

Interview Nr. 10. - Bence Kovács – Energy campaigner at Friends of the Earth Hungary

Date and time: 23rd April 2020 11:00

Location: From my home via videochat, the interviewee was also at his home.

R. Means Róbert – Interviewer

B. Means Bence – Interviewee

R. Bence, thank you for taking you time to answer my questions. My name is Róbert Vass, I am a Master's student at Vrije Universiteit Amsterdam and I am doing my research on Hungarian Energy Communities. My research question is the following: What governmental policies could enable the establishment of at least one successful Energy Community in all 174 districts in Hungary by 2030? As you may know energy communities are a new form of association and these communities consist of people who live in the same vicinity and would like to make their living area more sustainable and less dependent on state provided traditional energy sources. Although it is a trending phenomenon in Western European countries, such as Germany or the Netherlands, Eastern European countries, like Hungary still lacks these, however the potential is huge and there are willing people who would like to make a more sustainable living area for themselves, too. By interviewing stakeholders, such as yourself, I aim to find the most vital policy gaps and societal barriers. By interpreting your answers, I deem my research paper will contain important policy implications for the government with proper, detailed policy suggestions, which will have the potential to disrupt the current situation. Shall we start?

B. Yes.

R. Please tell me how does your work relate to energy communities.

B. My work was connected to energy communities 8-10 years ago through the international “The transition Town Movement” first in Kecskemét (Hungarian city), then for the past 5 years in Wekerle (District in Budapest). In addition, I got to know the Friends of the Earth Hungary program and joined it as an employee a year ago. They were specifically looking for an energy project staff member, a person whose main tasks are to implement projects aimed at promoting energy communities and help in the adaptation of the new EU directives.

R. Do you think there are still barriers which hold back the formation of energy communities in Hungary?

B. There seems to be no legal obstacle. There is nothing to prevent someone from creating an energy community at an organizational level. However, a business model cannot be created. There are good practices gathered at EU level, there is Rescoop, which has a separate publication on what business models could be imagined to create energy communities, but none of them are viable in Hungary. On the one hand, there is the discount for the Small-scale Household (Renewable) Power Plant (HMKE) which is an array of solar panels on single household e.g. a family house. With HMKE the single electricity meter of one house has a back-and-forth annual balance billing to the extent of its own consumption. The problem is that it is not allowed to sell the access energy for anyone other than the electricity supplier. This greatly limits who can install solar panels or how much energy they can consume, because as soon as production equals consumption, the excess production will be bought at a very low price by the electricity supplier. It is not worth feeding this extra energy to the supplier. On the other hand, the administrative tasks of an energy community are complex enough so these communities cannot really reach a scale that would be competitive in the Renewable Energy Support System (METÁR). METÁR is a new, tender based Hungarian governmental funding system that has been in effect since 2017. In addition, now in this METÁR the price is decided at auctions, based on how much (little) each actor is willing to offer to sell their electricity supply back in the electricity grid. Small producers, like energy communities cannot afford prices as low as a large company, so they start at a disadvantage in these auctions. As only these two subsidies exist and there is no subsidy for the construction of a renewable power plant, not too many energy communities have been established so far.

R. How do you think the government can help in the formulation of energy communities?

B. I think that the Renewable Energy Directive provides a very good framework, which Hungary must also transpose into its own legal system by summer 2021. The EU provides a supportive framework for this, which helps to reduce legal and administrative barriers, as well as stimulates capacity building and the creation of one-stop shops. One-stop shops are advisory services that help grassroots initiatives to get started. The EU framework also requires capacity building for municipalities, so municipalities will be able to play an important role in supporting local communities.

R. My next question is, what can citizens do on an individual level to accelerate the energy transition in Hungary?

B. People can start thinking as a community, besides thinking of themselves solely as individuals. Its first stage is the productive consumer (prosumer) level and this is made possible by the HMKE at the individual level, but at the same time it could be moved to the next stage, the community level, when people come together in an apartment house to create a renewable energy power plant together. For the time being, the only legal obstacle to this is that it is not possible to consume the energy of the same system with several electricity meters. People can prepare for this, because there should be virtually no legal obstacles in a year's time. On the one hand, individuals can prepare for overcoming this barrier. On the other hand, people should organize themselves into communities by looking at who wants to invest their money but does not have a suitable roof for solar panels. At the same time, we should assess the possibilities of those who have real estate but not enough money. These producer-consumer-investor needs must be reconciled so that in a year's time, when there will be no more legal obstacles, we can move on to establishing energy communities.

R. If you were the prime minister in Hungary for a day, which policies would you implement to help energy communities?

B. One of my policies would be to extend this HMKE to condominium level, too. I think there is only an administrative obstacle to this at the moment. Furthermore, I would set up a 0% interest revolving fund to support the creation of these communities and I would draw up a thorough roadmap that would reshape the legislation accordingly within a year (when Hungary implements the Renewable Energy Directive).

R. Thank you for your answers!

B. You are very welcome.