

From: [REDACTED]
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Meeting with ENGIE - 2 June 2017

Participants

- ENGIE: Mr. [REDACTED]
[REDACTED]
- Commission: [REDACTED]

We met ENGIE at their request to discuss their business situation in Hungary ahead of VP Sefcovic's visit in the framework of the Energy Union Tour.

ENGIE (formerly GDF Suez) is a French energy company that has been an important player in the Hungarian gas market since 1995. It has had difficulties since the government of PM Orban came into power in 2010 and has made the nationalisation of the energy sector and energy price cuts a cornerstone of its energy policy. Due to below-cost regulated prices as well as a infrastructure tax on energy companies, ENGIE has been facing difficulties and was practically forced to sell its universal service provider business. It still has its gas distribution business but claims that it cannot operate it profitably or make any return on investment due to government policies, as not all cost elements are acknowledged in regulated network tariffs. It also is concerned by the lack of independence of the energy regulator and the lack of effective legal appeal against the regulator's decisions, as by the law only the Constitutional court (and not ordinary courts) can nullify the regulator's decisions. The Commission is currently conducting discussions with Hungary on these issues (practically the transposition of certain measures of the Third Energy Package). ENGIE supports the COM infringement procedures launched against Hungary and has launched investment protection arbitration proceedings in Washington.

The Commission took note of the complaints and informed the company about the upcoming Energy Union Tour in Hungary.

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