CZK]	10,230,590
Purpose-specific funds [CZK]	1,638,360

Source: ERO

Chapter 349 posts total claims on unused expenses (NNV) at CZK 64,916,440 at 1 January 2026.

Table 12 Breakdown of claims on unused expenses

'Major expenses' [CZK]	46,742,880
'Minor expenses' [CZK]	18,173,560

Source: ERO

Annex 5 contains a comparison of actual expenditure between 2021 and 2025.

11.1.3 Programme financing

In the system for financing the programmes of assets, 2025 saw programme 149 03 *Development and Replacement of the Technical Facilities of the ERO*, the implementation of which is planned for 2022 to 2027. In 2023, the programme was updated and national budget funds for the implementation of the programme were increased to a total of CZK 82,128,000 (capital and current expenditure), also due to co-financing from the EU.

The fundamental objective of the programmes is to ensure the development of adequate facilities for ERO, with the heaviest emphasis on ICT.

In 2025, primarily the following ICT activities were carried out:

- JIS (Integrated Information System): development continued to the ERO units' current needs. Rather extensive changes concerned the Licences module upgrade; its export functionalities were broadened and it was extended to include a group of electricity storage licences.
- Comparison applications (ERO comp sites): the implementation of an online app for comparing electricity and gas suppliers' quotations under an amendment to the Energy Act and the related monitoring public notice was started.
- Due to ending support for software and hardware, a general upgrade of the OS of the server infrastructure and client stations to currently supported releases took place. Simultaneously, system and application software with ending or limited support was upgraded to ensure the security, compatibility, and sustainability of IS operation. Ending support occasioned migration to the Exchange Online environment together with completing the transition to Microsoft 365, including the implementation of the relevant backup solution for cloud services. An electronic signature book was bought. In hardware, selected elements were adjusted and upgraded. A new UPS was bought and the data rack was adjusted at ERO's head office. New exchanges and telephone sets for IP telephony were bought.

Table 13 Results by sub-programme

	Final budget of expenditure [CZK]	Actual [CZK]	Percentage [%]
Programme 149 03, of which:	22,008.38	17,113.55	77.76
Sub-programme 149 0311	6,190.00	3,411.08	55.11
Sub-programme 149 0322	15,818.38	13,702.47	86.62

Source: ERO

11.1.4 Expenses on business trips abroad

Expenses on 25 business trips abroad totalled CZK 499,730.

For the payment of the membership dues in CEER and ERRa (budget item 5532 other non-investment transfers abroad) CZK 1,085,730 was spent as at 31 December 2025.

11.1.5 Evaluation of the economy, efficiency, and effectiveness of ERO's financial management

ERO performed its obligation to continuously monitor and evaluate the economy, efficiency, and effectiveness of spending under Section 39(3) of the law on budgetary rules through quarterly reports on financial management and a summary annual evaluation.

Under the relevant legislation, ERO evaluated the criteria of economy, efficiency, and effectiveness both as part of *ex ante* management inspections before and after the emergence of the liability, and as part of ongoing and *ex post* management inspections under the law on financial control in public administration (Act No 320/2001) and the relevant implementing regulation.

In public procurement, ERO, being a contracting authority, proceeded under Act No 134/2016 on public procurement and in line with its internal directive on the procedure for awarding low-value public contracts and other regulations concerning public procurement.

11.1.6 Meeting of mandatory targets

ERO complied with all the mandatory targets for Chapter 349 laid down in Act No 434/2024 on the National Budget of the Czech Republic for 2025. There was no exceedance of the mandatory targets without approval. All budget funds were spent economically, effectively, and efficiently to provide for ERO's operation. A detailed analysis of performance versus budget is contained in the relevant parts of the draft closing account of Chapter 349 for 2025.

11.1.7 Cash funds, assets, receivables, and liabilities as at 31 December 2025

There were no transfers from cash (own) funds to revenues of Chapter 349 in 2025.

Table 14 **Cash funds**

FKSP (Fund of Cultural and Social Needs) [CZK]	712,250
Legal reserves [CZK]	0.00

Source: ERO

Table 15 **ERO assets**

Acquisition cost of assets [CZK]	269,452,900
Net book value of assets [CZK]	97,350,040

Source: ERO

In 2025, the total value of assets at acquisition cost increased by CZK 17,873,270 on 2024.

Table 16 **Total receivables**

Total receivables [CZK]	13,676,310
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Source: ERO

Fines levied in administrative proceedings (including the costs of proceedings), amounting to CZK 3,970,390, made up the largest part of total receivables.

Table 17 **Total liabilities, including the Energy Regulatory Fund**

Total liabilities [CZK]	70,665,250
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Source: ERO

The money in the Energy Regulatory Fund, amounting to CZK 45,444,390, made up the largest part of total liabilities. Under Section 14(10) of the Energy Act, ERO is required to submit an audit of the Fund for the respective calendar year (Annex 6). At 1 January 2025, the opening balance in the Fund stood at CZK 45,444,390. In 2025, no compensation was paid from the Fund's account for a conclusive loss from activity over and above a licence (public notice 280/2007 on the Energy Regulatory Fund). No income or expenditure was recorded in this account of the Fund in 2025 and the balance in the Fund's special current account as at 31 December 2025 stood at CZK 45,444,390.

11.2 Internal control system

ERO has put in place a functional and adequate internal control system in line with the Financial Control Act. Through the system, it creates the conditions for a stable and transparent oversight environment favourable for the management of public funds.

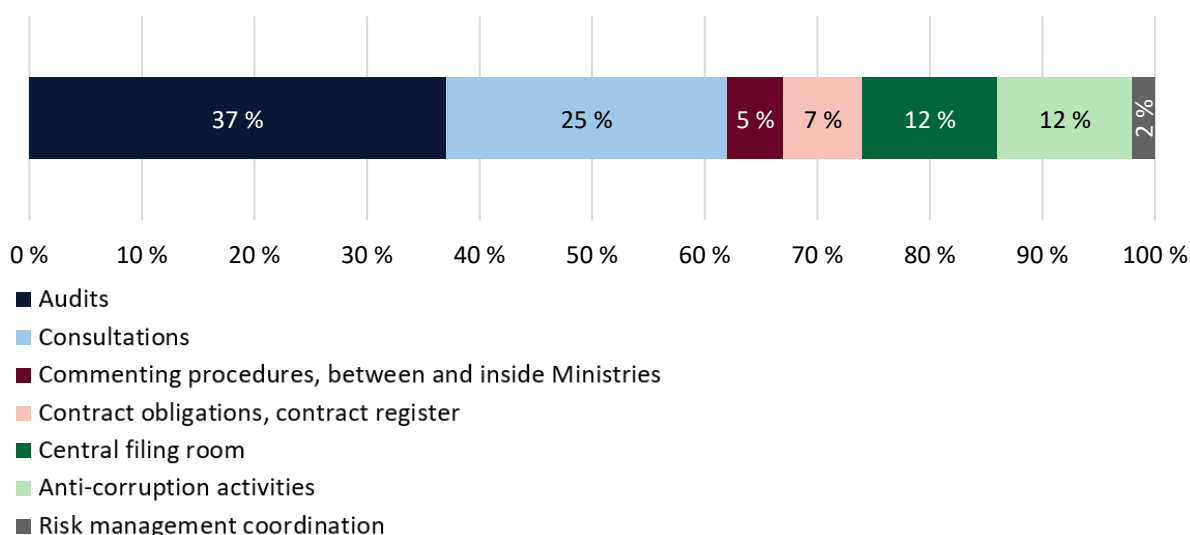
ERO's operation is governed by a system of legal, internal, and service regulations setting out the control and oversight mechanisms for organising, managing, and performing financial control in accordance with the principles of effectiveness, economy, and efficiency.

ERO systematically analyses risks, and based on the results plans and carries out internal audit. It has in place three tiers of management inspection, allocates responsibilities via multi-tier approval and collective decision-making procedures, publishes the results of its decision-making procedures, discusses internal audit's recommendations, adopts measures to remedy any identified shortcomings and measures to protect public funds, has in place a system for corruption prevention and detection, and continuously reviews and updates its internal control documents.

A functionally independent unit, organisationally separate from managerial and executive structures, directly reporting to ERO Board Chairman operates internal audit. It plays a specific role of support for certain tiers of ERO management and as an independent validation, evaluation, and advisory element that provides objective information and technical consultations. Its mission is to strengthen ERO's ability to create, protect, and sustain value, by providing ERO management with independent, risk-based, and objective assurance, advice, insight, and foresight.

In 2025, internal audit worked in line with the approved Internal Audit Plan for 2025, which included tasks following from the internal audit functions as well as tasks related to consultation service and vested off-audit agendas.

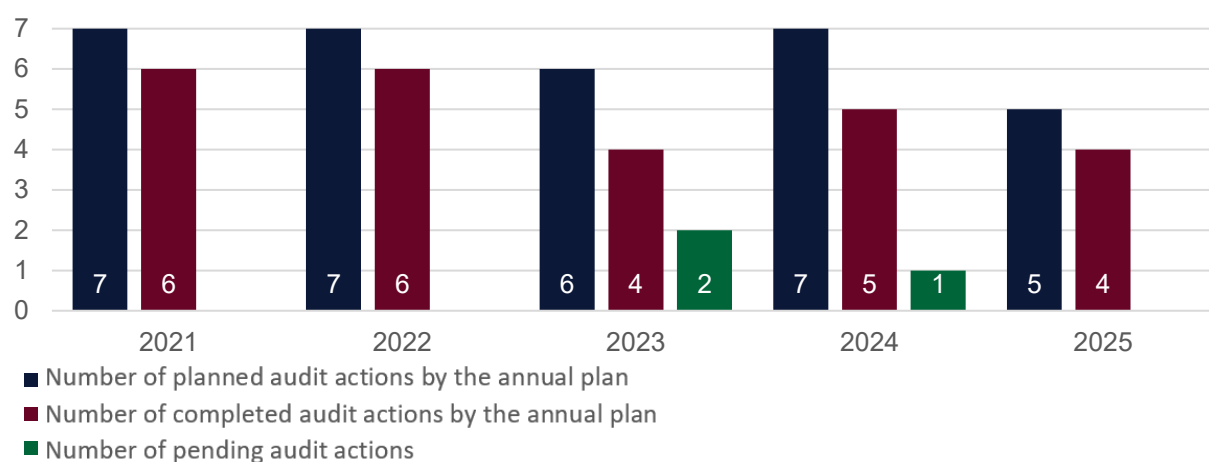
Chart 22 Internal audit activities [%]



Source: ERO

In 2025, the Internal Audit Unit carried out, under the annual plan, four audit actions. The number of planned audits was smaller than earlier. The reason was the inclusion of system audits, which were transversal, focusing on several areas at the same time. They required more time and broader coordination across units. The average annual number of internal audit employees was two persons in 2025.

Chart 23 Number of audit actions versus annual plans



Source: ERO

Audit actions focused on the following:

- Compliance with legal, service, and internal regulations
- Design of control and oversight mechanisms
- Conformance of the procedures of activities with their descriptions in internal regulations
- Checking the economical, effective, and efficient use of public funds
- Checking that accounting is accurate, complete, and conclusive
- Design of the internal control system in audited areas
- Execution of anti-corruption measures and tasks arising from the government's anti-corruption documents
- Implementation of the measures adopted to remedy any identified shortcomings

Audit actions and consultations in 2025 did not identify any deficiencies constituting significant risk for managing public funds. The adopted measures were geared towards improving the efficiency of the internal control system and the audited areas.

In 2025, audit activities were underpinned by consultations that responded to the current needs of ERO's various parts and ERO as a whole. Internal auditors provided expert consultations and support focused on assessing the set processes in the internal control system and anti-corruption activities, including all arrangements for internal training in this area for all ERO employees. Together with the relevant technical units, internal auditors arranged for the preparation of the documents and positions related to Inspection No 24/15 conducted by the Supreme Audit Office (SAO; *Nejvyšší kontrolní úřad*), and cooperated with the various parts of ERO to coordinate risk management, enter into contract obligations, and run the filing and archiving service relative to the ongoing document destruction procedure. They also took part in selected inter-departmental commenting procedures and all commenting procedures on the ERO's internal and service regulations that were being updated in the period under review.

Based on the outcomes of the audit actions and consultations in 2025, internal auditors have provided assurance that the internal control system in place is, in the selected audited areas, sufficiently effective and serviceable, and adequately responds to changes in economic, legal, operating, and other conditions on time, thereby minimising risks in those areas. Public expenditure of the national budget, reported under Chapter 349 of the national budget, is being utilised in conformance with the legislative framework.

11.2.1 External inspection

Between July 2024 and January 2025, the Supreme Audit Office (SAO) carried out its Inspection No 24/15 called *Assets and Funds ERO is Competent to Manage*.

This inspection was included in the plan of SAO's inspections for 2024. The purpose of the inspection was to check whether ERO was managing assets and funds efficiently and economically and in compliance with the legislation. The inspection covered total expenditure from 2019 to 2022 and, in the case of relevant contexts, also in the preceding and subsequent periods.

The inspection focused on programme financing, asset and service procurement, asset recording, asset stock-taking and disposal, recovery of receivables, and the internal control system's operation. As part of services inspection, SAO also checked ERO's expenses on the operation of its detached offices.

In its inspection of ERO's management of the State's selected assets and funds, SAO did not identify any significant deficiencies. SAO identified rather insignificant deficiencies in programme financing and in three cases in the internal control system's effectiveness in asset and service procurement. SAO did not note any breach of legislation.

SAO also checked expenses on the operation of ERO's Prague and Ostrava offices, identifying a significant difference between the workplaces' operating expenditure. The significantly higher operating expenditure on the Prague offices was mostly due to the commercial rent.

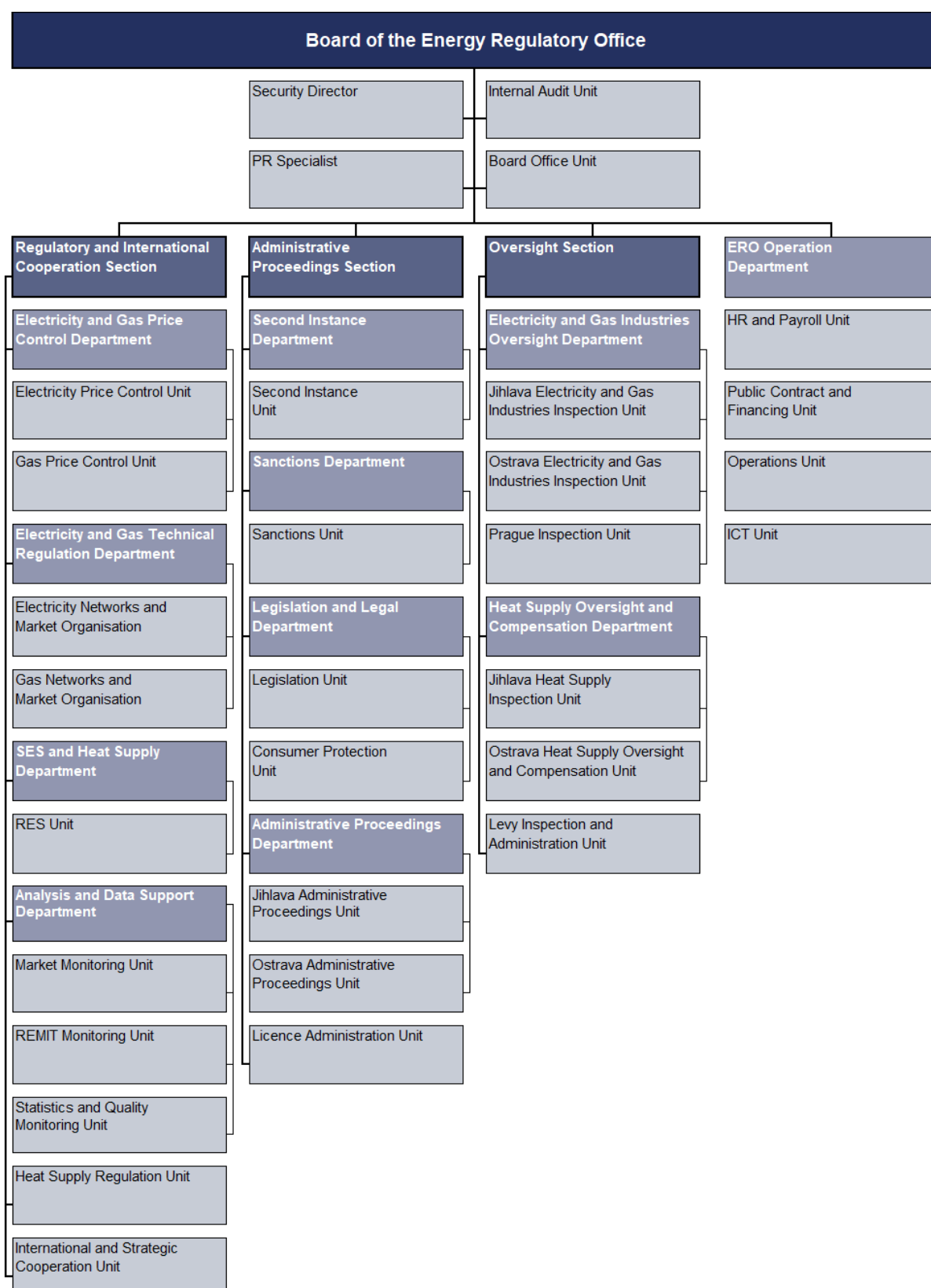
SAO verified that ERO complied with the legislation in asset recording, stock-taking, and disposal.

SAO verified, on a sample of receivables, that ERO complied with the legislation on receivables recovery and write-off.

ERO responded to SAO's findings and final recommendations by reinforcing its internal control system's efficiency.

On 24 February 2025, the National Security Authority carried out at ERO an inspection concerning the keeping of the classified information register under Section 79(7) of Act No 412/2005 on the protection of classified information and security capacity, as amended. The inspection focused on the method of recording, storing, and treating classified documents during and after their processing, including procedures for their shredding and destruction. It found no deficiencies.

Annex 1 Organisational structure as at 31 December 2025



**Annex 2 Information published by the Energy Regulator Office as an ADR entity under
Section 20k(5) of Act No 634/1992 on consumer protection for 2025**

1. The number of disputes received and the types of complaints to which they related.

The number of disputes was 247; complaints mainly concerned claims for the performance of obligations under electricity/gas supply contracts (missing or inaccurate billing; owed overpayments); motions to determine the emergence or extinction of a legal relationship on electricity/gas supply where the supplier failed to respect the consumer's legal acting.

2. The percentage share of ADR procedures which were discontinued or dismissed and, if known, the reasons for their discontinuation or dismissal.

Approximately 15% was the percentage share of procedures discontinued through application withdrawal, in which ERO is not aware of the reasons for discontinuation.

3. The average time taken to resolve disputes.

The average time was three to six months.

4. The rate of compliance, if known, with the outcomes of the ADR procedures.

ADR outcomes are complied with because these are administrative decisions binding on the parties to the proceedings.

5. Any systematic or significant problems that occur frequently and lead to disputes between consumers and traders.

The main cause of disputes is the business entity's failure to respect the rights and obligations under electricity/gas supply contracts and failure to respect the consumer's legal acting in matters concerning the extinguishment of the legal relationship.

6. Cooperation of ADR entities within networks of ADR entities which facilitate the resolution of cross-border disputes, if applicable, and assessment of the effectiveness of this cooperation.

There was no cooperation within a network facilitating the resolution of cross-border disputes.

7. The training provided to natural persons in charge of ADR.

At ERO, university graduates from master's programmes in law are in charge of ADR.

8. Assessment of the effectiveness of the ADR procedure and of possible ways of improving its performance.

ADR is an effective legal tool that provides, but for certain exceptions, consumers with an opportunity to achieve simple resolution of their disputes, provided their applications are well-founded.

Annex 3 ERO annual report on information provision under Act No 106/1999 on free access to information for 2025

Under Section 18 of Act No 106/1999 on free access to information, as amended (also 'the Act'), ERO publishes its 2025 annual report on its activities in information provision under Act No 106/1999. In 2025, ERO handled 97 requests for information provision under the Act.

1. Number of requests for information and number of decisions to dismiss the request

Requests under Section 18(1)(a) of the Act:

- 97 requests for information
- 9 decisions dismissing requests, including decisions on a partial dismissal of the request

2. Number of appeals filed against decisions

Three appeals against dismissing decisions were lodged. The appeals body found two appeals to be well-founded. In one case, the appeals body upheld the first instance decision.

3. Number of complaints under Section 16a of the Act

Applicants for information lodged one complaint about the way their requests were handled. The appeals body found the appeal to be ill-founded.

4. Number of dismissed requests under Section 14(5)(b) of the Act

Under Section 14(5)(b) of the Act, ERO did not dismiss any request on the grounds of the applicants' failure to clarify the request.

5. Number of requests dropped under Section 14(5)(c) of the Act

Under Section 14(5)(c) of the Act, ERO dropped four requests for information on the grounds of the requests falling outside its purview.

6. Additional information concerning the application of the Act

Numbers of requests for information handled in 2025, broken down by ERO's areas of competence:

- 10 in oversight
- 26 in licences
- 20 in legislation
- 25 in regulation
- 16 in other areas

The above breakdown shows that requests received from applicants for information concerned various areas of ERO's competences. It indicates a significantly stronger interest in regulation. In this respect, 25 requests were handled, many more than in 2024 with its 15 requests concerning regulation. There is persisting interest in licences and the granting thereof and the satisfaction of the conditions for deciding on licence grant. Applicants were also highly interested in the legal outputs from ERO's activities in the form of administrative decisions.

2025 saw a slight increase in the number of requests for information compared with 2024, specifically by 12. Although the increase is only slight, the public nevertheless continue to be interested in energy developments. At the same time, the technical sophistication of applicants' requests is obviously increasing. This places greater requirements on dealing with the requests and more intensive cooperation between the various parts of ERO in handling this agenda.

7. Courts' judgments and spent costs

The Brno Regional Court's judgment 29 A 96/2021-107 of 27 August 2025: the legal action against ERO's decision to dismiss a request for information was rejected.

“Primarily, where the Act explicitly lays down a legislative exemption from the obligation to provide information in the case of information received from a third party, such information being subject to confidentiality or a similar procedure, the proportionality test is, in principle, not performed. As noted by the Supreme Administrative Court in its 2024 judgment, there is basically no room for the liable entity—when applying Section 11(3) of the Act—to also perform, over and above the legislation, the proportionality test for each and every particular case to which this Section applies, thereby further modifying the result of the assessment under the law. Although the Supreme Administrative Court has not hundred per cent ruled out that such assessment will be necessary in extraordinary cases, in the present case, no extraordinary circumstances establish the necessity to perform the proportionality test. It has also emphasised that what was crucial for assessing the claimant's request was rather the satisfaction of the conditions under Section 11(3) of the Act, i.e., whether by its nature the requested information fitted within this statutory exemption from the general obligation to provide information. Nevertheless, the Court must conclude that since the claimant has not raised any objections in this respect, the Court is unable to address this legal question as it would thereby exceed the frame of the grounds of the complaint, which were pleaded by the claimant. Neither in her remonstrance nor in her action did she accentuate the satisfaction of the conditions in Section 11(3) of the Act, focusing instead primarily on the issue of the proportionality test.”

In this particular case, the administrative body is not obliged to pay the legal costs.

Annex 4 Licences

Table 18 Numbers of valid licences by object of business

	2021	2022	2023	2024	2025
Electricity					
Generation	26,792	27,320	28,098	28,877	29,475
Distribution	268	274	275	278	283
Transmission	1	1	1	1	1
Trade	423	422	435	437	453
Electricity trade recognition	37	44	47	54	71
Gas					
Production	12	13	19	21	23
Distribution	69	72	74	74	73
Transmission	1	1	1	1	1
Trade	255	247	252	250	248
Gas trade recognition	39	40	43	46	50
Storage	4	4	4	4	4
Thermal energy					
Production	657	653	647	640	637
Distribution	640	637	631	621	614
Market operator					
Market operator's activities	1	1	1	1	1
Data Centre					
Data Centre's activities	-	-	-	-	1
Electricity storage					
	-	-	-	-	-
Total	29,199	29,729	30,528	31,306	31,935

Source: ERO

Table 19 **Number of power generating facilities and installed capacities by type of RES used**

Operations		2020	2021	2022	2023	2024	2025
Up to 10 MW hydro	Number [-]	1,608	1,608	1,608	1,604	1,601	1,599
	Capacity [MW]	352.62	353.95	352.22	353.29	353.04	353.68
Wind	Number [-]	121	120	119	120	120	124
	Capacity [MW]	342.23	342.23	342.55	355.25	366.54	384.26
Solar	Number [-]	28,880	29,140	29,822	31,197	32,692	33,991
	Capacity [MW]	2,148.71	2,157.14	2,205.67	2,419.06	2,827.38	3,243.76
With a biogas share	Number [-]	419	418	416	421	418	419
	Capacity [MW]	333.64	334.46	334.67	337.65	335.94	337.37
Landfill gas	Number [-]	70	70	70	71	72	71
	Capacity [MW]	58.94	58.94	58.94	58.16	57.02	56.38
With a biomass share	Number [-]	85	83	78	76	76	76
	Capacity [MW]	2,820.31	2,848.63	2,236.54	2,311.99	2,289.46	2,286.76

Source: ERO

Annex 5 ERO budget management

Table 20 Comparison of actual expenses under Chapter 349 for the period 2021–2025
(Expenses and other cost items are in CZK thousands)

Item	Actual 2021	Actual 2022	Actual 2023	Actual 2024	Actual 2025*	Index 25/24 [%]
Total expenses, of which:	285,862	298,993	310,225	308,203	334,268	108.46
salaries, other payments, insurance premiums and FKSP (Fund for Cultural and Social Needs)	227,479	235,294	252,622	235,734	251,840	106.83
expenses on the financing programmes EDS/SMVS	2,778	8,469	3,184	17,261	17,114	99.15
other expenses	55,605	55,230	54,419	55,208	65,314	118.31
use of claims on unused expenses (NNV)	25,808	53,829	44,125	41,352	26,300	63.60
Expenses on salaries and other payments for work	167,876	173,612	186,472	175,772	187,501	106.67
Salaries for employees under employment contracts, except those in public service positions, salaries for employees under employment contracts in public service positions under the Public Service Act, salaries for employees under employment contracts derived from salaries of constitutional officials (ERO Board)	165,642	171,268	184,256	173,044	184,646	106.70
Staffing levels (Average FTE)	246	254	258	249	255	102.41
Salaries, other payments, insurance premiums and FKSP per employee	925	926	979	947	988	104.12
Programme financing EDS/SMVS per employee	11	33	12	69	67	97.10
Other expenses per employee	217	217	210	222	256	115.32
Total expenses per employee	1,162	1,177	1,202	1,238	1,311	105.90

Source: ERO

* Total expenditure for 2025 net of budget item 5909 'other non-investment expenses not included elsewhere' (expenses related to accounting for levies on surplus revenue).

/Letterhead: KRATKYAUDIT/

INDEPENDENT AUDITOR'S REPORT

To the management of the Energy Regulatory Office

The auditor's opinion

We have audited the fund set up by the Energy Regulatory Office ("the Company") pursuant to Section 14 of Act No 458/2000 on the Conditions of Business and State Administration in the Energy Industries and Amending Certain Laws, as amended (an element of financial statements), prepared under the Czech Accounting Standards as at 31 December 2025.

In our opinion, the financial disclosures in the balance sheet of the fund, set up pursuant to Section 14 of Act No 458/2000, as at 31 December 2025 have been prepared, in all material respects, in compliance with the Czech Accounting Standards.

Basis for the opinion

We conducted our audit in accordance with the Act on Auditors, and Auditing Standards of the Chamber of Auditors of the Czech Republic, consisting of International Standards on Auditing (ISAs), as amended by relevant application guidelines. Our responsibilities under those regulations are further described in the *Auditor's responsibility for the audit* section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic, and we have fulfilled our other ethical responsibilities deriving from the said regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Company Directors' responsibility for the financial statements

Company Directors are responsible for the preparation and fair presentation of the financial statements in accordance with Czech Accounting Standards and for such internal control as Directors determine is necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In the preparation of the financial statements, Company Directors are required to assess whether the Company is a going concern and, where relevant, to describe in the notes to the financial statements matters relating to its going-concern status and the use of the going-concern basis in the preparation of the financial statements, except in those cases where Company Directors plan to wind up the Company or discontinue its operations, or where they have no other realistic option but to do so.

Auditor's responsibility for the audit of the element of the financial statements

Our objectives are to obtain reasonable assurance about whether the element of the financial statements is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the above regulations will always detect a material misstatement when it exists in the element of the financial statements. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions that users taken on the basis of these financial statements.

As part of an audit in accordance with the above legislation, we are also required to exercise professional judgement and maintain professional scepticism throughout the audit. We are also required:

- To identify and assess the risks of material misstatement in the element of the financial statements, whether due to fraud or error, to design and perform audit procedures responsive to those risks, and to obtain audit evidence that is sufficient and appropriate to provide a basis for us to be able to express an opinion. The risk of not detecting a material misstatement

resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- To obtain an understanding of the Company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.
- To evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made, and disclosures made in the notes to the financial statements in this respect and relating to the audited element of the financial statements by Company Directors.
- To conclude on the appropriateness of the Company Directors' use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the notes to the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions on the Company's ability to continue as a going concern are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We are required to inform those charged with governance of, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

kratkyaudit s.r.o.
K nádraží 225, 664 59 Telnice
Registration number 583

Ondřej Krátký
Registration number 2437

9 February 2026

L.S. /Auditor's seal/

