

HUNGARY

Energy Saving and Energy Efficiency Improvement Action Programme (Resolution 1107/1999)

Provides capital grants for energy efficiency and renewables projects. Regarding renewables, the main efforts are to increase heat production from biomass, geothermal, wastes, and solar energy. In addition there is a programme aiming for 20,000 roofs with solar collectors by 2010.

In 2000 an Action Plan was adopted within this framework which provides grants to perform energy audits, improve energy management and increase energy efficiency. It is unclear whether these are available to businesses or just municipalities.

Funding: HUF 5 billion (US \$20 million) in 2001

Effective date: 1999-2010

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Environment Protection and Infrastructure Operational Programme (EIOP)

Measure 1.7 of the EIOP, entitled “Environment friendly energy management,” deals with increasing the use of renewable energy sources and energy efficiency. Subsidies are available (between 125 million HUF and 300 million HUF per project) and the amount granted depends on project size. Investments are available for the following technologies: conversion and supply of fuels, biomass, geothermal energy, solar collector, wind power plant, photovoltaics, small hydro plant (defined as <5MW), community investments and energy efficiency developments.

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More information: www.nfh.hu

Feed-in tariffs

The 2001 Electricity Act offers the possibility for independent electricity producers using renewables with a capacity above 100 kW to benefit from a feed-in tariff. The tariff is the same for all renewable energy sources and is adjusted annually for inflation. It is paid by the main electricity producer (MVM) when a power plant is

connected to the transmission network, or by the local service provider if the independent producer is connected to the distribution network.

According to the Hungarian Ministry of Environment and Water, the tariff is 23 HUF/kWh

More information at: http://ji.unfccc.int/Ref/COPMOP1_SideEvent/1

Effective Date: 2001

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German Coal Aid Revolving Fund

The German Coal Aid Revolving Fund (GCARF) is administered by the Hungarian Credit Bank, and was started with the aim to provide financing for the private sector to support investments in clean energy. Its main objectives are to replace traditional energy sources with renewable or waste-related energy sources, to induce energy saving in businesses, and to reduce energy waste at the lowest possible cost. It provides project loans at the preferential interest rate of one-third of the central bank's base rate with an additional 2.5% interest.

Funding: In 2002, the amount of the preferential credit was HUF 1.51 billion.
Effective date: 1991

National Energy Saving Programme

Established to replace the energy portion of the now-defunct Szechenyi Plan. Split into different sub-plans, one of which (NEP-7) targets companies. The NEP provides subsidies for investments to replace conventional energy sources with renewables. If this programme follows the same pattern as the Szechenyi Plan, these subsidies will be through competitive grants supporting up to 30% of the investment costs in renewable energy, with the upper limit differing depending on the type and purpose of the project.

Funding: HUF 100 million (US \$400,000) for business sub-programme
Effective date: 2003

The energy portion of the Széchenyi Plan managed by the Ministry of Economy and Transport provided support for renewable energy projects through a one-time grant. This plan supported 30% of investment costs for renewable energy projects, with the ceiling differing according to type and purpose of project.

In 2000, HUF 350 million (about US\$ 1.5 million) was available for projects with the aim of increasing the use of any renewable source of energy. This plan was replaced by the lower funded National Energy Saving Programme (NEP) in 2003. Within this programme, the NEP-6 and NEP-7 sub-programmes offer investment incentives to municipalities, individuals and businesses. These sub-programmes received funding on the order of HUF 140 million for NEP-6 and HUF 180 million for NEP-7. The structure changed in 2004. The NEP-5 sub-programme targets municipalities and individuals, while NEP-6 targets entrepreneurs. Budgets amount to HUF 100 million for each sub-programme.

The Ministry of Environment and Water provides similar support for renewables. To avoid duplication of public funding, the total amount of public financial support may not exceed 50% of the total costs of development, excluding any reclaimable VAT, or 65% in the case of small and medium-sized undertakings. Applicants must have their own financial sources amounting to at least 25% of the total project cost.

More Information in *Renewable Energy: Markets and Policy Trends*