Status of solid waste management in Hungary

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Hungarian Energy and Public Utility Regulatory Authority

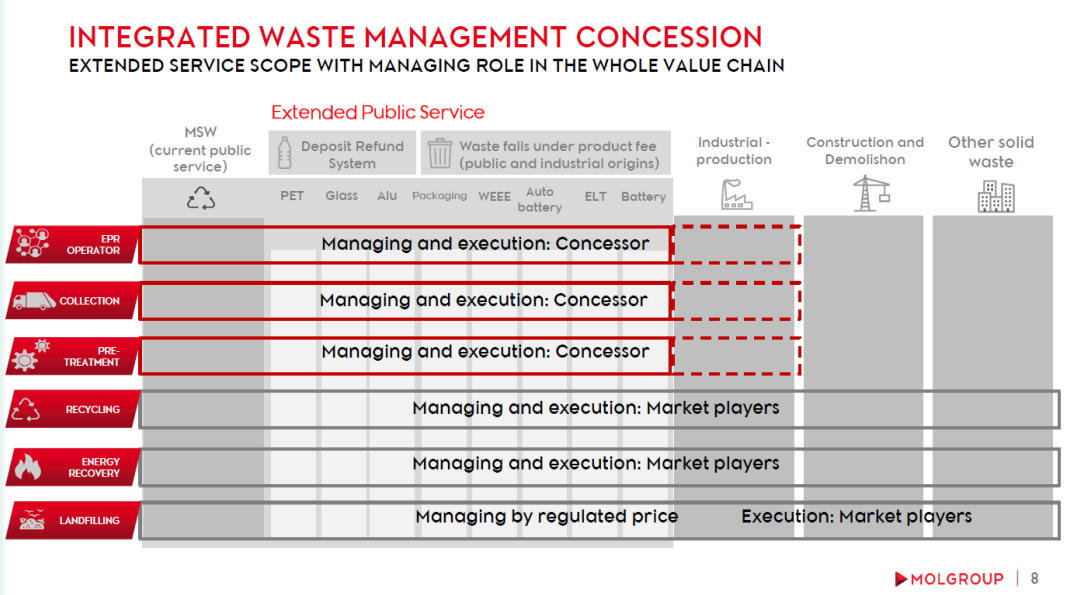
Clean energy, sustainable environment

Waste management model change in July 2023

Before July 2023: fragmented system

- **Municipal waste management public service obligation**
- Local service providers contracted by the municipalities
- Regional coordination ensured by NHKV Zrt.
- Objectives defined by the National Waste Management Plan

After July 2023: one main player



- Waste management public service obligation has been transferred from the municipalities to the state
- **The state conceded its waste management public service obligation for 35 years to a concessor** picked on a tender
- The concessor handles DRS and EPR coordination, the collection and pre-treatment of municipal waste
- Waste utilization and disposal are not part of the concession agreement

Source: MEKH, MOHU Zrt.

Commitments of the concessor

- **MOL Group,** integrated oil and gas company, won the municipal waste management concession as a single licensor in Hungary, on the whole territory of the country, **for a period of 35 years** with a commencement date of 1 July, 2023
- MOL has undertaken that **by 2040, the current 32% recycling rate of domestic municipal waste will reach 65%, and it will reduce the proportion of waste going to landfills to 10% from the current 50%.**
- MOL Group created a concession company, MOHU Zrt. and fulfills its obligation through the concession company.
- Part of the concession agreement is **an investment obligation of around 475 million EUR** within the initial 10 years of the concession agreement (the development of the waste management including collection and pretreatment infrastructure)
- **4,5-5 million tons of total waste** stream falling under the concession system
- Commitment to build a **new facility capable of energy utilization of at least 100,000 tons** of municipal solid waste per year within five years.
- MOL, active player in the Hungarian refining and petrochemicals segment, will have access to new feedstock

Waste management system in Hungary and MEKH's role in it

Waste management authorities

- Permitting and supervision
- Collection of EPR and DRS data

Ministry of Energy

- Policy direction defined by the Minister of Energy
- Stipulation of fees to be paid to the concessor

MEKH

- **Determining the amount of justified costs which is the basis of the fees applicable by the concessor**
- **Preparing all fee proposals to the Minister of Energy**
- Fee supervison
- Decision in controversial issues (facility usage, compensation)
- *Defining regulated price for energy recovery and landfilling activities**
- *Operation of waste management property registry*

Concessor

Income:

- Public service fee paid by resident **people**
- EPR fee paid by **producers and distributors**
- Institutional fee to be paid by **economic entities**
- Institutional fee to be paid by the **municipalities**
- Fees related to the DRS system
- Revenue from the sale of waste to be utilized

Beyond the concession system

- Handling waste streams not or partly under concession, such as industrial and dangerous waste
- Recycling, energy recovery and landfilling activities
- Municipalities to perform public cleaning duties

Source: MEKH

**Not concession related activities*

Future challanges

Policy level

- In case of Hungary, **meeting recycling and landfilling targets is challenging**.
- Rate of landfilling remains high for couple of years: **utilisation of landfill gas** could be a win-win solution in the meantime – what is the Commission's standpoint on this?

Business model

- A **study on waste management practices** in all member states which would enable the comparison of unit costs of certain activities would be extremely useful.
- Introduction of **one concessor model** – less than one year of experience: too early to say lessons learnt. Reaching targets might be easier but the regulator's task is more challenging. Is there a similar model in other MSs?

Thank you for your attention!

Hungarian Energy and Public Utility Regulatory Authority

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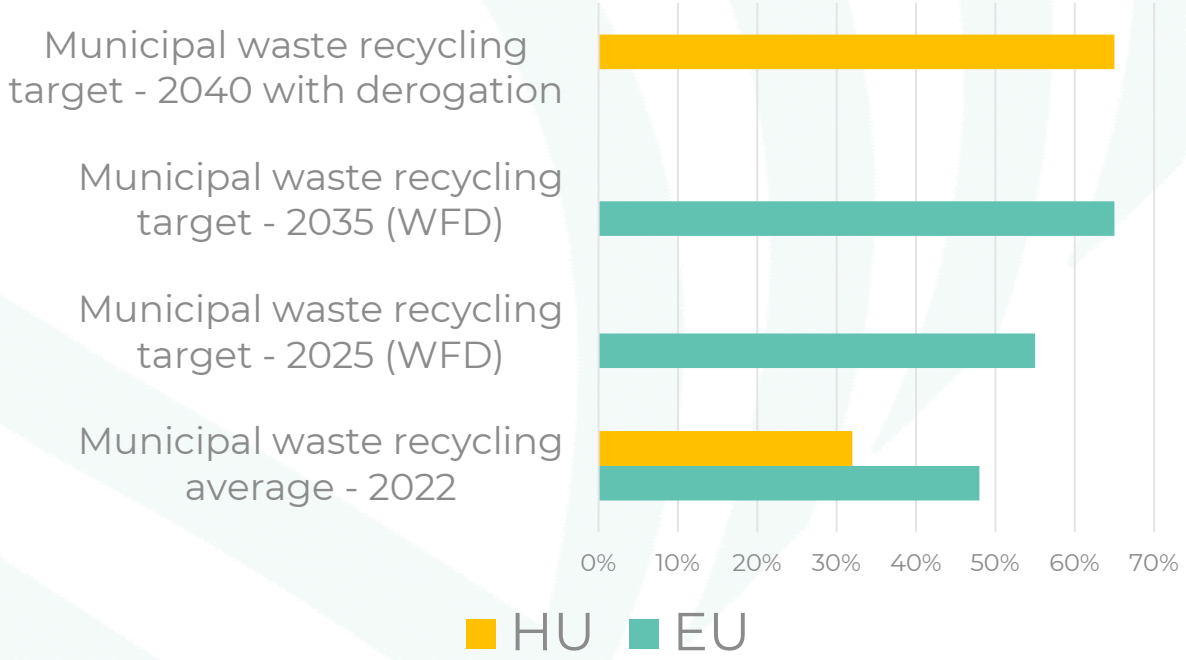
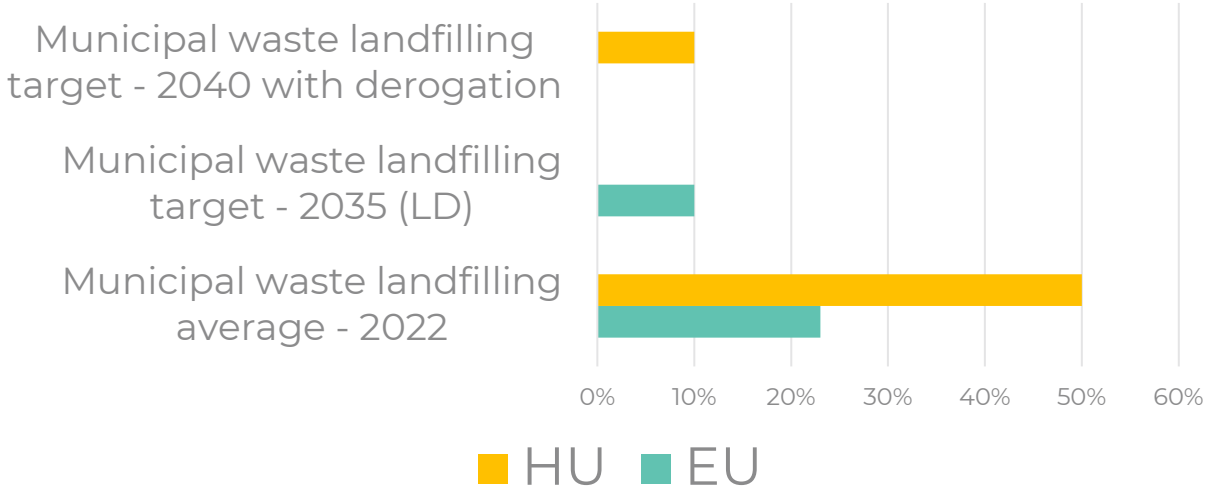
Compliance with EU targets in waste management

Municipal waste recycling

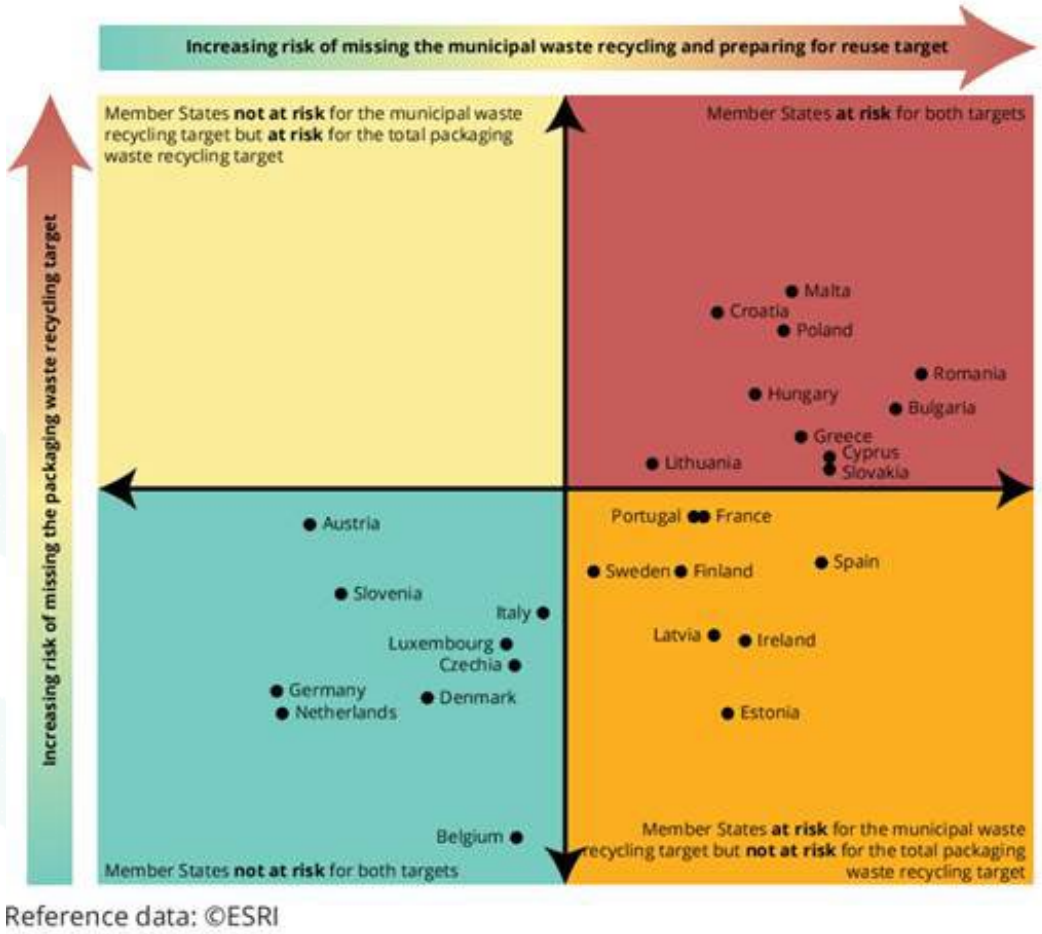


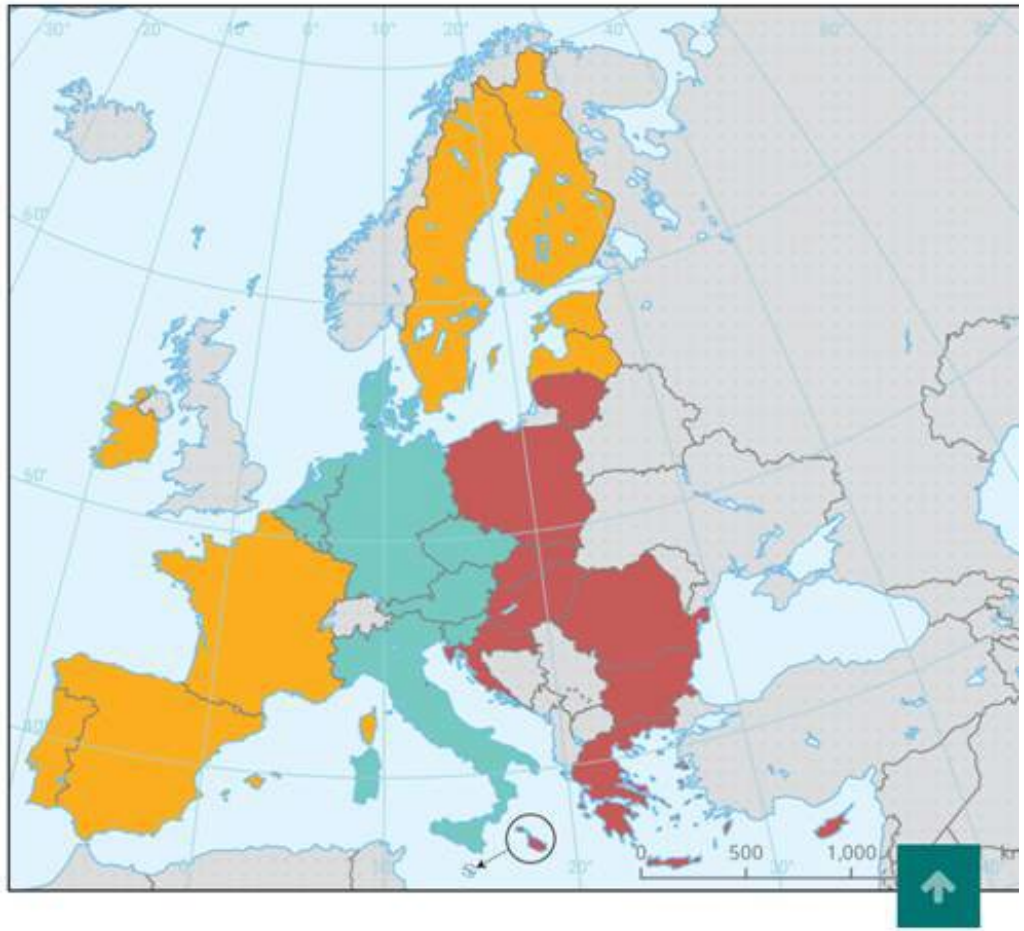
Municipal waste landfilling



Recycling targets (municipal and total packaging waste)

10 Member States are at risk of missing both the municipal waste (55%) and the total packaging waste (65%) recycling targets in 2025





Source: https://www.eea.europa.eu/publications/many-eu-member-states/ (2023)

EU Member States' prospects of meeting the material-specific packaging waste recycling targets in 2025

Source: https://www.eea.europa.eu/publications/many-eu-member-states/ (2023)