Introduction of the Center for the Study of Democracy and key policy issues in the electricity sector of Bulgaria

SEERmap project meeting
Belgrade, 22-23 of September
Overview of CSD Activities

• Interdisciplinary non-partisan public policy research institute
• Areas of research include energy security, sustainable energy policy and energy governance
• CSD has developed strong expertise in translating the latest academic research in energy sector governance into actionable policy recommendations on diversification, market integration and corporate governance of energy SOEs
• Recent Relevant projects include:
  ✓ ENABLE.EU
  ✓ Turkey-EU Energy Dialogue
  ✓ Energy Governance Deficits in the Western Balkans
  ✓ Poverty and Social Impact Assessment of the Bulgarian Energy Efficiency Program – World Bank study
• Name of project participants
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Key policy issues in the electricity sector

- Market Liberalisation
- Change of the Contractual Structure for Renewables
- Replacement of Coal-fired power generation
- Energy savings optimization
- Expansion of the life-span of the two existing nuclear reactors in Kozloduy
- Declining domestic and regional power demand
Key Recent Policy Decisions in the Electricity and Renewables Sector

• Imposing a cap on the mandatory purchase of electricity generated by RES and CHPs
• Increasing the Social Responsibility Tax (SRT) covering RES-based power purchased by the regulated market supplier, NEK
• Starting the national power exchange IBEX
• Expansion of the national investment in the improvement of residential energy efficiency
Inputs to long term electricity scenarios

- Factors affecting the regional electricity sector scenarios that should be explored by SEERMAP:
  
  - The extension of the volume and coverage of regional power grid interconnections
  - Acceleration of market coupling processes in the 2016-2030 period optimizing total RES investment necessary for the decarbonisation scenario
  - Popular opposition to RES support schemes as part of the affordability/sustainability nexus associated with the development of renewable energy sources in SEE.
  - The impact of outdated decommissioning of coal power plants in the 2020s on power supply security in coal-dependent countries in the region.
  - The cost of modernizing or building new lignite-based power plants and government opposition to financing these projects through fixed PPAs. Would this be a benefit for hydro projects?
  - Potential opposition of special interest groups from the big industrial players to an efficient carbon taxation before the accession to the EU – state capture of the energy policy governance benefitting big businesses.
  - The enormous implications of the energy efficiency improvements in the residential sector should not be underestimated; also the shift from industrial production to service-based economy would further apply downward pressure on demand.
  - A mismatch between legal transposition of Directives and actual implementation in practice due to governance bottlenecks and corruption among regulatory bodies.
Specific problems for the renewable energy sector in Bulgaria

• Energy poverty/Renewable Energy Nexus is difficult to reconcile
• Bad governance of state-owned energy companies contributing to large intra-system debt
• Speculative boom of the renewable energy sector based on corrupt practices and special interest
• Centralised instead of prosumer-based approach towards the growth of the RES sector