

Energy & Natural Resources - Hungary

Securing authorisation for power plants

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Introduction

Power plants may be established in Hungary by companies which are limited by shares and have a registered seat in Hungary, provided that the company fulfils the requirements laid down by the Electricity Act (86/2007) and other sector-specific legal instruments. In order to establish a power plant, three different and mainly parallel authorisation procedures must be conducted:

- an energy authorisation process conducted by the Hungarian Energy Office;
- a construction authorisation process conducted by the Trade Licensing Office; and
- depending on the circumstances, an environmental authorisation process conducted by the Environmental Authority.

Depending on the type, function and purpose of the power plant, other authorisation procedures may also be necessary for the establishment and operation of the plant. For example, a specific authorisation is needed if water will be stored and used as a coolant.

Energy authorisations are governed by the Electricity Act and the implementing Electricity Decree (273/2007 (X 19)). The type of permit needed and the requirements to be fulfilled depend on the plant's capacity. The applicable legislation distinguishes between plants with a capacity of between 500 kilowatts and 50 megawatts (MW) and those with a capacity of more than 50MW. For the purpose of determining capacity, all power plant units on the premises belonging to the applicant must be taken into consideration.

As part of the energy authorisation for power plants with a capacity of more than 50MW, two permits must be obtained: an establishment permit and an operating permit. The application for each permit must be submitted to the Hungarian Energy Office in hard copy (by completing a form that can be downloaded from the office's website) and in redactable electronic format. The investor's main corporate documents and proof of payment of the procedural fee must be enclosed.

Establishment permit

Construction work may not begin until the developer holds an establishment permit. Such permits are valid for a limited period, which may be extended on request. The Hungarian Energy Office must decide on the issue of authorisation within 90 days of submission of the application. An establishment permit may be issued on three conditions:

- The documents prescribed by the decree must be duly attached to the application form and must meet the legal requirements. The required documents include:
 - a connection agreement with the transmission system operator;
 - information regarding the applicant's business premises;
 - a business plan and further information regarding the planned operations;
 - permits required from other authorities; and
 - certain technical data relating to the plant's main devices and thermo scheme.
- The power plant must meet the minimum energy efficiency requirements prescribed by law.
- If the plant uses natural gas as a fuel source, it must have an alternative source of

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supply or meet certain requirements relating to storage.

In the establishment permit the Hungarian Energy Office determines the plant's primary energy source. Special authorisation rules apply to power plants that use natural gas as a fuel source. The establishment of such power plants may be authorised only if the natural gas supply to the power plant can be substituted by an alternative source.

Otherwise, the following conditions must be met:

- The natural gas sources must be stored in a natural gas container or continuous supply must be guaranteed under an agreement;
- the operator of the power plant must be entitled to use such sources on an exclusive basis, without limitations; and
- access to such sources may not endanger the forwarding, distribution or storage of gas or hinder the enforcement of laws on the security of gas supply.

Operating permit

An operating permit allows the producer to generate, use and sell electricity. Such permits are valid for a fixed period, which may be extended on request. The Hungarian Energy Office must decide on authorisation within 90 days.

An operating permit will be issued subject to three conditions:

- Following its successful installation, the plant must comply with the technological data determined in the establishment permit.
- The applicant must possess all elementary instruments required to perform the activity, as determined by the Hungarian Energy Office.
- The application and attachments must meet the requirements of the decree.

The applicant must attach the following documents to the application:

- relevant corporate documents and proof of payment of the procedure fee;
- statements on the applicant's status to confirm that:
 - the company is not subject to dissolution, liquidation or bankruptcy proceedings;
 - no permit governed by the Electricity Act has been withdrawn from the company in the previous 10 years;
 - the company has adequate insurance for environmental damage; and
 - the applicant possesses all basic equipment to perform the activity;
- documents relating to the planned operation - namely:
 - a statement of availability of a suitable number of personnel with the appropriate skills and qualifications;
 - a report showing adequate integrated pollution prevention and control measures;
 - a connection agreement with the transmission system operator;
 - a draft code of conduct; and
 - a feasibility report;
- technological data related to the power plant, including an electricity circuit diagram, heat scheme and technical data on the plant's main installations, emissions and energy efficiency; and
- financial data relating to the company, including annual reports, a 10-year business plan and a financial investment plan.

For further information on this topic please contact [Tamás Pásztor](#) at Nagy és Trócsányi by telephone (+36 1 487 8700) or by fax (+36 1 487 8701) or by email (pasztor.tamas@nt.hu).

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