

**ENERGY CHARTER  
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Related documents: CC 193
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**DECISION OF THE ENERGY CHARTER CONFERENCE**

**Subject:      Recommendations on the In-Depth Energy Efficiency Review of Hungary**

[In document CC 193 of 1 July 2001, delegations were requested to notify the Secretariat in writing by no later than 15 August 2001 if they were unable to adopt the recommendations made to the government of Hungary on the In-Depth Energy Efficiency Review.

No such notifications had been received. Accordingly, these recommendations are considered as adopted. The text of recommendations is attached in Annex.]

Keywords:      In-depth Review of Energy Efficiency Policies and Programmes, PEEREA,  
Recommendations, Hungary

## **Recommendations on the In-Depth Energy Efficiency Review of Hungary** as adopted by the Energy Charter Conference by written procedure

While the Government should be commended for the active steps taken to develop energy efficiency policies, programmes and institutions, the following recommendations are provided by the review team:

### **General**

Building on the positive steps taken so far, the Government should more clearly define the rationale behind policy aims, objectives and strategies in order to facilitate the effective delivery of energy efficiency programmes to well defined target groups.

The Government should better coordinate the tasks and the resources allocated to the institutions responsible for developing and implementing energy efficiency policies and programmes; strengthening the co-ordination capacity of the Ministry of Economic Affairs would be an important step in this process.

The Government should continue the process of market liberalisation and ensure that new opportunities rising in this process for improving energy efficiency are effectively captured and exploited.

### **Energy efficiency policies, strategies and programmes**

In implementing the Energy Saving Action Programme, evaluation and adjustment of actions and measures should be undertaken on an annual basis.

Energy efficiency programmes should be better coordinated with strategies developed in other economic sectors, as well as with environmental policies and programmes.

### **Institutional framework**

The Government should build on the positive steps already taken in establishing the Energy Centre, as an implementing agency of Government, by facilitating and strengthening, in a clear way their coordinating role in the implementation of the Energy Saving Action Programme.

The Government should further encourage the development of regional and local institutions to have potential to assist in the delivery of energy efficiency programmes.

The Government should also further encourage professional organisations and NGOs to take an active part in developing and implementing energy efficiency activities at regional and local level.

The intended increase in the scale of funding directed towards energy efficiency and renewable energy will require new approaches. The Ministry of Economic Affairs should ensure that the Energy Centre take early action on the development of effective administrative, evaluation and control systems compatible with the scale of funds and which will support independent and transparent decision making.

## **Energy pricing**

Action should be taken by the Government to ensure that remaining cross-subsidies are eliminated.

The regulatory mechanism for establishing energy prices should be more transparent and independent.

## **Energy efficiency funding and fiscal policies**

Energy savings targets & funding allocations should be better defined within the Energy Saving Action Programme taking account of cost effectiveness criteria.

Government funding should encourage in particular those activities which are undertaken to a lesser extent by the private sector.

The Ministry of Economic Affairs should stimulate the successful financing activity of international financial institutions and complement this financing by specifically targeting funding under the energy saving action plan at areas or sectors of market failure.

Both the Ministry of Economic Affairs and the Ministry of Environment should ensure formal, transparent and effective coordination of their grant schemes supporting energy efficiency investment.

Efforts should be continued to make effective information available on all funding schemes, how to apply and the criteria for selection.

Fiscal and taxation policies should take account of the benefits of promoting equipment and services to improve energy efficiency and reduce harmful emissions and to internalise environmental costs of energy production and use.

## **Implementation of specific programmes and instruments**

Programmes developed under the Energy Saving Action Programme should be monitored, evaluated and adapted in line with the evolution of the market conditions.

Building on existing regulations, proper district heating metering should be ensured as a tool to achieve increased efficiency of utilization of energy in existing building stock.

The Government should give more emphasis to the regular update and effective implementation of regulations concerning heat consumption in buildings.

Grant schemes for energy auditing in industry under the Energy Saving Action Programme should focus more on small and medium enterprises and include benchmarking.

In developing voluntary agreements on energy conservation with industry, attention should be paid to clearly define baselines and targets, monitor progress and ensure compliance with commitments.

The Government should further explore the potential for Joint Implementation as a mechanism to attract investment for energy efficiency projects.

Adequate and transparent price regulation should be developed to promote combined heat and power generation (CHP) and to establish a level playing field for district heating within the energy sector.

In developing the new transport policy particular attention should be paid to energy efficiency; in this process coordination among the various Ministries involved should be strengthened.

The Government should continue and strengthen efforts in awareness raising and education as a primary policy objective, recognizing the importance that they play in improving energy efficiency.

### **Promotion of renewable energy**

The Government should further develop and introduce instruments and mechanisms, which secure the market penetration of renewable energies in line with the objectives defined in the Energy Saving Action Programme.