

The Czech Republic needs to prepare for an earlier phase-out of coal than previously envisaged and develop low-carbon energy sources to replace it while taking steps to cushion the economic and social impacts in coal-producing regions, the International Energy Agency said in its latest in-depth review of the country's energy policies.

Currently, coal accounts for almost half of the Czech Republic's power generation and a quarter of its residential heating demand, with coal set to continue to play an important role well into the 2030s under existing policies.

But new European Union energy and climate policies including the *Fit for 55* package are likely to force an earlier phase-out, as rising prices for CO<sub>2</sub> emissions will make coal less competitive compared with other sources of electricity and heat.

The phase-out of coal poses energy security challenges, as coal is domestically sourced and provides for dispatchable generation capacity. Continued diversification of energy sources is essential to ensure energy security while weaning the economy off coal. For this to happen, the economic potential of all forms of low-carbon generation must be assessed and roadmaps developed to exploit the most promising options. Moreover, the legal and regulatory framework will need to be adjusted to facilitate the emergence of new business models, such as local energy communities.

"I encourage the Czech government to start making better use of the various low-carbon energy sources that can help it transition in a secure way to a cleaner energy system and power its economy for decades to come", said Fatih Birol, the IEA's Executive Director .

"The shift from coal power to low-carbon alternatives must be done in a way that supports the people and communities impacted by the changes. In this context, I welcome the Czech government's comprehensive framework for the economic restructuring and equitable transformation of the affected areas".

The report finds that the phase-out of coal and coal mining in the Czech Republic poses economic and social challenges, as the sector is an important employer, particularly in regions with relatively weak economies. In order to ensure public support for its energy transition, the Czech Republic can make use of available European Union funds and mechanisms to help affected communities.

Since the IEA's previous review of the Czech Republic's policies in 2016, the country has improved its energy efficiency by deploying an increasing number of programmes, especially in the building and industry sectors. In particular, the IEA report welcomes the streamlining of administrative procedures to facilitate funding for energy efficiency measures in the residential sector. Looking towards 2030, the report recommends placing energy efficiency at the centre of the Czech Republic's energy policymaking, as it will help with the phase-out of coal by reducing concerns about heating and electricity generation adequacy.

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