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# **Informative paper** **Expected 5<sup>th</sup> Hungarian METAR Round**

*Key aspects*

— MARCH 22

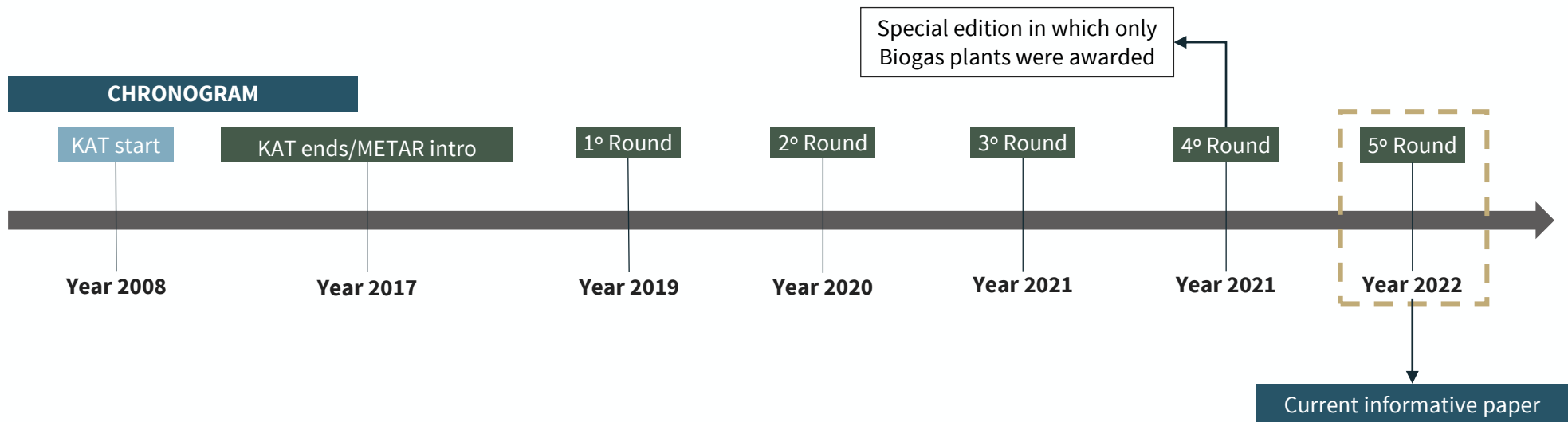
# METAR Scheme Overview

## Introduction & Context

### INTRODUCTION

METAR is a **Contract for Difference (Cfd) auction system in Hungary for RES**. Originally introduced the 1<sup>st</sup> of January 2017, its goal is **to enhance new renewables power-plant investments in the region**. METAR is **authorized and regulated by MEKH**, the Hungarian Energy Regulatory Authority, and was introduced following the termination of a previous Feed-in-Tariff system called “KAT”, which consisted in a mandatory off-take by MAVIR at a high price (>100€/MWh).

### CHRONOGRAM



### ADDITIONALLY

So far, **4 rounds took place in 2019, 2020 and finally 2021**. As shown later, **some rules and conditions vary** but all three rounds took place based on common grounds. **Also, the auction is based on electricity production allocation (GWh/year) and not on capacity allocation**. **This 5<sup>th</sup> round is allocating the highest subsidized production on METAR.**

Participants can apply for green premium subsidies in the following categories:

- Small category
- Large category

# 5<sup>th</sup> METAR Round

## Rules & conditions

### RULES & CONDITIONS



- To partake in METAR, participating firms must be registered in Hungary and their plants must be a new investment or subject to refurbishment amounting to at least 50% of the initial costs.



- The Bid Price cannot be amended or replaced, and the Bidder is committed to it if awarded. Furthermore, It can only be expressed in HUF/KWh and needs to be rounded at two decimal places (e.g., 16.12 HUF/KWh).



- The **premium shall be calculated as the difference between the currently applicable subsidized tariff and the reference market price**. Price caps are defined by the Ministry responsible for energy issues (Ministry of Innovation and Technology).



- There is a limit on the amount of electricity production that can be awarded to the same owner. For instance, in the 3<sup>rd</sup> Round, while the total electricity production awardable amounted to 250GWh/year, a beneficial owner could not be awarded more than 175GWh/year. For the 5<sup>th</sup> Round, while the limit is already known and presented in the table on the next slide, individual limits are not yet defined.



- Awarded projects must enter contract with the Transmission Grid Operator under “performance guarantee”, meaning that a certain penalty must be paid if the bid is not realized, defined within the tender. Also, if awarded projects wish to modify their site location, **the tariff agreed shall be reduced by 1HUF/KWh**.



- Awarded bidders have 30 days to prove they can deliver performance. Furthermore, if the deadline is exceeded by more than one year, the successful bidder loses the entitlement and will be excluded from bidding procedures for three years.

# 5<sup>th</sup> METAR Round

## Key aspects

### Terms & Specifics

<b>Announcement day</b>	04.03.2022
<b>Applications open</b>	25.03.2022
<b>Applications deadline</b>	28.03.2022
<b>Categories (capacity)</b>	<ul style="list-style-type: none"><li>▪ Small: 5-20 MW</li><li>▪ Large: 20-50 MW</li></ul>
<b>Subsidy (production)</b>	<ul style="list-style-type: none"><li>▪ Small category: 144 GWh/year</li><li>▪ Large category: 720 GWh/year</li></ul>
<b>COD (max. deadline)</b>	3 years after award
<b>Max. application price</b>	<ul style="list-style-type: none"><li>▪ Small category: 27 Ft/kWh</li><li>▪ Big category: 25 Ft/kWh</li></ul>
<b>Energy storage</b>	Storage capability of minimum 10% of the annual electricity generation
<b>Subsidy period</b>	15 years

### Comments

- The major difference between previous rounds is the new capacity limits regarding the 5<sup>th</sup> tender:
  - Regarding small categories, the minimum limit has been lifted to 5MW (compared to the 0.3 of the previous rounds, as detailed later) and the upper limit has been extended to 20MW.
  - Similarly, large category only applies to plants of a minimum capacity of 20MW up to 50MW.
- An important point to mention, but which will also be detailed on the next slide, is the increase of the electricity generation subsidy, which is logical given the increase in capacities.
- Also, the maximum application prices are probably too high to be awarded given the results of prior rounds but give guidance to applicants.
- The 5<sup>th</sup> Tender also set a condition regarding energy storage capacity that must match a given % of the electricity generation. It is a mandatory condition for application, and failing to do so might result in penalties, or worse, in disqualification.



# 5<sup>th</sup> METAR Round

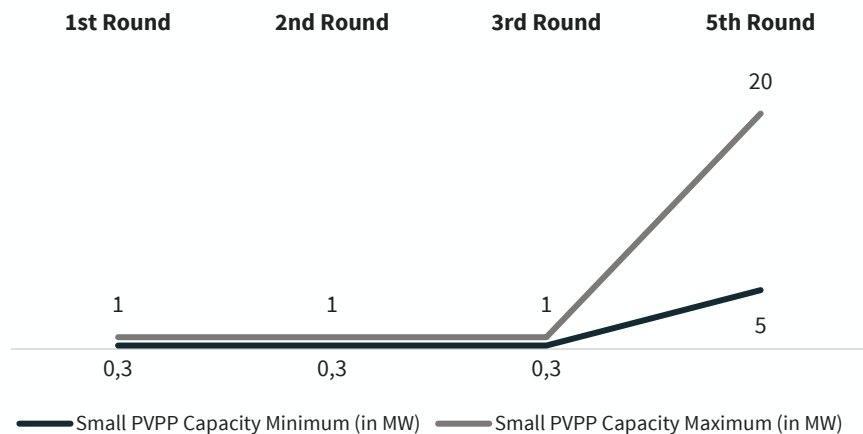
Trends and comparison between METAR rounds

Comparative table between METAR rounds (4<sup>th</sup> Round excluded)

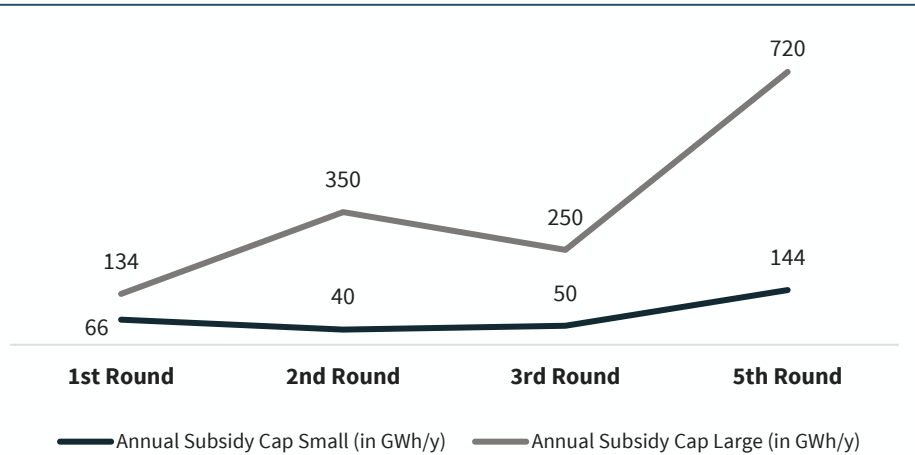
	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	5 <sup>th</sup>
Small - PVPP Capacity (in MW)	0.3-1	0.3-1	0.3-1	5-20
Large - PVPP Capacity (in MW)	1-20	1-50	1-20	20-50
Small - Annual generation subsidy (in GWh/y)	66	40	50	144
Large - Annual generation subsidy (in GWh/y)	134	350	250	720
<b>Small category</b>				
Average winner price (Ft/KWh)	24.4	22.4	21.2	
Max Price Small PVPP (Ft/KWh)				27.0
<b>Large category</b>				
Average winner price (Ft/KWh)	22.0	17.5	16.1	
Max Price Large PVPP (Ft/KWh)				25.0

■ Largest subsidized energy amount so far for METAR  
PVPP: Photovoltaic power plants

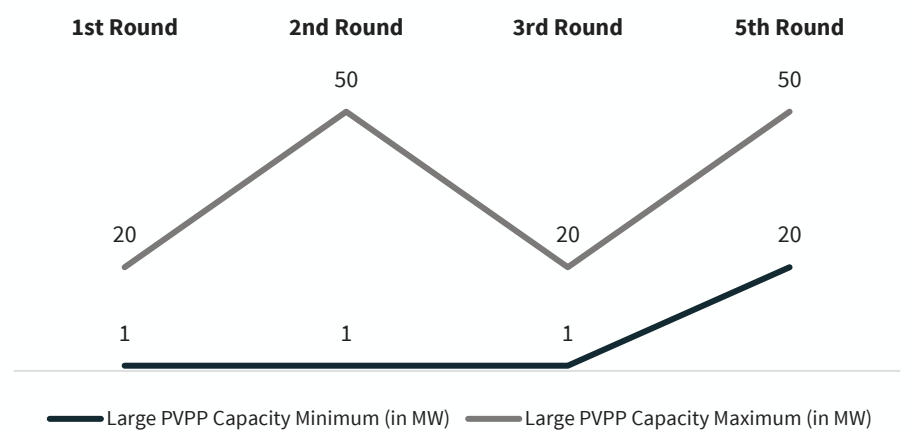
Small category – Capacity range per Round (in MW) – 4<sup>th</sup> excluded



Annual Generation Subsidy Cap per Round (in GWh/y) – 4<sup>th</sup> excluded



Large category – Capacity range per Round (in MW) – 4<sup>th</sup> excluded



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