

Citizen energy communities and renewable energy communities in the Hungarian legislation

Regional workshop on community energy in the context of Fit for 55 package

1 June 2022 – dr. Agnes Gajdics

CEC and REC in Act on Electricity (VET)

“energy community” – 1 January 2021

- a legal entity set up as a **cooperative society** or **non-profit business association**,
- of which primary purpose to provide environmental, economic or social community benefits to its members or in the area of operation specified in the energy community’s instrument of constitution **by**
- **carrying out at least one of the following activities**: engage in generation, storage, consumption of electricity, provide distribution flexibility services, electricity sharing, aggregation, provide electro-mobility service.

“renewable energy community” – 1 July 2021

- an **energy community** that
- **produces electricity from renewable energy sources**, and/or consumes, stores or sells such electricity,
- Is directed by a member or members whose **connection points are in the same high or medium-voltage transformer station zone as the connection points of the electricity storage facility and power plant owned by the renewable energy community.**

In other respect, renewable energy communities are subject to the provisions on energy communities.

Legal aspects

- **Possible legal forms for CEC/RECs: cooperative, non-profit business associations** (i.e. general partnership, limited partnership, private limited-liability company, public limited company, private limited company)
 - under the Civil Code.
- **Membership:** the transposing law **does not restrict the membership** of CEC/RECs in Hungary, even one natural or legal person can establish an energy community
- **Control:** certain persons shall not manage the energy community (CECs /RECs) by self, under majority or by their affiliates
- **Authorisation and registration:** establishment and authorisation under the general civil and administrative rules, + registration proceeding as CEC/REC

Legal aspects – activities of RECs - only electricity

Activities allowed:

- CEC has to carry out at least one of the activities listed in the definition
- REC is determined via its activity relating to RES (production, consumption, storage and/or selling)

After obtaining authorisation from the MEKH, CEC and REC may establish a micro power plant with a nominal generation capacity of 0.5 MW or more, generate electricity;

- implement, expand private lines (with the exception of private lines within a building);
- install and decommission direct lines, exclusive of the direct lines supplying electricity to customers on the premises of the power plant;
- operate public light fixtures, excluding the light fixtures of the public lighting distribution network;
- operate electricity storage facility with a nominal output capacity of 0.5 MW or more

Activities excluded:

- transmission system control;
- the distribution of electricity;
- provision of universal supply service;
- the operation of the regulated electricity market;
- participate in cross-border cooperation.

Other definitions in the VET

'Electricity sharing': supply of electricity generated by an active customer or energy community directly to another customer or energy community with or without compensation through a public utility system or private line;

'Active customer' a customer who consumes or stores self-generated or self-stored electricity at his own connection point, feeds it into the public utility system, or who offers to participate in flexibility or energy efficiency schemes in terms of consumption or in-pu, provided that those activities do not constitute its primary commercial or professional activity;

'Renewables self-consumer' an active customer who produces electricity for self-consumption from renewable energy sources, or who is engaged in the storage and sale of electricity self-generated from renewable energy sources;

'Jointly-acting renewables self-consumers' at least two renewables self-consumers engaged in the activity specified above in the same building and agreed to act jointly in that respect.

Problems in compliance and implementation

- Instances of non-complete transposition: scope – only electricity, enabling framework
- Instances of non-conformity: membership, activities, etc.
- National level legal tools against non-compliant legislation
- EU level –infringement procedure (Art. 258 and 260(3) TFEU):
 - Note: formal notice and reasoned opinion of the EC issued in May 2022
- Lack of detailed rules – how to implement?
 - Sharing of energy
 - Non-profit/for profit legal entities
 - Providing benefits (social, economic, environmental)