

## **ESD implementation in Bulgaria**

The Minister of economy, energy and tourism is the responsible person for ESD implementation in Bulgaria, while the monitoring and the control on its execution is delegated to the executive director of the national Energy efficiency agency (EEA). A legal framework has been elaborated for the regulation of ESD transposition in Bulgarian legislation. In March 2009 Bulgaria announced the notification of the ESD.

### **Legal context**

The New energy efficiency law (EEL) was enforced by the National Assembly in November 2008. Eight sub- acts / regulations elaborated further are developing the provisions of the Law, i.e.:

1. Regulation defining the national indicative targets, the distribution sequence of the targets as individuals objectives for energy savings among the legal entities under Art.10 (1) of the EEL, the admissible EE measures, the methodologies for estimation and manners for energy saving acknowledgement
2. Regulation specifying the conditions and sequence of size and refunding of EPC means, resulting in energy savings in buildings, which are state or municipal ownership
3. Regulation specifying energy costs indicators, energy performances of industrial systems and the conditions and sequence of delivering EE audits in industrial systems
4. Regulation for EE audits and certification of buildings
5. Regulation for energy performances of sites
6. Regulation specifying the EE inspections of boilers and air-conditioning systems in buildings
7. Regulation defining the circumstances, subjected to be registered in the Register of Entities delivering certification and EE audits in buildings and the rules for receiving information as well as the terms and rules for acquiring and acknowledgement of legal capacity
8. Regulation specifying the contents, structure, terms and rules for selection and delivery of information

### **Status of the implementation**

The following table illustrates the respective ESD transposed in the EE Law.

<b>Directive</b>	<b>Energy Efficiency Law and its Sub-acts / regulations</b>
Article 1	No implementation necessary
Article 2	No implementation necessary
Article 3, part a to s	Additional regulations, first paragraph, item .1-24 of the EEL
Article 4, first, second paragraph	Art.3 and Art.9 of the EEL and Art.6-9 of the Regulation under item 1.
Article 4, 3	Article11, EEL
Article 4, 4	Articles 4 and 5, EEL
Article 4, 5	No implementation necessary
Article 5	Section 6 of the Transitory and Final Provisions of the EEL
Article 6, 1, part a	Articles 40, 41, 42, EEL and Regulation N 8
Article 6, 1, part b	No implementation necessary
Article 6, 2 , part a	Articles 10 and 39, EEL and Articles 12 and 17 of Regulation N 1
Article 6, 2 , part b	Articles 44 -47, EEL
Article 6, 3	Articles 48- 49, EEL
Article 7	Chapter IV of EEL
Article 8	Article 5, (3), p.16 and Chapter III, Section II and IV, EEL and Regulation N 7
Article 9, 2	Articles 5, (3), p.8, Atr. 38, 1, 2 and Regulation N 2
Article 10	No implementation necessary
Article 11	Chapter V of EEL
Article 12,1	Chapter III of EEL and Regulation N 3
Article 12, 3	Articles 16 and 17, EEL and Regulation N 4
Article 13, 1	Article 38, (3) and (4) of EEL and Art. 120, 150 and 195 of EL
Article 13, 2 and 3	Articles 38, (2) and (3), EEL
Article 14	Chapter II of EEL
Article 15	No implementation necessary
Article 16	No implementation necessary
Article 17	No implementation necessary
Article 18	No implementation necessary
Article 19	No implementation necessary
Article 20	No implementation necessary

Table 1 – Implementation table

#### **Article 4: Energy Savings Targets**

Since 2008, the EEA has been monitoring the progress towards achieving the national indicative target and annual reports to the Ministry of Economy and Energy. Results will be published in the Second National Action Plan for energy efficiency.

#### **Article 5: Energy end-use efficiency in the public sector**

Bulgaria has launched activities for assuring of legal basis for implementation of some measures stipulated in Directive Annex VI. At the beginning of 2009 was the acknowledgement of a specialized Regulation specifying the conditions and sequence of size and refunding of EPC means, resulting in energy savings in buildings, which are state or municipal ownership. This was the approach to open the financing of EE measures in buildings state and/ or municipal property from the state budget via the EP contracts. The repay of the funding is done when a certain, previously determined level of energy performance is achieved, i.e. at least EE class B. Another measure, very successfully applied in Bulgaria, is the energy audits of public buildings - state or municipal property, financed under Targeted annual programmes from the State Budget. At the current moment we have 1 181 number of energy audits done on public property building , incl. hospitals, schools, kindergartens, social care houses, public and administrative buildings. The total sum paid by the state budget for the programs is approximately 7 millions leva. To date, in Bulgaria there are 2963 audited buildings, including private buildings.

According to ESD, Member States should ensure that the public sector perform an exemplary role in promoting efficiency in energy end-use and market development of energy services. They should support and facilitate the exchange of best practices between public sector bodies, such as practices relating to energy efficient public procurement at both national and international level. Environmentally responsible or “green” procurement is the selection of products and services that minimize environmental impacts. Green procurement is rooted in the principle of pollution prevention, which strives to eliminate or to reduce risks to human health and the environment. The one of the main objective of the EE Law is to encourage energy efficiency through a system of measures and activities on national, industry, regional and municipal levels as a major factor for enhancing the competitiveness of the economy, electric power supplies security and the protection of the environment. In connection with paragraph 6 of the EE Law are prepared instructions (rules) criteria related to green public procurement and select priority categories of products and services. In the working group on the drafting of these rules were included

experts from Energy Efficiency Agency, Public Procurement Agency, Ministry of Economy, Energy and Tourism, Ministry of Environment and Water, Ministry of Transport, Information Technology and Communications and Bulgarian Institute for Standardization. The instructions (rules) are drafted and adopted. They are published on the website of Energy Efficiency Agency (<http://www.seea.government.bg>) and of Public Procurement Portal ([http://rop3-app1.aop.bg:7778/portal/page?\\_pageid=173, 1 & \\_dad = portal & \\_schema = PORTAL](http://rop3-app1.aop.bg:7778/portal/page?_pageid=173,1&_dad=portal&_schema=PORTAL)).

National action plan related to green procurements is being started. At this point, are forming a working group to elaborate a National action plan on green public procurement. It will be formed by experts from the following institutions: Ministry of Economy, Energy and Tourism, Ministry of Environment and Water, Ministry of Transport, Information Technology and Communications, Public Procurement Agency, Energy Efficiency Agency and Executive Environment Agency.

#### **Article 6: Energy distributors, distribution system operators and retail energy sales companies**

To complete ESD requirements as for the energy dealers Bulgaria has accepted the following approach: the national indicative target is distributed for implementation towards the big energy dealers as their individual energy saving targets. The energy dealers obliged under the Law shall correspond to some of the following provisions:

- to sell energy to end consumers more than the equivalent to 75 GWh (6.45 ktoe) per year for the past calendar year
- with staff for the past year exceeds 10 officials independently of the size of energy sold
- with turnover and/or annual balance for the past year exceeds 4 million leva independently of the size of energy sold

The individual energy saving targets distribution is done via split of the national and intermediate indicative targets per type of energy proportional to the size of energy sold to the end consumers.

To cover their individual targets the energy dealers may:

- secure energy services to their clients at competitive prices
- secure energy audits at competitive prices for their clients
- input target fees to Bulgarian EE Fund or in another operating or new EE funds

For the targets of the evaluation and monitoring on the individual energy savings obligations the persons obliged under the EE law must report to the EEA by 31st of March every year the information for the size and type of the fuels and energy sold in the past year.

The energy savings reached after EE implementation by the energy dealers are certificated by documents for energy savings issued by the EE Agency Executive Director.

Numerous of meetings were held with energy dealers obliged under the Law to discuss the allocation of individual targets for energy savings. Of meetings were discussed regulatory requirements, on which bases were allocated the individual targets, methods of their calculation, and the possible measures to implement the objectives.

The national indicative target of Bulgaria is allocated as individual targets for energy savings among the energy dealers, obliged under the Law which individual goals were established and adopted by the Council of Ministers in December 2010.

In this context and to support the implementation of individual targets were concluded two voluntary agreements with two of the largest electricity distribution companies. In the near future is expected to be concluded another voluntary agreement with the third energy distributor in the country.

#### **Article 7: Availability of information**

For implementing the measures laid down in the First National Energy Efficiency Action Plan, EEA developed an ordinance for defining the content and structure for collecting and providing information. This ordinance makes provision all procedures for collecting, storing and providing information, necessary to maintain the National Information System (NIS).

In addition, to make easier the process of collecting and processing of data for energy savings the EEA has started to work on a project for the structuring of a NIS for energy efficiency status in Bulgaria. The project was financed by the European Social Fund and Bulgarian state budget through the Operational Programme Administrative Capacity.

The main project aims are:

- increasing the publicity and the access to the information for the citizens and the business representatives about the administrative activities and the services provided by EEA
- increasing the protection against possible opportunities for corruption in EEA
- increasing the public confidence in EEA and encouragement of the active participation of the publicity in the processes of decision making and control for the questions connected with the energy efficiency.

In the process of the project implementation are achieved following results:

- Creation of registers and data bases with the information about the state of the energy efficiency in the country
- Redesign/expansion of the EEA website
- Creation of online form for contact with the administration, 4 discussion forums and online informational bulletins.

### **Article 8: Ensure the qualification schemes, accreditation and certification**

In the EE Law has been a regulated condition for those who can do energy audits in buildings and industrial systems. Besides requirement for presence of personnel with the necessary professions, all should have passed a special qualification course to carry out audits. The program of this course was developed by Technical University - Sofia, and it is approved by the EEA. The training courses are held in several technical universities in the country.

### **Article 9: Financial instruments for energy savings**

Concrete acting financing sources for EE in Bulgaria are the three funds for EE, the EBRD international programmes “Credit line for Bulgaria for EE and RES” and EBRD credit line for EE in households and the operational programmes under EU regional development fund. The financing of the projects under the last EU programme are included in Operational programme “Development of competitiveness of Bulgarian economy for 2007- 2013”. They include subsidies of 85% from the EU and 15% Bulgarian co - financing.

The new EE Law since October 2008 completely implements the ESD Directive and repeals the regulations under the former EE act and the Municipality Debt Law relating the debts of the communities resulted from financing activities and measures for improvement of EE from the EE Fund and/or due to implementation of energy performances contracts.

To improve the EE at the end energy consumer, the new EE Law encourages the EPC as a finance mechanism for energy services in buildings. There is a special regulation of the Minister of economy and energy and the Minister of finance that regulates the terms and rules for determination of the size of the financing means planned /targeted subsidies from the state budget/ for buildings, property of the state or of communities as well a the rules for their repayment. The regulation stipulates a number of requirements and provisions concerning the contents and scope of the EPC, which may be used as a model for this type pf contracts.

## **Article 11: Funds and funding mechanisms**

To increase energy efficiency Bulgaria apply the following funding mechanisms:

1. Voluntary agreements
2. Contracts with guaranteed results
3. Funding from the Energy Efficiency Fund

Voluntary agreements are intended to encourage reduction of energy consumption through:

- provision of energy services
- implementing activities and measures for energy efficiency by energy traders
- energy audits

The contracts with guaranteed results are aimed implementing activities and measures to improve energy efficiency in buildings and/or industrial systems. They are aimed thoroughly toward attainment of energy savings for users and restoring investment to the contractor, performed for the expense of energy savings.

The creation and functioning of the EE Fund completely corresponds and even precedes the provisions defined in Art.11 of Directive 2006/32/EO. The Funds is delivering loans, guarantees and free of charge technical assistance for elaboration of EE projects in Bulgaria. The clause that the Fund financial means may supplement but not compete with the commercial financing on EE measures is completely fulfilled.

## **Article 12: Energy audits**

In Bulgaria there is an operative scheme for energy audits in public buildings. The scheme is introduced in EE Law and came into force in 2004. According to the provisions of the EE Law all buildings whose useful floor area is over 1 000 m<sup>2</sup> are subject of obligatory energy efficiency audits. In execution of this obligation in the period 2006-2008 three Annual Target Energy Efficiency Programs in Buildings were prepared. These programs foreseen energy audits implementation in state and municipal buildings with the financial support by the State budget. As a result of the Annual Target Programs 1 181 states and municipal buildings were audited-hospitals, social buildings, kindergartens, schools and administrative buildings. The total sum paid by the State budget for the programs implementation is approximately 7 millions leva. The analysis of the results show that the total energy savings which will be obtained after the introduction of energy savings

measures are 490 GWh/year and the reduction of CO<sub>2</sub> emissions will be 223 000 tones/year.

Regardless of the above scheme according to data up to October 2009 in Bulgaria there are 2 963 audited buildings, including private properties. Until today there is 1 003 issued certificates category A and 45 certificates category B.

### **Article 13: Metering and informative billing of energy consumption**

In Bulgaria the requirements under Art.13 of Directive 2006/32/EO (transposed in the EE Law) for assuring individual measuring equipment, that meters the size of the end user energy consumed and for delivering information for time of real usage of electric energy, natural gas, central heating and/ or cooling and hot water for households, are strictly observed.

In order to guarantee individual measurement, as well as in relation to provisions of Directive 93/76/EC, a national system for partition thermal energy distribution has been implemented. Due to this system all consumers may regulate their consumption based on their wish for comfort and financial opportunities.

The electric energy consumed by each consumer is measured by individual meters. They are the basis for the individual consumers bills.

### **Article 14: Reports**

#### **Second National Action Plan for Efficiency**

In accordance with Article 14, item 2 of the Directive 2006/32/EO, Bulgaria has developed a Second National Action Plan for energy efficiency, which contains:

- detailed analysis and evaluation of the First National Action Plan for energy efficiency
- results regarding the achievement of the intermediate target
- the objectives and measures for energy savings in end-use by sectors
- necessary measures to improve energy efficiency in production and transmission of energy
- obligations of the energy companies to contribute to the energy savings on energy end-use
- information concerning the expected effect of the implementation of the future
- measures aimed at existing or potential failure of the planned targets

The Second National Action Plan for energy efficiency was submitted to the Ministry of Economy, Energy and tourism on 09.05.2011 for the startup procedure of its adoption by the Council of Ministers and then it will be sent to the EC.

**Relevant information**

More information regarding the situation in the Bulgaria can be found at the following websites:

[www.SEEA.government.bg](http://www.SEEA.government.bg)

Ministry of economy, energy and tourism: [www.miet.government.bg](http://www.miet.government.bg)