

Online dialogue on Renewables in the context of fit for 55 package with stakeholders from the energy sector (by European Commission- Directorate of Energy and Commission Representation in Bulgaria)

Wednesday, 9 June, 2021 - 10:00 -12:00

The event started with an intervention of a Representative of the Ministry of Energy who presented the risks, challenges and opportunities of setting up ambitious and highest targets of the “Fit for 55” package. He pointed out the potential for digitalisation and needs of energy system to be smarter and digital.

71 participants, composed by representatives from NGOs, industry and business commented the current situation and the need of positive solutions.

The European Commission (represented by expert from DG Energy, Unit C.1.) presented shortly the Fit for 55 package and the role of renewables in the roadmap to achieve climate neutrality, focusing on the various initiatives that reflect different aspects of promoting renewables as a key instrument to deliver on the ambitious decarbonisation objectives of the Union. The Commission also brought up few policy areas with high potential of renewables, which are relevant in the national context of Bulgaria. In particular, they included the energy transition of the coal regions, the fight against energy poverty and the unrealized opportunities for new technologies in Bulgaria like geothermal, offshore wind and green hydrogen.

Dialogue between stakeholders and the Ministry of Energy (summarised):

1. *How will the digital with the energy sector in Bulgaria cooperate in the next few years?*
If we look at the new digital companies, we could say that the sector is quite advanced in Bulgaria. However, in many other aspects the sector is lagging badly behind. We need to start to build from the basis – to set up internet providers, to increase regional connectivity, etc. This is not a strategy, which can be executed only by the administration, but also by business. It is necessary to facilitate access to information, create digital platforms for decision-making for when it comes to business investments. Then the energy transition supported by wider digitalisation will be easier. 40% of the funds of the Recovery and Resilience Plan are allocated for the green transition and 20% for the digital transition. Our geographical location (cross-border corridors through Bulgaria, which can support digital infrastructure) constitutes a huge potential for significant revenues.
2. *What is the potential for opening data centres, businesses and services in Bulgaria (e.g. Microsoft, Amazon, etc.), all these companies require clean energy?*
There is potential, which will increasingly grow, because we are strategically located. There are already several data centres in Varna.
3. *What is your view on the role of natural gas and hydrogen in the context of the current legal framework, Fit for 55, etc.?*
Without gas, we will not reach our goals. The chain of small companies, which provide access to gas for households and businesses, needs to be monitored. With the construction

of the interconnector in Greece, there will be more solutions. Gas will solve many issues in the transition to hydrogen.

4. *What is the potential for heat pumps?*

Heat pumps are used only by people in Bulgaria, who can afford it and who strive for a lifestyle, which includes renewable goals and the use of renewable energy.

5. *I would like to ask, does the EC really monitor the progress of Bulgaria in terms of the development of RES in our country?*

Yes, the EC not only monitors, but also sets important targets, in the short period (every 2 years), related to renewable sources and it sets an approach, which encourages us in this direction. The EC monitors for other types of technologies to not be tolerated, but instead to pursue renewable ones.

6. *Question about the Clean energy for all Europeans package from 2018 - The RES Directive has not yet been transposed into Bulgarian legislation. The deadline is the end of this month of June. No public consultation has been launched. What are the plans for meeting this deadline and for introducing the provisions of this legislation?*

Will get back with an answer to the question.

Comments from Stakeholders (summarised):

7. It is important to have projects, but it is also important that there are no administrative barriers to projects. There is now growth in renewable energy projects, but it is low. The Association supports higher and ambitious goals, as part of Solar Power Europe. They support 45% of RES, not 32% for 2030. We need to look at what is happening in the region (projects in Romania, Greece). Bulgaria has the potential to develop in the field of renewable energy, to create thousands of jobs but we need a political strategy. Prices will continue to fall, component prices are steadily falling. It is important to have good interconnection so that we can export energy to the big liquid markets in Europe, at a higher price. There are data centres that are powered by renewable energy.

8. Regarding offshore wind turbines, the entire coastal area is included in the Natura 2000 network. It will be difficult to develop offshore wind farms in Bulgaria.

9. The higher the goal, the higher the price. However, higher price means more investment, which is better than less investment. This is a positive perspective from a purely financial point of view regarding more ambitious goals, which often scares people - where do we get the money? Europe will give it to us, but this is our money, even though we receive more than we give. But where will we get the money? - Most of these investments are not immediately needed; they are needed for the next 30 years. With the right frameworks and tools, there will be no unbearable consequences for payment by consumers or businesses. The objective is to strike a balance of the burden, which is carried out by the different participants in the energy transition, so that the transition is just and socially fair. (European Commission, DG Energy)

10. It will not be difficult for Bulgaria to achieve higher goals, as 70% of its GDP comes from the services sector. This is an occasion for Bulgaria to create a product, which will then be exported at least to the Balkans.
11. Bulgaria does not have and continues to not have a strategy for requalifying employees in Maritza-iztok. There is a Greenpeace strategy, but it is a private strategy. Employees from mines and power plants can be quickly requalified. Bulgaria has engineers, developments of BAS on an international level, but there is no support from the State.
12. So far, renewable initiatives have had private support. For small PV installations, the power plants, which are being built are likely to stop construction because the price is falling and it will take 12 years to return the investment, making makes it uncompetitive. With more support from the State, Bulgarian businesses and companies, installations would have greater potential, be able to provide better services and be more competitive in Bulgaria and on the world market. With smart innovations and a little support we can give a strong impetus to Bulgarian companies.
13. Regarding energy efficiency - there is no support for household consumers, who want to increase their energy efficiency. There are signals of inefficiency, but there is no way to measure the effect, as a part of the Directive on energy efficiency is not included in the national legislation.
14. The legislative framework needs a lot of work to ensure business stability. There are enough funds, which can be invested, European or from the national budget, from financial institutions - but the legislative framework remains the biggest problem. The process needs to be more intensive because time is of the essence. A stable legislative framework is needed to provide an environment for investment.
15. The legislative framework is important, but there is also a potential for developing renewable resources and hydrogen, geothermal energy in the country. It is not only important where the money will come from, but it is also important to know what we are doing and then how to achieve it, how much it will cost. It is important what the strategy is, not so much where the money will come from.
16. In the debate on the cost of transformation / fair transition, the assessment of the risk of adverse effects of climate change, which is already a fact, must be discussed and taken into account.
17. In conclusion, I would like to ask whether this dialogue will become regular and how it could be integrated into a public consultation process by the institutions, which have a legislative initiative.

Results from SLIDO questions:

If more renewable energy sources are installed by 2030, the prices of electricity from renewable energy will increase (50%), 30% - 40% believe that they will decrease, less than 10% - that they will remain the same.

What capacity of renewable energy needs to be installed by 2030 - 39% believe that it should be between 2GW and 5GW, 35% - over 10GW.

Concluding remarks:

We are lagging on a political level, but there is progress on an entrepreneurial level. The transition is not a change from one technology to another, but a transition from one type of technologies based on fossil fuels and central generation to a complex variety of new technologies, with a high level of decentralisation and need for dynamic coordination. Buildings are important, but also green hydrogen, biomass, offshore wind technology, heat pumps, and geothermal energy. It is important how the energy production will move from fossil energy to all the new technologies that would replace the individual plants, what kind of new qualification people will need and how they would be able to obtain it, how to attract new people to the sector. Bulgarian business in and outside Bulgaria needs to be developed. A common strategy is needed, not only digital, but also related to energy and industry. The legal framework is also very important. (Moderator)