

# Energy client alert

## On result of the first METÁR tender

March 31, 2020

### Official result of the METÁR tender released: 72 winning bids

The Hungarian Energy and Public Utility Regulatory Authority (the “**MEKH**”) published the official results of the first METÁR tender on March 27, 2020. At the first METÁR tender, there were more than two and a half times more applicants than the amount of support available for allocation. From the 168 proposals submitted, 72 successful tenderers were awarded the total annual subsidy amount of HUF 229 million to be distributed over 15 years.

### Main features of the first METÁR tender

On September 2, 2019 the MEKH launched its first METÁR tender to promote and support renewable electricity production. In the course of the auction applicants could submit proposals for the total annual renewable support of HUF 1 billion with a maximum power generation capacity of 200 GWh/year.

Applicants could submit their bids in two categories based on the nominal capacity of plant units:

- 1) units with a nominal capacity exceeding 0.3 MW but lower than 1 MW (the “**0.3-1 MW category**”), where the maximum annual subsidy budget for allocation was HUF 333 million and the subsidized electricity volume available for allocation was maximized in 66 GWh/year;
- 2) units with a nominal capacity of at least 1 MW, but not exceeding 20 MW (the “**1-20 MW category**”), where the maximum annual new subsidy budget for allocation was HUF 667 million and the subsidized electricity volume available for allocation was maximized in 134 GWh/year.

The subsidized electricity available to applicants belonging to the same beneficial owner was maximized in 15 GWh/year in the case of plant units in the 0.3-1 MW category and 50 GWh/year in the case of plant units in the 1-20 MW category.

The tender was available to business organizations and municipalities that undertook to implement a renewable power plant through new investment projects or to make renovations or upgrades of their existing power plants in a value exceeding 50% of their original investment values.

In the tender documentation, the MEKH determined the maximum of subsidized price for which tenderers were to make proposals in HUF 26.08/kWh and lower price offers were the primary criteria in evaluating submitted bids.

We described the first METÁR tender in greater detail in our newsletter published in the autumn of 2019, which is [available here](#).

## Result of the first METÁR tender

The summary evaluation of the MEKH reveals that 168 proposals were submitted for the first tender, from which 72 (43%) proposals were declared successful, while 46 proposals (27%) were valid, but could not be declared successful due to their offer price. The remaining 50 proposals (30%) were declared invalid for some reason.

In the 0.3-1 MW category from the 74 valid proposals, 61 were declared successful. Out of the maximum 66 GWh subsidized electricity volume available for allocation, 415 MWh could not be allocated, since the minimum annual subsidized volume (partial fulfilment volume) requested by the next ranked applicant was 719 MWh, which would have exceeded the threshold for the subsidized volume. 62.4% was utilized from the annual new subsidy frame amount available for allocation.

In the 1-20 MW category, out of the 45 valid proposals, 11 were declared successful. Of the 134 GWh subsidized electricity volume available for allocation, 6 553 MWh was not utilized since the minimum annual subsidized volume (partial fulfilment volume) requested by the next ranked applicant was 10 080 MWh, which would have exceeded the threshold for the subsidized volume. Only 3.2% was utilized from the annual new subsidy frame amount available for allocation.

Capacity	Annual new subsidy amount (M HUF)	Annual new subsidy as a percentage of the	Annual new subsidy amount (M HUF)	Annual new subsidy as a percentage of the
<b>0.3-1 MW category</b>	~ 207,7	62,4%	65,6	99,4%
<b>1-20 MW category</b>	~ 21,4	3,2%	127,4	95,1%
<b>TOTAL</b>	<b>229,0</b>	<b>22,9%</b>	<b>193,0</b>	<b>96,5%</b>

Table I. – The annual new subsidy amount and subsidized electricity volume<sup>1</sup>

Compared with the 26.08 HUF/kWh offer price limit prescribed by the tender documentation, the successful tenderers made proposals for significantly lower subsidized prices. In the 0.3-1 MW category the lowest winning subsidized price was 21.2 HUF/kWh while in the 1-20 MW category it was 20.2 HUF/kWh.

Capacity	Lowest winning subsidized price (HUF/kWh)	Highest winning subsidized price (HUF/kWh)	Average winning subsidized price (HUF/kWh)
<b>0.3-1 MW category</b>	21,20	25,94	24,81
<b>1-20 MW category</b>	20,20	22,75	21,69

Table II. – The winning subsidized prices<sup>2</sup>

Most of the successful tenders plan to build fixed solar plants, while some opted for solar tracking systems. A power plant that intends to use gas originating from waste disposal facilities was also declared as a winning project. In accordance with the tender documentation, commercial operations must start within three years as from the date of the support decision in favor of the tenderer becoming final and binding.

According to the calculation of the Ministry for Innovation and Technology<sup>3</sup>, due to the supported new projects, the amount of electricity produced from solar energy will increase by one tenth compared to last year's production. This will be an important step towards achieving the objectives for 2030 set out in the National Energy and Climate Plan of Hungary and carbon-neutrality by 2050.

We are continuously monitoring the developments concerning METÁR so, if you have any questions, please feel free to contact us.

<sup>1</sup> See [http://www.mekh.hu/download/8/69/c0000/osszefoglalo\\_ertekeles.pdf](http://www.mekh.hu/download/8/69/c0000/osszefoglalo_ertekeles.pdf) page 6.

<sup>2</sup> See [http://www.mekh.hu/download/8/69/c0000/osszefoglalo\\_ertekeles.pdf](http://www.mekh.hu/download/8/69/c0000/osszefoglalo_ertekeles.pdf) page 8.

<sup>3</sup> See <https://www.kormany.hu/hu/innovacios-es-technologiai-miniszterium/energiaugyekert-es-klimapolitikaert-felelos-allamtitkar/hirek/72-palyazonyert-tamogatasi-az-also-metar-tenderen>

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