



Boosting Community Energy Schemes in Hungary

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No „classical” community energy (CE) schemes as yet – a new concept in Hungary

- Over a century long co-operative tradition – but impaired by 40 years of „top down” state practice 1949-1989
 - weakened willingness, lower trust in co-operations
- Still some experience to build upon:
 - energy efficiency refurbishment initiatives in block of houses
 - wind park at Vép village – failed as CE enhancement
 - NGO co-ordinated activities – e.g.:
 - biobriquette manufacturing in the village of Told
 - modern straw bale house building community

Broad strategy targets

- Net carbon neutrality by 2050 for Hungary
- 90% carbon neutrality for power production by 2030 – (via nuclear and RES)
- 21% RES, -40% GHG by 2030, -65% GHG by 2040 re 1990
 - 6500 MW PV by 2030, 12 000 MW by 2040 (re current 2000 MW)
 - Involve hundreds of thousands of households

Min. of Innovation & Tech (ITM) took up our community energy proposal in the Energy Innovation Council

- CE has become part of the National Energy Strategy
 - Target: at least one CE in each sub-county district – 175 CE projects
- Innovative CE Pilot project calls from EU ETS allowance auction revenues - 7 proposals won grant in 2021. Regulatory sandbox.

Policy Drivers II.

Electricity Market Directive (EMD, 2019) – citizen energy community

- Only electricity - any energy source
- Widely open membership
- Implemented by Dec. 31, 2020

Renewable Energy Directive (RED2, 2018) - renewable energy community (REC)

- Electricity, heating & cooling – only renewable energy source
- Limited membership (natural persons, local authorities/municipalities, SMEs)
- Not a subgroup of citizen energy community (CEC)!
- To be Implemented in MSs by June. 30, 2021

REC under RED2 implemented via modifying the Electricity Act in Hungary, - unfortunately as a subgroup of CEC

- Thus RES heat is omitted/neglected
- Membership is not restricted in line with RED2

Participated in the implementation process – proposals, comments

Our addressed policy instrument in COLESCCE – „TOP(+)”

Since

- Low willingness to co-operate at self initiation
- Community energy/co-operative forms in energy are unknown forms in Hungary – additional risk for citizens
- Limited knowledge about energy in general
- Legal environment being formed

Catalyser actors are needed (just as for most new ideas)

- First of all municipalities with environmental awareness and of cooperative nature – increased trust –reduced risk perception
- This needs state support
 - *Support municipalities as catalysers of community energy*

Natural choice: Territorial and Settlement Dev't Operational Programme (TOP 2014-20) and now TOP Plus (2021-27)

- beneficiaries: municipalities
- Managing Authority: MoF, but with professional support of the energy policy maker, ITM

Influencing „TOP(+)”

- **Stage 1 - Planning of TOP+ (setting priorities)**

 - Goal: influence the design of the operative programme so that community energy is included – done
 - policy brief, discussions with ITM, MoF
- **Stage 2 - Executing of the operative programme (calls for applications – post EC approval of TOP+)**

 - Goal: Influence calls to come to include support measures along with financial resources that help municipalities
 1. confidently be part of establishing and become a member in an energy cooperative and/or
 2. facilitate all the activities that are necessary before a formal cooperative is established by residents

„Co-operative” council of Oldham in Greater Manchester Catalysing a Community Benefit Society (Oldham Community Power CBS) was an inspiration

Issues we aimed at and partially achieved

- by the activities of the Action Plan

- Community Energy be known, appreciated and supported among relevant policy makers – operative programme planners and municipalities
 - Hajdu-Bihar county: great expectations already!
- Cooperative willingness in municipalities
- Community Energy be known, appreciated and considered/taken up/initiated among citizens – generating interest
- Community Energy be known, appreciated and helped by the energy sector and intermediaries (NGOs, education institutes, community banks, etc.)

- **Territorial and Settlement Operational Development Programme Plus („TOP+” - for 2021-2027)**
 - beneficiaries: municipalities
- **Environmental and Energy Efficiency Operational Programme Plus („KEHOP+” - for 2021-2027)**
 - beneficiaries: households, SMEs, etc.
 - Managing Authority: ITM
 - integrated calls of TOP+ and KEHOP+ for energy communities with mixed membership
- **Modernization Fund based on the EU ETS Directive**
- **Recovery and Resilience Facility of the EU**
- **REC Participation in the Feed in premium tenders?**

Some further issues to solve in the CE sector in Hungary

- Detailed regulation at sub law (decree) level, e.g.
 - separate accounting of electricity feed in and purchasing after the world of net metering
 - TSO/DSO use of system charges for CE– reduction? Under discussion-elaboration
- Incorporating renewable heat
- Crowd financing – grey zone
- Taxation rules, allowances (personal income tax, VAT)
- Dissolve regulatory/supporting bias towards community own use and apprehension towards generation for sale
- Interpreting „*primarily* not for generating financial profit” provision



Thank you!

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Questions welcome



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