



# National Roundtable on financing energy efficiency in Bulgaria

Intercontinental Hotel, Sofia, 11 June 2019

4, pl. "Narodno sabranie" 1000 Sofia, Bulgaria

**Organised by the European Commission in partnership with the Bulgarian Ministry of Energy and the UN Environment Finance Initiative.**

As part of the "Smart Finance for Smart Buildings" initiative, the European Commission is organising a series of "Sustainable Energy Investment Forums" to enhance the capacity of and co-operation between public and private stakeholders to develop large-scale investment programmes and financing schemes. The SEI Forums will consist of more than 30 events in up to 15 Member States in 2016-2019; information on past and upcoming events can be found on the SEI Forums [webpage](#).

An initial regional conference on Financing energy efficiency in Central and South-Eastern Europe, took place in Sofia on 28 June 2018. This event gathered about 150 participants working on energy efficiency finance from the financial sector, national Governments, project developers, the renovation supply chain and local and regional agencies. The presentations and proceedings from that event can be found [here](#), and make useful background reading in preparation for the National Roundtable.

The objective of the National Roundtable is to build on the dialogue between key Bulgarian stakeholders on how to improve access to finance for energy efficiency investments, and to identify common objectives and potential improvements to be made in the current policy framework and business practices. The Roundtable will devote a significant amount of time to exchanges and interaction between participants in the form of working groups.

*This event is organised as part of the Sustainable Energy Investment Forums contract, funded under the EU Horizon 2020 programme and managed by the Executive Agency for Small and Medium-sized Enterprises (EASME).*

# AGENDA

## 09:30 Opening Plenary

### **Bulgarian national context**

Nikolay Nalbantov, Head of Directorate for Energy Strategies and Policies for Sustainable Energy Development, Bulgarian Ministry of Energy

### **European Policy Context**

Carlos Sanchez Rivero, Policy Officer, DG Energy, European Commission  
Simeon Shenev, Team Leader for Bulgaria, DG REGIO, European Commission

### **Financial Sector Perspective**

Nadya Dankinova, Executive Director of FLAG Fund and of Fund for Sustainable Development

## 11:00 Coffee break

## 11:30 Topic groups – First Session

*Participants are invited to select ahead of the event one of the three topic groups to follow in detail throughout the course of the event. The topic groups are as follows:*

### **A. European Structural and Investment funds and the Smart Finance for Smart Buildings initiative**

**Speakers:** Marko Markov, Senior Energy Efficiency and Renewable Energy Finance expert, ECONOLER

Dimitar Cherkezov, Head of Operational Programs Unit, Bulgarian Fund of Funds

**Moderator:** Marko Markov, Senior Energy Efficiency and Renewable Energy Finance expert, ECONOLER

### **B. Renovation of Public Buildings**

**Speakers:** Assen Gasharov, European Investment Bank

Kiril Raytchev, Chairman, Alliance for Energy Efficiency in Bulgaria

**Moderator:** Emil Pashov, Financial and Marketing Coordinator, Bulgarian Energy Efficiency Fund

### **C. Long-term Renovation Strategies and the Energy Performance of Buildings Directive**

**Speakers:** Andrew Deacon, Climate Alliance

Dragomir Tzanev, Executive Director at EnEffect, Center for Energy Efficiency

**Moderator:** Andrew Deacon, Climate Alliance

## 13:00 Lunch

## 14:00 Topic groups – Second Session

## 15:30 Closing plenary

- Report back from topic groups rapporteurs
- Reaction from an invited panel
- Q&A with the audience, discussion and next steps
- Thanks from organisers

**16:30 Networking Cocktail**

# Findings from the 2018 Public Conference

Six parallel sessions took place during the public conference and their main findings are below. Presentations from each of the sessions can be accessed [here](#).

## Short reports from parallel sessions by Moderators

### Session 2A - Improving the energy performance of residential buildings

- During this session, a lot of attention was paid to non-financial benefits of energy efficiency improvements (comfort, social implications, health). The different approaches discussed were all a valuable input to improve the energy efficiency measures and expand more holistic programmes for Bulgaria.

### Session 2B - Energy renovation of public buildings and the role of ESCOs

- The participants in this session felt strongly that financing energy efficiency is possible, with market-based schemes and with fewer grants. Grant free options are possible and could ease the public sector finance burden. The market overview presented showed a declining ESCo market over the past ten years.
- It was expected that the new EIB and Eurostat guidance document would have an important impact in the development of the Energy Performance Contracting market.
- If 1Mwh coming from grants requires twice that in investment from the ESCO market, then investing in ESCOs is important to be able to fill this financing gap.

### Session 2C - Organising policy dialogue on energy efficiency finance

- Political dialogue is very important, since it can help to overcome bottlenecks.
- EEFIG has developed effective tools to attract private financing and to improve de-risking and these should be widely adopted.
- The SEFIPA project has also held extensive dialogue in Austria and has used this to overcome bottlenecks to the deployment of solar panels, including addressing the mismatch of interest between landlords and the tenants.
- The work of EnEffect had shown that a protocol should be developed for smaller municipalities to assist them in reducing expenditure on energy in public buildings. A dialogue should be launched with the financial institutions to develop a new framework adapted to these situations.

### Session 3A - Making energy efficiency investible

- We need to use a common language in communication between project developers and financiers.
- In order to lower administration costs, standardization is key. This would also give confidence to the banking sector. The Investor Confidence Project is a groundbreaking project in this context.
- Individual and specialised funds (as distinct from banks) can be a great new actor. Even though the banks may have a greater understanding of energy efficiency issues, these funds can be leaders.

### Session 3B - Energy efficiency in the industry and SME sectors

- It should be borne in mind that energy efficiency should not be only be about environmental improvements. It also improves comfort, health, and can contribute to employment etc. These

additional benefits have to be taken into consideration.

- There should be greater support for energy efficiency projects and their standardization (and labelling). While access to funding may not be the main issue in this sector, it is far more important to build trust, and decrease the perceived risk. Organisations such as Joule Assets are working actively on these points – standard contracts and tender documentation etc.
- Energy efficiency in SMEs and related projects requires more assistance and pooling projects is a must.

### **Session 3C - Secure and affordable energy services for Central and SouthEastern Europe**

- The session considered long term planning, robustness and target setting across the region.
- It considered several new ways of looking at home renovation.
- The energy transition is local, and regional cooperation across borders makes a lot of sense.
- The energy transition needs marketing, which should go along with advocacy and awareness raising to create demand at the local level.
- On-tax financing could be a game-changer. It could be linked to one-stop-shop solutions. The result of the regional readiness study are very positive.
- Energy poverty should be recognised on the political agenda. A lot is being done through the Clean Energy for all Europeans policy package, but more is needed. Taking action in this field will help to raise living standards.

# Background paper

During the National Roundtable, participants will be split into 3 working groups on the topics described below. These sessions will draw on the conclusions from the public conference and work to identify concrete solutions on each topic. This paper aims to summarise the key questions that are relevant for each working group, in order for participants to come prepared and to have an effective working session.

Topic group sessions will include introductory presentations to set the context on the current situation. We will ask the Chair of each topic group to report on key issues arising from the discussion and to provide the 5 (or more) recommendations from the group, which can be addressed to public or private stakeholders.

# A. European Structural and Investment Funds and the Smart Finance for Smart Buildings initiative

## Moderator

Marko Markov, Senior Energy Efficiency and Renewable Energy Finance expert, ECONOLER

## Speakers

Ministry of Regional Development and Public Works, Bulgaria

Dimitar Cherkezov, Head of Operational Programs Unit, Bulgarian Fund of Funds

The Public Conference of 28 June 2018 included presentations giving an overview of European Structural and Investment Funds in Bulgaria (available [here](#)), and overview of financing and progress against targets ([here](#)).

Bulgaria has submitted its draft National Energy and Climate Plan to the European Commission. The Plan identifies the following financing measures, including Union support and the use of Union funds at national level:

Financial mechanisms used to encourage energy efficiency improvement measures:

- Energy Efficiency and Renewable Sources Fund
- Operational Programme ‘Innovation and Competitiveness’ 2014—2020;
- Operational Programme ‘Regions in Growth’ 2014—2020;
- National Programme for Energy Efficiency of Multi-Family Residential Buildings;
- National Trust Ecofund – Investment Climate Programme;
- Rural Development Programme 2014—2020;
- Residential Energy Efficiency Credit Line Programme;
- Operational Programme ‘Transport and Transport Infrastructure’ 2014—2020;
- European Economic Area Financial Mechanism 2014—2021.

The draft plan also notes that investment needs will be analysed before the final version is submitted to the EC (due at the end of 2019).

Given the significant size of the public funding available through European Structural and Investment Funds and their material impact on national investments, the [Smart Finance for Smart Buildings communication](#) that was released as part of the Clean Energy for All Europeans policy package makes it clear that the aim of the initiative is to “maximise the use of available public funding via financial instruments addressing identified market failures and by better targeting grants towards vulnerable consumers”. One pillar of Smart Finance for Smart Buildings contains related actions to encourage more effective use of public funding. The Roundtable discussions could address this topic.

## Questions to guide discussion

- A1. The public conference identified that project developers and financiers needed to develop a common language and to understand better each other's perspectives. What work is needed in Bulgaria to enable this to happen? Which agencies and institutions could lead such a task?**
- A2. The potential for greater standardisation was also identified. What kinds of tools need to be developed and how can these be supported? What are the immediate next steps and who should be responsible?**
- A3. Specialist funds were identified as a new key player in the field of sustainable energy finance. How can they be brought into the dialogue about energy efficiency financing in Bulgaria?**



# B. Renovation of Public Buildings

## Moderator

Emil Pashov, Financial and Marketing Coordinator, Bulgarian Energy Efficiency Fund

## Speakers

Assen Gasharov, European Investment Bank

Kiril Raytchev, Chairman, Alliance for Energy Efficiency in Bulgaria

The context for this topic is set by the revised [Eurostat guidelines](#) and the Eurostat and EIB [Practitioner's Guide](#) on the Statistical Treatment of Energy Performance Contracts.

The Public Conference of 28 June 2018 included presentations giving an [overview of the guidance on the statistical treatment of Energy Performance Contracts](#), as well as with coordination through one stop shops in [Liege](#) (BE) and [Sofia Energy Centre](#) and results from [EnEffect](#) project on public building renovation to lower municipal energy consumption.

The Eurostat Guidance note from 2017 opened the way for 'off-balance sheet' treatment of Energy Performance Contracting (EPC) in the public sector. The practitioner's guide translates a set of general rules into concrete provisions and covers typical contract provisions and structures. The Guide is official Eurostat guidance and the reference point for Eurostat advice and decision on EPCs. Eurostat rules relate to statistical treatment in government accounts and are based on the principle of 'economic ownership'. These are not to be confused with legal ownership, accounting rules/practices and budgeting and the Guide does not deal with value for money or bankability. In addition to the Guide, the European Investment Bank can provide support for lending, blending and advising, for example on combining EIB finance with EU budget and other sources and through the European Investment Advisory Hub ([EIAH](#)) and [FI-compass](#).

The session will hear direct from EIB and a response on how energy services market for public buildings is developing.

## Questions to guide discussion

- B1. Given the new statistical guidance issued by Eurostat, how can energy performance contracts best be structured to serve the needs of public authorities?**
- B2. What support (technical or project development) is needed to increase deployment of EPCs?**
- B3. What is the view of the ESCO sector of Eurostat guidance and the role of the Practitioners Guide and what is needed next to catalyse the sector?**

# C. Long-term Renovation Strategies and the Energy Performance of Buildings Directive

## Moderator

Andrew Deacon, Policy Coordinator, Climate Alliance

## Speakers

Julian Popov, Chair of the Board of Directors at Buildings Performance Institute Europe (BPIE) (tbc)

Dragomir Tzanev, Executive Director at EnEffect, Center for Energy Efficiency

During 2018, the Energy Performance of Buildings Directive was amended and constituted an important and concrete first delivery of the ‘Clean energy for all Europeans’ package. The [revised EPBD](#) covers a broad range of policies and supportive measures that will help national governments in the EU boost energy performance of buildings and improve the existing building stock in both a short and long-term perspective. EU countries will have to establish stronger long-term renovation strategies, aiming at decarbonising the national building stocks by 2050, with indicative milestones for 2030, 2040 and 2050, measurable progress indicators and with a solid financial component.

The amended EPBD introduces several key ways in which the financing of energy efficiency works can be improved. The main changes that have been incorporated are:

Under Article 2a (3) on Long Term Renovation Strategies, Member States are required to actively facilitate actions that will support the mobilisation of investments in energy renovation works:

- a. The aggregation of projects under single or multiple ownership, to make them more attractive to investors
- b. Reducing the perceived risk of energy efficiency financing
- c. Using public funds to leverage private investment
- d. Guidance to show how investments can be made to improve the public building stock
- e. The provision of better advice in the market, such as one-stop shops

A new provision has also been added to Article 10 on Financial Incentives and Market Barriers that requires Member States to link their financial measures to the targeted or achieved energy savings from building renovation.

The renovation strategy should clearly contribute to achieving the energy efficiency targets, as outlined in the National Energy & Climate Plan (NECP).

The Public Conference of 28 June 2018 included presentations on [multi-level governance and energy roadmapping](#) and an [overview of energy efficiency](#) in Bulgaria.

EU countries have until 10 March 2020 to write the new and revised provisions into national law. To assist with this, the European Commission have also prepared [recommendations](#) for implementing the new EPBD provisions on building renovation. BPIE have also prepared [guidance for public officers](#) in navigating new requirements for renovation strategies, with recommendations specifically for Bulgaria. EuroACE have also prepared a [guide](#) to the implementation of the revised EPBD.

## Questions to guide discussion

- C1. Which building sectors might feature as key components of the Long Term Renovation Strategy, and which additional policies and measures might be needed to support increased renovation activity?**
- C2. How should the financing framework evolve in order to best support the new long-term objectives? Are there new market players that need to be engaged?**
- C3. What awareness raising and capacity building is needed in order to encourage building owners and occupiers to bring forward renovation projects? What might be the best mechanisms and agencies to support this work?**

# About Sustainable Energy Investment Forums

Sustainable Energy Investment Forums is an initiative launched by the European Commission – Executive Agency for Small and Medium-sized Enterprises (EASME) in 2015 and funded through the Horizon 2020 initiative. Its aim is to work with national stakeholders in order to boost large-scale investment and financing for sustainable energy.

Through a series of national and EU-level public conferences and national roundtable discussions, SEI Forums engages representatives of the financial sector, public authorities, and other stakeholders involved in delivering investments in sustainable energy. SEI Forums also provides also open access to in-depth information on specific topics through a series of interactive webinars, featuring top experts in the field of sustainable energy finance.

You can learn more about the activities from:

- The [website](#)
- Social media – follow on Twitter with #SEIforums
- LinkedIN - join the “Sustainable Energy Investment Forums” group