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From June, system operators and distribution companies will be able to apply for subsidies to build energy storage facilities by the summer of 2025 at the latest, the Ministry said. The EUR155 million (US\$171 million) tender amount can be applied for in June 2023 and the winners will be chosen during the summer.

However, the statement added that a separate request for proposals was published in March, open to all types of companies. The document of that request indicates a much larger target of 885MWh by May 2025.

That document (available here, in Hungarian) said that a 1MW/2MWh storage unit in the regulation capacity market would be expected to provide 4,000MW of negative aFRR (automatic frequency restoration reserve) and 4,000 MW of positive aFRR regulation capacity per year.

“The developments promote the implementation of a low-carbon energy economy, the green and digital transition, and the establishment of Hungary’s energy sovereignty. By installing battery energy storage, the natural power fluctuations of weather-dependent renewables can be partially compensated. The program can therefore make a meaningful contribution to the increased utilisation of clean energy carriers,” the statement from the Ministry said.

A translation of the document indicates part of the funding will come from the Recovery and Resilience Plan, the EU-wide scheme aiming to mitigate the negative economic effects of the Covid-19 pandemic.

In April this year, Invinity Energy Systems secured a 1.5MWh order for its vanadium redox flow battery (VRFB) from STS Group, for an installation at solar-plus-storage project in central Hungary.

The projects will help Hungary transition to a net-zero energy system, and the scheme was approved under the EU’s Temporary Crisis and Transition Framework, adopted in March to support sectors key to accelerating the transition and reducing fossil fuel dependency.

Hungary is aiming to support the installation of at least 800MW/1,600MWh of new energy storage projects through the scheme. The projects will help to integrate new renewable energy resources in its electricity system. The funding is equivalent to HUF 436 billion.

The money is available for companies active in Hungary’s energy sector, except financial institutions, and will also be available for projects outside its borders which can provide the power through cross-border transmission capacity. All energy storage technologies are eligible, although lithium-ion remains the technology of choice for the vast majority of large-scale projects today.

The projects will be selected through a competitive bidding process and grants will be awarded before the end

of 2025. They will take the form of an investment grant during the construction phase and a two-way contract for difference ("CfD") mechanism to be paid annually during the 10 first years of the operations phase of the supported projects. CfDs usually involve a cap and floor mechanism, essentially guaranteeing a minimum and maximum revenue range.

The investment grant will be partly funded by Hungary's portion of the Recovery and Resilience Facility, and partly by a Modernisation Fund, while the 10-year annual support will be financed through a levy. Other countries to have used EU funding, including Recovery and Resilience, for storage include Greece, Romania, Finland, Croatia, Estonia and, as reported last week, Slovenia.

Energy-Storage.news" publisher Solar Media will host the inaugural Energy Storage Summit Central Eastern Europe on 26-27 September this year. This event will bring together the region's leading investors, policymakers, developers, utilities, energy buyers and service providers all in one place, as the region readies itself for storage to take off. Visit the official site for more info.

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