

Energy client alert

Proposed regulatory amendments affecting the renewable industry in Hungary

December 2020

This newsletter provides an update on a recent legislative bill ([T/13678](#)) seeking to amend the Act on Electrical Energy (the “**Proposed Amendment**”), which was submitted to the Hungarian Parliament on November 10, 2020. If adopted, the Proposed Amendment will result in certain specific changes in the renewable energy market in Hungary, which would take effect as of January 2021. In the following, we outline a summary of the most significant changes that are expected to result from the Proposed Amendment.

Firstly, the Proposed Amendment aims to improve the transparency of the distribution of the available network connection capacities for renewable projects as follows:

- Network operators would be required to publish detailed information on their available connection capacities, including their financial and technical terms, on a six-monthly basis.
- Producers would be required to provide a financial guarantee in order to participate in the procurement procedure for the available network capacities.

The Proposed Amendment delegates the detailed implementation rules to be incorporated in the technical and distribution supply codes of the Hungarian electricity system.

Secondly, the Proposed Amendment aims to encourage producers to realize their renewable projects in a timely manner by setting the following new deadline for the implementation of the awarded network connection capacity:

- In case of small power plants, the date of connection may not be later than three years from the date on which the relevant network connection agreement entered into force; otherwise the right of connection would revert to the relevant network operator.¹

If adopted, the Proposed Amendment is expected to enter into force on January 1, 2021, hence it will presumably have an impact on those producers who intend to participate in the upcoming METÁR tender. We believe that, as a consequence of the Proposed Amendment, more connection capacities would become available on the network and the distribution of network capacities would become more transparent for investors.

We are continuously monitoring amendments to the renewable support schemes, so if you have any questions, please feel free to [contact us](#).

¹ In case of power plants of a capacity of 50 MW or greater, the relevant deadline would be five years.

Contacts



Anita Horváth

Partner,
Co-head Europe Energy sector group
E: anita.horvath@dentons.com



Eszter Zádori

Partner
E: eszter.zadori@dentons.com

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Dentons

1061 Budapest
Andrássy út 11.
T +36 1 488 5200
F +36 1 488 5299
dentons.com