



GMT Hungary To Open Natural Gas Market From June '09, Reform Pwr Market

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BUDAPEST -(Dow Jones)- The Hungarian parliament has approved a bill to liberalize the natural gas market fully from July 1, 2009, while it also wants to amend regulation of the electricity market which was opened up Jan. 1 2008, industry experts said Tuesday.

After Monday's parliamentary approval, the government is to prepare the implementation of the regulations in the second half of 2008, and market participants will have the first six months of next year to prepare for full market opening, Peter Gordos, an official from the Transportation, Communication and Energy Ministry, told a conference.

As for the power market, "the best analogy for the electricity market is a tango. Overall the steps appear to be forward, even though the market moving forces are sometimes slow. Right now there really isn't competition from electricity suppliers," said Gabor Szorenyi, an official from the Hungarian Energy Agency, or MEH, told the conference, organized by the *Institute for International Research*.

To boost competition, the government will clarify and make more effective legislation governing electricity sales, and will expand the MEH's powers to purchase electricity outside the system in the event of shortages, Gordos said.

The government also wants to make scheduling and surcharge regulations of the market more flexible, with subsidies and allowances for wind, solar and hydro power providers, Gordos added.

Hungary's electricity demand has grown by about 2% a year over the last eight years, compared with around 1% in the 1990s. Over the next seven years, Hungary needs to increase its capacity by 10.5 gigawatts to meet this growing demand, said Andras Vinkovits, director of state-owned network operator Mavir Zrt.

In terms of its cross-border capacity increases, Hungary is set to have several key electricity interconnectors from Romania Croatia and Slovenia online by 2010.

At present, Hungary's crossborder capacities are limited.