

SIGNIFICANT CHANGES IN THE BULGARIAN RENEWABLE ENERGY SECTOR

On 07.03.2015 amendments to the Act on Energy from Renewable Sources ('AERS') were introduced through the Bill on Amendment and Supplementation to the Bulgarian Energy Act. These changes entered into force with immediate effect.

Repeal of incentives for future renewable projects

The most important change is, the repeal of application of the preferential prices (Feed-in tariffs) and the long-term mandatory energy purchase obligation for new RES projects. . With the exception of power plants using as biomass renewable resource flora and animal residues and power plants with overall installed capacity up to 30 kW, which are envisaged to be mounted on roof and facade structures of buildings connected to the electricity distribution grid, any future renewable projects will not be eligible to benefit from the Feed-in Tariffs and the mandatory purchase of the produced electricity. Existing operational projects, however, will continue to benefit from their respective Feed-in Tariffs and long term PPAs.

Reporting obligations for RES producers

The Bill introduces a number of new obligations. The most important are the obligations for power plants with installed capacity above 200 kW to provide to the respective electricity grid operator with (i) real-time information on the quantities of generated electricity to be fed into the grid; and (ii) distant access/control over the RES generators.

Further RES generation curtailment rights for grid operators

The Bill has further extended the rights of the operators of transmission or distribution electricity grids to be able to limit distantly, or by dispatch order, the amounts of electricity fed into the electricity grid This applies to cases where the transmission capacity of the electricity grid to which the generators is connected are exceeded, or in cases under Article 73 of the Energy Act. The Article provides a possibility to temporarily order the interruption of the generation or supply of energy due to (i) breakdowns, (ii) life or health danger, (iii) danger to the integrity of the energy system, (iv) danger of significant material damage to the system, the grid or the clients, (v) danger of environmental pollution, (vi) impossibility to maintain the balance of the system and (vii) deviations from the balance with neighbouring energy systems.

This right was only applicable as an exception, and it is now reverted as a legal obligation to the electricity grid operators.

Adoption of a new Ordinance limiting the "renewables burden" to certain economy sectors

The Bill provides for the adoption, within 6 months of its publication, of a new ordinance with the purpose of reducing the burden from the incentives to renewable energy. The new ordinance will be jointly adopted by the Ministers of Energy, Finance and Economy. It will take State Aid rules, as well as the EC Guidelines into consideration (OJ, C 200/1 of 28.06.2014).

Final reduction of the wood biomass preferential prices

By its decision C-1 dated 28.01. 2015, SEWRC has decreased the current Feed- in tariffs between 32%-34% for electricity generated from direct burning of timber biomass, and 13%-14% for electricity generated from indirect burning of timber biomass through thermal gasification. The reductions are with an effect as of 01.02.2015. The argument for reduction is "*substantial change in the price forming elements*", determined after an analysis on "*the pricing elements of the preferential price from the latest SEWRC biomass price set decision*".

Keeping in mind the latest developments of the AERS listed above, it is worth mentioning that the new Feed- in tariffs would be practically applicable only to biomass power plants that applied for connection to the electricity grid prior to 27 December 2013 and have actually entered into exploitation between 01.02.2015 and 07.03.2015

The new Feed-in tariffs are as follows:

Type of biomass renewable resource and generation plant specifics	Inst. capacity MW	BGN/ MWh (VAT excl)	Euro MWh (VAT excl)
Power plants working with direct burning of biomass, derived from timber residues from forest clearing, trimmings and other timber residues	Above 5	197,54	99,46
	Up to 5	205,25	104,94
	(comb cycle) Up to 5	157,88	80,72
Power plants working with thermal gasification of timber biomass deriving from timber residues from forest clearing, trimmings and other timber residues	Up to 200 kV	380,94	194,77
	Above 200 kV	310,69	158,85
	up to 5		
	Up to 5	347,97	177,91
	(comb cycle) Above 5	296,89	151,79
	Above 5	334,72	171,13

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Radoslav Mikov
Partner
Radoslav.mikov@wolftheiss.com
T: +359 2 86 13 700



Katerina Novakova
Senior Associate
Katerina.novakova@wolftheiss.com
T: +359 2 86 13 700

For more information about our services, please contact:



Oleg Temnikov
Associate
Oleg.temnikov@wolftheiss.com
T: +359 2 86 13 700

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Wolf Theiss
Rainbow Center
29 Atanas Dukov Street
Sofia 1407

www.wolftheiss.com