

Hungary

Renewable Energy Fact Sheet

Policy Background

The EU is working to reduce the effects of climate change and establish a common energy policy. As part of this policy, European Heads of State or Government agreed in March 2007 on binding targets to increase the share of renewable energy. By 2020 renewable energy should account for 20% of the EU's final energy consumption (8,5% in 2005). To meet this common target, each Member State needs to increase its production and use of renewable energy in electricity, heating and cooling and transport.

Although renewable energies are an integral part of our fight against climate change, they also contribute to growth, job creation and increase our energy security.

Country targets

The renewables targets are calculated as the share of renewable consumption to gross final energy consumption. Renewables consumption comprises the direct use of renewables (e.g. biofuels) plus the part of electricity and heat that is produced from renewables (e.g. wind, hydro), while final energy consumption is the energy that households, industry, services, agriculture and the transport sector use. The denominator for the RES share includes also distribution losses for electricity and heat and the consumption of these fuels in the process of producing electricity and heat.

Hungarian target: 13% (2005 = 4.3%)

Key issues

After a few years of little progress, major developments in 2004 brought the Hungarian RES-E target within reach. Geographical conditions in Hungary are favourable for RES development, especially biomass. Between 1997 and 2004, the average annual growth of biomass was 116%. Whilst environmental conditions are the main barriers to further hydro power development, other RES such as solar, geothermal and wind energy are hampered by administrative constraints (eg the permit process). As regards the policy framework, promotional schemes are being used and refined, and subsidies are available under certain conditions for the development of RES.

RES-E 2010 target was achieved in 2006 (5%), with the main contribution being from biomass. However, domestic production was at 4.4%.

Main supporting policies

The following measures exist for the promotion of RES-E:

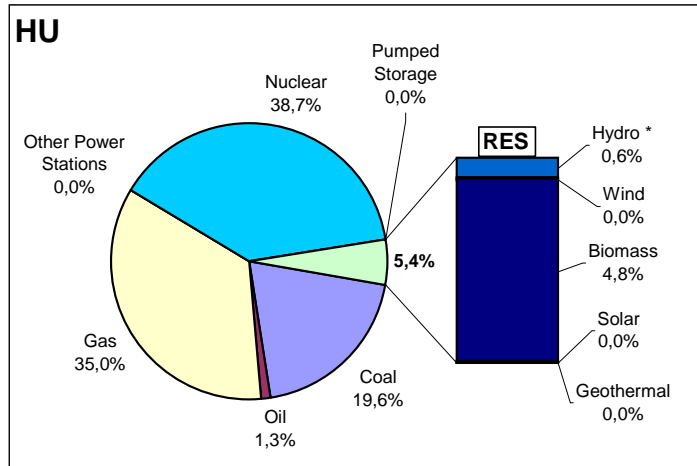
- A feed-in system is in place. It has used technology-specific tariffs since 2005, when Decree 78/2005 was adopted. These tariffs are guaranteed for the lifetime of the installation.
- A green certificate scheme was introduced with the Electricity Act (2001, as amended in 2005). This act gives the Government the right to define the start date of implementation. At that time, the feed-in tariffs will cease to exist.
- In July 2007, two advantageous tax levels were introduced for bioethanol, and bioethanol for E85 has been completely exempt since January 2007. A similar procedure will be introduced in January 2008 for biodiesel.

Amendments of the Act on Excise Tax in 2005 determine that the previously compulsory blending standards will be removed (from June 2007 for bioethanol and from January 2008 for biodiesel).

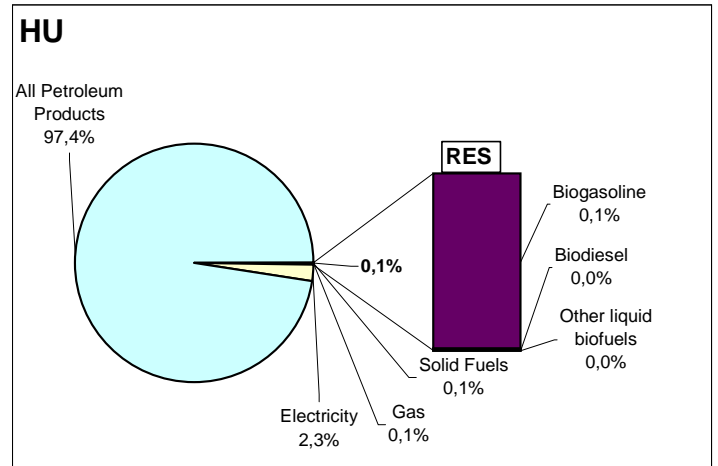
A new Renewable Energy Strategy and an Energy Efficiency Strategy and Action Plan were drafted in July 2007.

Key figures¹

Gross Electricity Generation by fuel (2005)



Final Energy Consumption by Fuel, Transport (2005)



Source: Eurostat

* Not including generation from hydro pumped storage, but including electricity generation to pump water to storage. Municipal Solid Waste, Wood waste, Biogas included.

For further information

To find out more about renewables, go to: http://ec.europa.eu/energy/res/index_en.htm

http://ec.europa.eu/energy/intelligent/index_en.html

To find out more about the current situation of renewables in the Member States, go to

http://ec.europa.eu/energy/res/legislation/electricity_member_states_en.htm

http://ec.europa.eu/energy/res/legislation/share_res_eu_en.htm

To find out more about support measures, go to

http://ec.europa.eu/energy/res/legislation/support_electricity_en.htm

To find out about a project or contact an energy agency in your region, go to

<http://www.managenergy.net/emap/maphome.html>

¹ Reliable and complete data for heating and cooling is not yet available from Eurostat

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What is meant by.....?

RES: Renewable energy sources

RES-E: Electricity production from renewable energy sources

RES-H: Production of heat and cold from renewable energy sources

Biofuels: Mainly includes biodiesel and bioethanol

Biomass: Includes solid biomass, biowaste and biogas

PV: Photo-voltaic - technology for the production of electricity from solar energy

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