

# Energy client alert

## Recent changes in climate policy in Hungary

June 2020

### Major step to becoming a climate-neutral country

In early June Parliament reaffirmed Hungary's commitment to combating climate change through passing the Climate Protection Act (CPA). Parliament also confirmed the Climate and Environmental Protection Action Plan (CEPAP), adopted by the Government in February. The main elements of this legislative package are set out below.

#### 1. Climate protection act

CPA sets in statute the key objectives of the Hungarian National Energy and Climate Plan, adopted by the Government in January 2020, inter alia:

- 1) to reduce GHG emissions by at least 40% by 2030 based on 1990 levels,
- 2) energy consumption in 2030 to not exceed that for 2005, any other growth to be achieved only from a carbon-neutral energy source,
- 3) renewables to have a share of at least 21% in gross final energy consumption by 2030.

CPA committed to net-zero emissions by 2050. Hungary is one of very few countries to have made such a firm undertaking.

#### 2. Climate and environmental protection action plan

Parliament approved CEPAP, which the Government adopted in February 2020. In its resolution, Parliament called on the Government to implement the plan, featuring the following expected measures:

- 1) **Elimination of illegal waste disposal sites to begin as of 1 July.**
  - Waste Management Authority to be set up on 1 July 2020, to monitor the sector, identify illegal sites, impose penalties and order property owners to remove waste.
- 2) **Distribution of single-use plastics to be banned; deposit return schemes to be set up for glass and plastic bottles as well as metal cans.**
  - Plastic cups, cutlery, plates, straws and carrier bags to be banned from 1 Jan. 2021.

**3) Rivers to be protected from waste coming from abroad.**

- Emphasis to be placed on making rivers plastic-free, esp. the Tisza and Danube.

**4) Multinational companies expected to use environmentally friendly technologies, while support will be given to renewable energy production by SMEs.**

- HUF 32 billion will be provided to support renewable energy production by SMEs.
- Mátra Power Plant's lignite-burning units to be phased out and no coal-fired generation after 2025. New technologies such as solar and electricity storage to be introduced.

**5) Ten trees to be planted for every newborn baby.**

- Program to start in forests, on roadsides, by rail lines and on brownfield sites with the aim of planting one million trees a year or at least ten for every newborn baby.

**6) A six-fold increase in the capacity of solar power plants in the next 10 years.**

- Encouragement for the commissioning of solar power generating installed capacity of 3,000 MW by 2022 and at least 6,000 MW by 2030.
- Min. 1 million smart meters to be installed by 2030, to make electricity consumption more controllable.

**7) Support for wider availability and use of affordable electric cars.**

- Small and economy car models are expected to receive higher subsidies while newly built residential and office buildings must have charging stations.
- Green Bus Program – from 2022 new buses entering service in towns with a population of over 25,000 must be electric.

**8) Green Government Bonds to be introduced.**

- Green Government Bonds to be issued to finance public spending on climate protection, proceeds exclusively for climate-friendly programs.
- On 2 June, the Government issued 15-year, EUR 1.5 billion green bond for the first time; oversubscribed more than five-fold.

Hungary has made an important step towards achieving its climate goals – including going climate-neutral by 2050.

We are continuously monitoring developments on climate change and climate protection, so if you have any questions, please feel free to contact us.

## Contacts



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