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TO:

**MR TOMISLAV DONCHEV
DEPUTY PRIME MINISTER OF
REPUBLIC OF BULGARIA**

COPY TO:

**MRS TEMENUZHKA PETKOVA
MINISTER OF ENERGY**

**MR VALENTIN NIKOLOV
CHAIRMAN OF THE ENERGY COMMITTEE**

Subject: Opinion on a draft to the National Recovery and Resilience Plan (NRRP), announced for public consultation on 30.10.2020

Dear Mr. Donchev,

The Bulgarian Wind Energy Association (BGWEA) is a representative organization for the wind energy sector in the country. BGWEA unites the majority of companies actively engaged in the sector; the most of them are producers. The association traditionally takes an active part in all important processes of the sector development, it works towards creating a stable and predictable investment environment, and addresses the challenges facing its realization.

Hereby, BGWEA expresses its opinion on the draft National Recovery and Resilience Plan (NRRP), announced for public consultation on 30.10.2020. We support the defined in the strategy measures and reforms for economic and social recovery from the crisis caused by COVID-19 pandemic. The main comments of BGWEA on the draft of NRRP are the following:

Digital transformation of the Electricity System Operator (ESO)

BGWEA welcomes the planned project of digital transformation and development of information systems and real-time systems of the Electricity System Operator (ESO). The modernization of the energy network is a key measure, given the expected high growth of new RES capacities in the light of achieving the ambitious European goals of reducing greenhouse gas emissions. In this sense, our expectations regarding the planned digital transformation are directed in several aspects:

Optimizing the transmission capacity of the electricity transmission network, with a view to overcoming the bottlenecks and integrating the growing RES capacities

Reducing the additional availability costs for wind and solar energy paid through an "access price". According to the EWRC Decision № C-29 / 01.07.2020 the price of access to the electricity transmission network for RES producers with dynamically changing generation - from solar and wind energy is set at 5.28 BGN / MWh without VAT. The producers connected to the electricity distribution networks pay monthly the access price to the electricity distribution network operators, which transfer it to ESO EAD. The access price in this amount is introduced only for wind and photovoltaic power plants. The additional cost imposed on these two categories of producers puts them at a disadvantage compared to all other market participants, significantly aggravating their financial state and represents an obstacle to new investments in wind and solar power plants.

More transparency for the balancing market and reduced balancing costs. BGWEA hopes that the project of digital transformation of ESO will include measures for modernization and improvement of the balancing market ensuring more transparency to its work.

ESO currently publishes limited information on the operation of the balancing market. Based on it, market participants could not draw their own conclusions about the system imbalances and the costs incurred by ESO for balancing, respectively about the balancing energy prices. Disclosure of information about the balancing market is a European requirement set out in Art. 12 of Regulation (EU) 2017/2195 establishing guidelines for electricity balancing.

Rehabilitation and expansion of the transmission capacity of the electricity network in the areas with significant RES potential

Given the fact that the NRRP should prepare and launch measures that will enable the transition to a low-carbon economy, we believe that network development funds should be directed to areas where new RES capacities are expected to be installed. ESO and electricity distribution companies have relative information about the regions with significant RES potential based on the

investment intentions received in previous periods. Other databases are also available. These investments are necessary in order to prepare the network to integrate new renewable energy capacities and to avoid delays in connecting energy projects.

Black Sea Wind Resources Assessment

In the World Bank Report on the potential of offshore wind energy in the Black Sea (<https://energydata.info/dataset/offshore-wind-technical-potential#>) the wind capacity in the Bulgarian Black Sea is assessed to 26 GW (2 GW fixed and 24 GW floating). Given the growing importance of offshore wind energy on a European level and the declining global average prices of the technology, we believe that a survey project of wind resources in Black Sea, essential technical parameters and connection of offshore wind farms to the network, as well as the necessary regulatory and incentive measures should be outlined in the NRRP's pillar "Green Bulgaria"

Due to its specifics, offshore wind energy is considered to have a positive impact on the economy with the need to build onshore wind turbine plants near parks and thus create many jobs for highly qualified professionals. Bulgaria must rely on its competitive advantages and take this opportunity of economic development in coastal areas.

Energy storage

The development and integration of new RES plants requires sufficient electricity storage capacities. In this regard, the NRRP should develop an analysis of the necessary steps for the development of such facilities; it should outline the necessary legislative amendments for their regulation, and not least, to provide for promotion mechanisms.

In conclusion, BGWEA believes that the abovementioned aspects are key to attracting investor interest and, respectively, to developing new wind projects in the country. We hope that our arguments will be treated with due care while drawing up the final version of the Recovery and Resilience Plan.

Yours sincerely,

Miglena Stoilova

Chairperson of BGWEA Supervisory Board

