

Country updates about domestic/regional price trends

Case study by **Hungarian Energy and Public Utility Regulatory Authority (MEKH)**

Gábor GÉCZY

International Gas Market Expert
EU Internal Energy Market Integration Unit
International Affairs Department of MEKH

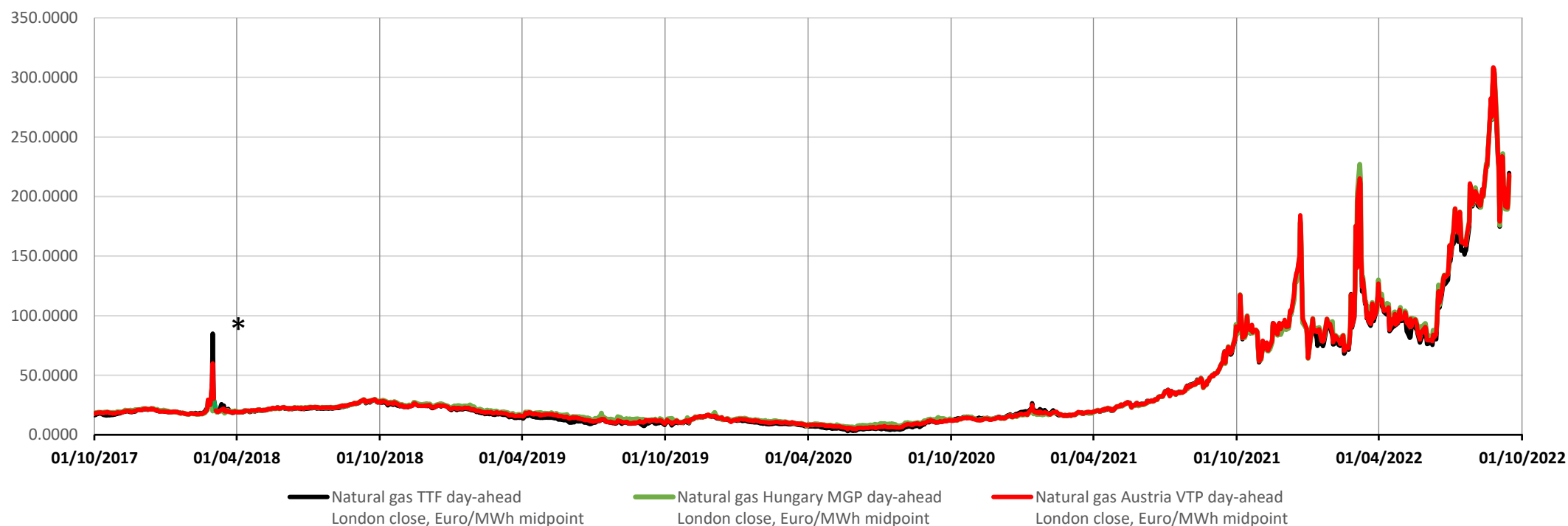
geczy.gabor@mekh.hu ; nkeht@mekh.hu



Country update about domestic/ regional price trends

What are the recent price trends in your country?

TTF - CEGH (A VTP) - CEEGEX (MGP) 2017-2022



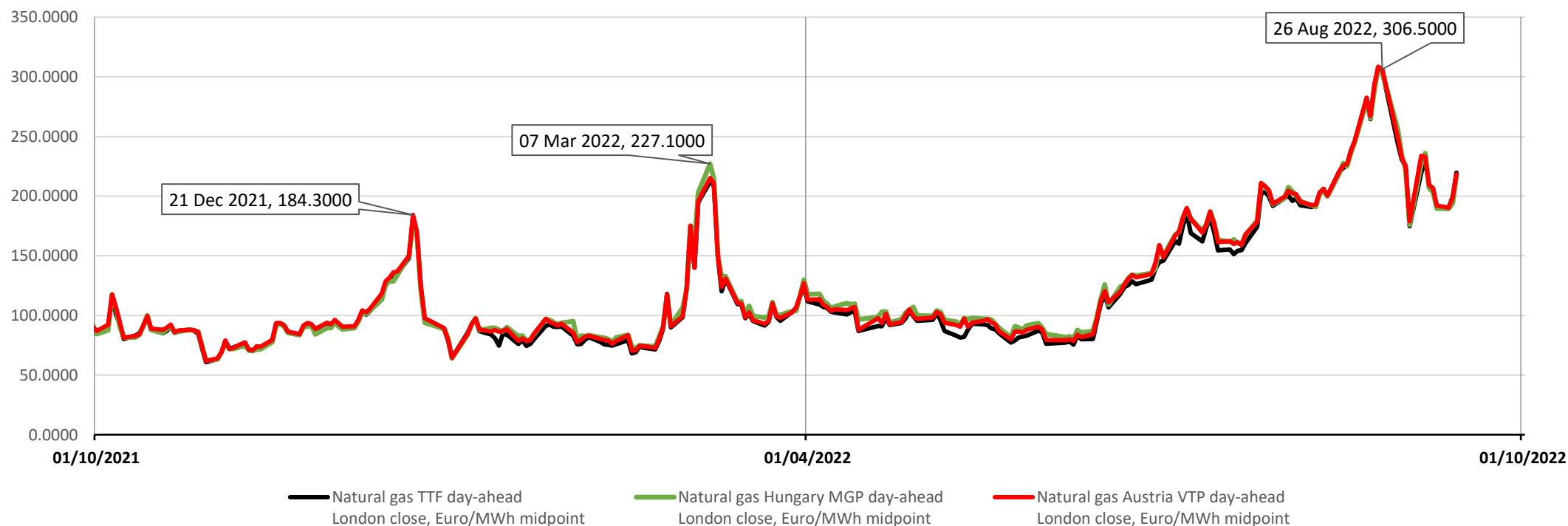
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https://rekk.hu/downloads/academic_publications/rekk_policybrief_02_2018_en.pdf

Country update about domestic/ regional price trends

What are the recent price trends in your country?

TTF - CEGH (A VTP) - CEEGEX (MGP) 2021-2022



Country update about domestic/ regional price trends

What are the recent price trends in your country?

- After the Covid Pandemic, the rebound in demand pushed prices down in 2019 due to the stronger impact of the Ukrainian-Russian crisis overstocking.
- In April 2022, after the war, the TTF - CEEGEX spread fell apart as the TTF came under the influence of LNG and Norwegian gas in a highly scarce market. CEEGEX lost its liquidity and the spread between the two markets shot up to 5-6 EUR.
- In August 2022, the spot prices increased by more than 100 €/MWh in a single month, reaching around 300 €/MWh. The forward prices also followed the increase the CAL23 and CAL-24 prices also grew by a third. The CAL-23 product rose to 150 €/MWh. In the competition for the scarce LNG resources, the European markets pay a significant premium, at the end of the month the September 2022 contract was by over €50/MWh more expensive than that on the Far Eastern markets.

Market prices of Eastern Europe, which are more dependent on Russian gas continue to pay a significant premium compared to Western European markets.

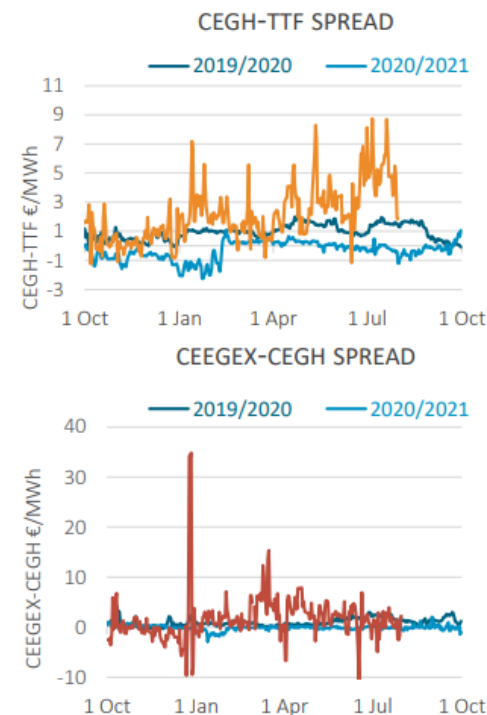
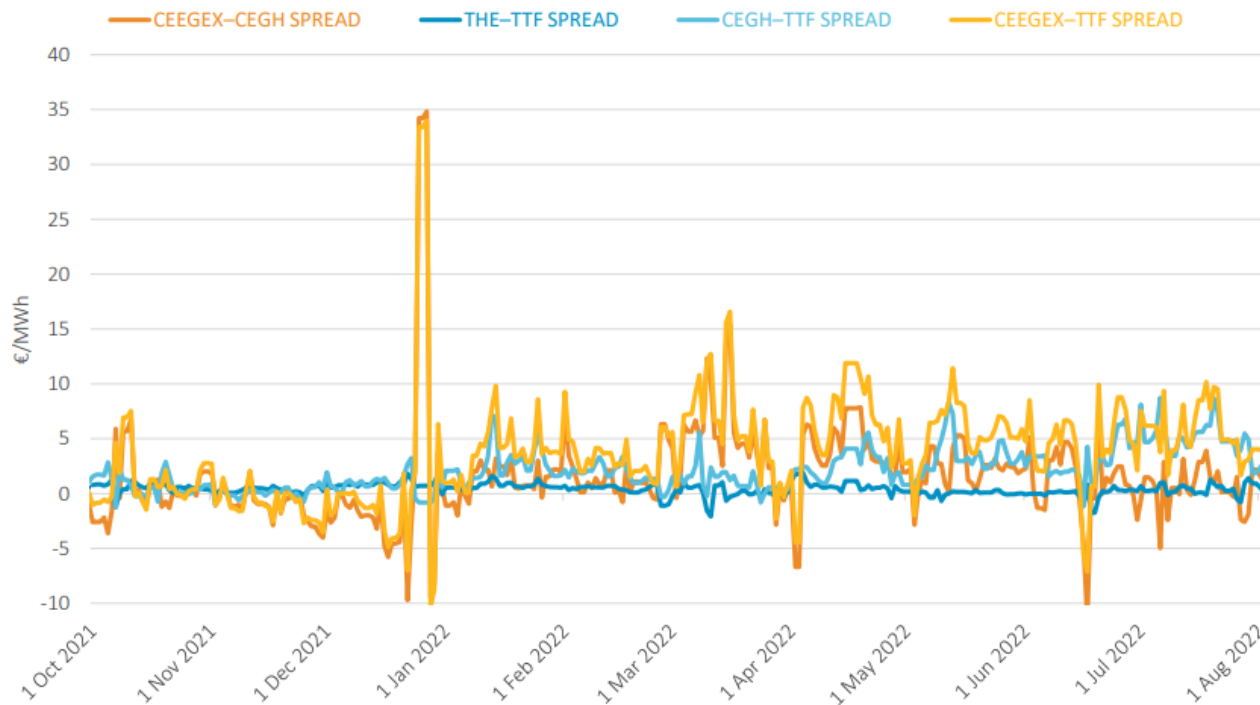
On the spot markets:

- the German (THE) and Dutch (TTF) markets move more closely together,
- compared to which the Austrian (CEGH) and Hungarian (CEEGEX) markets pay a premium of 5-6 €/MWh.
- In case of yearly products, compared to the Dutch market, the German market also pays a premium of around 5 €/MWh.

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PRICE DIFFERENCES BETWEEN EUROPEAN MARKETS

CEGH, CEEGEX prices are still significantly higher than TTF and THE prices, although the spreads and their volatility decreased somewhat in July. The spreads ranged as follows: THE-TTF between -0.78–1.43 €/MWh, CEGH-TTF between 1.86–8.73 €/MWh, CEEGEX-TTF varied from 1.66 to 10.17 €/MWh. The CEEGEX-CEGH spread ranged between -4.97–3.91 €/MWh and was in the negative range on nine days.



Source: CEEGEX, PEGAS

THE and **TTF** reflect the price of LNG.

CEEGEX is under the influence of Turkish Stream, which is still currently the major gas flow into Hungary.

The TTF-CEEGEX Spread is increasing since the UA-RU war.

The EU market price is now influenced not by deals or capacity, but by market rumours, news and political statements.

Country update about domestic/ regional price trends

Are the price-regulating measures taken during Covid and/or post-Covid period (war in Ukraine, supply chain disruptions, etc.) still in effect?

Before the Covid Pandemic :

In the Hungarian natural gas market there are 2 type of consumer:

1. Liberalised Market Customer

Mainly industrial customers (for customers with meter capacities over 10m³/h telemetry capable gas meters are required to measure daily and intraday data)

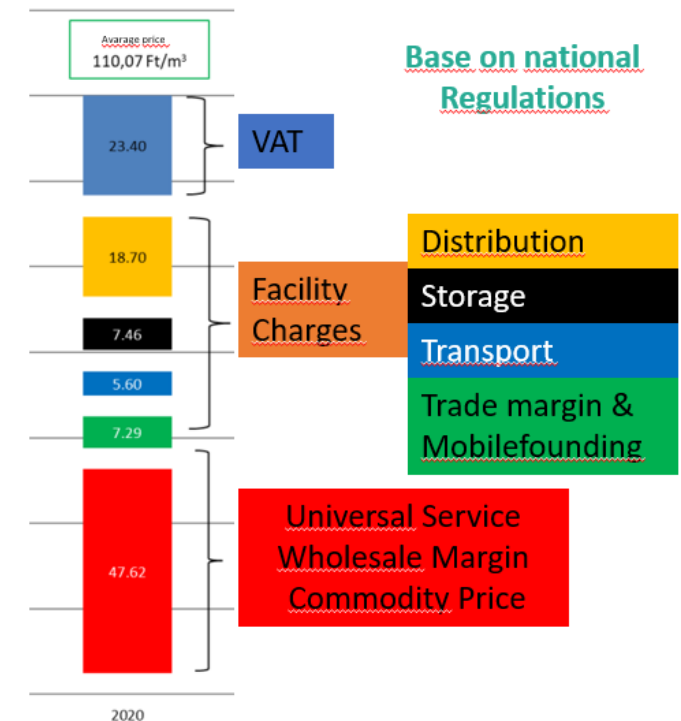
2. Universal-Service Customer

- Regulated energy and public utility prices for household residential customers and
- customers under 20m³/h consumption

Regulated price freeze from 2013 for the Universal-Service consumers

„Consumer Utility Cost Cut” : The state wholesaler and NRA agree on a real cost basis, taking into account a price set by the national regulation.

• Universal Service Consumer



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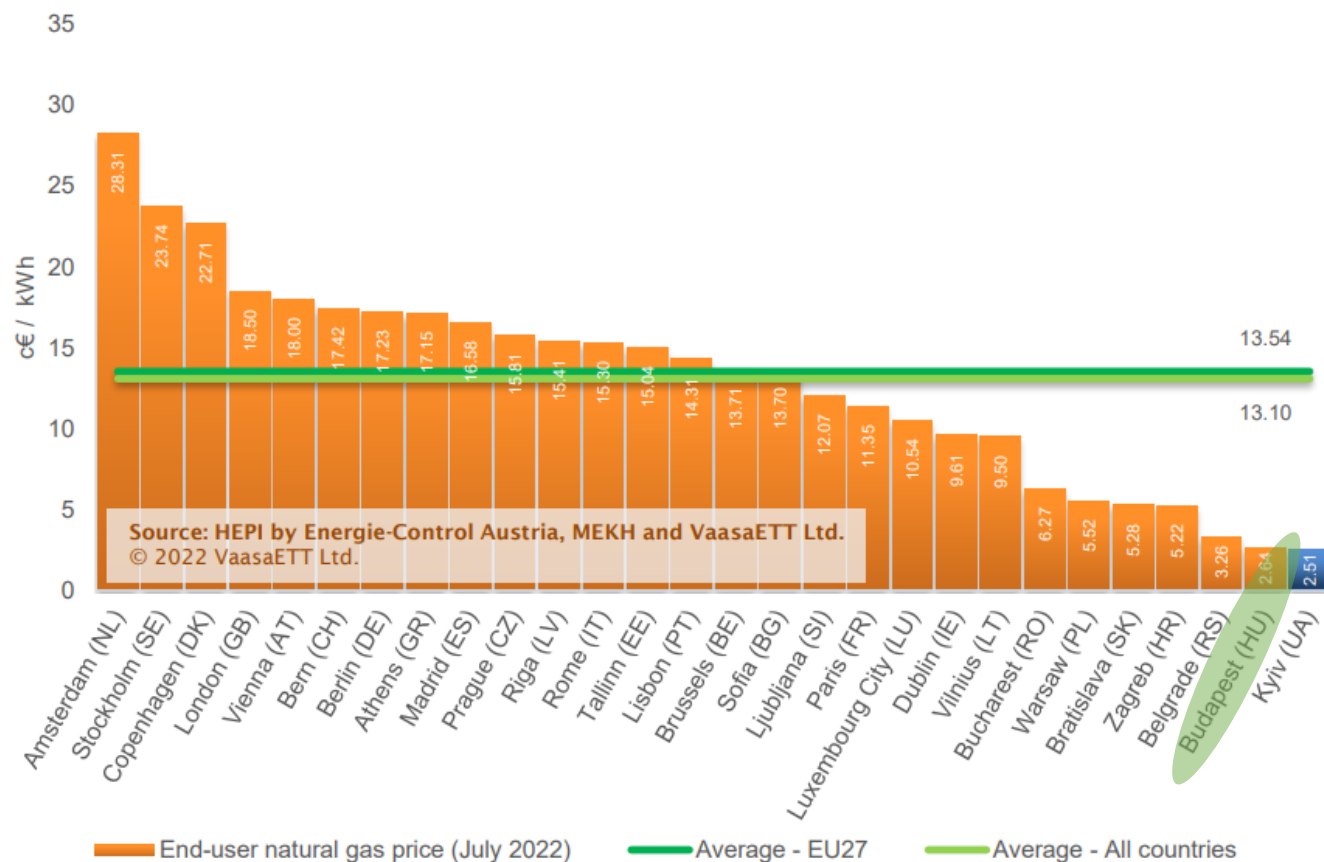
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Consumer Utility Cost Cut: 2022

Figure 6 shows the price of natural gas paid typically by residential customers in 28 European capital cities as of July 1st, 2022. The highest price is paid by inhabitants of Amsterdam who pay over 2 times the European average end-user price and almost 1.2 times of the inhabitants of the second most expensive city, Stockholm. This can be explained by the nature of the Swedish gas market; the small size of only 95,000 household gas customers in the whole of Sweden of which 61,000 in the isolated gas network in Stockholm.

Copenhagen is currently the third most expensive capital. The prices in Amsterdam are almost 11 times as high as in Budapest, which is the cheapest city for gas in EU, and over 11 times as high if we include Kyiv. Even more pronounced than for electricity, household natural gas is usually cheaper in the CEE countries.

Figure 6: Residential gas prices including taxes



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What are the current measures and are there any additional measures taken recently?

*In July 2022, the Hungarian government has decided to **reduce** the consumer utility cost cuts protection.*

In detail:

- For natural gas, the **reduced price is available up to a consumption of 1729 m³/year per place of use.***
- For electricity, the reduced price is available up to 2523 kWh/year consumption per place of use.*

Up to this limit, all Hungarian families and all Hungarian consumers will receive electricity and natural gas at the reduced price.

A new tariff has been introduced, the residential market price, which is much more favourable than the open market price.

- **For natural gas**, the reduced price will be 102 HUF (0,25 EUR) and the residential market price above average consumption will be 747 HUF (1,85 EUR), while the world market price will be 1020 HUF/m³ (2,55 EUR).*

A new rebate is also being introduced for condominiums. For condominiums with central heating and a gas meter, the discount will be multiplied per apartment. The condominium must declare this to their supplier.

The large-family discount will be maintained for gas consumption. The average consumption of 1 729 m³ for a family with three children is increased by 600 m³ and by a further 300 m³ for each child. There are 300,000 large families in Hungary today, and we recommend that they take advantage of this discount.

**THANK YOU FOR YOUR
ATTENTION!**

Hungarian Energy and Public Utility Regulatory Authority

Clean energy, sustainable environment

geczy.gabor@mekh.hu ; nkeht@mekh.hu