COUNTRY POLICY PROFILE

Bulgaria

October 2014

LOG FILE OF CHANGES IN SUPPORT POLICIES AS COMPARED TO LATEST MEMBER STATE PROGRESS REPORT

EurObserv'ER

The EurObserv’ER project

The EurObserv'ER Barometers monitor the renewable energy progress in each Member State of the European Union. Every two months a barometer dedicated to one particular renewable energy technology is published. Moreover, once a year a EurObserv’ER Overview Barometer[1] collects the main indicators published during the year and completes these with additional renewable sectors which have not been detailed in the individual Barometers. Finally, the Overview Barometer also reports on socio-economic aspects: employment and turnover in the field of renewables, and the renewable energy investment climate. The country policy reports monitor policy developments by providing an overview of policy changes compared to the Member State Progress Reports.

All Barometers are available for download at http://www.eurobserv-er.org. An overview of direct links to Barometers is available in Annex A.

New Barometer releases are announced on Twitter (https://twitter.com/eurobserv_er).

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[1] Free download at http://www.eurobserv-er.org/pdf/bilan13-gb.asp, latest edition is 2013.

Abstract

According to the Directive 2009/28/EC of the European Parliament and of the European Council on the promotion of the use of energy from renewable sources the target for the share of energy from renewable sources in gross final energy consumption in the year 2020 for Bulgaria is 16%, whereas in 2012 it reached 17,9%.

Renewable electricity in Bulgaria is promoted primarly through a feed-in tariff. Producers are contractually entitled against the grid operator to the purchase and payment of electricity at a guaranteed price. The use of renewable energy for heating and cooling is promoted through a subsidy from the European Regional Development Fund and through an exemption for building owners from property tax. Main Bulgarian support scheme for renewable energy in transport is a quota system. There is a professional training programme for RES-installers as wells as a building obligation for the use of renewable heating and for the exemplary role of public authorities.

This report monitors the policy changes after the release of the 2013 Progress Report for Bulgaria and is regularly updated. Recent RES policy changes in Bulgaria involve imposing a fee of 20% on the production of electricity in solar and wind power plants, however this decision was set aside due to the unconstitutional nature of this regulation.

Abbreviations

BTL	Biomass-to-Liquids
CHP	Combined heat and power plant
EEAG	Environmental and energy aid guidelines
EU-27	European Union, 27 Member States (excludes Croatia)
EU-28	European Union, 28 Member States (includes Croatia)
FiP	Feed-in premium (scheme)
FiT	Feed-in tariff (scheme)
GHG	Greenhouse gas(es)
GHG	Greenhouse gas
ktoe	Kiloton oil equivalent
MSW	Municipal solid waste
NREAP	National Renewable Energy Action Plan
PV	Photovoltaic energy
RE	Renewable energy
RED	Renewable Energy Directive
RES	Renewable energy sources
RMSW	Renewable Municipal solid waste (renewable fraction in MSW)
RQS	Renewable quota scheme
TSO	Transmission system operator

Renewable energy mix and 2020 target

Solid biomass is the main RES in Bulgaria. In the year 2012, Bulgaria produced 1263 ktoe of solid biomass energy, which accounted for 1.7% of the Bulgarian contribution to the European Union. Hydropower generation took the second place with 393 ktoe of production, which means 1.3% of contribution to the EU-27. Third of the main renewable energy contributors in Bulgaria is wind power with energy production of 89 ktoe, which equals to 0.5% of the European energy production. Bulgaria also produces 46 ktoe of solar energy through PV systems. Source: EurObserv'ER, 2014, www.eurobserv-er.org. The 2012 share of renewable energy in Bulgaria amounted to 17.9%; the target for 2020 has been defined as 16% (source: EurObserv'ER report 'The State of Renewable Energies in Europe'[2]).

Table *Renewable energy production in the 27 Member States of the European Union (EU-27) and the corresponding figures for Bulgaria. Data have been expressed in ktoe and refer to the year 2012*

[ktoe, 2012]	European Union (27 countries)	Bulgaria	Contribution of Bulgaria to EU-27
Hydro*	29408	393	1.3%
Wind*	17089	89	0.5%
Solar PV	5732	46	0.8%
Solar thermal**	2116	0	0.0%
Solid Biomass***	74804	1263	1.7%
Biogas	6212	3	0.1%
MSW****	4426	0	0.0%
Geothermal	7825	48	0.6%
Biofuels	11711	0	0.0%
Ocean energy	44	0	0.0%

* Normalised electricity generation

** Including electricity generation from Concentrated Solar Power

*** Including liquid biomass

**** Municipal Solid Waste only regards the renewable fraction in the waste

Source: EurObserv'ER, 2014 (www.eurobserv-er.org)

[2] Free download at http://www.eurobserv-er.org/pdf/bilan13-gb.asp, latest edition is 2013.

Among EU-27 in 2012, Bulgaria remained at one of the last positions pertaining renewable energy production with merely 1842 ktoe of energy. Such place proves the early stage of renewable energy production development in this country.

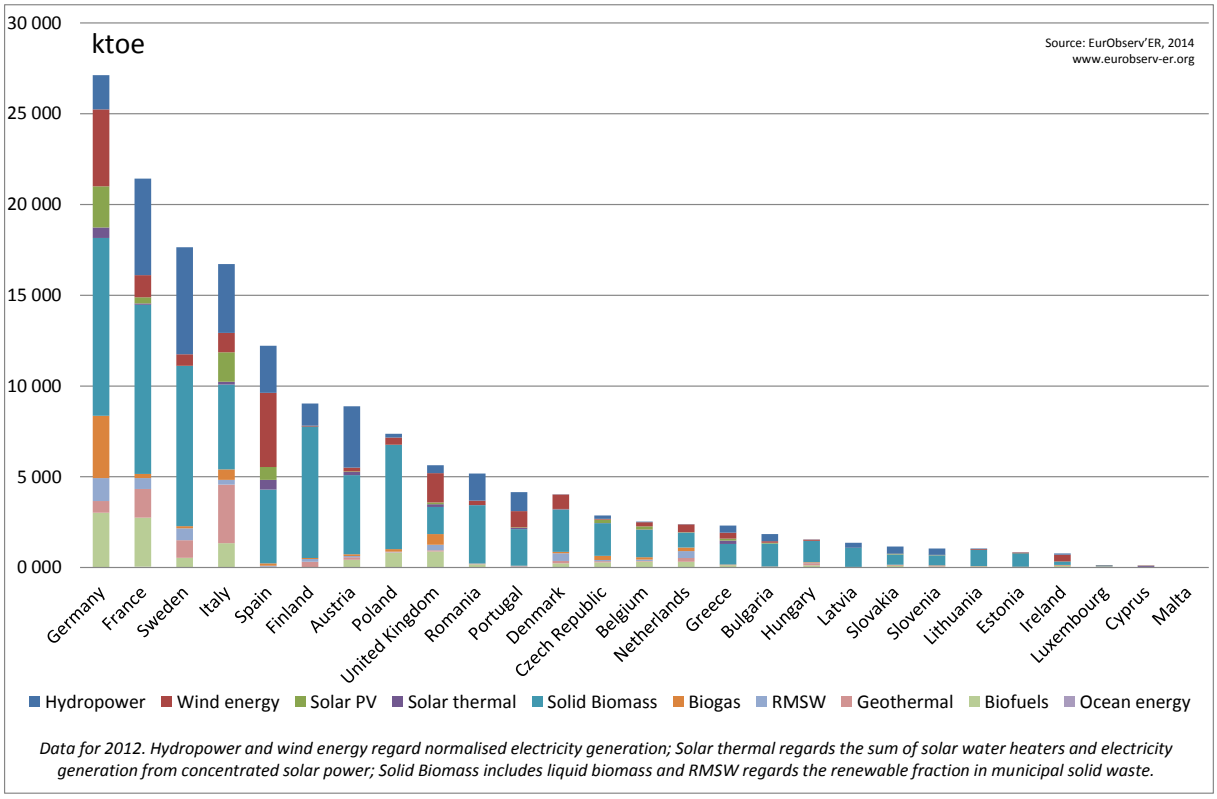

Figure *Renewable energy production in the European Union Member States. Data have been expressed in ktoe and refer to the year 2012. Source: EurObserv'ER, 2014 (www.eurobserv-er.org)*

Recent RES Policy Developments

The current EurObserv'ER policy profile is listing recent policy changes in the EU Member States. Starting point for this monitoring is the situation as it has been described in the country's Progress Report (which were due end of 2013). All Renewable Energy Progress Reports are available in English language from www.eurobserv-er.org (translated versions).

Date	Technology	Policy change
January 2014	General	The European Commission released the Progress Report for the Bulgaria in January 2014. See Section 2 (page 10) to Section 4 (page 56) for a description of policy measures and support schemes.
	Solar PV, wind energy	Fee of 20% imposed on the production of renewable electricity.
August 2014	Solar PV, wind energy	Producers of certain renewable energy are no longer required to pay the 20% fee. However, amounts of the 20% fee paid by such renewable energy producers before 10 August 2014 are not refundable.
September 2014		<no change>
November 2014		<yet to come>

Note to the reader: the above overview has been compiled with care. However, in case you miss recent developments please be invited to inform EurObserv'ER on policy changes in a Member State. For communication use e-mail (policy@eurobserv-er.org) or Twitter (https://twitter.com/eurobserv_er).

Glossary

Auctions for granting renewable energy support	An auction is a process, organised by a governmental renewable energy implementation agency, of granting production or investment support to a specified volume of eligible renewable energy (or renewable energy generation capacity) based on the lowest bids per unit of renewable energy (or renewable energy generation capacity) by eligible renewable project developers.
Degression rate	See under 'Sliding feed-in tarif'
Feed-in tariff (FiT)	A technology-specific support scheme which provides for a technology-specific remuneration per unit of renewable energy payable to eligible renewable energy producers, typically for a period of 10-20 years. The FiT level is set *ex ante* by the National Regulatory Agency (NRA). It is to cover all future production costs including a *normal* rate of return to capital invested. In many schemes priority network access is offered to eligible renewable electricity generators, whilst a designated third party - e.g. the transmission or distribution network operator concerned - is being mandated to pay the FiT remuneration due. A proper, periodic review of FiT rates is often undertaken with the aim to prevent both too high FiTs so as to minimise regulatory rents, i.e. supra-normal returns and too low FiTs to preclude below-target market uptake because of FiT levels that are perceived by market participants to be less attractive.
Feed-in premium (FiP)	A technology-specific support scheme which provides for a technology-specific subsidy level per unit of renewable energy to eligible renewable energy producers, typically for a period of 10-20 years, at a pre-set fixed or floating (see under 'Floating FiP') rate, projected by the National Regulatory Agency (NRA) to enable renewable energy generation investments deemed commercially attractive by project developers without yielding supra-normal profits.
Floating FiP	A feed-in premium, which is periodically adjusted to exactly offset the change in the average energy wholesale market price, based on a pre-specified benchmark market price. A floating FiP may move freely or may only be allowed to move within a pre-set interval.
Grants	Grants are non-repayable funds disbursed by one party (grant makers), often a government department, corporation, foundation or trust, to a recipient, often (but not always) a non-profit entity, educational institution, business or an individual. (Source: Wikipedia.org)
Green public procurement	In Green public procurement contracting authorities take environmental issues into account when tendering for goods or services. The goal is to reduce the impact of the procurement on human health and the environment. (Source: Wikipedia.org)

NRA	National Regulatory Agency
Renewable quota scheme (RQS)	A renewable quota scheme mandates certain market actors (typically retail suppliers or large energy end-users) to respect a pre-set minimum share or amount of their total energy procurements from renewable sources of energy. Typically a tradable green certificate (TGC) scheme is operated to enable the obligated parties to prove their compliance with the prevailing renewable quota target by means of TGCs. Typically the renewable quota target is increased gradually over time. Renewable quota systems are also known under terms such as quota (obligation) schemes or renewable portfolio standards.
Request for tenders (RFT)	A request for tenders (RFT) is a formal, structured invitation to suppliers, to bid, to supply products or services. In the public sector an official fee is needed to fortify and secure the tender bid engagement/win documents, such a process may be required and determined in detail by law to ensure that such competition for the use of public is open, fair and free from bribery and nepotism. For example, a government may put a certain level of MW of offshore wind energy at a pre-defined location 'out to tender'; that is, publish an invitation for other parties to make a proposal for the construction of offshore wind farms, on the understanding that any competition for the relevant government contract must be conducted in response to the tender, no parties having the unfair advantage of separate, prior, closed-door negotiations for the contract. An evaluation team will go through the tenders and decide who will get the contract. (source: adapted from Wikipedia.org)
RD&D funding	The funding of research, development and demonstration activities and programmes. For technologies far remote from commercial maturity, government grants or subsidies might be considered. For technologies close to commercial maturity which are not taken up for commercial research any way, instruments such as fiscal instruments (tax credits, accelerated depreciation, etc.) and public-private partnerships may be considered, based on shared public and private RD&D funding.
Sliding feed-in-tariff	A FiT scheme which pre-sets technology-specific declining feed-in tariffs for certain prospective vintages in line with the technology-specific learning curve, as projected by the National Regulatory Agency (NRA). Often a degression rate is used indicating the %/annum decrease in the rate level.
Soft loans	Loans at concessional (below market-based) terms, for example at sub-market-conform interest rates, made available in several Member States to stimulate certain renewable energy technologies.
Tax credits	These are amounts a tax paying entity is allowed to deduct when declaring payable taxes, for example company tax or income tax, to the tax authorities , for example the producer tax credits (PTCs) used in the United States to stimulate among others wind energy deployment.
Tenders	See ‘Request for tenders’

References

EurObserv'ER, 2014, www.eurobserv-er.org

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Annex

EurObserv'ER Barometers published are all available for download. Direct links to all EurObserv'ER publications:

Biofuels Barometer
(July 2014, PDF, English language, 14 pages)
http://www.eurobserv-er.org/pdf/baro222_en.asp

Solar Thermal Barometer (CSP and solar water heaters)
(May 2014, PDF, 18 pages, English language, 3.6 MB)
http://www.eurobserv-er.org/pdf/baro221_en.asp

Solar Photovoltaic Barometer
(April 2014, PDF, 16 pages, English language, 2.9 MB)
http://www.eurobserv-er.org/pdf/baro-jdp11_en.asp

Wind Power Barometer
(February 2014, PDF, English, 14 pages, 2.8 MB)
http://www.eurobserv-er.org/pdf/baro-jde14_en.asp

'The State of Renewable Energies in Europe', 2013 edition
(January 2014, PDF, English language, 200 pages, 12 MB)
http://www.eurobserv-er.org/pdf/bilan13-gb.asp

Solid Biomass Barometer
(December 2013, PDF, English language, 14 pages, 2.9 MB)
http://www.eurobserv-er.org/pdf/baro219_en.asp

Heat Pump Barometer
(October 2013, PDF, English language, 18 pages, 2.5 MB)
http://www.eurobserv-er.org/pdf/baro218.asp

Biogas Barometer
(December 2012, PDF, English/French language, 14 pages, 2.0 MB)
http://www.eurobserv-er.org/pdf/baro212biogasEu.asp

Renewable Municipal Waste Barometer
(December 2012, PDF, English/French language, 12 pages, 1.9 MB)
http://www.eurobserv-er.org/pdf/baro212mswEu.asp