

Research RES LEGAL - Grid issues

Country: Hungary

1. Overview of grid issues

Overview of grid regulations	The Act on Electric Energy (Act No. LXXXVI of 2007, as referred to in Act No. XXIX of 2011) gives priority grid connection and access to electricity generated from renewable energy. Furthermore, it imposes restrictions on electricity imports to the benefit of renewable energy. The costs for the connection of renewable energy systems to and the expansion of the grid are borne either by the system/plant operator or by the grid operator, depending on certain criteria.
Connection to the grid	Plant operators are contractually entitled to connection to the grid. Renewable energy systems and plants shall be given priority connection. The costs arising from the connection of a system to the grid are borne by the grid operator.
Use of the grid	Plant operators are contractually entitled to use the grid. Electricity from renewable sources shall be given priority transmission.
Grid expansion	The grid shall be expanded in such a way as to meet the political objective of promoting the generation of electricity from renewable energy sources. Electricity from renewable sources is not given priority in the context of the expansion of the grid. The grid operator shall bear the cost of an expansion of the grid for the benefit of systems that generate electricity from renewable energy, given that certain conditions are met.
Statutory provisions	<ul style="list-style-type: none">• Act No. LXXXVI of 2007 as amended by Act No. XXIX of 2011• Government Decree No. 273/2007. (X.19.)• Decree No. 117/2007 (XII. 29.)• Decree No. 119/2007 (XII. 29)

2. Basic information on legal sources

Name of legal source (original language)	2007. évi LXXXVI. törvény a villamos energiáról és a 2011. évi XXIX. törvény az energetikai tárgyú törvények módosításáról	273/2007. (X. 19.) Korm. rendelet a villamos energiáról szóló 2007. évi LXXXVI. törvény egyes rendelkezéseinek végrehajtásáról	117/2007. (XII. 29.) GKM rendelet a közcélú villamos hálózatra csatlakozás pénzügyi és műszaki feltételeiről
Full name			
Name of legal source (English)	Act No. LXXXVI of 2007 on Electric Energy as amended by Act No. XXIX of 2011 on Changes to the Legislation on Energy	Government Decree No. 273/2007 (X. 19.) on the Implementation of Act No. LXXXVI of 2007 on Electric Energy	Decree of the Ministry of Transport and Economy No. 117/2007 (XII. 29.) on the financial and technical terms and conditions for connection to the public electricity network
Abbreviated form	Act No. LXXXVI of 2007	Government Decree No. 273/2007 (X.19.)	Decree No. 117/2007 (XII. 29.)
Entry into force	15.10.2007	19.10.2007	01.01.2008
Last amended on	01.04.2011	01.07.2011	16.04.2010
Future amendments	An amendment to introduce green certificates in Hungary is currently being discussed.		
Purpose	Regulating the electricity market	The government decree regulates the implementation of the Act on Electric Energy.	Establishing the financial and technical terms and conditions for connection to the public electricity network
Relevance for Renewable Energy	One of the Act's priorities is to promote the generation of electricity from renewable energy sources and waste.	The government decree regulates the implementation of the incentive scheme for the generation of electricity from renewable sources.	The use of renewable energy sources may be rewarded with a reduction in the connection charges. The Decree sets different amounts of connection charges according to the proportion of renewable energy used. Systems that generate electricity from a primary source of energy and for which there is evidence that they produce at least a) 50% of their electricity from renewable energy sources, the connection charges

			<p>shall not exceed 70% of the charges specified in the Decree.</p> <p>b) 90% of their electricity from renewable energy sources, the connection charges shall not exceed 50% of the charges specified in the Decree.</p> <p>(§ 4 (5) Decree No.117/2007)</p>
Link to full text of legal source (original language)	http://www.eh.gov.hu/home/html/index.asp?msid=1&sid=0&lng=1&hkl=249	http://net.jogtar.hu/jr/gen/hjegy_doc.cgi?docid=A0700273.KOR&timeshift=1	http://net.jogtar.hu/jr/gen/hjegy_doc.cgi?docid=A0700117.GKM
Link to full text of legal source (English)	http://www.eh.gov.hu/gcpdocs/200801/a0700086count.doc The translation does not provide information on the latest amendment of the act.		
Name of legal source (original language)	119/2007. (XII.29) GKM rendelet a villamos energia rendszerhasználati díjakról		
Full name			
Name of legal source (English)	Decree of the Ministry of Transport and Economy No. 119/2007 (XII. 29.) on the Charges for the Use of the Electricity Grid		
Abbreviated form	Decree No. 119/2007 (XII.29)		
Entry into force	01.01.2008		
Last amended on	03.03.2011		
Future amendments			

Purpose	This decree determines the amount and composition of the charges for the use of the electricity grid.
Relevance for Renewable Energy	The charges set by the decree also apply to the operators of renewable energy systems.
Link to full text of legal source (original language)	http://www.complex.hu/jr/gen/hjegy_doc.cgi?docid=A0700119.GKM
Link to full text of legal source (English)	

3. Further information

Institution (name)	Website	Name of contact person (optional)	Telephone number (head office)	E-mail (optional)
Nemzeti Fejlesztési Minisztérium - Ministry of National Development	http://www.kormany.hu/en/ministry-of-national-development		+36 1-795-6766	ugyfelszolgalat@nfm.gov.hu
Magyar Energia Hivatal (MEH) – Hungarian Energy Office	http://www.eh.gov.hu/home/html/index.asp?msid=1&sid=0&HKL=1&lng=2		+36 145 977 77	eh@eh.gov.hu
Energia központ kht. - Energy Agency	http://www.energiakozpont.hu/english		+36 180 243 00	office@energiakozpont.hu
Új Széchenyi Terv – New Széchenyi Plan/ National Development Agency	http://ujszechenyiterv.gov.hu/content/7970		+ 36 1 40 638-638	ujszechenyiterv@nfu.gov.hu
MAVIR – Magyar Villamosenergia-ipari Átviteli Rendszerirányító Zártkörűen Működő Részvénytársaság – Hungarian transmission grid operator	http://www.mavir.hu/web/mavir-en/home		+36-1/304-1000	info@mavir.hu

4. Connection to the grid

Legal source	Act No. LXXXVI of 2007 as amended by Act No. XXIX of 2011 Government Decree No. 273/2007 (X.19) Decree No. 117/2007 (XII.29) Decree No. 119/2007 (XII.29)	
Overview	<p>System/plant operators are contractually entitled to connection to the grid. The grid operator is obligated to enter into the related grid connection agreements (§§ 35 (1), 58 (1) and (2) Act No. LXXXVI 2007). The agreements shall be in line with the conditions and procedures stipulated in other laws or in the grid operator's terms and conditions, which shall be approved by the Energy Office (§ 58 (1) Act No. LXXXVI 2007).</p> <p>Entitled party: All potential users of the grid are entitled to connection to the grid (§ 56 (1) Act No. LXXXVI 2007). A grid user is defined as an entity which, for the purpose of exporting or using electricity, is directly or indirectly connected to the public grid (§ 3 item 50 Act No. LXXXVI of 2007, as referred to in § 22 item 50 Act No. XXIX of 2011). This definition also covers the operators of renewable energy systems.</p> <p>Obligated party: The persons obligated are the grid operators and the operators of private electricity lines (§§ 15, 16, 35 (1), 58 (1) and (2) Act No. LXXXVI of 2007, as referred to in §§ 32, 33 Act No. XXIX of 2011).</p>	
Procedure	Procedure	<p>A claim for connection to the grid arises on the date on which a grid user meets the conditions set out in the grid connection agreement.</p> <p>1. The grid connection process for systems for private use (up to 50 kW) involves the following steps:</p> <ul style="list-style-type: none"> ▪ Application for connection by the system operator: A given system operator shall submit his application for connection to the grid operator. Having received the application, the grid operator is obliged to connect the system to the grid (§ 4 Government Decree No. 273/2007 (X.19)). ▪ System operator's obligation to provide information: The system operator is obliged to inform the grid operator in writing of the technical data of his system (§ 5 (3) Government Decree No. 273/2007). Moreover, when applying for an operating licence, the system operator is obliged to inform the competent authority whether or not the electricity produced is to be exported to the grid. If the electricity is to be exported, the grid operator shall take this into account when determining the conditions for connection to the grid (§ 5 (4) Government Decree No. 273/2007 (X.19)). <p>2. The grid connection process for micro-systems not subject to licensing (50 kW – 500 kW) and small-scale systems (500 kW – 50 MW) includes the following steps:</p> <ul style="list-style-type: none"> ▪ Application for connection: A system operator shall submit to the grid operator an application for connection in the required format (Annex 2, § 10 (1) (2) Government Decree No. 272/2007(X.19)). The documents and data to be included in an application for connection are defined by law

		<p>(Annex 2, § 10 (5) Government Decree No. 273/2007 (X.19)).</p> <ul style="list-style-type: none"> ▪ Provision of information and draft agreement on connection to and use of the grid: Having received an application for connection, the grid operator is obliged to inform the system operator on all relevant requirements for grid connection and use. In addition, the grid operator is obliged to make well-founded suggestions on how the system could be connected to and use the grid. These suggestions shall include a grid connection point and a cost estimate for the connection works. The draft agreement shall be free of charge. If the system operator has not provided all the documents and information required for connection to or use of the grid, the grid operator shall inform the system operator that the application is incomplete (Annex 2, § 10 (7) Government Decree No. 273/2007 (X.19)). The information to be provided and the content of the draft agreements are defined by law (Annex 2, § 10 (8) Government Decree No. 273/2007 (X.19)). ▪ Connection agreement: If the system operator accepts the draft agreement on connection, he shall sign it and send it back to the grid operator within the period set by the grid operator. The agreement will take effect on the date on which the grid operator receives the signed agreement (Annex 2, § 11 (1) Government Decree No. 273/2007(X.19)). If the system operator does not accept the draft agreement, he shall suggest amendments, sign the amended agreement and send it back to the grid operator. The agreement shall take effect only if the grid operator accepts the amendments, signs the amended agreement and sends it back to the system operator. The agreement will take effect on the date on which the grid operator signs it (Annex 2, § 11 (2) Government Decree No. 273/2007 (X.19)). The standard terms of a connection agreement are set out by law. However, the format and further provisions of such an agreement are stipulated in the grid operator's terms and conditions (Annex 2, § 13 (1) (2) Government Decree No. 273/2007 (X.19)). ▪ Grid use agreement: The system operators are entitled to apply for a grid use agreement. In this case the grid operator is obliged to sign a grid use agreement and send it to the system operator. The rules and requirements for grid use agreements are the same as for connection agreements (Annex 2, § 14 Government Decree No. 273/2007 (X.19)). The standard terms of a grid use agreement are set out by law. However, the format and further provisions of such an agreement are stipulated in the grid operator's terms and conditions (Annex 2, § 16 (1) (2) Government Decree No. 273/2007 (X.19)). ▪ Connection to the grid: After all the above-mentioned steps have been
--	--	--

		<p>taken, the grid operator is obliged to connect the system to the grid as soon as possible (§ 3 (1) Regulation No. 117/2007 (XII.29)).</p> <ul style="list-style-type: none"> ▪ Export of electricity to the grid: The system operator is obliged to submit an application to the Hungarian Energy Office, which then decides how much electricity may be funded by the feed-in tariff and exported to the grid. The decision on the electricity to be exported is based on several factors specified by law (§ 3 Government Decree No. 273/2007 (X.19)). <p>3. Connection of wind power plants:</p> <ul style="list-style-type: none"> ▪ Prior to the connection process, a wind power plant must be authorised in a tendering procedure which is developed and implemented by the Energy Office (§ 7 (2) (4) Act No. LXXXVI of 2007 as amended by § 26 Act No. XXIX of 2011).
	Deadlines	<p>Exact timelines and deadlines regarding access to the grid are laid down in the statutory provisions on electricity supply (§ 35 (2) Act No. LXXXVI of 2007). The following timelines apply to the connection of micro-systems (50 kW - 500 kW) not subject to authorisation and small-scale systems (500 kW – 50 MW):</p> <ul style="list-style-type: none"> ▪ The grid operator is obliged to produce a cost estimate and a draft agreement on connection within 30 days after receipt of an application (Annex 2, § 10 (7) Government Decree No. 273/2007 (X.19)). ▪ If the system operator has not submitted all the required documents and data related to his application, the grid operator shall inform the system operator within 15 days after receipt of the application that the application is incomplete (Annex 2, § 10 (7) Government Decree No. 273/2007 (X.19)). ▪ If a system operator requests a grid use agreement to be concluded, the grid operator shall send a draft agreement to the system operator within 15 days (Annex 2, § 14 Government Decree No. 273/2007(X.19)). ▪ If a system operator proposes amendments to the grid operator's draft connection and draft use agreements and the grid operator accepts these amendments, the grid operator is obliged to sign the agreement and send it back to the system operator within 15 days after receipt (Annex 2, §§ 11 (2), 14 Government Decree No. 273/2007(X.19)).
	Obligation to provide information	<p>The grid operator is obliged to make sure that the connection procedure is transparent (§ 30 Act No. LXXXVI of 2007; § 32 Act No. XXIX of 2011). During the connection process, the grid operator is obliged to inform the system operator in advance of the connection requirements and of the costs of the connection works (Annex 2, § 10 (7) Government Decree No. 273/2007 (X.19)). The information to be provided and the content of the draft agreements on</p>

		connection to and use of the grid are defined by law (Annex 2, § 10 (8) Government Decree No. 273/2007 (X.19)).
Priority to renewable energy (qualitative criteria)	(x) Priority to renewable energy () Non-discrimination	Renewable energy systems and plants shall be given priority connection (§ 35 (3) Act No. LXXXVI of 2007). Furthermore, the Energy Office shall give priority to renewable energy systems when authorising new systems (§ 78 Act No. LXXXVI 2007).
Capacity limits (quantitative criteria)	The grid operators may refuse to connect a system to the distribution or transmission grid for technical reasons. However, when refusing to connect a system, they are obliged to specify the conditions under which connection is granted. If technically possible, they shall provide for another connection point (§ 27 (2), (3) Act No. LXXXVI 2007, as referred to in § 40 Act No. XXIX of 2011). The grid operators are not allowed to refuse to connect a system to the grid because of expected capacity shortage. They are also not allowed to refuse connection in cases where they will incur costs because the connection of a system to a nearby connection point requires the grid to be expanded and reinforced (§ 40 Act No. XXIX of 2011).	
Funding		
	State	
	Consumers	The additional costs incurred to the grid operator for expansion works required to connect a renewable energy system are included in the grid use charges, which are set by the Energy Office (§ 7 (5) Act No. LXXXVI of 2007). Thus, the grid operators can pass on these costs to the end consumers.
	Grid operator	The grid operators shall bear the cost of connection of a new renewable energy system to the grid (§ 7 (5) Act No. LXXXVI of 2007).
	System operator	<p>Ministerial Decree No. 117/2007 establishes the conditions under which the costs of connection are set and defines the proportion of the costs to be borne by the system operator. The connection charges include the basic connection charge, the charge for the extension of the grid from the connection point to the system, and the charge for extension works beyond the connection point (§ 4 (1) Decree No. 117/2007 (XII.29)). If the connection of a system requires the grid to be extended from the system to the connection point or beyond and the length of the required line exceeds the limit set in the Decree, the system operator shall pay extra charge. If the length of the line is below this limit, the grid operator shall not charge the system operator for the extension of the grid from the system to the connection point or beyond (§§ 6, 7 Decree No. 117/2007(XII.29)). Systems that generate electricity from a primary source of energy and for which there is evidence that they produce at least</p> <ul style="list-style-type: none"> 50% of their electricity from renewable sources, the connection charges shall not exceed 70% of the charges specified by the Decree.

		<ul style="list-style-type: none"> 90% of their electricity from renewable sources, the connection charges shall not exceed 50% of the charges specified in the Decree (§ 4 (5) Decree No. 117/2007 (XII.29)).
	Distribution mechanism	

5. Use of the grid

Legal source	<ul style="list-style-type: none"> • Act No. LXXXVI of 2007 as amended by Act No. XXIX of 2011 • Government Decree No. 273/2007 (X.19) • Decree No. 119/2007 (XII.29) 	
Overview	<p>The system operators are contractually entitled to use the grid. They are also entitled to the guaranteed purchase and the transmission of their electricity (§ 58 (1) Act No. LXXXVI of 2007). The grid operator is obliged to enter into agreements on the use of the grid (§ 58 (2) Act No. LXXXVI of 2007).</p> <p>Entitled party: The persons entitled to use the grid are the grid users. Grid users shall be all entities directly or indirectly connected to the public grid for the purpose of exporting or using electricity (§ 22 item 50 Act No. LXXXVI of 2007). This definition includes the operators of renewable energy systems.</p> <p>Obligated party: The entities obligated are the grid operators, including the operators of private electricity lines (§ 58 (2) Act No. LXXXVI of 2007).</p>	
Procedure	Procedure	<p>The claim for use of the grid arises on the date on which the grid use agreement is concluded and the system operator complies with the conditions specified therein.</p> <p>To conclude a grid use agreement for a micro-system not subject to authorisation (50 kW – 500 kW) or a small-scale system (500 kW – 50 MW), the following steps must be taken:</p> <ul style="list-style-type: none"> ▪ Grid use agreement: The system operators are entitled to apply for a grid use agreement. Upon receipt of an application, the grid operator is obliged to sign a grid use agreement and send it to the system operator. The rules and requirements for grid use agreements are the same as for connection agreements (Annex 2, § 14 Government Decree No. 273/2007 (X.19)). The standard terms of a grid use agreement are set out by law. However, the format and further provisions of such an agreement are stipulated in the grid operator's terms and conditions (Annex 2, § 16 (1) (2) Government Decree No. 273/2007 (X.19)). ▪ Export of electricity to the grid: The system operator is obliged to submit an application to the Hungarian Energy Office, which then decides how much electricity may be funded by the feed-in tariff and exported to the grid. The decision on the electricity to be exported is based on several factors specified by law (§ 3 (3) Government Decree No. 273/2007 (X.19)). After entering into a grid use agreement, the grid operator is obliged to grant to the system operator access to and use of the grid at any time (Annex 2, §§ 6 (1), 7 Government Decree No. 273/2007 (X.19)).
	Deadlines	Exact deadlines regarding access to the grid are laid down in the statutory provisions on electricity supply (§ 35 (2) Act No. LXXXVI of 2007). The following timelines apply to the use of the grid by micro-systems not subject to

		<p>authorisation (50 kW - 500 kW) and small-scale systems (500 kW – 50 MW):</p> <ul style="list-style-type: none"> ▪ If a system operator requests a grid use agreement to be concluded, the grid operator shall send a draft agreement to the system operator within 15 days (Annex 2, § 14 Government Decree No. 273/2007 (X.19)). ▪ If a system operator proposes amendments to the grid operator's draft use agreements and the grid operator accepts these amendments, the grid operator is obliged to sign the agreement and send it back to the system operator within 15 days after receipt (Annex 2, §§ 11 (2), 14 Government Decree No. 273/2007 (X.19)).
	Obligation to provide information	The grid operator is obliged to make sure that access to the grid is transparent (§ 30 Act No. LXXXVI of 2007; § 32 Act No. XXIX of 2011). During the connection process, the grid operator is obliged to inform the system operator in advance of the costs of the connection works and the connection requirements (Annex 2, § 10 (7) Government Decree No. 273/2007 (X.19)). The information to be provided and the content of a draft agreement on use of the grid are defined by law (Annex 2, § 10 (8) Government Decree No. 273/2007 (X.19)).
Priority to renewable energy (qualitative criteria)	(x) Priority to renewable energy () Non-discrimination	The operators of renewable energy systems are entitled to priority use of the grid (§ 35 (3) Act No. LXXXVI of 2007). Furthermore, services are limited for imports to the benefit of electricity generated from renewable energy (§ 36 (1) Letter g) Act No. LXXXVI of 2007).
Grid stability	Priority use by renewable energy systems shall not be granted if grid stability is at risk (§ 35 (2) Act No. LXXXVI of 2007). The reasons and conditions for limiting and revoking the grid use agreement are set out in additional provisions by the grid operators (Annex 2, § 8 (2) Government Decree No. 273/2007 (X.19)).	
Funding		
	State	
	Consumers	
	Grid operator	
	System operator	The plant operator shall cover the costs for grid use (§ 27 (5) in connection with § 142 Act No. LXXXVI of 2007) by paying grid use charges. The grid use charges shall cover the grid operator's costs (§ 142 (6) Act No. LXXXVI of 2007). The amount and composition of the grid use charges are set out in Decree No. 119/2007 (XII.29).
	Distribution mechanism	

6. Grid expansion

Legal source	<ul style="list-style-type: none"> • Act No. LXXXVI of 2007 as amended by Act No. XXIX of 2011 • Government Decree No. 273/2007. (X.19.) • Decree No. 117/2007 (XII. 29.) 	
Overview	<p>A system operator may be contractually entitled against the grid operator to an expansion of the grid, if the expansion is necessary to satisfy a claim for connection to the grid. The grid operator is obliged to enter into this contract. He is expressly obliged to guarantee the connection of all systems to the grid (§ 8 (1) Government Decree No. 273/2007 (X.19)). Apart from that, the grid operators are generally obliged to guarantee the smooth operation and provide for the maintenance of the grids (§ 14 Act No. LXXXVI of 2007, as referred to in § 32 Act No. XXIX of 2011).</p> <p>Entitled party: The entitled persons are the grid users (§ 3 (2) Decree No. 117/2007 (XII. 29)).</p> <p>Obligated party: The obligated entities are the grid operators (§ 6 (1) Decree No. 117/2007 (XII. 29)).</p>	
Procedure for system operators	Procedure	The development plans for the transmission grid shall be in line with the energy policy target of promoting renewable energy (§ 25 (2) Act No. LXXXVI of 2007, as referred to in § 38 Act No. XXIX of 2011). Priority for renewable energy is not explicitly prescribed by law. According to the DSO, the expansion works necessary to connect a system are carried out after a grid connection agreement has been concluded.
	Enforcement of claims	The circumstances in which a claim for the expansion of the grid arises and the enforcement of such a claim depend on the agreement between the grid operator/company and the grid user (e.g. plant operator), (§ 8 (3) Government Decree No. 273/2007 (X.19)).
	Deadlines	Statutory law does not provide any deadlines for the expansion of the grid. The legislative provisions on electricity supply establish a binding legal framework, within which the grid operators, the owners of grid elements and real estate owners shall conclude contracts. Agreements between a grid operator/company and the grid users (e.g. plant operators) may stipulate deadlines regarding the possible expansion of the grid. The contract (agreement) having been concluded, the grid operator is obliged to expand his grid within a period as short as possible and according to technical feasibility (§ 3 (1) Decree No. 117/2007 (XII.29)).
	Obligation to provide information	
Incentives for grid expansion		
Funding		

	State	
	Consumers	In the end, the consumers bear the costs for the expansion of the grid through the electricity price (§ 8 (2) Government Decree No. 273/2007 (X. 19.)).
	Grid operator	The grid operators shall temporarily bear the costs for expansion works carried out to connect a new renewable energy system to the grid (§ 7 (5) Act No. LXXXVI of 2007).
	System operator	When calculating the grid access fees, the Energy Office shall include, to a reasonable extent, the costs for connection to and the expansion of the grid, which are borne by the grid operators (§ 7 (5) Act No. LXXXVI of 2007). A system operator shall pay the charge for the expansion of the grid beyond the grid connection point only if the length of the required line exceeds the limit set out in the Decree. If the length of the line is below this limit, the grid operator shall not impose charges for expansion works beyond the connection point (§§ 6, 7 Decree No. 117/2007 (XII.29)).
	Distribution mechanism	<p>When setting the grid use charges, the Hungarian Energy Office accounts for the grid operator's expenses.</p> <ul style="list-style-type: none"> • Grid operator - grid user (energy supply companies). The costs of the expansion of the grid are initially borne by the grid operator. He may collect the costs for expansion works in advance by including them in the grid use charges. Thus, he may pass on these costs to the energy supply companies (§ 7 (5) Act No. LXXXVI of 2007; § 8 (2) Government Decree No. 273/2007 (X. 19.)). • Grid user (energy supply company) – final consumers. The energy supply companies may pass on the costs for the expansion of the grid, which they bear through the grid use charges, to the final consumers through the electricity price (§ 8 (2) Government Decree No. 273/2007 (X 19)).
Grid development studies	<p><u>Mavir 2010 Grid Development Plan</u> (A Magyar Villamosenergia-rendszer Hálózatfejlesztési Terve 2010)</p> <p>Information in Hungarian: http://www.mavir.hu/c/document_library/get_file?uuid=3dd80445-53b8-4975-ad05-02f1e425d1f6&groupId=10258</p> <p>Information in English is not available.</p>	