



# **CZECH REPUBLIC AND FINANCING NEW NPP?**

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# Planned new NPP in Czech Republic

In July 2024, **the tender for EDU 5**, extended by the government through an option to EDU 5 + 6 and ETE 3 + 4, ended.

The winner was KHNP with the APR1000 reactor (priced at around €8 billion) and the Competition Authority is currently investigating a complaint from other bidders EdF and Westinghouse.

CEZ is negotiating the details of a contract for two new reactors at Dukovany with the aim of submitting it to the government by the end of March 2025.

**Financing? - The solution, which the Ministry of Finance is seeking with CEZ and others, is to be found by the end of 2024. State aid, of course.**

Note: ČEZ is considering ten SMRs, and there may be other investors as well; the condition is also the same generous financial state aid as for large reactors.

# Financing EDU 5

**The state aid model** described in Act 367/2021 Coll. on measures for the transition of the Czech Republic to low-carbon energy

On 30 April, the aid model for EDU 5 was **notified by the European Commission** after two years of investigation. The details of the decision are still not made public, only press release:

[https://ec.europa.eu/commission/presscorner/detail/en/ip\\_24\\_2366](https://ec.europa.eu/commission/presscorner/detail/en/ip_24_2366)

**The state will provide a loan of EUR 7.74 billion (almost 100%) to the investor (CEZ).** It will be interest-free for the entire construction period, will be repaid after commissioning and will be repayable within 30 years. Thereafter, the interest rate will be one percentage point higher than the interest rate on the national debt and at least two per cent.

# Financing EDU 5

The government will enter into a **Offtake Contract - Power Purchase Agreement (PPA)** with CEZ for all the electricity generated in EDU 5 at a price that should ensure a reasonable rate of return on investment (min. IRR of 9-11%) for CEZ and repayment of the loan to the state.

A newly established company owned by the state will be in charge of buying electricity. 70% of electricity must be sold on the open market.

If the market price of electricity falls below the approved strike price, the state will pay the difference to the investor (and increase the regulated price of electricity for consumers). If, on the other hand, the market price of electricity exceeds the agreed ceiling, the investor is obliged to pay the difference back to the state, which will transfer the proceeds to the state budget or use them to reduce the regulated component of the electricity price.

The contract is concluded for a period of 30 years with the possibility of extension by 10 years. The European Commission has limited the maximum term to 40 years.

# Financing EDU 6 and other reactors

**However, CEZ refuses to finance other reactors using the same model!**

The possibility of state aid in the form of a **Contract for Difference** was added to the law in 2023. The first part of the state aid -state contribution would be the same as for EDU 5.

**But this model lacks notification from the European Commission!**



# Thank you for your attention !



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