

Extended Essay
Economics

Title:

The impact of 2023 electricity price caps on Small and
Medium-sized Enterprises in Czech Republic

Research Question:

*“To what extent did the Czech government’s 2023
electricity price caps impact Small and Medium-sized
Enterprises (SMEs)?”*

Session: May 2026

Word Count: 3637

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1. Introduction:

In 2021 and 2022, the Czech energy market underwent significant events that caused a substantial and rapid increase in electricity prices.¹ The relaxation of pandemic-related restrictions on businesses and households in 2021 increased production levels and caused a rise in demand-driven energy price rises. In addition, the Russia-Ukraine war at the start of 2022 caused gas and oil supply constraints that added cost-push pressure on electricity prices. These changes were observed broadly in the European Union. However, in addition, the bankruptcy of one of the country's largest energy suppliers, Bohemia Energy with almost 1 million customers, in October 2022 added unique supply constraints.² From costing less than 5 CZK/kWh at the start of the year, electricity prices reached almost 25 CZK/kWh in August 2022, more than five doubling the price³.

On the 5th of October 2022, the Czech government introduced gas and electricity price caps, starting on the 1st of January 2023 and lasting until the 31st of December 2023.⁴

This essay evaluates the impact of the Czech government's electricity price caps of 2023 on small and medium-sized enterprises (SMEs). Small and Medium-sized Enterprises (SMEs) are defined by the European Commission as businesses that employ fewer than 250 people and

¹ Paul Bolton, "Gas and Electricity Prices during the 'Energy Crisis' and Beyond," Commons Library Research Briefing, House of Commons Library, June 2, 2025, <https://commonslibrary.parliament.uk/research-briefings/cbp-9714/>.

² ČEZ Group, "Pád Bohemia Energy odstartoval před dvěma lety energetickou krizi. Zodpovědnost a spolehlivost dodavatelů zákazníci musí řešit i v současnosti," press release, October 13, 2023, ČEZ, a.s., <https://www.cez.cz/nextcez/cs/pro-media/tiskove-zpravy/pad-bohemia-energy-odstartoval-pred-dvema-lety-energetickou-krizi.-zodpovednost-a-spolehlivost-dodavatelu-zakaznici-musi-resit-i-v-soucasnosti-182904>.

³ Kurzy.cz, "Cena elektřiny (graf vývoje ceny 1 kWh v Kč) — rok 2022–2024," accessed September 4, 2025, https://www.kurzy.cz/komodity/cena-elektriny-graf-vyvoje-ceny/1kWh-czk-1-rok?dat_field=03.01.2022&dat_field2=01.01.2024.

⁴ Czech Government, "Vláda schválila nařízení, kterým zastropovala ceny energií, prodloužila také dočasné kontroly na hranicích se Slovenskem," aktualita, Vláda České republiky, published October 5, 2022, <https://vlada.gov.cz/cz/media-centrum/aktualne/vlada-schvalila-narizeni--kterym-zastropovala-ceny-energii--prodlouzila-take-docasne-kontroly-na-hranicich-se-slovenskem-199664/>.

have either an annual turnover not exceeding €50 million or a balance sheet total not exceeding €43 million.⁵

The impact of the price caps on SMEs is particularly interesting in Czechia, since SMEs make up a significant part of Czech economy. In 2024, SMEs provided 68.6% of employment and generated 54.6% of value added in the non-financial business sector.⁶

⁵ European Commission, “SME Definition,” European Commission: SME fundamentals, accessed August 31, 2025, https://single-market-economy.ec.europa.eu/smes/sme-fundamentals/sme-definition_en.

⁶ European Commission, “2024 SBA Fact Sheet: Czechia,” SME Performance Review, European Commission, 2024, https://single-market-economy.ec.europa.eu/document/download/845ddc65-611c-4ddd-8c10-324b731c1370_en?filename=Czechia%20-%20SME%20Fact%20Sheet%202025.pdf.

2. Methodology

In order to answer and investigate the research question, this essay refers to various sources as well as to the economic theory with it being used for arguing whether and to what extent had the price caps impact on the small and medium-sized enterprises.

2.1 Sources

- Czech Chamber of Commerce (HK ČR): Provides surveys and press releases on business costs, investments, and expectations. Strength of this source is that it is direct insight from businesses. On the other hand, potential limitation of such a surveys and of this source in general can be potential bias which it holds in itself, since it is the businesses, which answer the survey and they might be answering in way that it is beneficial for them for all kinds of reasons (e.g. lobbyism).
- Czech Association of SMEs (AMSP): Publishes SME-focused reports on resilience, sector impacts, and challenges. The strength of this source is its focus only on SMEs, which ensures a detailed and relevant perspective for the research. However, a limitation is a bias which this source has, because it may emphasize the struggles and challenges more strongly due to that it represents SMEs' interests.
- European Commission's SMEs and inflation report from 2023: Offers EU-wide comparative data on SMEs during the crisis. It allows analyzing price caps in a broader context, which can be useful for evaluating the effectiveness of the price caps policy. Weakness of this source is that it is not focused on the Czech firms specifically, which can contribute into ignoring some details, while evaluating the policy.

- Czech National Bank (CNB): Releases various reports, analysis and other data which can be connected to the topic of this essay. This essay uses the source for having an independent and unbiased data. Strength of this source is that it is independent, since it is a central bank, and therefore it is supposed to have minimal or none bias. Possible limitation is that it is not focused specifically on SMEs, but on the whole economy in general. This limitation varies, depending on the article/report used.

2.2 Definitions and Concepts

To answer the research question: *“To what extent did the Czech government’s 2023 electricity price caps impact Small and Medium-sized Enterprises (SMEs)?”*, it is necessary to define the meaning of an ‘impact’ in this essay’s terms. This will be limited to focus on following aspects:

- Impact on Costs (analyzed in section 3.2)
- Impact on Investments (analyzed in section 3.3)
- Impact on Business Closures (analyzed in section 3.4)

As well as sources are used in this essay to provide data and facts, this essay uses economic theory including price ceiling diagram. The price ceiling diagram is being used for describing the price cap policy, as it is the example of price ceiling in economy. Price ceiling is a form of government intervention designed to protect consumers and firms from excessively high prices. In theory, a price ceiling lowers prices below the equilibrium level, which may prevent bankruptcies or layoffs in the short run, but can also create market distortions such as excess demand, reduced incentives for suppliers, and fiscal costs for the government. These distortions are described and analyzed if present, in 3.5 Evaluation of Policy Effectiveness.

3. Analysis

3.1 The energy price ceiling policy

The price ceiling was applied from 1st of January 2023 until 31st of December 2023, covering households, SMEs and public service providers.⁷ The electricity price was capped at CZK 6,050/MWh including VAT (CZK 6.05/kWh), with uncapped price being average CZK 8,282/MWh including VAT (CZK 8.28/kWh) during the time of introducing this policy in November 2022. See the Chart 1:

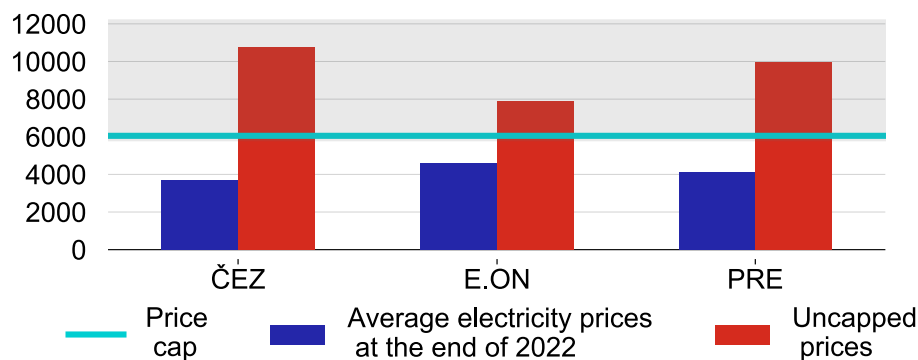


Chart 1:

Average electricity price including VAT from different domestic suppliers, in CZK/MWh⁸

In the Chart 1, it can be seen that the uncapped electricity price including VAT from 3 biggest suppliers are all above the price cap. Also, average prices after at the end of 2022 (after announcement but before applying of the policy) are below the price caps.

⁷ PEYTON legal, “Capping of energy prices,” PEYTON legal (blog), October 26, 2022, <https://www.peytonlegal.cz/en/capping-of-energy-prices/>.

⁸ <https://www.cnb.cz/en/monetary-policy/monetary-policy-reports/boxes-and-articles/The-impact-of-elevated-energy-prices-on-households-and-businesses/>

The Czech government's electricity price cap policy clearly lowered the electricity price from an average of CZK 8,282/MWh in 2022 to a capped CZK 6,050/MWh in 2023, providing stability during the energy crisis. To see the impact of the policy on the SMEs, there has to be investigation of 3 areas. Costs, investments, business closures.

Government's intended effects for businesses (SMEs) were described by Minister of Finance Zbyněk Stanjura in the statement: *"It is positive that all entrepreneurs will have the same conditions and it gives us strong hope that companies will survive a tough 2023 in good health and we will keep the lowest unemployment rate in the EU."*⁹

On the other hand, criticism of this policy was brought up by the leader of opposition Andrej Babiš as he declared that *"The energy crisis has completely got out of their hands,"* criticizing the government for failing to provide adequate relief to households and businesses.¹⁰ This shows that, despite the caps, there were serious concerns that the measures were poorly designed and would not solve the underlying problems.

3.2 The Impact on Costs

The impact of the price cap policy on costs for SMEs clearly has to be investigated as electricity is one of the major factors of production for vast majority of the producers. Electricity is therefore very significant cost for SMEs, especially those in energy-intensive sectors like manufacturing. Manufacturing SMEs are a crucial part of the Czech economy, since they stand for 28.1% of SME value added and 28.4% of employment.¹¹ Given that manufacturing is

⁹ Reuters, "Czech Government Approves Energy Price Cap for Large Firms," December 14, 2022, <https://www.reuters.com/business/energy/czech-government-proposes-energy-caps-large-firms-2022-12-14/>.

¹⁰ Reuters, "Czech Government Survives No-Confidence Vote over Energy Prices," September 2, 2022, <https://www.reuters.com/world/europe/czech-government-survives-no-confidence-vote-over-energy-prices-2022-09-02/>.

¹¹ European Commission, "2018 SBA Fact Sheet: Czech Republic," SME Performance Review, European Commission, 2018, 2, <https://ec.europa.eu/docsroom/documents/32581/attachments/7/translations/en/renditions/native>.

typically energy-intensive sector, these firms are likely more sensitive to electricity price increases. These effects are shown in Diagram 1:

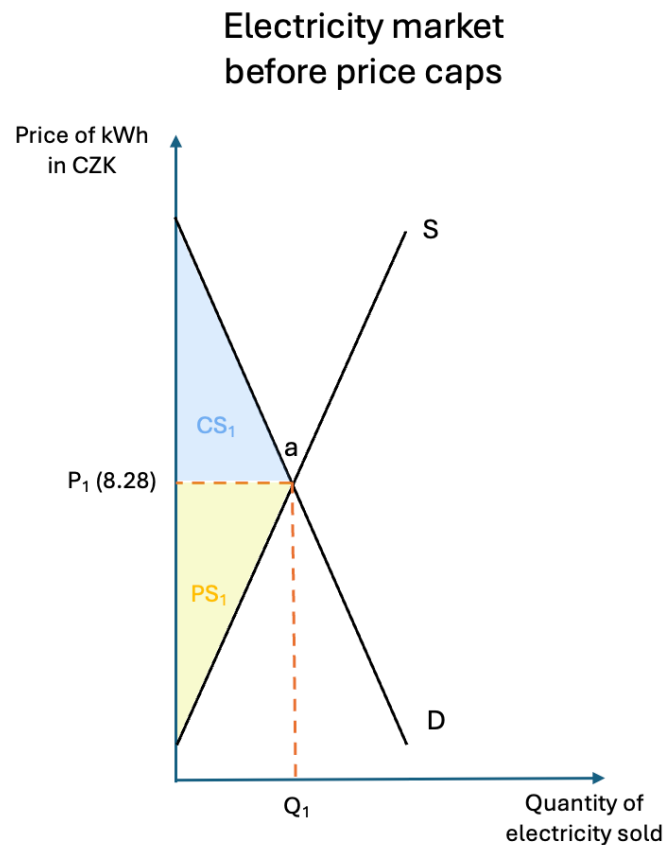


Diagram 1:

Electricity market before the price cap

Diagram 1 shows the situation on the electricity market before the government introduced the price caps. Both supply and demand curves are very steep, with Price Elasticity of Demand (PED) (responsiveness of the quantity demanded of a good or service to a change in its price) and Price Elasticity of Supply (PES) (responsiveness of the quantity supplied of a good or service to a change in its price) being very inelastic. The reason for the inelastic PED is that electricity is a necessity good, meaning that firms cannot easily reduce usage. It is also backed

by studies such as Tiedemann et al. (2023)¹², which estimates short-run electricity PED values between -0.05 and -0.2. Similar case is for PES. In general, short-run PES is very inelastic because electricity supply is somehow limited by the number of power plants contributing to the electricity network and other technical constraints of power generation (e.g., ramp-up times, grid stability). Long-run PES becomes more elastic as new capacity (e.g., renewables, storage) can be added. That explains the high inelasticity of both curves.

There is a market equilibrium at the point “a”, with quantity Q_1 and price P_1 , which is CZK 8.28/kWh. It is the average price in November 2022, before announcing the price cap, because even though they were applied from January 2023, the effect of them was almost immediate with advance payments for electricity by businesses being at the new capped prices. Therefore, P_1 is set at CZK 8.28. The diagram also shows the size of consumer surplus being CS_1 and the size of producer surplus being PS_2 .

Following is Diagram 2 showing the situation after the price caps:

¹² Silvana Tiedemann, Raffaele Sgarlato & Lion Hirth, “Price Elasticity of Electricity Demand: Using Instrumental Variable Regressions to Address Endogeneity and Autocorrelation of High-Frequency Time Series,” arXiv preprint, June 2023, <https://arxiv.org/pdf/2306.12863>.

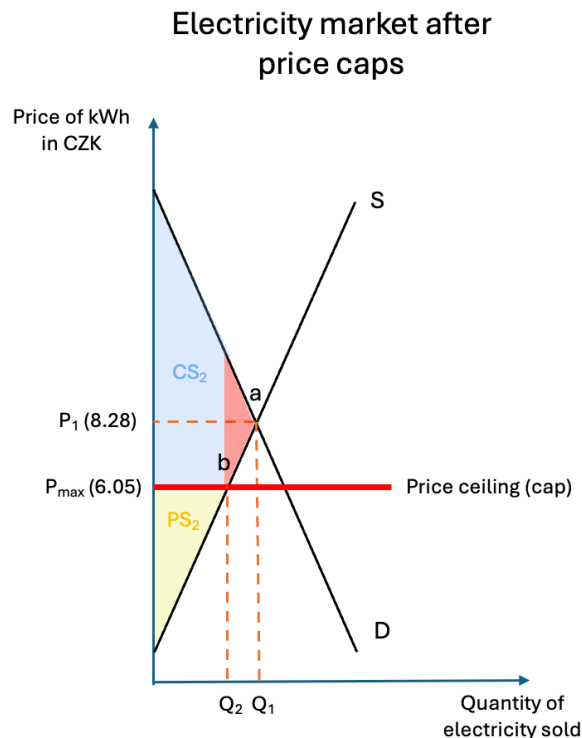


Diagram 2:

Electricity market after price caps

Diagram 2 illustrates the situation after the Czech government introduced price ceiling in the electricity market in the form of price caps. It can be seen that there is new equilibrium at the point b. The price decreased from P_1 (8.28) to $P_{\max}$ (6.05) which is the price ceiling. The quantity also lowered from Q_1 to Q_2 but not as significantly, because of both curves' inelastic character. Also because of this it can be said that there is some excess demand, but because of the price inelastic character of demand and supply curves, it is more likely to not be of significance. The consumer surplus increased (CS_2) and producer surplus decreased (PS_2). A deadweight loss (red-colored area) has emerged, which is the representation of market distortion.

To accommodate these negative effects on electricity suppliers, the government established a compensation framework, which compensated the difference between the wholesale market

price and the price capped price,¹³ amounting to an estimated extra cost to the government of CZK 170 billion.¹⁴

Fact to be mentioned is that the 2022 report from Peyton Legal (a Czech law firm specializing in corporate law) says that the advance payments for electricity were reduced almost immediately after announcement, meaning SMEs saw relief even before Jan 2023. This suggests that have avoided a wave of bankruptcies and allowed SMEs to maintain operations.

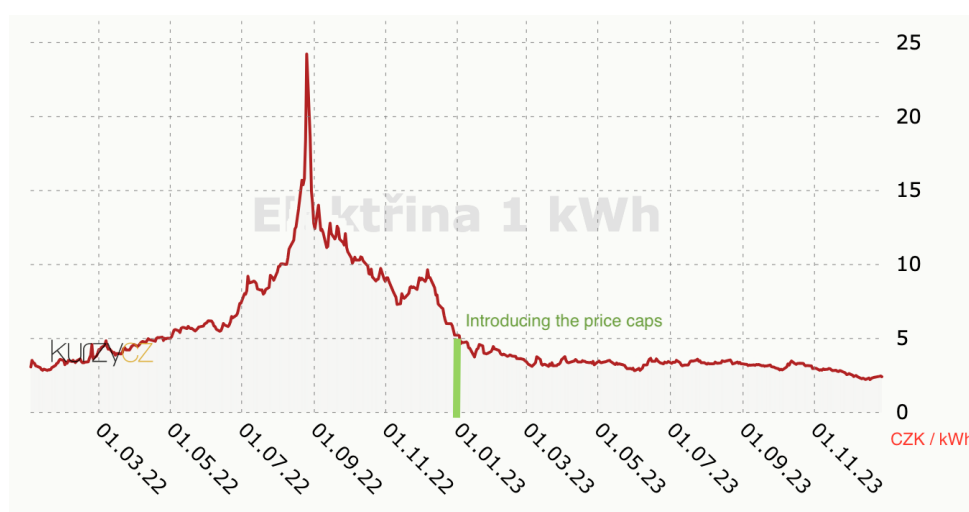


Chart 2:

Electricity price in CZK/kWh without VAT, from January 2022 to January 2024¹⁵

In Chart 2, there is biggest spike in the prices in August 2022 and immediate decrease and stabilization of prices in January 2023 after the applying of the policy.¹⁶

The impact of lower costs can be also investigated through Consumer Price Index (CPI), which is an economic indicator that measures how the average price of a fixed basket of goods and

¹³ International Energy Agency, “Compensation Mechanism for Electricity Suppliers Affected by the Electricity Price Cap,” IEA Policies, May 9, 2023, the International Energy Agency, <https://www.iea.org/policies/17116-compensation-mechanism-for-electricity-suppliers-affected-by-the-electricity-price-cap>.

¹⁴ ČTK, “Vláda schválila zastropování cen elektřiny a plynu i pro velké firmy,” České noviny, December 14, 2022, <https://www.ceskenoviny.cz/zpravy/2299787>.

¹⁵ https://www.kurzy.cz/komodity/cena-elektřiny-graf-vyvoje-ceny/1kWh-czk-1-rok?dat_field=03.01.2022&dat_field2=01.01.2024

¹⁶ The price is below the price cap because the chart does not include VAT.

services changes over time. The CPI can also be focused on Energy, which is even more useful for the context of the essay as it shows how much energy costs are contributing to overall inflation and to business costs. See the Chart 3:

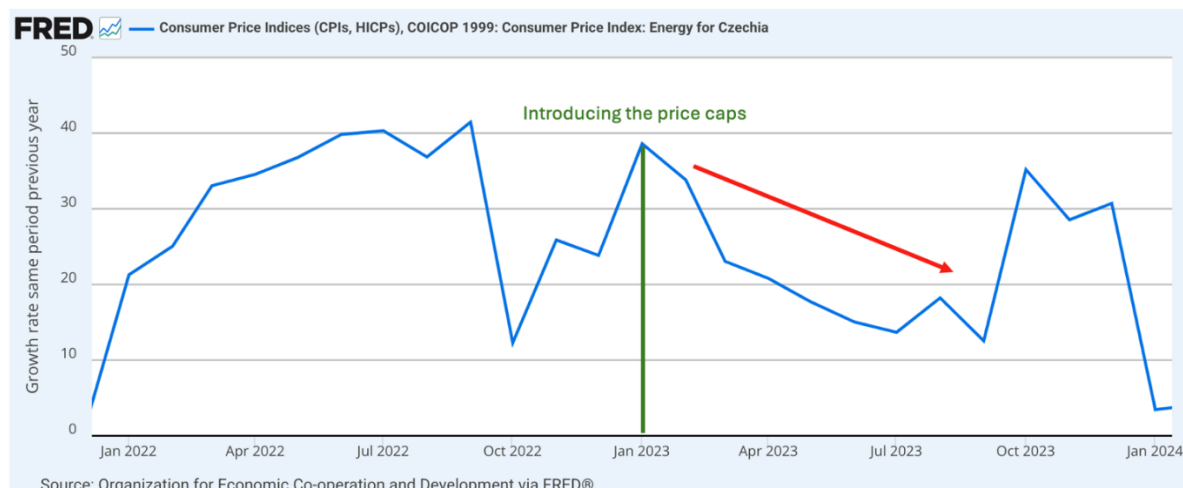


Chart 3:

CPI: Energy for Czechia from January 2022 to January 2024¹⁷

In Chart 3, it can be seen that the energy costs lowered substantially after introducing the price caps in January 2022. There was a spike in October 2023, but according to the CNB, the spike in CPI that month was largely due to a statistical anomaly and not because of any reverse trends.¹⁸

The implementation of the price ceiling was effective. It immediately lowered electricity costs for SMEs, already from the time of the announcement. By 2023, wholesale electricity prices on European markets had dropped significantly from their 2022 peaks, due to stabilization of gas supplies and lower demand and a mild winter and increased renewable generation. As a

¹⁷ <https://fred.stlouisfed.org/series/CPGREN01CZM659N/>

¹⁸ Czech National Bank, "Inflation accelerates in October 2023 in line with the CNB forecast due to the effect of last year's energy savings tariff, but the process of returning to price stability in the Czech Republic is in no way disrupted by this effect," CNB Media Service, November 10, 2023, <https://www.cnb.cz/en/public/media-service/the-cnb-comments-on-the-statistical-data-on-inflation-and-gdp/Inflation-accelerates-in-October-2023-in-line-with-the-CNB-forecast-due-to-the-effect-of-last-years-energy-savings-tariff-but-the-process-of-returning>.

result, many suppliers began offering contracts below the government's price ceiling. This significantly reduced the cost of the program to the government.

3.3 The Impact on Investments:

Investments in businesses represent significant part of them. It is crucial for their economic growth. With higher costs and uncertainty, which higher price of electricity as a factor of production represents, it is logical that firms, SMEs, simply will not have much more money left and that it will simply affect negatively their investments. The incentive to invest for SMEs can be even more affected by that than for larger firms as they typically face greater financial constraints, risk, and lower access to credit relative to larger firms.¹⁹

With price caps, these effects would not have to be present in such a definitive form and could be even weakened or completely silenced. Data from survey, that Czech Chamber of Commerce did, to some extent confirm this consideration. See Chart 4 showing HK ČR's survey on the impact of energy costs on company development:

¹⁹ Junhyong Kim, "The Impact of Uncertainty Shocks on the Investment of Small Firms" (working paper, Department of Economics, University of Wisconsin–Madison, October 2020), https://econ.wisc.edu/wp-content/uploads/sites/89/2020/10/JunhyongKim_International.pdf.

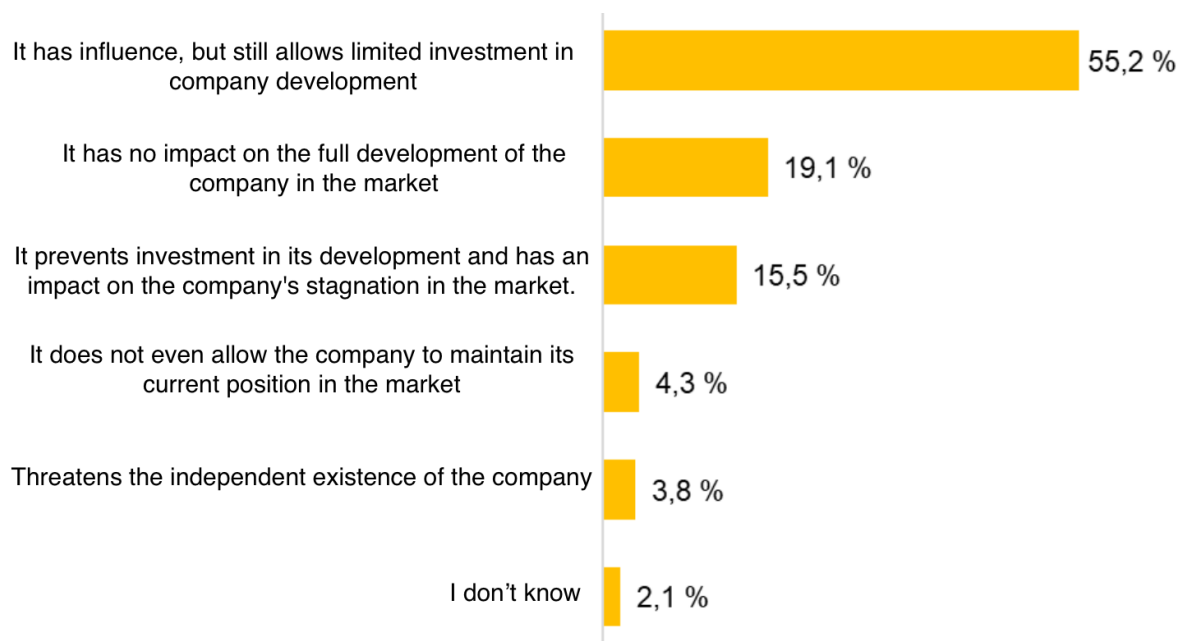


Chart 4:

The impact of energy costs on company development, reported by firms²⁰

The data in general can be perceived as positive, since a majority of respondents said that the impact of energy costs on their development had no impact (19.1 % of respondents) or little negative impact (55.2 % of respondents). With previously discussed impact on costs, in 3.2 Impact on Costs, it can be directly argued with the results of the survey, that thanks to the lowered impact on costs, the weaking of investing by the firms was not that harsh as it would be without the policy.

By lowering the degree of uncertainty in operating costs, SMEs could resume at least part of their investment activity. Also, for investing one of the crucial factors is business confidence. With price being stabilized thanks to the policy under a fixed price, that had positive effect on investments, as no one wants to invest with not stabilized conditions in the market that directly affects their costs.

²⁰ <https://www.komora.cz/blog/aktuality/vice-nez-polovina-ceskych-firem-priznava-ze-naklady-na-energie-mohou-ovlivnit-vysi-firemnich-investic/>

However, investments are by its character long-term. With policy ending in certain date that is not that far by the perspective of investing some uncertainty remained. SMEs did not know whether caps would extend beyond 2023, which limited long-term planning and therefore that silenced to some extent the positive effects on investments. It is also important to mention that these positive effects varied between sectors. Energy-intensive SMEs (manufacturing, construction, transport) still faced the risk of high cost after the end of the policy, while service-sector SMEs could have higher confidence, since they're not energy-intensive character.

To summarize, the evidence suggests that electricity price caps helped stabilize SMEs' investment outlook by lowering cost pressures and boosting business confidence, allowing firms, to maintain some level of investment. However, the temporary character of this policy meant some uncertainty persisted, limiting long-term planning to some extent, and energy-intensive SMEs' investments were more affected in general. Overall, the positive impact on investment was real but fragile and uneven.

3.4 Impact on Business Closures:

With ongoing energy crisis, there was the concern of increased business closures, especially in case of SMEs. In economic theory it can be illustrated as following diagrams:

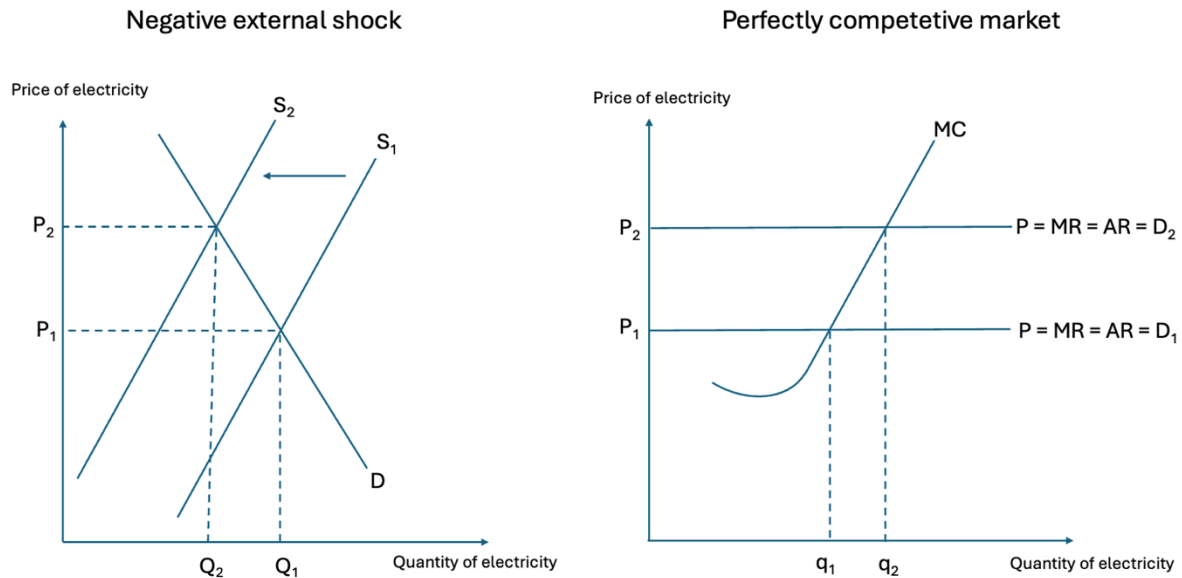


Diagram 3:

Negative external shock diagram with perfectly competitive market diagram

On the left side, there is a diagram with the effects of an external shock on business closures. A sharp rise in electricity prices cause the supply curve to shift to the left. This leads to a new market equilibrium with Q_2 being lower than Q_1 and P_2 being higher than P_1 . Some firms will leave the market. In a perfectly competitive market, the perfectly elastic demand curve will shift upwards from D_1 to D_2 as illustrated in the perfectly competitive market diagram on the right side. Those firms that remain on the market will face higher prices and produce higher quantities (q_1 to q_2). If PED and PES are inelastic, the increase in the price is very significant, while the drop in quantity and therefore bankruptcies may be smaller. This questions whether the policy was necessary for reducing layoffs and bankruptcies. However, if the rise in energy prices was perceived as a temporary event, it makes sense to cushion firms through this period to avoid foreclosures. Also, foreclosures impose costs on the government due to bankruptcy laws, so the goal of the government was to prevent this possible additional burden.

In practice, it can be argued that the price caps may have stopped this leftward supply shift and therefore prevented possible bankruptcies.

What the data from the report by Coface (a credit insurer that operates worldwide in addition to offering debt collection services, factoring and business information, and bonds) shows is that insolvency trends in 2023 were actually higher compared to previous year. 1,074 companies went into insolvency in the Czech Republic in 2023, about 5% more than in 2022. The report directly notes that high input costs (including energy) and weak demand contributed to the stress on businesses.²¹ This can therefore serve as an argument against fulfilling the goal of preventing business foreclosures.

3.5 Evaluation of Policy Effectiveness:

After discussing the impacts of the price caps on the 3 stated areas, it is important to also discuss the effectiveness of policy as such. Many economic articles were written about this topic from various perspectives, but focus of this essay is the effectiveness on SMEs.

All these effects are parts of short-run. To discuss empirical long-run effects in detail is not possible as the empirical data as such are simply not available yet. Even with this in mind, there are some considerations that can be made about the long-run effects of the policy. As an example of these effects, it is logical to argue that with preventing the reach of full high prices of electricity on SMEs can result in discouraging the firms from energy savings and efficiency investments. While this potentially could happen, it is not perceived to be truthful as the policy was not extremely long as it lasted 1 year.

²¹ CIJ Europe, "Coface: 1,074 Companies Went into Insolvency in the Czech Republic Last Year," January 18, 2024, <https://cijeuropa.com/en/coface-1-074-companies-went-into-insolvency-in-the-czech-republic-last-year/post.html>.

While this potential long-run effect may have not been present, with the second one it is not the case. Fiscal burden has been added to the country's debt because of this contractionary policy. It is reported by the data from Czech ministry of finance that this the policy capping the prices of electricity and gas cost Czech Republic CZK 52.8 billion²². This fiscal burden deepened Czech government debt and therefore worsened public finances. This fact may imply that the state of public finances will possibly require introducing higher taxes, which could directly or indirectly hurt SMEs in the future.

To furthermore, evaluate the effectiveness of the price caps of electricity for SMEs it is useful to look at some reports.

Negative perspective on the price cap policy comes from European Commission. Their report about SMEs and high inflation from December 2023, includes price caps in the measures to avoid, meaning they do not recommend countries introducing it. As they report, it is non-targeted support in general which should be avoided and they give price caps on electricity as an example. In Commission's opinion, the policy provides immediate, short-term relief, by lowering the price of goods, but such measure disincentivize businesses from reducing their consumption of energy that is in short supply, thus further fueling inflation.

In contrast two reports from Czech institutions provide positive perspective on the price cap policy. First if from Czech Chamber of Commerce. In a press briefing summarizing the second half of 2024, the Czech Chamber of Commerce noted: *"The main drivers of growth were small and medium-sized enterprises, which demonstrated flexibility and resilience in adapting to changing economic conditions, while large export-oriented firms were held back by weakening*

²² David Tramba, "Stát loni na energetice vydělal. Vybral víc, než vyplatil na dotování cen energií pro spotřebitele," Ekonomický deník, January 4, 2024, <https://ekonomickydenik.cz/stat-loni-na-energetice-vydelal-vybral-vic-nez-vyplatil-na-dotovani-cen-energii-pro-spotrebitele/>.

foreign demand.”²³ This demonstrates that despite challenging conditions in previous periods of time, including fluctuating energy prices, SMEs performed strongly, reinforcing the idea that price stability from caps helped them remain adaptive and competitive and to stand the test of time, with being able to function and perform more in the future.

Second positive-sided report is from Association of Small and Medium-sized Enterprises and Crafts of the Czech Republic. In the report titled *AMSP ČR Analysis: Fears of lasting impacts of crises on Czech foreign trade have not been confirmed* the chairman of the board of AMSP Josef Jaroš says that In the first half of 2022, despite the impacts of start of the Russia-Ukraine war, exports increased by 14.1 percent and imports by 11.4 percent compared to the first half of 2021.²⁴ “Over the three-quarter period of 2021 and 2022, exports rose by 14.4 percent and imports by 20.7 percent,” he adds. This suggests that SMEs maintained export performance even under crisis conditions, reinforcing the idea that measures like price caps helped sustain their competitiveness.

²³ Hospodářská komora ČR, “Firmy zvládly druhé pololetí 2024 lépe, než se čekalo. Malé podniky táhly nahoru, velké brzdil export,” press release, December 19, 2024, <https://www.komora.cz/blog/tiskove-zpravy/firmy-zvladly-druhe-pololeti-2024-lepe-nez-se-cekalo-male-podniky-tahly-nahoru-velke-brzdil-export/>.

²⁴ Asociace malých a středních podniků a živnostníků ČR (AMSP ČR), “Analýza AMSP ČR: Obavy z trvalých dopadů krizí na český zahraniční obchod se nepotvrdily,” press release, January 23, 2023, AMSP ČR, <https://www.amspace.cz/pruzkumy-a-analyzy/analyza-amspace-cr-obavy-z-trvalych-dopadu-krizi-na-cesky-zahranicni-obchod-se-nepotvrdily/>.

4. Conclusion:

4.1 Summarization of main findings:

It is efficient to start the conclusion with summarization of main findings. This essay examined the Czech government's 2023 electricity price cap policy and its effects on small and medium-sized enterprises. The analysis of three areas which are costs, investments and business closures suggests that the price cap achieved its short-run purpose to some extent. It lowered electricity costs for SMEs, which prevented bankruptcies, stabilized prices ensured business confidence which saved at least part of the investment activity and it at least partially prevented more dramatic business closures than stated number (5% increase from previous year).

4.2 Limitations of the research:

With this research, few limitations were present during the researching and analyzing period. It can be said that there was a lack of SMEs-level quantitative data, with most statistics being aggregated at the whole business sector and not just SMEs, which reduces precision. Secondly, the surveys used from the Czech Chamber of Commerce and the Association of Small and Medium-Sized Enterprises (AMSP) may be subject to bias, as businesses could exaggerate their difficulties to influence government's decision making about policies or support their interests. Also, long-run empirical data were not available yet, meaning that the discussion of future effects is based on pure logical economic reasoning rather than on some empirical evidence.

4.3 Concluding the research question:

To answer the research question *“To what extent did the Czech government's 2023 electricity price caps impact Small and Medium-sized Enterprises (SMEs)?”* the evidence suggests that SMEs were significantly protected in the short run, as cost in form of electricity reduced, which

helped to not fulfill bad investments assumptions and prevented dramatic increase in business closures. Finally, the price stability ensured the survival of most SMEs during the energy crisis. However, the overall extent of the impact was limited by the variation in different sectors. The limitation to be mentioned about the policy is the fiscal burden of the measure, which raises concerns about long-run impacts. The extent of the impact of the electricity price cap policy was significant for SMEs, as it fulfilled its desired short-run goals.

5. Bibliography

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