Business as usual for fossil fuels subsidies

The draft NECP has a number of gaps since it is dependent on the ongoing revision of the national energy strategy that is expected in autumn 2019. Stakeholders including energy experts from civil society were asked to provide initial inputs in August 2018, but no feedback was provided by the Ministry of Innovation and Technology. The draft NECP sent to the Commission on 31 January 2019 has not yet been published officially by the government. Instead since February, the NECP - without annexes - has been available on the Commission website.

Public consultations on the NECP and the subsequent SEA process is planned to run between late spring and autumn 2019, but the timeline is not yet clear. On a positive note, the Hungarian government does plan to consult neighbouring countries about its plan.

Level of Ambition

Modest targets for 2030 have been set at 20 per cent for renewables and an eight to ten per cent improvement in energy efficiency levels, relative to the business-as-usual scenario of increasing primary energy consumption. The 40 per cent greenhouse gas reduction target for 2050 (8.2 million tCO2e reduction compared to 1990 levels) is also not ambitious.

Emissions are already 35 per cent lower today than compared to 1990 levels, and almost 80 per cent of the targeted GHG reductions could come from phasing out the lignite and biomass-fired Mátra power plant. But with emissions on the rise since 2015, this 40 per cent target was deemed ‘realistic’ in comparison with the business-as-usual scenario (31.7 per cent). It is worth noting that Hungary’s GHG emissions are still well below EU averages, both in absolute terms and per capita or in carbon intensity.

The lack of an integrated approach to an energy transition is visible in the mismatch between a viable RES target of 6000 MW photovoltaics but without grid-related investments and plans for facilitating prosumers. Measures for facilitating prosumers and energy cooperatives are also missing. In the same time traditional sources of electricity production such as nuclear energy continue to be pushed at all costs.

The NECP falsely claims that subsidies are not provided for the consumption of fossil fuels in Hungary. The draft NECP does not account for the ongoing political process where the government is exploring how to phase out coal-based electricity by 2025. Annex 1 of the NECP contains a measure for the “phase out of coal-based household heating” but a timeline (and the method) is not defined. In addition, measures to reduce energy poverty are not present in the plan, even though this is a key area that can be addressed through energy efficiency in buildings and is also affected by a full coal phase-out in households.

On a positive note, Hungary has tried to progress in interconnecting its energy system with neighbouring countries.