



**Responsible authority: Ministry of Energy**

**Managing authority: SEDA (Sustainable Energy Development Agency)**

### History, current targets and results

The scheme first **started in 2008** with a different approach until 2014. For 2014-2020, the total cumulative savings **target** for Bulgaria is **1 942.7 ktoe**. The overall target for the EEOS has been set as the difference between this target and the savings expected from alternative measures (AM). The EEOS target in 2019 thus represents **63% of the article 7 target**.

The total intermediate cumulative target for art. 7 over 2014-2018 was 1004 ktoe. The **progress** for the same period is **48%** (488 ktoe).

For the next period 2021-2030, the draft NECP foresees keeping the same model – EEOS and AM but the share of the AM is planned to be higher by using all available National and Operational Programmes (cf. EU Structural Funds).

Results for the EEOS are counted as first-year final energy savings.

### Scope and focus

Energy efficiency actions are eligible in all sectors (incl. transport). The eligible measures are specified by a special ordinance to the EE Act. Actions can for example be delivered through energy services (e.g. energy audits, energy management, inspection of boilers) and awareness raising (for households).

Energy savings shall be proven either with an energy audit done after the actions are implemented, or by using one of the about 45 standard methods adopted by the Ministry of Energy.

The EEOS does not include provisions specific to energy poverty.

### Key actors, roles and options

The general rules set by the **Ministry of Energy** (in the Energy Efficiency Act and special by-laws), and the scheme is administered by **SEDA**.

Obligated Parties (OP) are all **companies selling energy to final customers** beyond a threshold depending on the energy type, and including of all types of energy sold (excluding fuels for transport) (96 OPs in 2019): 20 GWh/a for electricity and district heating; 1 million m<sup>3</sup> natural gas; 6,500 tons of liquid fuels (excl. transport fuels); 13,000 tons of solid fuels. The individual targets (for OPs) are set annually, taking into account changes in energy sales per OP in the previous year.

OPs can achieve their target by themselves, contracting with third parties (e.g. ESCos), conclude agreements with other OPs (e.g. transfer of energy savings) or contribute to the Energy Efficiency and Renewable Sources Fund. Energy savings can also be transferred to other OP in case of overachievement of the individual target.

OPs should meet their obligations by the end of 2020. Banking and borrowing are allowed over the 2014-2020 period. An administrative penalty is applied in case of non-achievement of OP's annual target. The sanction does not revoke the obligation.

### Monitoring, Reporting and Verification

SEDA is issuing energy savings certificates (ESC) to the project holder (OPs or third parties), under the responsibility of SEDA's Executive Director. SEDA systematically verifies the savings calculations before issuing the ESC.

OPs can register their ESC on an on-going basis. They then need to report annually to SEDA their achievements vs. their target. Based on this, SEDA reviews the progress of each OP.

The reported savings should be validated by qualified energy auditors registered with SEDA. They should be independent vis-à-vis the actions (i.e. not involved in ex-ante audit or any other service related to the action evaluated).

Training and/or qualifications are also required for installers.



Start of the first EEOS (following the approach of the Energy Services Directive). Target for 2008-2016.

End of the current obligation period (2014-2020). Total targets to be met by OPs by end of 2020.



### Costs for obligated parties

Costs for the obligated parties are not subject of reporting and control. Therefore data on the actual cost of the measures implemented by the OPs are not systematically available. The only data available on the costs of the most common measures in industry and buildings are from the SEDA's energy audits database and the National Energy Efficiency and RES Fund database. According to these data, the investment needed for energy savings are (on average): 1016 BGN (519€)/MWh saved in Buildings, and 580 BGN (297€)/MWh saved in Industry.

Among the most expensive measures identified in Industry are measures for power transformers; fuel switch; and thermal insulation; replacement of process equipment.

The cost recovery is usually based on return of the investment costs (ESCo for example) or as part of the energy bill (only for the energy suppliers on the non-regulated market).

### Other cost information

Administration cost of the EEOS is part of the SEDA's annual budget as a government institution. There is no special budget dedicated only for EEOS' management activities.

### Alternative Measures (AM) already reported

**AM1 – Individual energy savings targets for owners of government and municipal buildings, and industrial sites consuming more than 3 GWh/year (2014-2016):** complementary obligations in the first period of the EEOS.

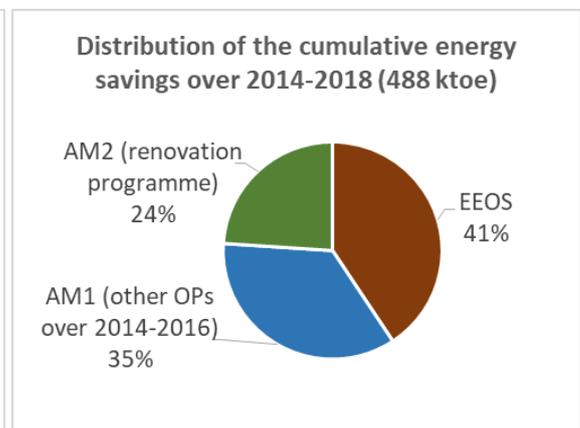
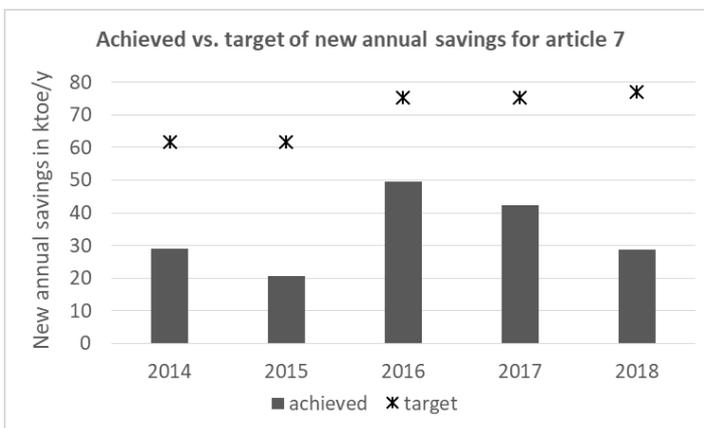
**AM2 – National Program for the Energy Efficiency of Multi-Family Residential Buildings (2016-2020):** the programme provides owners' associations (for co-owned buildings) with financial and organisational support. Initial budget for this programme was BGN 2 billion (about €1 billion).

### Alternative Measures newly reported in 2019

**AM3 – Operational Program "Innovation and Competitiveness" - Procedure "Increasing energy efficiency in large enterprises"**

**AM4 – European Economic Area Financial Mechanism 2014-2021 - program area "Renewable energy, energy efficiency, energy security"**

### Overall energy savings results (for all policy measures reported for article 7: EEOS, AM1 and AM2)



Source: [Bulgaria annual report 2019 for the EED](#)

# Interview with Tsvetomira Kulevska

Director "Coordination and Management of EE and RES" DG  
SEDA



## ***1) What have been the main changes and lessons learnt since 2017?***

Since 2017 there were no many changes in the EEOS in Bulgaria. The Bulgarian scheme has a history starting back in 2008. The main changes in it happened in 2014 when the EEOS was modified in accordance with the art. 7 EED requirements, and then again in 2016 with the introduction of alternative measures supplementing the EEOS. In 2019 were introduced two new alternative measures - Operational Program "Innovation and Competitiveness" - Procedure "Increasing energy efficiency in large enterprises" and European Economic Area Financial Mechanism 2014-2021 - program area "Renewable energy, energy efficiency, energy security". The expectations are that the two alternative measures will contribute significantly to the National cumulative target, and therefore to lower the burden on the energy suppliers for the two remaining years of the current obligation period. The main lesson learnt could be that introducing mixed approach to the art. 7 implementation is more motivational for the obligated energy suppliers by giving them a sense of sharing efforts with the state and reducing the burden.

## ***2) And more specifically about monitoring, verification and controls?***

Since 2017 OPs started using more actively the standard methods for energy savings evaluation (scaled savings). Moreover 5 new methods were adopted in 2019. In addition, currently 6 more are under discussion. In total there are already 35 scaled savings methods in use. Most of these methods are elaborated and submitted for adoption by the OPs. Using the scaled savings methods for evaluation of the energy savings significantly lowers the

financial burden for the OPs. Scaled savings methods are standardized and are accompanied by a standard calculation sheet. That lowers the administrative burden and facilitates the control executed by SEDA.

## ***3) What are the main interactions with other policies?***

For the needs of art. 7 EED, the EEOS and alternative policy measures in Bulgaria are independent: the idea is not to interact in order to avoid double counting of the achieved energy savings and/or double financing of the same measures. Raising the general awareness of energy efficiency and highlighting the Energy Efficiency First principle on national level could be mentioned as an indirect effect of the EEOS.

## ***4) Are there challenges or changes foreseen for the coming years? (especially after 2020)***

The next period 2021-2030 is still under discussion. By now in the draft Bulgarian NCEP it is stated that the country will keep the same approach for art. 7 EED – combination EEOS and alternatives. The share of the alternative measures is foreseen to be higher than it is for the current period. Also we plan to introduce ex-ante approach as a method for calculating energy savings (deemed savings) as an additional opportunity to the currently existing methods.

## ***5) If you could go back in time, what would you do differently?***

Higher share for the alternative measures from the very beginning of the period. More efforts in raising awareness among OPs about the opportunities for and the benefits of the EEOS.