



Support schemes for RES in Hungary METÁR and former support schemes

Department of Analysis and Statistics
Hungarian Energy and Public Utility Regulatory Authority

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Hungarian Energy and Public Utility Regulatory Authority (HEA)

Tasks of HEA concerning renewable energies

- licensing
- renewable energy statistics (submitting data to the Hungarian Central Statistical Office, EUROSTAT, etc.)
- monitoring (yearly reports on renewable electricity production, the renewable energy share, household sized power generators (mainly solar PV), etc.)
- **renewable energy support**
 - maintaining the previous feed-in regime for RES electricity (KÁT)
 - Setting the RES-E support for the premium system without tendering (0,5 MW – 1 MW), the feed-in part of METÁR (plants under 0,5 MW), support for demonstration plants, brown premium
 - issuing the call for tenders and managing the tenders
- input to the energy efficiency website of HEA (www.enhat.mekh.hu)



KÁT support scheme



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FiT System

(general support scheme until end of 2016)

- **FiT prices** set in Government Decree
 - Not very differentiated by technology or size
 - Differentiated by time of the day
 - **Length of FiT period and quantity set by the Hungarian Energy and Public Utility Regulatory Authority (HEA)**
 - Based on benchmark where possible
 - Project by Project in other cases
 - Based on published methodology
 - **The level of support is differentiated by the length of the support period**
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Operating the FiT System

- The TSO operates the FiT system
 - Buys power from FiT producers
 - Sells the power on the power exchange
 - HUPX day ahead market
 - HUPX intraday is planned
 - Balances the FiT production
 - Collects money needed for the system
- Supervision: HEA



Lessons Learned – FIT setting

- Flexible solution
 - Big overshootings were avoided (see PV elsewhere)
 - Modification of support
- Predictability can be a problem for investors
 - When they can apply?
 - Business decision vs. support level
- Some technologies never return (without other support) with low feed-in tariffs
 - benchmark cannot be set by the methodology
 - Lifetime can be set as benchmark
- Support period is very sensitive to investment cost



METÁR support scheme



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Support scheme for renewable electricity

In June 2016, the Parliament of Hungary enacted the Renewable Energy Support System (in Hungarian: “Megújuló energia támogatási rendszer”) (“**METÁR**”)
The support system was extended and modified in October and November 2017.

- Modification of the Act on Electricity (86/2007), and the Gov. Decree 389/2007
- New Gov. Decree (299/2017) – new premium system
- Ministry Decrees (62/2016 and 63/2016) – rules of the tendering procedure, limits of entitlement for support, rules of the determination and payment of funds for renewable electricity operational support
- HEA Decree (13/2017) – calculation of premium support not determined by auctions

METÁR entered into force as of 1 Jan, 2017

METÁR is expected to boost further investment in RES-E technologies in a **cost-efficient way**

The new support scheme is **in line with the EU State Aid Guideline 2014/C 200/01**



Entitlement for support in METÁR

- Power plants producing electricity from renewable energy sources (except for <50kW: net metering)
- Co-firing and waste-to-energy power plants can receive support only for the part of electricity produced from renewable energy sources (proportionally to the combustion heat)
- New built plants *or* existing power plants which undergo major renovation
- **Brown premium:** applies to existing biomass or biogas fired power plants in order to ensure their further operation
- **Demonstration projects:** can be entitled to feed-in tariff
- Power plants have to fulfill the technical criteria laid down by the Technical Decree (NFM 55/2016 on the technical requirements of renewable installations and systems in order to receive investment and operational support)



Details of the premium system

- Floating premium system with monthly reference prices
- „Supported price” = reference market price + premium
- Obligatory auctions for
 - Wind (independent of size)
 - RE plants with at least 1 MWe capacity (except demo projects)
 - Existing plants (repowering)
- Optional auction for
 - RE plants between 50-500 kW (primarily entitled to FiT)
 - RE plants between 0,5-1 MW (primarily entitled to administratively set premium)
- The maximum yearly support budget is set by the minister responsible for energy



Auction design /1

Main features are regulated in the Ministry Decree 62/2016 NFM and the call for tenders

- Technology neutral auctions
- Opening the tender to plants located in neighbouring countries compulsory between 2017-2026
- Pay as bid system
- Evaluation: price only
- Early phase auction with **financial requirements** (bid bond, completion bond)
- Minimum 3 months between the call and submission
- The auctions will be initiated by the Minister but organised by the Hungarian Energy Regulatory Authority (HEA)



Auction design /2

Design details to be defined **by the Call**

- Actual auction values (volume or support budget)
- Auction volumes for opened tenders (if applicable – co-operation agreement between MS needed)
- Length of support (max. 20 years, to be shortened proportionally in case of other support – i.e. investment support)
- Benchmark production values (MWh/Mwe) by technology (bidders set MWe values for their plants)
- Time for completion
- Value of bid bonds and completion bonds



Support limits

Annex 1 of Ministry Decree 62/2016 NFM determines the following yearly limits for new support in the METÁR system until 2026:

- Feed-in tariff support (METÁR KÁT): 1 billion HUF/year
- Green premium without tender procedure: 0.5 billion HUF/year
- Green premium with tender procedure: 1 billion HUF/year

New support: (Supported price – Market price) x yearly quantity

Support amounts which haven't been allocated in the respective year can be reallocated into the support budget of the following year

Brown premium: total yearly support budget is 20 billion HUF/year



Thank you for your kind attention!

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