

TO:

TEMENUZHKA PETKOVA  
MINISTRY OF ENERGY  
8, TRIADITSA STR. SOFIA 1000

ABOUT: Statement on the Draft of the National integrated plan Energy and Climate („the Integrated plan“)

Dear Mrs. Petkova,

Bulgarian Wind Energy Association (BGWEA) is a representative organization for the wind energy sector in Bulgaria. BGWEA brings together the majority of the companies engaged in the sector, most of them - producers. BGWEA members constitute a significant share of the total installed wind power capacity in Bulgaria. The association has been working actively in one main direction: to improve the legislative and regulatory framework in order to create a better business environment and fair treatment of the investments in wind energy.

In the context of the dynamic development of energy sector in the recent years, BGWEA is among the main participants in all debates on the liberalization process. In this sense and regarding the presented Draft of the National integrated plan Energy and Climate, as an interested party, we present to your attention our comments and suggestions.

1. According to BGWEA the national target for the share of RES energy in gross energy consumption by 2030 should be significantly more ambitious than 25%. Taking into account the analysis of IRENA (International Renewable Energy Agency) on the potential of European Union to achieve RES share, Bulgaria could achieve 35% RES share in the final energy consumption by 2030 at competitive costs, as the share of wind energy here is significant. Thanks to the already existing renewable energy plants, our country has exceeded its target for renewable energy in gross domestic energy consumption by 2020, reaching 19%. This trend should be continued in order to highlight the ambition of the country to be among the European leaders for RES development and to lay down definite measures for tackling climate change. In this respect, BGWEA considers that **the national target for RES share in gross final energy consumption should be 35%.**

2. The integrated plan is a clear signal to investors for the country's ambitions to develop RES technologies. National plans are supposed to attract investment attention and the respective funds to the countries showing determination to develop these technologies. The investment risk, which is key to the cost of capital and, respectively, the cost of energy, would be lower in countries with clearly stated intention to develop RES. Considering the sensitivity of Bulgarian society to the price of energy, we believe it is obligatory **a maximum high target for renewable energy** to be fixed in the Integrated Plan in order to attract low-cost capital investments and thus ensure the lowest possible electricity price for the end customers.
3. With a view to achieve the 35% target, the Integrated Plan should outline the necessary **particular legislative and regulatory steps for introduction and market integration of new renewable capacities**. It is about encouraging investment in energy storage, smart grids, development of "demand side response", i.e. consumers to be active players in the market by managing their consumption according to the system's production capacity; market coupling.
4. An electricity sector with a growing share of renewable sources needs a robust and predictable legislative and regulatory framework that protects existing investments and provides them with fair treatment. It could be implemented in **the absence of retroactive legislative measures**. Such measures and constantly changing market rules undermine the security and trust of investors. In view of the above, BGWEA's opinion is that the Integrated National Plan should contain **a text on the protection of existing renewable energy investments** and a guarantee that the projects' profitability will be maintained under the support scheme at the time of their entry into operation.
5. The integrated plan shall take into account the role of wind energy in maintaining the stability and security of the electricity system. BGWEA believes that the defined target of 250 MW wind power by 2030 is not high enough. By appropriate incentives for the RES integration and a stable and predictable regulatory framework, we could expect higher growth of installed wind power. At European level wind energy is the cheapest and most affordable energy source. Through cost reductions and technology development, wind turbines are more efficient and easier for market integration, and they are undoubtedly the key technology for achieving decarbonisation. Over the next 10 years, wind energy production could take an increasingly important role in the energy mix of Bulgaria. **In this regard, our proposal is that target of 1000 MW new installed capacity of wind energy by 2030 to be set in the Integrated Climate and Energy Plan.**
6. The energy sector in Bulgaria has experienced a rather dynamic development in the last 10 years, due both to its peculiarities and to the global trends in the energy sector. The energy transition, as a major European objective, requires a complete transformation involving progressive electrification of the economy as well as a radical change in the CO<sub>2</sub> plants. In the past year at EU level, a new ambitious

target - a complete decarbonisation by 2050 was set. The path towards decarbonisation goes through electrification of the economy - by 2050 the share of electricity in final energy consumption should reach 53% as meanwhile **all fossil fuel plants should be replaced by renewable energy sources**. In the draft of the Integrated Plan, there are any particular measures that our country would undertake in order to carry out the necessary transformation of the electricity market, adopted and proclaimed on an European level. There is no outline of the country's plan for stepwise decarbonisation and the related transformation of the sector. There is also lack of adequate re-qualification and alternative employment opportunities in areas heavily dependent on coal-based power generation. According to the BGWEA, **specific measures for transition to low-carbon electricity generation, such as involving the country in European programs (eg "Transitional Coal Regions"), participation in projects within the framework of EU funding mechanisms related to the emissions trading system, national support for the transition of the regions concerned to a low-carbon economy, alternative industrialization and promotion of RES in these regions should be proposed in the Integrated Plan.**

7. The draft of the Integrated National Plan does not include the **development of corporate PPAs** between a producer and an end consumer. These agreements are becoming a worldwide successful business model based on purely commercial principles and does not require state engagement. BGWEA considers that administrative obstacles and unclear issues need to be removed, such as payment of different network and administrative charges, in order to facilitate such agreements.
8. BGWEA's opinion is that a separate point of the Integrated Plan should be dedicated to **the future of RES installations after the end of their life cycle**. Once a wind farm reaches the end of its life cycle (approximately 20-25 years), consideration is given to either decommission or repower the facility. By repowering wind turbines' equipment is dismantled and replaced (including tower and base) or upgraded with more advanced and efficient technology; repowering is an established European practice. It is often related to a change in the capacity and expiration period of these installations, which means revising and issuing permits and new co-ordination procedures. We believe that **repowering is a significant opportunity to increase wind power production**. This is the reason why it has to be embedded in the Integrated Plan, and shortened procedures for issuing the necessary permits and connecting to the power grid as well.

BGWEA hopes that abovementioned comments and recommendations will be taken into account in the final version of the Integrated National Energy and Climate Plan. We remain as ever at disposal for discussion.

Your sincerely,

Miglena Stoilova

Chairperson of BGWEA Supervisory Board

