

Demonstration project Hungary

Hungary: Wind farm with local commitment

In Western Hungary, close to the Austrian border, the first turbine of a wind farm is operational and provides the public lighting costs of the village of Vep (3000 inhabitants). The project company has a two step extension plan: first to install three more turbines of altogether 4.8 MW (second phase), and then 16 turbines of 32 MW (third phase).



During forums in the village on the proposed wind farm, the project was largely supported due to dedicated involvement both with respect to local participation and ownership plans. The project company will transfer 20% of ownership of the turbines free of charge to the municipality, and 40 % will be sold to residents at preferential prices. The municipality has plans to transfer part of the profit on the 20% municipal share into the social support system of the village which has a high unemployment rate. The

company form is a so-called public benefit company. Some of the owners and the management have strong local commitment. Besides that, the mayor of Vep is the president of the supervisory board.

A large part of the already installed development was financed from EU support, the rest from bank credit and some own capital and similar is the financing strategy for the second and third phase, also involving grants and Austrian support. The company has a special priority option contract with a major wind turbine manufacturer, therefore the turbines could be quickly delivered despite the for over a year reserved capacities of the supplier.



However, the Hungarian Energy Office, on the suggestion of the system operator, put a 330 MW cap on

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total wind capacities in the spring of 2006 (for an unspecified time). The argument justifies it on the basis of imbalances and security problems that intermittent energy can cause to the electricity system as it stands now. The quota has been allocated among applicants for wind power plant energy licences. There were applications for over 1500 MW, thus questions and conflicts of allocating scarce resources arose.

Although technical conditions were already settled with the distribution network operator, the project company has not yet received the wind quota for the proposed extension, Therefore it is uncertain that the turbines will be erected in the coming 2-3 years. However, the project company continues its co-ordination, designing and permit acquiring work. The quota is not set for ever, and bringing together the several views can accelerate the quota revision, which, due to lobby forces, technical and regulatory developments, may be probable.

