

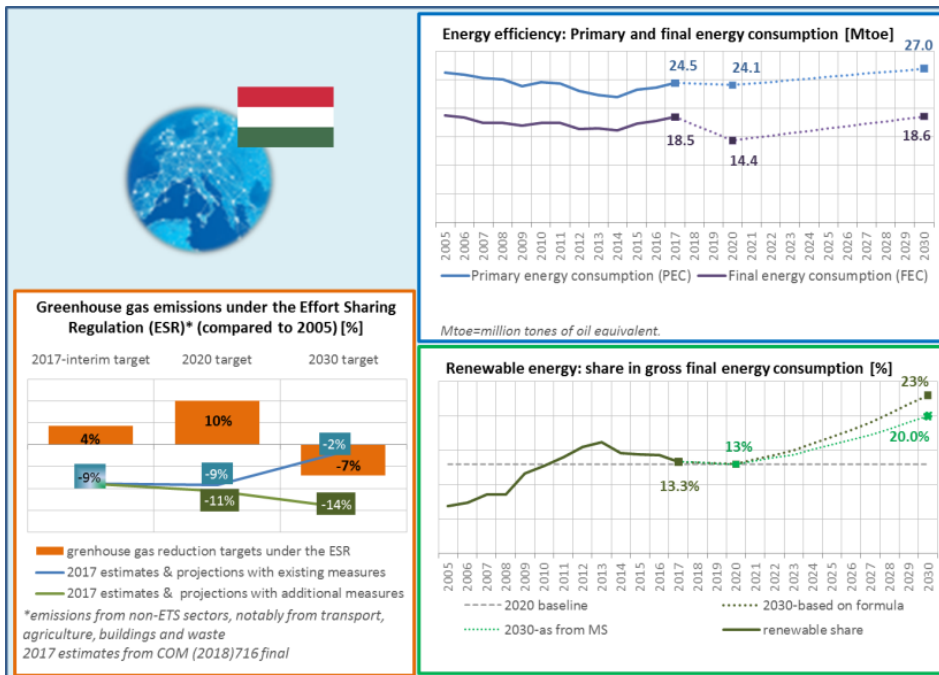


HUNGARY

Summary of the Commission assessment of the draft National Energy and Climate Plan 2021-2030

The EU has committed itself to a clean energy transition, which will contribute to fulfilling the goals of the Paris Agreement on climate change and provide clean energy to all. To deliver on this commitment, the EU has set binding climate and energy targets for 2030: reducing greenhouse gas emissions by at least 40%, increasing energy efficiency by at least 32.5%, increasing the share of renewable energy to at least 32% of EU energy use and guaranteeing at least 15% electricity inter-connection levels between neighbouring Member States. To ensure that the EU targets are met, EU legislation requires that each Member State drafts a 10-year National Energy and Climate Plan (NECP), setting out how to reach its national targets, including the binding national target for reducing greenhouse gas emissions that are not covered by the EU Emissions Trading System (ETS). The European Commission has analysed each draft NECP. The summary of this assessment for Hungary is outlined below. The final NECPs for the period 2021-2030 are due to be submitted by Member States by the end of 2019.

HUNGARY - National targets and contributions foreseen in the draft National Energy and Climate Plan



Sources: Hungary's draft National Energy & Climate Plan, Eurostat (PEC2020-2030, FEC2020-2030 indicators and renewable SHARES), COM (2018) 716 final (2017 GHG estimates)

- The draft integrated National Energy and Climate Plan (NECP) follows the structure foreseen in the Governance Regulation¹. The **key objectives** relate mainly to the **decarbonisation/renewable energy, energy efficiency and internal energy market** dimensions. Objectives and policies and measures are not yet fully developed, so the draft plan still needs to be completed with elements from Hungary's National Energy Strategy, which will be published this year.
- Hungary has set climate objectives until 2030 with a view to 2050 under the Second National Climate Change Strategy adopted in 2017. Objectives and policies and measures under several dimensions of the draft plan are still to be completed based on the National Energy Strategy. A strong integrated final plan would benefit from a **further development of policies and measures** consistent with objectives and targets.
- Hungary's 2030 target for **greenhouse gas (GHG) emissions** not covered by the EU Emissions Trading System (non-ETS), is -7% compared to 2005, as set in the Effort Sharing Regulation (ESR)². The additional policies and measures planned in the draft NECP, notably in the building and transport sectors, would enable Hungary to overachieve this target, provided that the Land Use, Land Use Change and Forestry (LULUCF)³ no-debit commitment (i.e. emissions do not exceed removals) is met. The draft plan does not yet consider if the planned level of overachievement is cost-efficient in view of a use of transfers to other Member States or could be further enhanced to contribute to growth and jobs e.g. through further policies in the building sector. The draft plan does not yet specify adaptation goals, although Hungary has a National Adaptation Strategy.
- Hungary proposes a share of 20% **energy from renewable sources** in gross final consumption of energy in 2030 and corresponding sectoral shares. This overall contribution does not fully reflect Hungary's potential and is below the share of 23% in 2030 that results from the formula in Annex II of the Governance Regulation⁴. The final plan would need to include an indicative trajectory that reaches all required reference points⁵ in accordance with the national contribution. The proposed share is the same as the projection in the scenario with additional measures, meaning that it will only be met with additional measures, which have not yet been detailed. The final plan would benefit from elaborating further on the policies and measures allowing the achievement of the contributions and on other relevant sectorial measures.
- The proposed contributions towards the 2030 collective EU **energy efficiency target** are not clearly set as primary and final energy consumption but rather expressed as expected energy consumption reduction compared to an undefined baseline. The ambition level of the proposed contribution is very

¹ Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, amending Regulations (EC) No 663/2009 and (EC) No 715/2009 of the European Parliament and of the Council, Directives 94/22/EC, 98/70/EC, 2009/31/EC, 2009/73/EC, 2010/31/EU, 2012/27/EU and 2013/30/EU of the European Parliament and of the Council, Council Directives 2009/119/EC and (EU) 2015/652 and repealing Regulation (EU) No 525/2013 of the European Parliament and of the Council.

² Regulation (EU) 2018/842 of the European Parliament and of the Council of 30 May 2018 on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 contributing to climate action to meet commitments under the Paris Agreement and amending Regulation (EU) No 525/2013.

³ Regulation (EU) 2018/841 of the European Parliament and of the Council of 30 May 2018 on the inclusion of greenhouse gas emissions and removals from land use, land use change and forestry in the 2030 climate and energy framework, and amending Regulation (EU) No 525/2013 and Decision No 529/2013/EU.

⁴ Regulation (EU) 2018/1999 on the Governance of the Energy Union and Climate Action.

⁵ Pursuant to Article 4(a)(2) of Regulation 2018/1999.

low and does not exploit opportunities for growth and job creation. Policies and measures could be better clarified in the final plan, including as regards expected savings.

- **Energy security** objectives for electricity are framed around the role of national assets (nuclear, renewable energy) and market integration. For gas, diversification of sources and import routes is a key element. Objectives and policies and measures for this dimension are expected to be further refined based on the upcoming Energy Strategy. The final plan would benefit from addressing the measures envisaged with a view to the foreseen role of nuclear generation capacity.
- As regards the **internal market**, pending the finalisation of the Energy Strategy, this dimension includes some objectives which are a good starting point for further development and underpinning with concrete policies and measures in the final plan. The level of **electricity interconnection** already significantly exceeds 15%, and there is no commitment to a specific interconnectivity level for 2030, although the draft plan acknowledges the importance of increasing cross-border capacities. **Energy poverty** elements should be further elaborated in the final plan, notably based on a dedicated assessment of energy poverty as required by the Governance Regulation⁶.
- The draft plan states Hungary's commitment to the innovative transformation of the energy sector, with the objective to increase energy related **research and innovation** input. A broad consultation process to assess innovation opportunities was launched, which provides a good example of driving policy in this area. National objectives and funding targets to be achieved by 2030 as well as objectives related to the deployment of low-carbon technologies are yet to be determined based on the upcoming Energy Strategy.
- **Investment needs** are partially presented as a high-level estimate of around HUF 14,700 billion needed to achieve national decarbonisation and energy efficiency objectives, corresponding to around 3.5% of GDP annually. A general assessment of the national, regional and Union level investment sources, such as cohesion policy funding or the Modernisation Fund, is not yet provided. The draft plan thus does not yet fully take advantage of the role NECPs can play in providing clarity to investors and attracting additional investments in the clean energy transition.
- The final plan would also benefit from addressing in more detail the **just transition** and fair transition aspects, including in relation to coal and carbon-intensive regions in transition. This includes further considerations on the costs and benefits as well as cost effectiveness of planned policies and measures addressing just transition.
- A list of all **energy subsidies**, including in particular for fossil fuels, and actions undertaken and planned to phase them out needs to be included in the final plan.
- There is potential for intensifying the already existing **regional cooperation** taking place in groups such as the Visegrad Group and Central and South-Eastern European Energy Connectivity (CESEC), focusing on integration in the internal energy market, decarbonisation and renewables deployment as well as research, innovation and competitiveness, taking into account common challenges and shared objectives.

⁶ Pursuant to Article 3.3(d) of Regulation 2018/1999.

- The final plan would benefit from complementing the analysis of the interactions with **air quality and air emissions** policy with more quantitative information, having in mind that the projected increase in bioenergy would make air impacts especially important to consider.
- It can be considered as **good practice** that the draft plan differentiates estimates of investment needs for energy efficiency measures in buildings, electromobility and renewable energy up to 2030, as well as the implied need for public investment aid. Overall, this part would benefit from further refinement to allow for a complete picture towards 2030 under all Energy Union dimensions thus taking advantage of the role NECPs can play in attracting investments in the clean energy transition.

Related links:

- [National Energy & Climate Plans](#) – for links to the Commission recommendations and Staff Working Document for Hungary and all other Member States, to the Commission Communication assessing all draft NECPs, and to the draft NECPs themselves.
- More information about the [Clean energy for all Europeans package](#)
- More information about the [2030 climate & energy framework](#)