

The European Commission has opened an in-depth state aid investigation into Hungary's plans to provide financing for the construction of two new nuclear reactors in Paks, the Commission said on Monday.

"The Commission will in particular assess whether a private investor would have financed the project on similar terms or whether Hungary's investment constitutes state aid. If the project is found to involve state aid, the Commission will investigate whether as planned it would lead to distortions of competition in particular on the Hungarian energy market."

"Margrethe Vestager, Commissioner in charge of competition policy, stated: "Given the size and importance of the Paks project, the Commission has to carefully assess whether Hungary's investment is indeed on market terms or whether it involves state aid. This requires a complex analysis. I think it is important that stakeholders can also submit their views.""

"In May 2015, the Hungarian authorities notified plans to invest in the construction of two nuclear reactors at the Paks site. At this stage, the Commission has concerns that this investment may not be on market terms, as Hungary argues. The Commission will therefore assess in-depth the business case for the construction, operation and decommissioning of the two reactors on the basis of the agreed transaction terms and in view of the EU's energy market projections."

"If its assessment shows that state aid is involved, the Commission would in particular have to make sure that the project does not lead to distortions of competition on the Hungarian energy market or other undue distortions in the Single Market. To be found compatible with EU rules, an aid measure also needs to be proportionate to the objectives pursued and address a genuine market failure, meaning that the project could not be realised by market forces alone, without state support. Finally, the investment by Hungary must be adequately remunerated."

"Separately, the Commission last week decided to launch an infringement procedure against Hungary as regards the Paks 2 nuclear power plant project, because it has concerns regarding the compatibility of the project with EU public procurement rules." Back then, experts weighed in saying a real disaster for the project would be an EC investigation into illegitimate state aid for Paks 2.

source: portfolio.hu