

Hungary to cutback in energy modernization

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Date : February 3, 2013

After a yearlong negotiation with the European Commission, the National Development Ministry (NFM) has announced that it will cut back the amount of its proposed budget for the energy sector's modernization between 2013 and 2020 by 90%, from HUF 125 billion to HUF 12.5 bln.

The remnant of the original amount, HUF 100 bln, will be used to support residential projects to boost energy efficiency. The proposed HUF 12.5 bln will not be split equally among the budgetary periods between 2013 and 2020, but will be paid in one amount next year. Although the ministry hasn't disclosed which projects will be supported, industry experts suspect that a Slovak-Hungarian natural gas interconnector pipeline and an "Intelligent Network" pilot will be subsidized, both run by project companies of state owned Hungarian Electricity Works (MVM), excluding all other market players.

István Bart, the director of the Hungarian Energy Efficiency Institute (MEHI) said that improving the energy efficiency of residential buildings is a critical issue, and he considers the change a step in the right direction. "MEHI has long been advocating that carbon forints (the revenue coming from the sales of Hungary's CO2 emission quota) should be spent on improving the position of households, and major projects should be financed from the market," he said.

Next year, the amount spent on residential projects will be around HUF 6.25 bln, and this will be raised to HUF 12.5 bln from 2014 on. This amount accounts for half of Hungary's carbon forints - the other half is directly channeled into the central budget.

Source bbj