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**MR.VALENTIN NIKOLOV
CHAIRMAN OF THE ENERGY COMMITTEE OF THE NATIONAL ASSEMBLY**

SUBJECT: Position on a draft law to amendment and supplement to the Energy act (EA), signature № 054-01-103, submitted on 11.11. 2020

Dear Mr. Nikolov,

Bulgarian Wind Energy Association (BGWEA) is a representative organization for the wind energy sector in the country. BGWEA brings together the majority of companies actively engaged in the sector, including the investors in wind energy projects.

The association traditionally takes an active part in all important processes of the sector development. In this regard, BGWEA herewith presents its position on amendment to the Energy law.

Abolishing the obligation of RES producers under Art. 100 para 4 and Art. 6 of the Energy Act to carry out transactions on an organized exchange market.

BGWEA proposes an amendment to Art. 100, para. 4 and Art. 6 of the Energy Act, obliging RES producers with an installed capacity of 1 MW and exceeding 1 MW according to the -amendment, in force since July 1st, 2019 / with an installed capacity of 500 kW and exceeding 500 kW according to the proposed current amendment /, to trade the entire amount of electricity produced only on an organized exchange market. BGWEA proposes the following specific amendments to the texts of the EA:

„(4) (New, SG No. 102/2017, in force since 01.01.2018, previous para 3, amended and supplemented - SG No. 38/2018, in force since 01.07.2018, supplemented - SG, issue 91 /2018, amended - SG, issue 41 /2019, in

force since 01.07.2019) ~~The transactions under para. 1, which shall be concluded by electricity producers possessing a plant with a total installed capacity of 1 MW and exceeding 1 MW, by the operators of the electricity transmission and electricity distribution networks for compensation of the technological costs for transmission, respectively for distribution, as well as the transactions under para. 2 and 3 shall be carried out on an organized electricity exchange market.~~

(6) (New, SG No. 59/2013, in force since 05.07.2013, amended, SG No. 56/2015, in force since 24.07.2015, previous para. 3 - SG, issue 102/ 2017, in force since 01.01.2018, previous para 5, amended - SG, issue 38 /2018, in force since 01.07.2018, amended. - SG, issue 41/ 2019, in force since 01.07.2019, supplemented - SG, issue 79 /2019, in force since 08.10.2019) ~~Producers under Art. 162a and producers possessing a plant with a total installed capacity of 1 MW and exceeding 1 MW under the Renewable Energy Act could sell all or a part of the electricity produced by them through a balancing group coordinator. In this case, the coordinator shall register the producers by the independent transmission operator as a subgroup in the balancing group and shall obligatorily sell the electricity purchased by them through a separate registration on an organized electricity exchange market.~~"

Our arguments in favor of this proposal are related to the necessity to transpose into national law Directive (EU) 2019/944 of the European Parliament and of the Council of 5 June 2019 on the common rules for the internal electricity market and amending Directive 2012 / 27 / EU and in particular Art. 3, para 4.

The obligation to sell their energy on the organized exchange market deprives RES producers of the opportunity to trade their energy in the long run, unlike conventional electricity producers. The IBEX's long-term trading platform, namely the " Bilateral Contracts market segment", lacks a product that meets the specifics of renewable energy and this deprives them of the opportunity to trade in this market segment. Actually , RES producers do not have equal access to the wholesale electricity market. The obligation to trade energy only on an organized exchange market is discriminatory towards RES producers and in its essence contradicts to Art. 3, para 4 of Directive (EU) 2019/944, as the impossibility of RES producers to trade energy on all IBEX segments imposed them an unequal and discriminatory position on the wholesale market compared to other energy producers. Given the fact that , RES producers in other EU countries have access to a market for bilateral long-term contracts, the national restriction for RES producers does not put them on a level playing field with the same group of market participants from other Member States.

In order to ensure a level playing field for RES producers and non-discriminatory access to the wholesale RES market, the restriction on producers with an installed capacity of 1 MW and exceeding 1 MW to conduct transactions only on an organized electricity exchange market should be abolished.

We hope that our arguments will be taken into account and our proposal will be submitted to the draft amendment to the Energy Act. BGVEA emphasizes its desire and readiness to participate in a constructive debate on topics related to the development of the electricity sector.

Yours sincerely,

Miglena Stoilova

Chairperson of BGWEA Supervisory Board

