

Natural gas trading unit of state-owned Hungarian Electricity Works (MVM) has signed a six-year agreement with Shell to purchase an annual 250 million cubic meters of liquefied natural gas (LNG) for regasification at the Croatian LNG terminal in Krk, from 1 January 2021 to 1 October 2027, Hungarian Minister of Foreign Affairs and Trade Peter Szijjarto announced.

Minister Szijjarto stressed that both conditions are now met for the delivery of liquefied natural gas from the Krk LNG terminal to Hungary. MFGK Croatia, the Croatian unit of MVM, has recently signed a contract booking regasification capacity of some 1 billion cubic meters annually over a period of almost seven years at the Krk terminal. The terminal is about to start operation from January 2021.

Minister Szijjarto said that liquefied gas will be delivered, after regasification, to Hungary via the Hungary-Croatia gas pipeline. As a result, 10 % of Hungary's gas needs will be covered from the Krk LNG terminal until the end of 2027. This is Hungary's first long-term agreement with a western market participant, he said, adding that the agreement was signed at a competitive price.

MVM said in June that it will get LNG to the terminal only from western European market players, adding that the capacity booking at Croatia's LNG terminal is of historical significance, as it will mark the first time gas from a dedicated LNG source will be delivered to Hungary. The signed agreements are in line with the MVM Group's strategic goals to diversify gas sources and delivery routes, as the sources of LNG procured will come exclusively from reputable western European companies. In light of global market trends, LNG has become a competitive optional source in the region, further strengthening the gas market position of Hungary and the MVM Group. However, the company acknowledged that deliveries of Russian gas would remain the backbone of energy security for Hungary and the region.