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# Status and regulation of distributed electricity production, challenges and goals

ADVANCING THE EU CLIMATE AND  
ENERGY POLICY AGENDA IN THE CONTEXT  
OF THE HUNGARIAN PRESIDENCY OF THE  
COUNCIL OF THE EU  
Budapest, 25 June 2024

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- 1. Advance in relevant EU-wide regulation
- 2. Advance in domestic regulation in recent years
- 3. Energy for communities and sharing opportunities
- 4. Priorities of Hungarian Council Presidency



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# **Advance in relevant EU-wide regulation**

Clean Energy Package, RePowerEU, renewables

- **Renewable Energy Directive (RED I)**: entered into force 5 June 2009 – 20/20/20 targets
- **Energy Union Strategy**: published in 25 February 2015 – interconnection targets
- **Paris Agreement**: entered into force in 4 November 2016 – 1,5°C limit, GHG -43% till 2030
- **Renewable Energy Directive (RED II)**: entered into force 21 December 2018
- **Clean energy for all Europeans Package (CEP)**: adopted in March 2019
- **Electricity Market Design (EMD) regulation**: entered into force 14 June 2019
- **European Green Deal (EGD)**: established in 12 December 2019 – Climate neutrality till 2050
- **Fit for 55**: adopted in 14 July 2021 – new -55% GHG target till 2030
- **REPowerEU**: launched in May 2022 – reflections to the Russo-Ukrainian War
- **Renewable Energy Directive (RED III)**: entered into force 31 October 2023



- Directive on Electricity – active participation, strong consumer protection
- Regulation on Electricity (EMD) – Details on next slide!
- Regulation on Risk Preparedness – prevention of & preparation for future electricity crises
- Regulation on the Agency for the Cooperation of Energy Regulators (ACER) – enhanced coordination role with some supervision & authority functions



**Move away  
from fossil  
fuels towards  
cleaner energy**

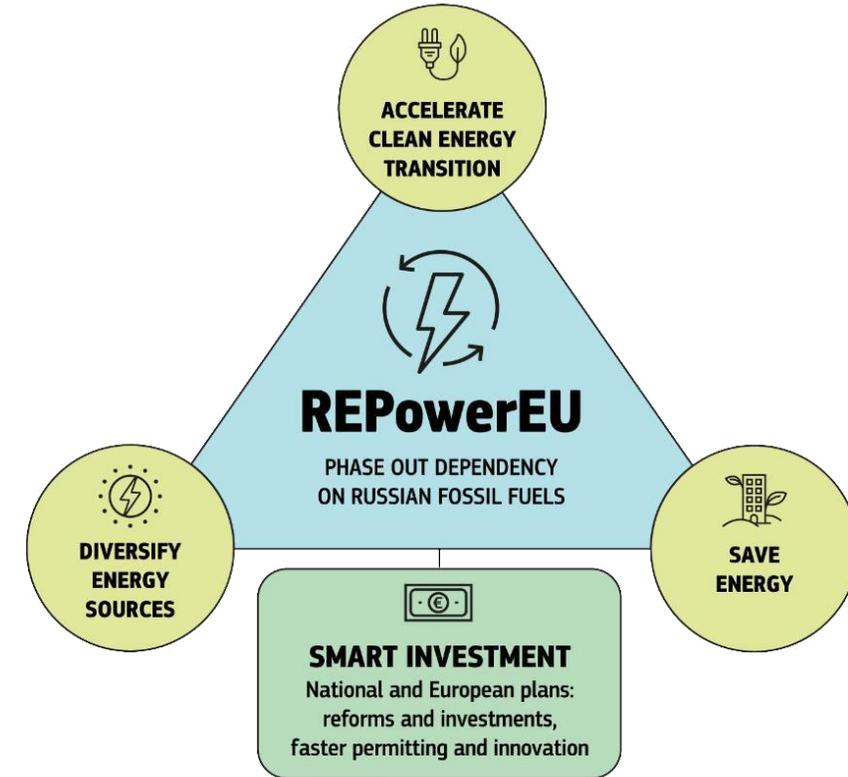
- Accelerate granting & integration of RES – 60%+ by 2030
- Enough production in „dunkelflaute“ (no wind & no sun)
- Attract investment in flexible technologies (DSR, storage)
- Market transparency to ensure open & fair competition
- Incentives for customers to become more active in electricity markets



**Its reform is on the way!**

- More resilient markets from the short-term market price of electricity – PPA contracts
- Enhance protection against market manipulation – energy price predictions
- Enhanced role of ACER in cross-border investigations

- Reduce overall reliance on fossil fuels faster
- Diversify supplies and routes
- Accelerate the development of renewables
- Improve the interconnection of power networks
- Reinforce EU contingency planning for security of supply
- Improve energy efficiency



**Full implementation of the Fit for 55 package.  
Climate neutrality by 2050**



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# **Advance in domestic regulation in recent years**

Household generation, new generation demand evaluation process, state aids

1

## General feed-in stop in 31 October 2022

Government Decree No.413 of 2022

Reason: accelerating voltage issues and consumer compliances on LV grids.

2

## DSO evaluation of restrictions till 31 July 2023

Goal: determine the only needed restrictions & affected grid sections; action plan for restricted areas to unlock them.

Result: 7% permanently restricted grid areas (See picture)

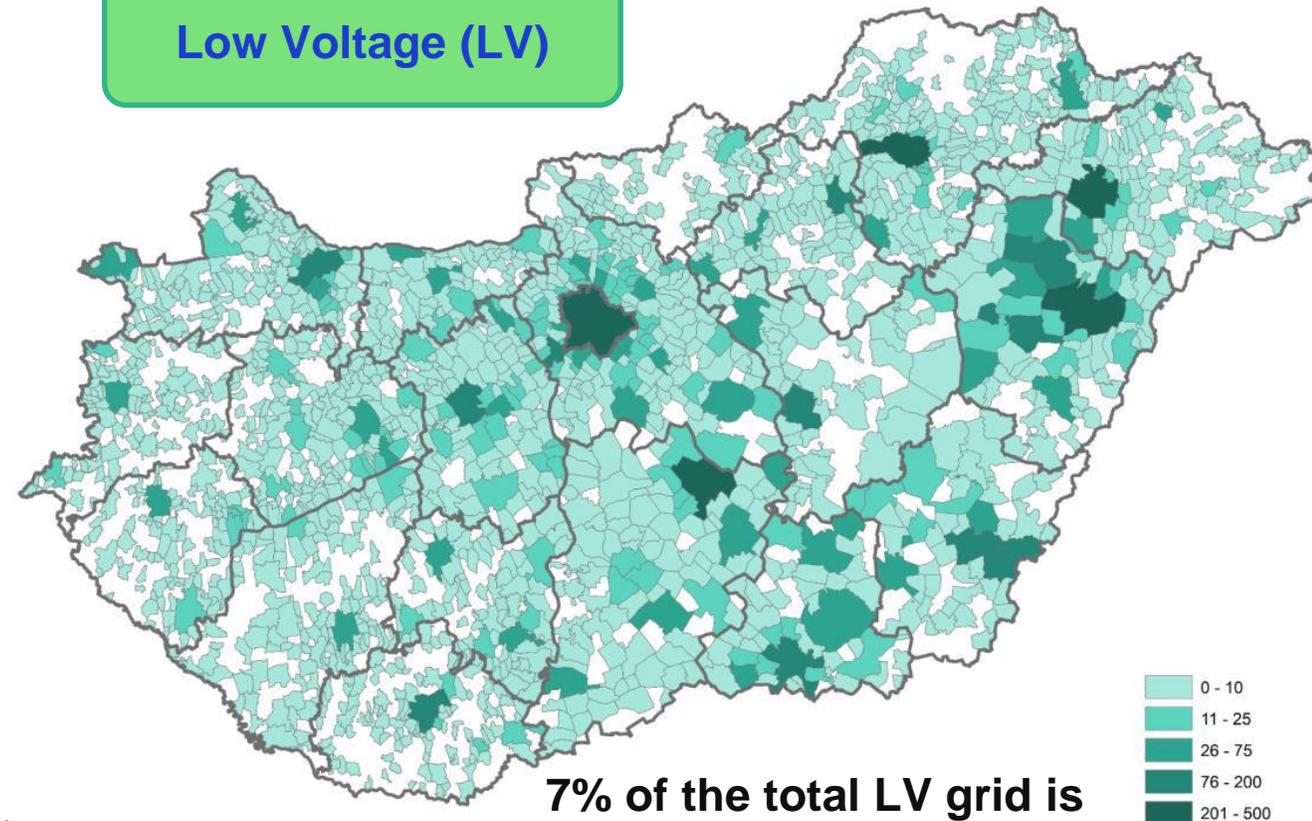
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## New regulation & current state

Government Decree No.112 of 2023

New rules for grid connection evaluations of microgenerators, rules for feed-in denials and restrictions, cyclic re-evaluation of action plans for restricted areas.

### Low Voltage (LV)



**7% of the total LV grid is affected by restrictions**

**Issue to be solved: Misconfigured inverters!**  
**Goal: well functioning autonomous voltage regulators**

1

## 1<sup>st</sup> process in 2022

Amendment of 35.§ in Act No.86 of 2007 on Electricity  
Reason: cca 15 GW issued connection offers in 2021 with no chance to fulfill in schedule.

Published free capacities in every 6 months (firstly in 2 May), new common evaluation process for HV/MV capacity allocation (20 days), caution required. Result: all capacities allocated till 2028!

2

## 2<sup>nd</sup> process in 2023

Government Decree No.526 of 2022

New statement and caution rules

From 30th November 2023 huge capacity demand (5 GW solar, 2,5 GW wind, 2,5 GW storage), offered grid connection times were over 2030

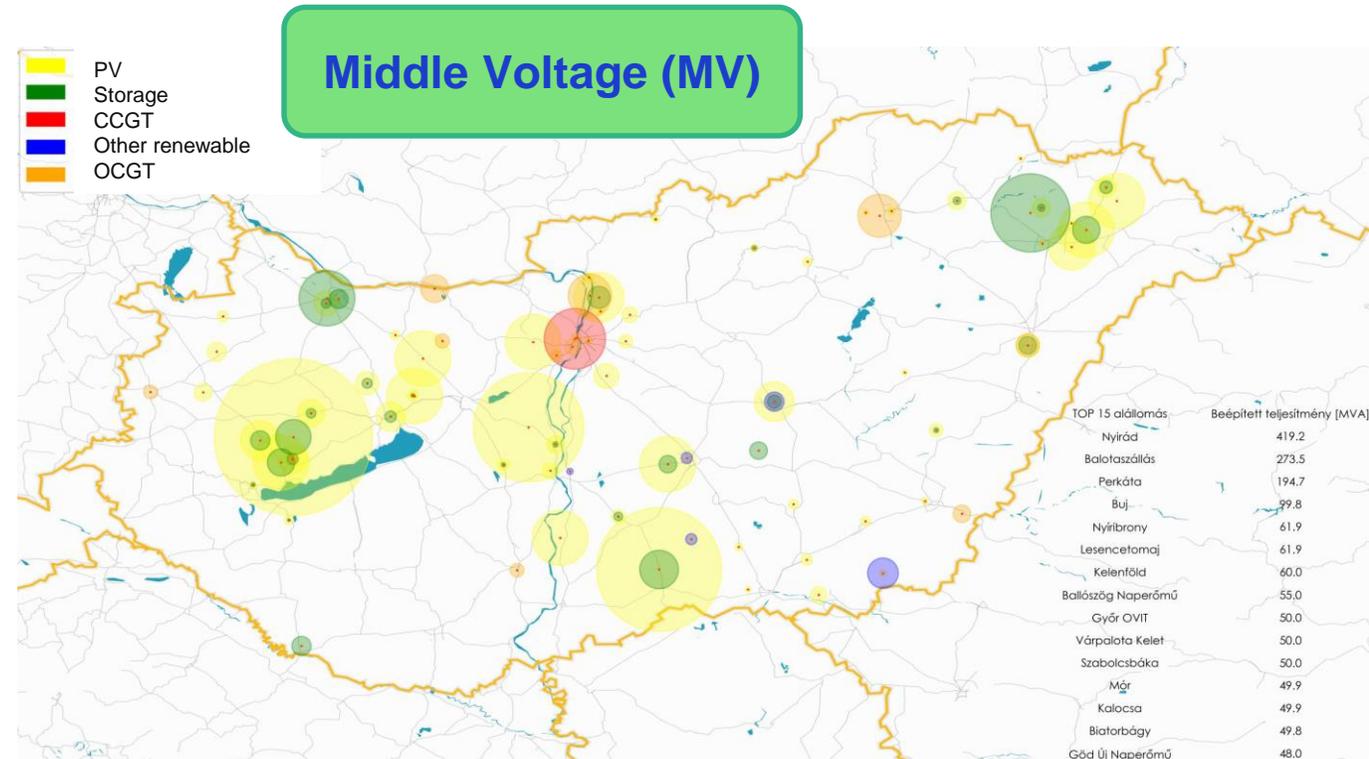
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## Process revision in 2024

Government Decree No.54 of 2024

All demands with connection time over 2030 were refused in 7th March 2024.

Wind reduced to 670 MW to connect in a sole 400 kV substation



1<sup>st</sup> Publication process – final connection offers

**New rules till end of 2024!**

- **METÁROLÓ – 62 billion HUF program** for enterprises to support storage installations (non reimbursable). Open period: 15th January – 5th February 2024. 56 winner applications, 464 MW storage capacity.
- **Solar Energy Plus Program – 75,8 billion HUF program** for households to support solar panel & storage hybrid installations; covers two-thirds of the average costs, max. 5 million HUF. Open since 15th January. More than 20.000 applications till mid June.
- **E-vehicle for enterprises – 30 billion HUF budget**; half of the budget is claimed.
- **E-charging station for enterprises – 28 billion HUF budget**; under open consultation (start planned from this July)





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# Energy for communities and sharing opportunities

Regulation plans & ongoing activities

Several decisions were made to lower the pressure of system usage fee (RHD)

- **Shrinking the scope of utility cost reduction** to households & microenterprises (since 07.2022)
- **Net metering phase out** in-line with the EU rules (since 01.2024)
- Switching to **15-minute settlement** in case of smart meters (details are under discussion)

Several workgroups working on further topics:

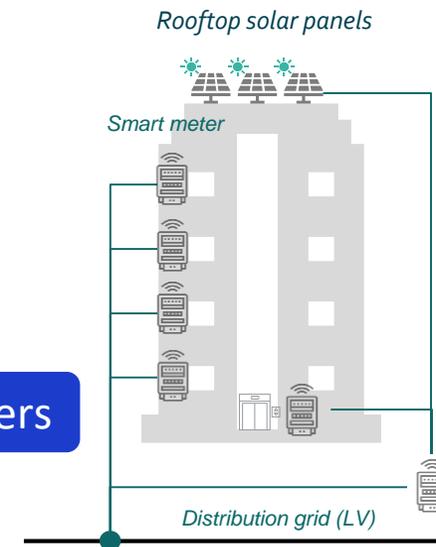
- Energy communities
- Demand-side response (DSR)
- Dynamic pricing
- Microgenerator & inverter issues



## Main target is the self power generation to lower expenses!

- Industrial „communities” **Done**
  - Deregulations & reliefs for Industrial Parks
  - Easier connection rules for renewables to private owned industrial grids behind the settlement point
- Block of flats communities **Working on legislative text**
  - Power sharing among the flat inhabitants
  - Power generation for elevator & common lighting
- Rural settlements’ communities **Under negotiation with stakeholders**
  - Easier connection rules for renewables
  - Solving system usage fee issues in sharing

**Each WG: Tax & settlement issues**





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# Priorities of Hungarian Council Presidency

Grid development

- Electricity grid development, electrification

Developing the grid and making the electricity market more flexible will be a top priority.

- Discussions on grids for resilient and flexible energy system
- 14th October 2024, Budapest – High Level Grid Conference



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**Thank you  
for your attention**