

EUROSAI WGEA
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Auditing the Green Investment Scheme in the Czech Republic

CASE STUDY

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- **Title of the audit:**

Trading of surplus Assigned Amount Units and use of such funds received from the trading

- **Covering:**

the period of 2009-2010

- **Launched:**

in September 2010

Audit steps

- **Step 1** – Understand the sustainable energy issue and its influence on society, economy, and the environment
- **Step 2** – Understand the governmental response to sustainable energy issue
- **Step 3** – How to choose audit topics
- **Step 4** – Design the audit
- **Step 5** – Audit execution and reporting



Trading of AAUs

- **Background of emission credits trading:**
 - Kyoto Protocol
 - International Emission Trade
 - Green Investment Scheme
- **Situation in the Czech Republic:**
 - 100 million of AAUs, up to CZK 25 billion
 - Green Savings Programme



Trading of AAUs

Contracts under GIS		
Buyer	Quantity of AAUs	Date of contract
NEDO	40 million	09/ 2009
Mitsui & Co. Ltd.	20 million	09/ 2009
Spain	5 million	10/ 2009
Austria	3,5 million	10/ 2009
Mitsui & Co. Ltd.	2,5 million	4/2010
Mitsui & Co. Ltd.	2 million	5/2010
World Bank	2 million	5/2010
Total	75 million AAUs	



Green Savings Programme

- Launched in April 2009
- Administered by the State Environmental Fund
- Funded from gainings from the emission credits trade
- Focused on households and public buildings sector
- Promotion of energy efficiency, heat production from renewable resources, passive energy buildings construction and capacity building



Areas of subsidy

- A.** Energy savings in heating (thermal insulation)
- B.** Construction in the passive energy standard
- C.** Renewable energy sources for heating and hot water preparation (low-emission biomass-fired sources and efficient heat pumps, solar thermal collectors)
- D.** Subsidy bonus for selected combinations of measures



Expected GSP benefits (compare 2013/2008)

- Reduction in CO₂ emissions: 1.100.000 tons
- Reduction in local dust pollution: 2.200 tons
- Increase in heat generation from renewables: 3.7 PJ
- Increase in energy savings in heating: 6.3 PJ
- Creation or retention of 30.000 jobs
- Improvement of housing conditions for 250.000 households



Audit objective

The examination of the AAUs surplus trading and the setting of The Green Savings Programme in the Czech Republic

Audited bodies

Ministry of the Environment of the CR
State Environmental Fund of the CR



ISSUE ANALYSIS – Key audit questions

- 1) Was the emission trading scheme set up properly on the national level and does it ensure maximum benefit for green savings activities?
- 2) Does the Ministry of the Environment provide efficient utilization of time-limited funds from the international emission trading scheme?



Audit framework

- Time period – 2009-2010
- Extent – AAUs trade and GSP
- Form of the audit – on a national level
- Type of the audit – performance audit

Preliminary study (risk analysis, audit efficiency)

Planning phase



Sources of audit criteria

International agreements

- **The United Nations Framework Convention on Climate Change** (CZE ratification in October 1993);
- **UNFCCC Kyoto Protocol** (CZE signature in November 1998, CZE ratification in November 2001);
- **Bilateral arrangements on co-operation** regarding the implementation of the UN Framework Convention on Climate Change and its Kyoto Protocol in accordance with Articles 6 and 17 of the Kyoto Protocol.



Sources of audit criteria

National legislation

- Act No. 458/2000 Coll., Energy Management Act;
- Government resolution No. 480/1999 on Climate Change Strategy of the Czech Republic;
- Act No. 180/2005 Coll., on support for the use of renewable sources of energy;
- Act No. 695/2004 Coll., on terms of trading with and handling greenhouse gas emission allowances;
- Act No. 388/1991 Coll., on the State Environmental Fund of the Czech Republic



Sources of audit criteria

Policies and programme documents

- National Energy Efficiency Action Plan;
- The National Programme for Economical Energy Management and Use of Renewable and Secondary Energy Sources;
- Green Savings Programme (contracts of purchase, Programme documents, incl. Guidelines for Applicants, internal regulatory documents)



Audit criteria – Performance requirements

■ AAUs Trading

- Economy (costs of consultants and tenders)
- Efficiency (setting up and adherence to rules, AAUs registering, financial management of received funds)
- Effectiveness (trading strategy, monitoring and evaluation)



Design of the GSP audit

Audit criteria – Performance requirements

■ Green Savings Programme

- Economy (administrative issues and costs, incl. contracted partners)
- Efficiency (setting up and fulfilling of set indicators)
- Effectiveness (setting up and fulfilling of objectives – maximalization of greening effects and other benefits)



Final audit report

- expected publication in May 2011

GSP time-schedule

- in operation until 31 December 2012



Thank you for your attention!

