

FIT system: an overview

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The feed-in tariff (FIT) system has been amended and restructured several times since it was introduced in Hungary in 2003. The FIT system aims to subsidise electricity production from renewable, waste and co-generated energy.

FIT balance group

On January 1 2008 MAVIR Zrt, which operates the FIT system,(1) established the mandatory feed-in balance group. MAVIR's department of renewable and co-generation energy sources is tasked with:

- operating the FIT balance group;
- determining and allocating, as set out in the relevant legislation, the amount of electricity to be purchased by licensees and users importing electrical energy; and
- selling the total amount of the electricity fed into the system on the Hungarian Power Exchange (HUPX), the regulated electricity market.

Eligibility

Electricity producers subject to the FIT system are eligible to join the FIT balance group if they meet the relevant legal requirements; MAVIR will enter into a balance group membership contract with eligible producers. In compliance with the balance group membership contract and the relevant legislation, MAVIR will purchase electricity generated by producers at the regulated price and sell the total amount of electricity fed into the system on HUPX.(2)

Annual production forecasts

FIT balance group producers must forecast their annual production in schedules. MAVIR will publish the balance group members' actual production data on a monthly basis, with daily schedules. Based on the actual production data and submitted schedules, MAVIR will:

- define the deviations in or absence of producers' schedules; and
- calculate a surcharge based on the planned schedule and actual generation data.

If a producer fails to provide a daily schedule or is delayed in doing so, or the daily schedule does not comply with the legal requirements, the producer will incur a surcharge of Ft7 per kilowatt (KWh) of energy produced on the affected day. If the electricity actually sold by the producer deviates from the schedule by more or less than 5%, a Ft5 surcharge must be paid for each KWh of energy sold above the 5% deviation.

Payment obligations

All balance group representatives (and not just MAVIR, the FIT balance group representative) must

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pay their proportion of the amount defined by MAVIR to subsidise the FIT system. The basis of this payment will be the electricity sold to end users in the representative's balance group (certain sales are excluded, as defined in the legislation). FIT payees will not take over any electricity, but will participate in the system through their proportionate payment, which must be made monthly to MAVIR. However, the end payees will be the end users. MAVIR will calculate the payment obligations and arrange settlement of the payments.

Takeover terms

The FIT and takeover terms and conditions of the electricity subject to the FIT system are provided by law. The base tariff listed in the regulation will be indexed annually, with the inflation rate published by the Statistic Office.

The volume of energy subject to the FIT system and the related takeover term are provided by the Hungarian Energy and Public Utility Regulatory Authority, essentially in the form of a licence. The takeover term cannot exceed the investment return term for the relevant FIT.

For further information on this topic please contact [Viktória Szilágyi](#) at Nagy és Trócsányi by telephone (+36 1 487 8700) or email (szilagyi.viktoria@nt.hu). The Nagy és Trócsányi website can be accessed at www.nt.hu.

Endnotes

(1) www.mavir.hu/web/mavir-en.

(2) www.hupx.hu/en/Pages/hupx.aspx?remsession=1.

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