

# Status quo and opportunities for Hungarian RES policies

Authors:

Lukas Liebmann, Gustav Resch

Energy Economics Group (EEG)  
Technische Universität Wien

Contact:

Web: <http://eeg.tuwien.ac.at>

Email: [liebmann@eeg.tuwien.ac.at](mailto:liebmann@eeg.tuwien.ac.at), [resch@eeg.tuwien.ac.at](mailto:resch@eeg.tuwien.ac.at)



... based on research of the  
*Intelligent Energy Europe Project*

**towards2030-dialogue**

(Dialogue on a RES policy framework for 2030)

The **EU Energy Roadmap 2050** gave the first signals on possible development paths for renewable energies beyond 2020 ... and **identified renewable energies as an indispensable option** as a central pillar on the way to a climate friendly energy system.

This presentation provides

- **Status quo and Outlook** for Hungary to 2020 and beyond
- **A new target for 2030** at EU Level
- **Governance of the Energy Union** as part of the “Clean energy for all Europeans”
- **2 theses**, which will serve to sketch **necessary further steps**
- An **outlook on 2030**, showing possible effort sharing regime, which could serve as a benchmark for the governance and monitoring regulations within the clean energy package

Hungary's share of renewables energies sources (RES) in **2011** with a share of **13.97%** was already higher than its **target for 2020 of 13%** as of the RED and 14,65% as of Hungary's National Renewable Action Plan (NREAP)

- But the RES share **peaked in 2013 at 16.21%** and has **declined four years in a row**, reaching **13.33% in 2017** according to latest statistics
- If this downward trend continues, Hungary runs the risk of not reaching its target
- The main reasons for this downward trend
  - **Unstable support policy framework** for the support of RES technologies
  - **Increasing gross final demand** of energy especially since 2015
- Hungary's draft National Energy and Climate Plan (**NECP**) was submitted by 31 December 2018. The draft includes a **planned RES share of 20% for 2030**

## Renewables will continue to **play a key role** in helping the EU meet its energy needs **beyond 2020**

- EU countries agreed **in 2014 on a new renewable energy target** of at least 27% of EU's final energy consumption by 2030, as part of the EU's energy and climate goals for 2030
- On **30. November 2016**, as part of the **Clean Energy Package**, the Commission published a proposal for a revised Renewable Energy Directive **to make the EU a global leader in renewable energy** and to ensure that the 2030 target is met
- On **14. June 2018** the Commission, the Parliament and the Council reached a political agreement which includes a binding renewable energy **target for the EU for 2030 of 32%**, with a clause for an upwards revision by 2023

- The regulation on the **governance of the energy union and climate action** entered into force on the **24. December 2018**
- Agreed as part of the “Clean energy for all Europeans” package, the goals of the new regulation are:
  - to **implement strategies and measures which ensure that the objectives** of the energy union
  - to **stimulate cooperation between Member States** in order to achieve the objectives and targets of the energy union
  - to **promote long-term certainty and predictability for investors** across the EU and **foster jobs, growth and social cohesion**
  - to **reduce administrative burdens**, in line with the principle of better regulation
  - to **ensure consistent reporting by the EU and its Member States** under the UN Framework Convention on Climate Change and the Paris agreement

31.12.2018  
Draft action plan  
designed by MS,  
followed by  
recommendations  
by the European  
Commission

31.12.2019  
Submission of  
the final action  
plan for 2021-  
2030

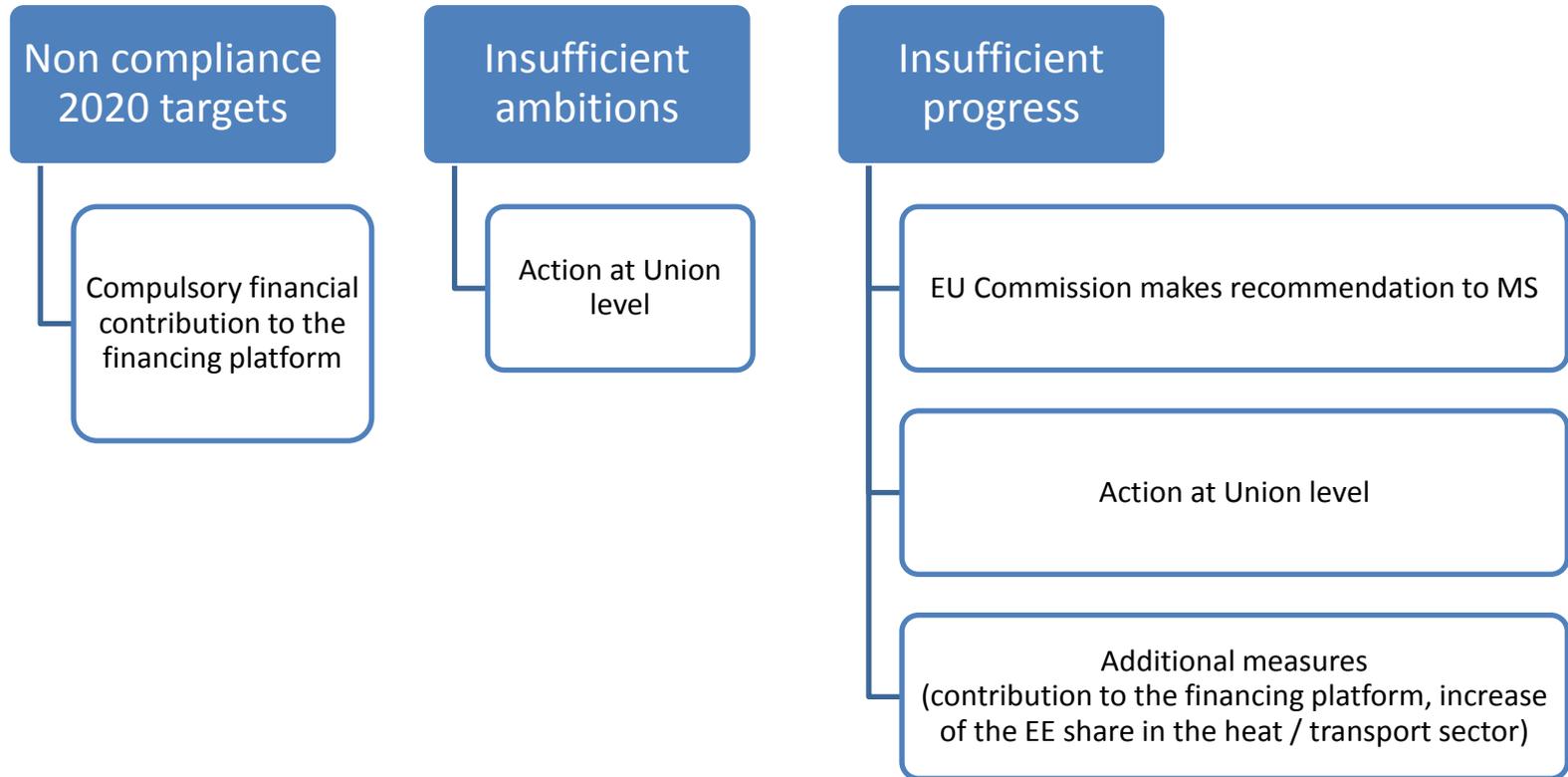
Assessment  
of the MS  
action plans  
by the  
Commission

15.3.2021  
Progress reports  
of MS; Then  
every 24 months

31.10.2021  
Assessment of  
progress at EU  
and MS level;  
Then every 24  
months

1.1.2023  
Possible  
update of  
MS plans

- The Commission examines the Member States' plans primarily for the collective achievement of the Energy Convention + two-year progress assessment

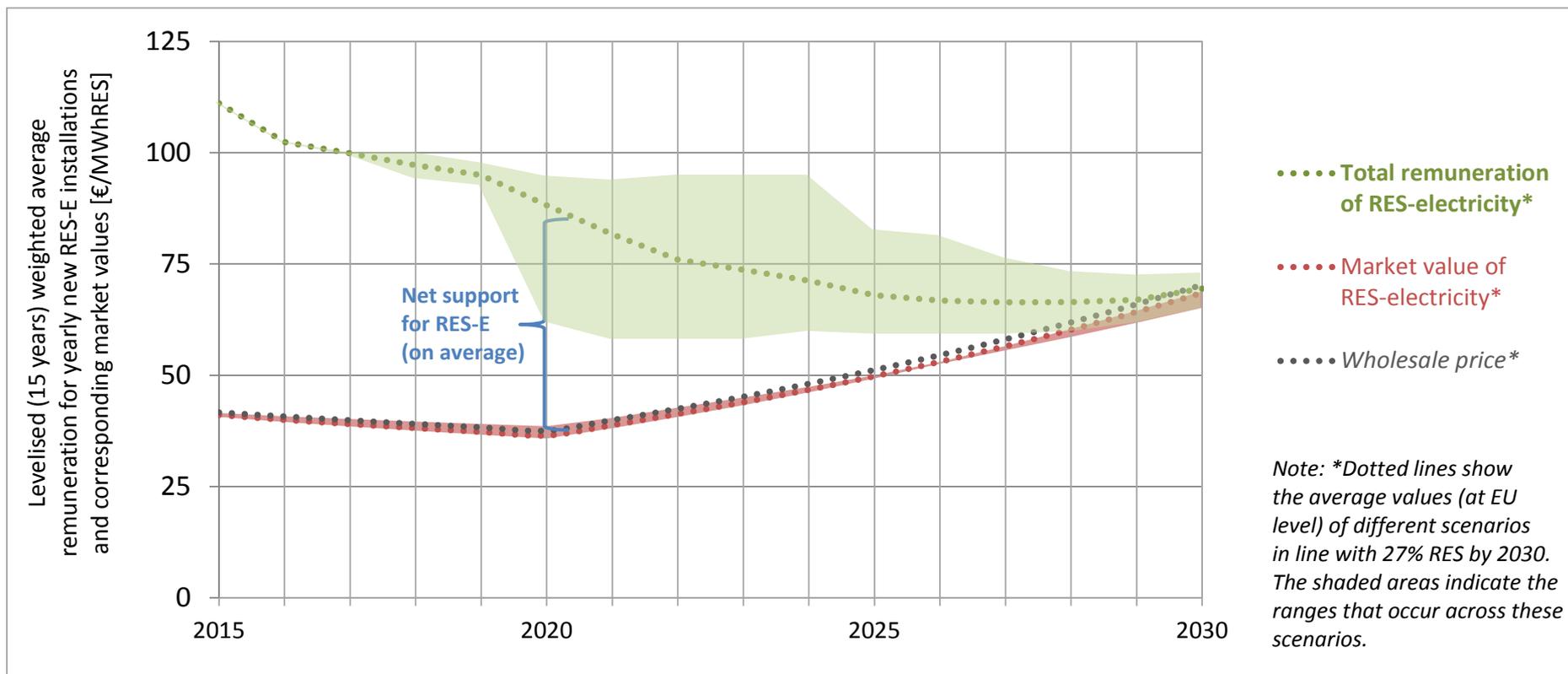


⇒ Exact consequences in the case of non-compliance or low ambition level still unclear

⇒ So far neither mandatory national targets nor benchmarks are considered

- Average required total remuneration of electricity from renewable energy sources and possible (maximum) market losses

## → Required financial support (net funding)



*(Thesis 1) The need for financial support (at moderate levels) for renewable energies is also needed after 2020 to reach the target of 32% of renewable energies in 2030*

- the Parliament and the Council reached a political agreement which includes a binding renewable energy target for the EU for 2030 of 32%,
  - ... but: **It is currently unclear what contribution Member States can or should achieve** to comply with the overall EU target ("Effort sharing")
- In order to obtain a clearer picture, the European Commission should publish benchmarks or indicators on the contribution of individual Member States.

*(Thesis 2) **Benchmarks** that break down the EU-wide target at Member State level are helpful in encouraging Member States to make ambitious commitments to "share the effort".*

- To increase the RE share at CP level according the **formula set out in Annex Ia** of the Amendments adopted by the European Parliament on 17 January 2018
- This approach follows **an integrated concept that takes into account:**
  - ✓ the differences in **economic development**
  - ✓ the **potential** for cost-effective RE deployment
  - ✓ the **interconnection level** in the European Network of Transmission System Operators for Electricity (ENTSO-E) across the EU
- This approach strictly follows the descriptions set out in Annex Ia
- The shown results in this presentation **do not represent the official EU 2030 benchmark**
  - Missing official least-cost scenario for the EU 28 countries used for the potential-based contribution
  - The data and formula used for calculating the interconnection-based contribution is unclear

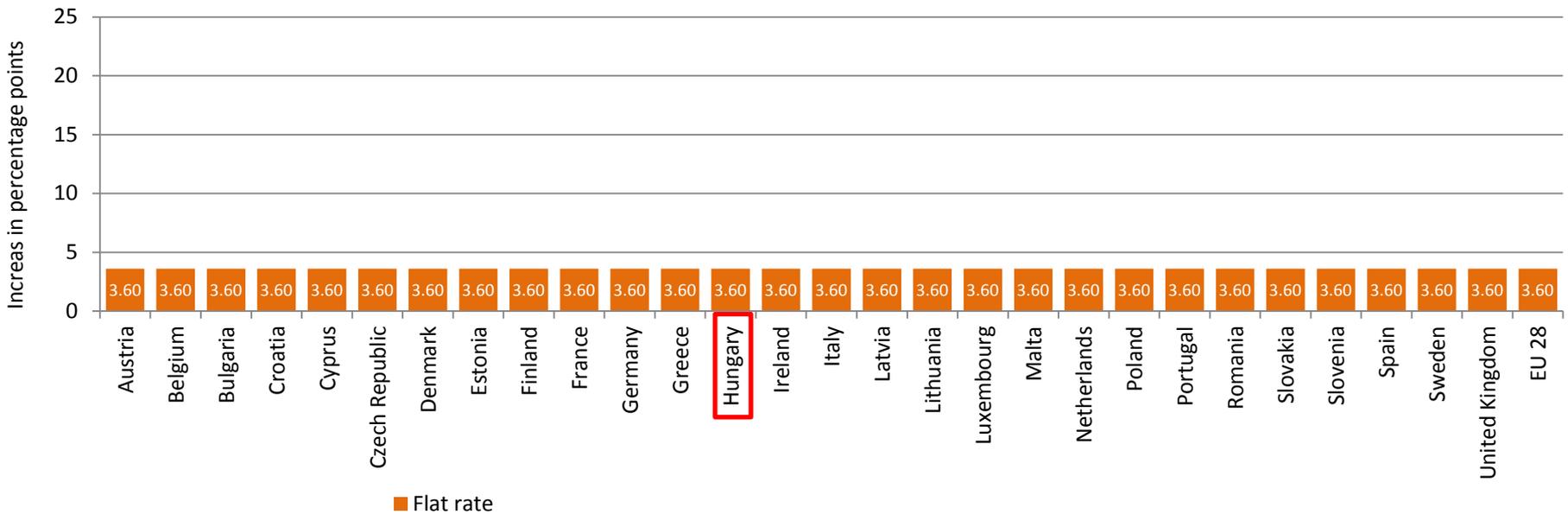
## The details of the calculation

### ***Amendment 270, Proposal for a directive Annex Ia (new) - Text proposed by the Commission***

A Member State's targets for 2030 shall be the sum of the following components, each expressed in percentage points:

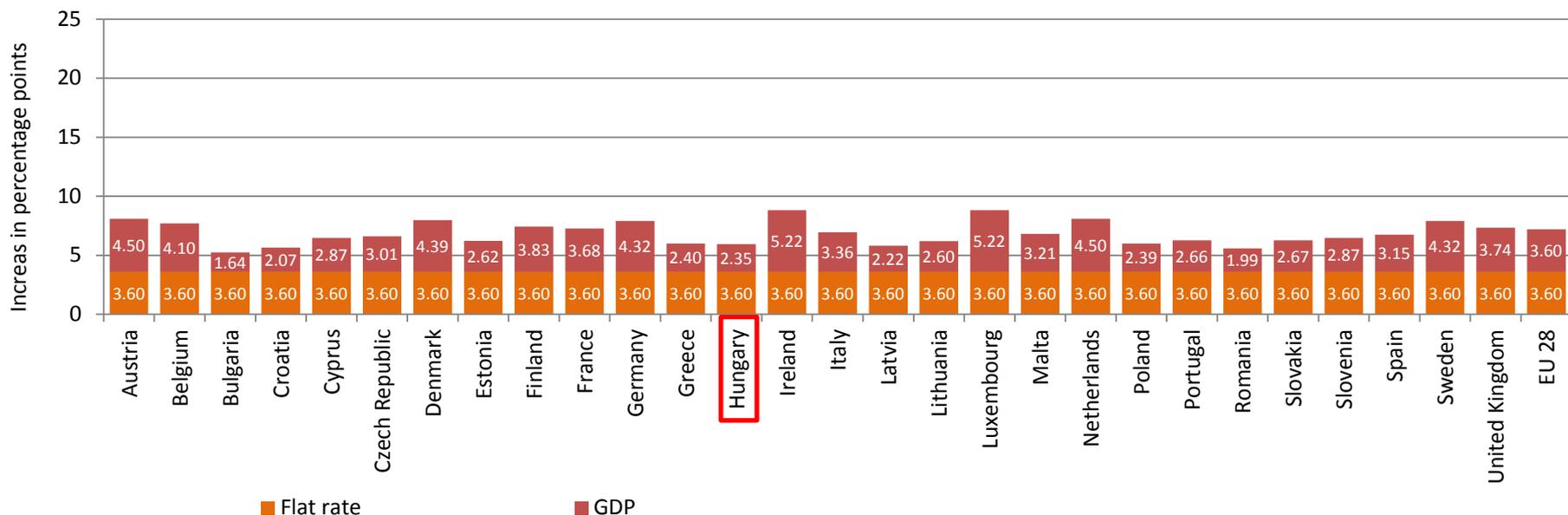
- (a) the **Member State's national binding target for 2020** as set out in Annex I of the Directive COM(2016) 767 final/2
- (b) a **flat rate contribution** ("C<sub>Flat</sub>")
- (c) a **GDP-per-capita based contribution** ("C<sub>GDP</sub>")
- (d) a **potential-based contribution** ("C<sub>Potential</sub>")
- (e) a **contribution reflecting the interconnection level** of the Member State ("C<sub>Interco</sub>")

Share increase compared to 2020 target



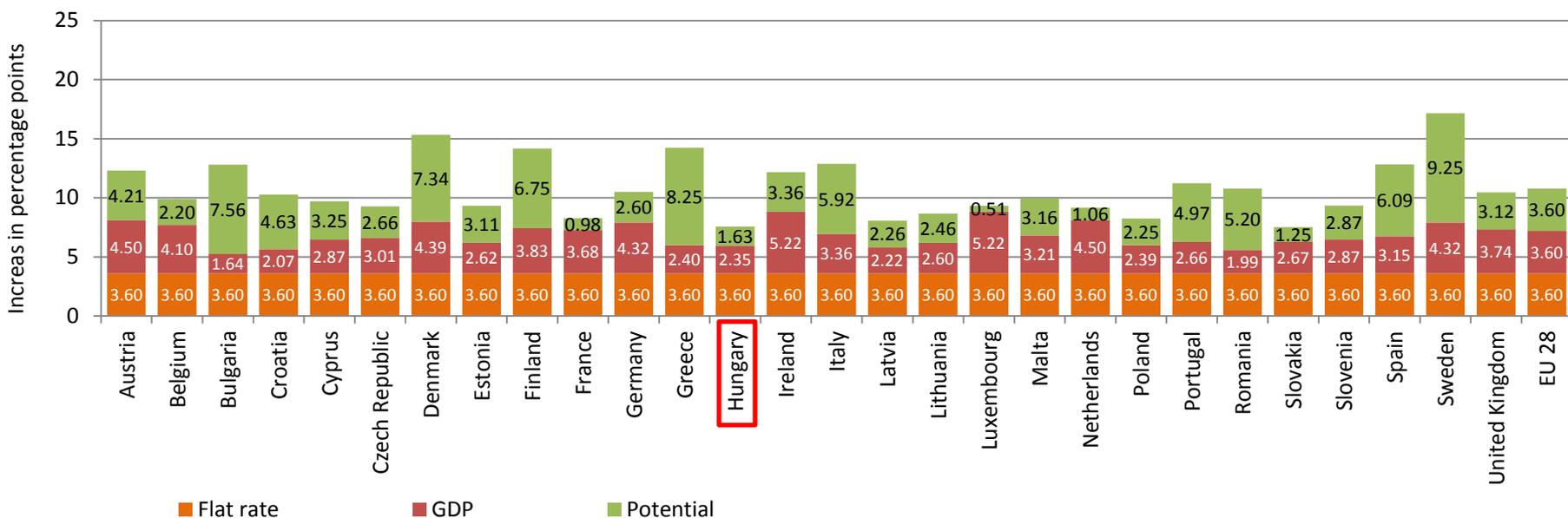
2.  $C_{Flat}$  shall be the same for each Member State. All Member States'  $C_{Flat}$  shall together **contribute 30 %** of the difference between the Union's targets for 2030 and 2020.

Share increase compared to 2020 target



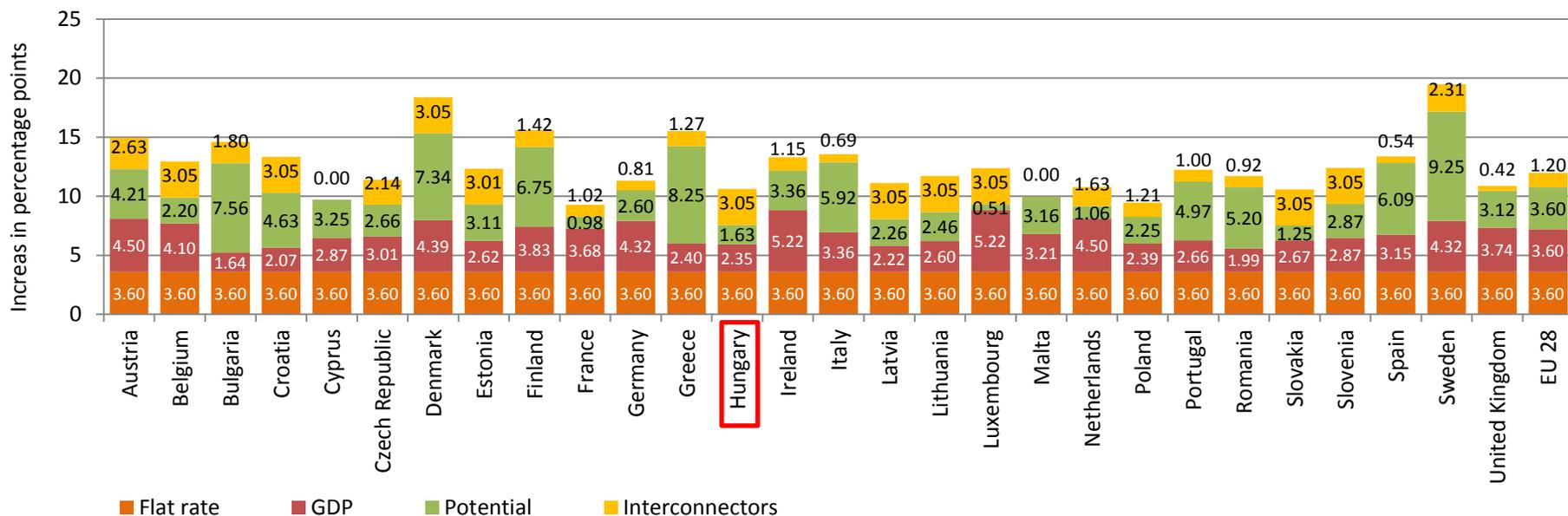
3.  $C_{GDP}$  shall be allocated between Member States based on a GDP per capita index to the Union average, where for each Member State individually the index is **capped at 150 % of the Union average**. All Member States'  $C_{GDP}$  shall together **contribute 30 %** of the difference between the the Union targets for 2030 and 2020.

Share increase compared to 2020 target

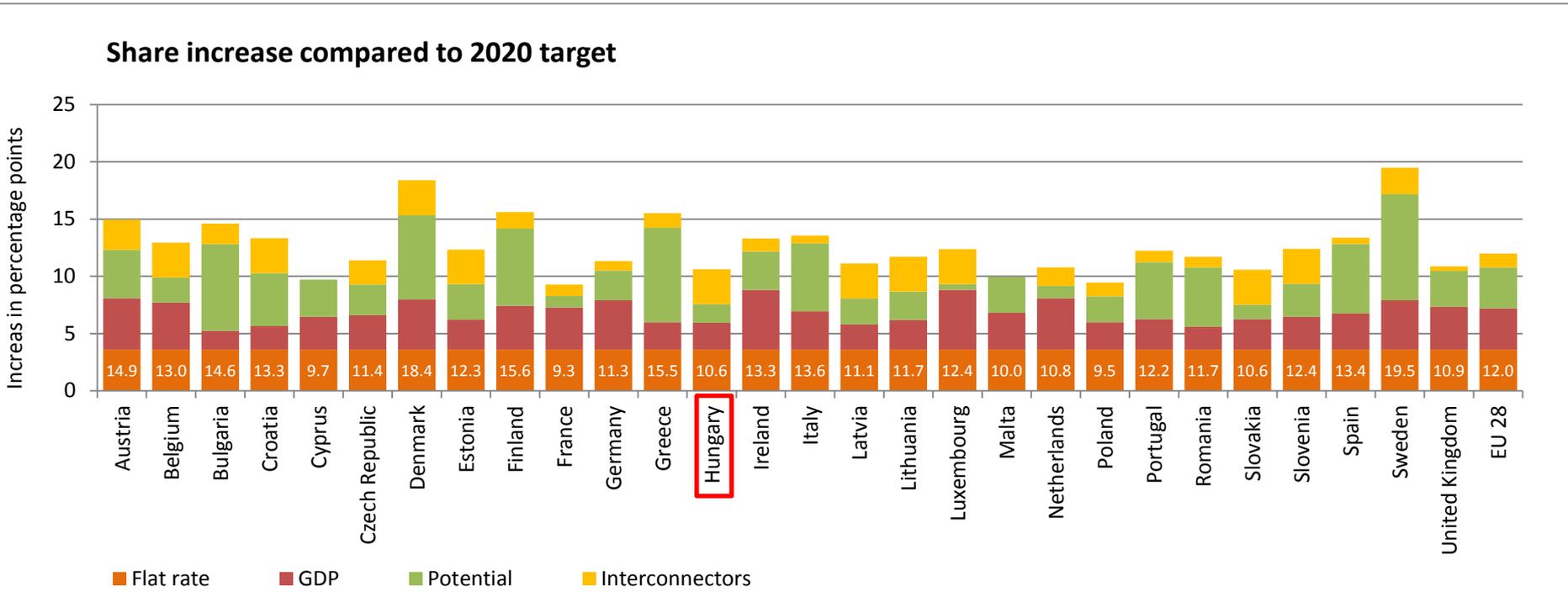


4.  $C_{Potential}$  shall be allocated between Member States based on the difference between a Member State's RES share in 2030 as shown in PRIMES EU CO<sub>2</sub> scenario and its national binding target for 2020. All Member States'  $C_{Potential}$  shall together **contribute 30 %** of the difference between the Union targets for 2030 and 2020. (→ Least cost allocation)

Share increase compared to 2020 target



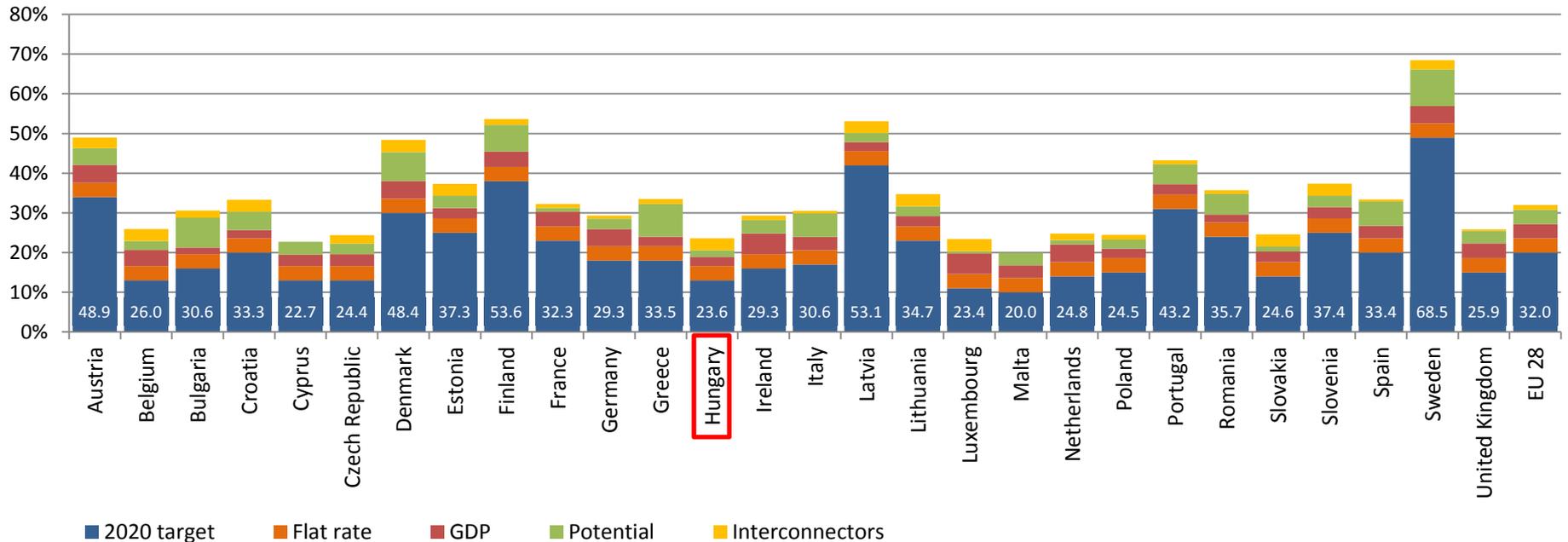
5.  $C_{Interco}$  shall be allocated between Member States based on an electricity interconnection share index to EU average, where for each Member State individually the interconnection share index is **capped at 150% of the EU average**. All Member States'  $C_{Interco}$  shall together **contribute 10%** of the difference between the EU targets for 2030 and 2020.



**Figure: Resulting RE share net increase between 2020 and 2030 for all Member States according to the proposed target setting approach (i.e. a “four component” approach).**

(Source: EUROSTAT, 2019; own calculations)

## RES share in 2030



**Figure: 2030 RE Targets according to the proposed target setting approach (i.e. a “four component” approach).**

(Source: EUROSTAT, 2019; own calculations)

## The theses and framework to be derived for the Czech Republic at a glance

- **Financial support** (at moderate levels) for renewable energies **is also needed after 2020** to reach the EU wide target of at least 32% renewable energies in 2030
- **Benchmarks** that break down the EU-wide target at Member State level are **useful in encouraging Member States** to provide ambitious commitments for "sharing the effort"
- The proposed target for the share of **renewable energies for at least 20% for 2030** in Hungary's NCEP seems to be too low to represent a fair share of the effort to reach the 32% RES target at EU level
  - The planned 20% target constitutes a raise of 7 percentage points (pp) compared to the 2020 RED target of 13%
  - The EU target of 32% for 2030 shows an increase of 12 pp vs. 2020
  - The calculations presented for the 4 factor effort sharing approach result in a target of 23.6% or raise of 10.6 pp for Hungary

# Thank you for your attention!

*Interested in more information on this topic?*

[www.towards2030.eu](http://www.towards2030.eu)

## Literature

Amendments adopted by the European Parliament on 17 January 2018 on the proposal for a directive of the European Parliament and of the Council on the promotion of the use of energy from renewable sources (recast) ([COM\(2016\)0767](#) – C8-0500/2016 – [2016/0382\(COD\)](#))(1) (Ordinary legislative procedure – recast)

<http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT%20TA%20P8-TA-2018-0009%200%20DOC%20XML%20V0//EN&language=EN>

Resch et al. (2018) Study on 2030 overall targets (energy efficiency, renewable energies, GHG emissions reduction) for the Energy Community, [https://rekk.hu/downloads/projects/MC\\_Annex16a\\_122017.pdf](https://rekk.hu/downloads/projects/MC_Annex16a_122017.pdf)

EUROSTAT (2019) Shares <https://ec.europa.eu/eurostat/web/energy/data/shares>

**Lukas Liebmann**

[liebmann@eeg.tuwien.ac.at](mailto:liebmann@eeg.tuwien.ac.at)



*Dialogue on a RES  
policy framework  
for 2030*

towards2030

*Issue Paper No. 2*

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Climate and Energy Frame-  
work – a closer look at re-  
newables and opportunities  
for an Energy Union

Authors:  
Anne Held, Mario Ragwitz; Fraunhofer ISI  
Gustav Resch, Lukas Liebmann; TU Wien /  
EEG  
Fabio Genoise, Centre for European Policy  
Studies (CEPS)

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