

REPORT

in pursuance of art.9 and art. 10, para. 1 of Directive 2004/8/EC of the European Parliament and of the Council of 11 February 2004 on the promotion of cogeneration based on a useful heat demand in the internal energy market and amending Directive 92/42/EEC

In compliance with its competencies as provided in the Energy Act, the Commission is authorized to issue a license for generation of electric energy in a combined way before the construction of the energy enterprise, which will carry out the corresponding activity, upon the request of a legal person, registered in accordance with the Commercial Act.

The request shall contain a description of the facility (facilities) for carrying out the licensed activity, including the basic technical parameters of the future energy enterprise. The legal person shall attach to the request also a preliminary design and/or technical design, and/or working design of the construction of the energy enterprise. According to the enforced licencing regime, the Commission does not have competencies to refuse issuing of a license if the already constructed capacities for production of electric energy in a combined way or those set in the project (in issuing a license before construction of the energy enterprise) do not meet the economically expedient demand of electricity.

The already designed and built in 6 heat supply companies new co-generation capacities are in compliance with the economically expedient demand of heat energy and do not produce more heat energy than the useful one.

According to the Energy Act from 2003 it is no longer required from the SEWRC to issue permits for construction of new and extension of existing energy enterprises for generation of electric and/or heat energy. The amendments from September 2006 state that the licenses shall not be required for:

- Generation of electricity by persons who own an electricity plant with a total installed electric capacity of up to 5 MW;
- Generation of heat energy by persons who own a heat energy plant with a total installed heating capacity of up to 5 MW;
- transmission of heat energy by person who owns the heat transmission network, to which are connected plants with a total installed electric capacity of up to 5 MW.

In order to facilitate, simplify and accelerate the administrative procedures for issuing, amendment, supplement, and termination of licenses for production of electric energy from RES, SEWRC shall:

- ensure continuous access to all regulatory and administrative acts and documents;
- approve application forms for issuing licenses and the related appendixes, the patterns of the application forms shall be published in the SEWRC's bulletin, website or they could be obtained in the SEWRC premises;
- assist in filling out the required documents;
- provide information on terms for issuing licenses; The applications shall be checked for compliance with the requirements, within 7 days from the date of their submission. When an irregularity is found in the application, a letter shall be sent to the applicant to remove within a 7-day period the irregularities incurred. The term for taking decision on the application starts running from the date of removal of the irregularities.
- provide information for the fees due for considering the application, for issuing origin certificates for electric energy generated in a combined way, license fees and methodology for setting up those fees, approved by the Council of Ministers upon a Commission's initiative "Rates of fees, collected by SEWRC under the EA".
- service the interested persons in a single place and in convenient working time.

In performing its competencies The Commission works in close cooperation with Ministry of Economy and Energy, Ministry of Environment and Waters, Ministry of Regional Development and Public Works, chambers of professional organizations, local authorities, etc.

For example - The Commission receives information from the Ministry of Environment and Waters for the concluded contracts for trade with emissions, ways of financing of various projects for joint implementation, issued permits for water use, imposed sanctions for pollution, etc.

The applications for licenses, submitted to the Commission shall be accompanied by documents, providing evidence that the energy enterprises via which the licensed activity is to be performed, meet the regulatory requirements for safe operations and for environmental protection. Depending on their competencies, the ministries (upon the Commission's request) shall provide information, needed for the purposes of licensing and the controlling activities on implementation of the licensed activities; they also shall provide assistance in performing joint monitoring related to settling down some problems, which may occur between the licensees or between the licensees and consumers.

With the proposed by the Commission and adopted by the Council of Ministers on 19.04.2007 'Ordinance on the form, content, terms and order for issuing certificates of origin of electric energy, produced by RES and/or in a combined way", objective, transparent and non-discriminatory rules in issuing certificates are introduced, aiming at ensuring the origin of ecologically friendly and effective generation of electric energy by RES and/or in a combined way. The

requirements for the certificates, stated in Directive 2004/8/EC and Directive 2001/77/EC, including the mutual recognition of certificates are transposed in detail in the Ordinance.

The Certificates of origin shall be issued by the Commission as official non-transferable documents in electronic form, certifying the producer, the quantity of electric energy, generated by RES and/or in a combined way, the production period, the generation plant and its capacity.

Generated by RES and/or in a combined way shall be deemed only electric energy for which a related certificate of origin has been issued. The Commission shall establish, maintain and publish in its web site a register of certificates of origin. The register shall contain data on the issued certificates of origin also for the producers to whom certificates have been issued. The system for issuing certificates shall start its operation from 1 July 2007, and the Commission has already done the necessary preparation procedures.

The amendments and supplements to the "Ordinance for regulation of prices for electric energy" adopted in June 2007 envisage that the preferential price for electric energy, generated in a combined way from the co-generation plants, shall be set up in compliance with the adopted by the Commission guidelines based on individual costs for production and the surcharge for each group of producers. Taking into account the peculiarities of the various technologies for generation of electric energy in a combined way, the groups of producers and the surcharge for each of them shall be determined under the following criteria:

- basic nature of the main heat load - whether it is for technological needs, or for heating, acclimatization and hot water supply;
- type of the used fuel;
- technology of the combined production;
- capacity of the plant/installation.

The Commission shall provide justified resolutions, which constitute general or individual administrative acts. Those resolutions, including silent refusal, are subject to appeal before the Supreme Administrative Court.