

Hungary: The expansion of state ownership in the electricity supply

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The Hungarian government is a step closer to become the sole supplier of gas and electricity in the retail segment, after signing a letter of intent to purchase two electricity suppliers - Elma and Emasz of the German RWE.

The government has set a target to fully transfer the gas and electricity supply in the scope of the first national public companies (ENKSZ) in the foreseeable future. To make this possible, it has created a regulatory environment from which current suppliers were thrown out. The tariffs prescribed by the Government, have led to a situation that providing these services has become a source of losses for active suppliers in the country.

ENKSZ currently supplies 800,000 gas customers of Fogaz Company. It is realistic to expect that during this year they may attract more than 700,000 customers of the company GDF Suez, thus ENKSZ would become the largest domestic gas supplier.

The next step in the field of electricity, Elma-Emasz agreement could bring access to 2.1 million households to ENKSZ, which makes almost half of the domestic market. E.ON supplies 2.4 million households, while EdF Demasz has 700,000 customers.