



# Background note and agenda for Roundtable 3

---

## Deliverable 3.4 of the BeSMART project

Responsible partner: EcoEnergy

*Version 1.0, May 2022*



*This project has received funding from the European Union's Horizon 2020 research and innovation programme under Grant Agreement No 101033787.*

*The sole responsibility for the content of this publication lies with the authors. It does not necessarily reflect the opinion of the European Union. Neither the CINEA nor the European Commission is responsible for any use that may be made of the information contained therein.*

## Table of contents

SUMMARY .....	2
VISION .....	4
PROVISIONAL AGENDA.....	6
1 <sup>st</sup> THEMATIC PARALLEL SESSION: Role and potential for collaboration of existing financial mechanisms together with the NDF .....	9
2 <sup>nd</sup> THEMATIC PARALLEL SESSION: Opportunities for renewable energy production and consumption .....	9
3 <sup>rd</sup> THEMATIC PARALLEL SESSION: NDF's impact on energy efficiency projects in the building stock .....	10
PANEL DISCUSSION AND CONCLUSIONS.....	10

## SUMMARY

The background notes and agendas of the national roundtables for financing energy efficiency investments in Bulgaria conducted under the BeSMART project are prepared with the goal to present the concept, specific targets and organizational details regarding the events, including detailed description of the content and expected outcomes of each of the sessions. They include analysis on the expected synergies with external policy developments, legislative actions, strategic planning activities and/or major events, and identify potential impacts on specific policy processes, also considering the regional and local dimensions of the political process in the context of strengthening the multi-level governance approached and financial decentralisation of the Bulgarian municipalities. When applicable, the concept notes also outline the initiation of specific working groups and the expected outputs of their work, whereas optimal utilization of the capacity of the team members and supporting stakeholders and integration of the results in the ongoing policy dialogue is constantly pursued.

The agenda and organization of the roundtables for financing energy efficiency investments in Bulgaria follow the established models of the Sustainable Energy Investment Forum (SEIF), including opening plenary with keynote speakers (appr. 1 hour), small group discussions on specific issues facilitated by renowned and experienced experts (2 rounds of 1.5 hours), and closing plenaries featuring open discussions (appr. 1.5 hours), presenting the conclusions and recommendations of the small groups and targeting the establishment of common positions and policy action. Considering the COVID-19 pandemic, additional options for organization of hybrid events are considered, taking all precautionary measures to limit health risks to the maximum possible extent.



**PRESENTING THE INVESTMENT CONCEPT FOR THE  
NATIONAL DECARBONISATION FUND**

**National roundtable for financing energy efficiency  
investments in Bulgaria**

**2–3 June 2022**

**Burgas, Expo Centre "Flora" and online**

**BACKGROUND PAPER AND AGENDA**

## VISION

The first months of the new year in Bulgaria were undoubtedly marked by the energy and economic crisis, further intensified by the international political instability. The suspension of natural gas supplies from Russia has once again brought to the fore the need for a more sustainable vision for the strategic development of the energy market, in which energy efficiency and renewable energy sources should take centre stage. These are the solutions with the greatest impact on energy security - not only in Bulgaria but also in Europe - and this is the direction that public resources should be directed to maximise the mobilisation of market investment and to accelerate the transition to sustainable energy in all sectors of the economy.

Long before the immediate effects of the energy crisis were felt, these messages were unequivocally conveyed by participants in the Sustainable Energy Financing Forums to executive and local government representatives. Unfortunately, in addition to delaying funding programmes both in the National Recovery and Resilience Plan (NRRP) and under the European Structural and Investment Funds, the political crisis in Bulgaria has also delayed the reforms needed to implement the planned investments. At present, there is still a lack of comprehensive and accessible instruments to ensure the co-financing of projects supported by public resources. For their part, private financial institutions understandably avoid investing in sectors subject to unclear and inconsistent public policies and intensive grant support.

The key reform in the NRRP, which is expected to address most of the problems described above, is the creation of a National Decarbonisation Fund (NDF) to "support investment in low-carbon development through sustainable and targeted financing to a broad group of beneficiaries - energy end-users - in order to maximise the achievement of Bulgaria's decarbonisation targets." The Fund should be used to offer grants and technical assistance combined with financial instruments including credit lines and guarantees and/or a combination of the two.

It is the structuring of this fund, supported by a DG Energy technical assistance project implemented by the European Investment Bank, that will be the focus of the upcoming round table on financing energy efficiency investments in Bulgaria. During the event, the project team will be presenting the results of the market study and the preliminary investment concept of the fund, while further feedback and concrete suggestions on the investment potential and possible areas of intervention will be sought during the discussion.

Based on the information received, three technical working groups will discuss the different effects of the entry of such a structure on the Bulgarian market, with a focus on the interactions with existing market instruments, the realization of the huge potential and market interest in renewable energy installations, and the support of building renovation, where the transformation of the 100% grant financing model towards is underway. The event will conclude with a panel discussion on the outcomes of the three parallel sessions, in which representatives from the financial sector, local authorities and energy professionals will discuss possible immediate solutions and actions to accelerate the entry of the National Decarbonisation Fund into the market and facilitate the structuring of projects with diverse sources of financing, which will inevitably accelerate the energy transformation against the backdrop of the growing political and economic crises.

Along with the representatives of the team working on the structuring of the Fund, representatives of commercial banks, public financial institutions, energy experts, as well as local authorities on which the implementation of projects in the areas under consideration largely depends are invited to participate in the sessions. To this aim, the capacities of the project partners and supporters **Sustainable Energy Development Agency, Bulgarian Construction Chamber, Bulgarian Industrial Association, NTEF, UACEG, Econoler Bulgaria, Alliance for Energy Efficiency, Energy Efficiency and Renewable Sources Fund, EnEffect, EcoEnergy, Sofia Municipality and the Municipality of Gabrovo** will be complemented (depending on the political situation) by involvement of relevant ministries and Parliamentary commissions, and by actively engaging the financial sector as one of the key actors in the suggested reforms.

#### FORMAT:

- Opening plenary session (60-90 min.) with the participation of keynote speakers from the national government, the Parliament, and representatives of executive agencies, in a physical presence format with up to 30 invited participants and broadcasted online
- Three parallel thematic sessions (120 min.) with 3 introductory lectures (ca. 10-15 min. each) and open discussion (ca. 60-75 min). The sessions will be attended by a limited number of on-site visitors, combined with an online broadcast with the possibility of including additional participants (including invited speakers who are unable to travel)
- Closing plenary session (90 min.) with presentation of the results of the thematic sessions and panel discussion (combined face-to-face and online format)

The event will take place in Bulgarian, as parallel translation would be provided in case of external presentations.

#### LEADING TOPICS:

- Role and potential for collaboration of existing financial mechanisms together with the NDF
- Opportunities for renewable energy production and consumption
- NDF's impact on energy efficiency projects in the building stock

#### PARTICIPANTS:

- Representatives of the executive and local authorities
- Financing institutions
- Branch chambers, industrial, commercial and professional associations and unions
- Providers of professional services in the construction sector
- Manufacturers and suppliers of construction products and materials and renewable energy technologies
- Universities and research centers
- NGOs, energy agencies, local government networks
- Energy consultants
- Energy suppliers

## PROVISIONAL AGENDA

**2–3 June 2022**

Burgas, Expo Centre "Flora" and online

Zoom: <https://us02web.zoom.us/j/88131192669>

### **2 JUNE, THURSDAY**

Hall 2

12:30 – 13:30

*R e g i s t r a t i o n*

#### **INSTRUMENTS TO ATTRACT MARKET FINANCING**

Moderator: Dragomir Tzanev, EnEffect

13:30 – 13:45

#### **WELCOME ADDRESS AND REVIEW OF THE ROUNDTABLES' OUTCOMES**

*Dragomir Tzanev, EnEffect*

13:45 – 14:00

#### **INVESTMENT PRIORITIES IN ENERGY EFFICIENCY AND RES**

*Nikolay Nalbantov, Ministry of Energy*

14:00 – 14:15

#### **The NDF structuring project - objectives, scope, and mission**

*Olivier Dumoulin, EIB*

14:15 – 14:30

#### **RESULTS OF THE MARKETING STUDY FOR THE TECHNICAL ASSISTANCE PROJECT**

*Marko Markov, leader of the team providing consultancy services on the structuring the National Decarbonisation Fund*

14:30 – 14:45

#### **INSTRUMENTS BY THE BULGARIAN DEVELOPMENT BANK IN SUPPORT OF ENERGY EFFICIENCY INVESTMENTS**

*Valentin Mihov, Chairman of Supervisory Board, Bulgarian Development Bank*

14:45 – 15:00

#### **FUND OF FUNDS AS A CRUCIAL PARTNER TO THE FINANCIAL INSTITUTIONS IN THE ENERGY TRANSITION**

*Kamen Slavov, Member of the Board of Directors, Fund of Funds*

15:00 – 15:15

#### **DISCUSSION**

15:15 – 15:30

*C O F F E E B R E A K*

<p>JUNE 2<sup>nd</sup></p>	<p><b>Parallel session 1:</b>  <b>Role and potential for collaboration of existing financial mechanisms together with the NDF</b></p>
<p>15:30 - 17:00</p>	<p><u>Presentations (10 minutes each) from: Postbank, NTEF, FLAG Fund, EERSF</u>  <u>Discussion (50 minutes)</u></p> <ul style="list-style-type: none"> <li>➤ Which are the sectors in the field of sustainable energy that need public support and in what form?</li> <li>➤ How do specialised funds assess the impact of national policies on market development?</li> <li>➤ What are the main opportunities for cooperation and complementarity between NDF, specialised funds and commercial banks?</li> </ul> <p><u>Participants (invited):</u>                  BIA, Econoler, AEE, BCC, EnEffect, commercial banks, Fund of Funds, financial institutions, ESCO, energy consultants and others.</p>
<p>JUNE 2<sup>nd</sup></p>	<p><b>Parallel session 2:</b>  <b>Opportunities for renewable energy production and consumption</b></p>
<p>15:30 - 17:00</p>	<p><u>Presentations (10 minutes each) from: SEDA, Bulgarian Branch Chamber “Smart networks”, BIA, Presenting the survey on shared energy production and consumption in Burgas</u>  <u>Discussion (50 minutes)</u></p> <ul style="list-style-type: none"> <li>➤ What are the conditions for businesses and households to access financing for renewable energy installations?</li> <li>➤ What changes are expected in the legal framework for grid connection of RES installations?</li> <li>➤ What are the opportunities for shared energy production and consumption by businesses and citizens?</li> <li>➤ Energy cooperative project using energy from waste treatment in Burgas</li> </ul> <p><u>Participants (invited):</u>                  SEDA, Ministry of Energy, AEE, BEMF, BSA, EcoEnergy, Burgas Municipality, EERSF, FLAG Fund, ESCO, financial institutions, municipalities, NGOs, and others.</p>
<p>JUNE 2<sup>nd</sup></p>	<p><b>Parallel session 3:</b>  <b>NDF’s impact on energy efficiency projects in the building stock</b></p>
<p>15:30 – 17:00</p>	<p><u>Presentations (10 minutes each) from: EnEffect, BAIS, BACC, BCC (invited)</u>  <u>Discussion (50 minutes)</u></p> <ul style="list-style-type: none"> <li>➤ Expected changes in the European legislation: the new EED and the EPBD</li> <li>➤ Surveys on citizens' attitudes towards participation in building renovation projects</li> <li>➤ Opportunities for enhanced and effective communication with local</li> </ul>

communities  
 ➤ Technical support, specialised intermediaries and one-stop-shops  
Participants (invited):  
 MRDPW, EnEffect, BCC, BACC, BAIS, BGFMA, Habitat for Humanity, EcoEnergy, Burgas Municipality, financing institutions, municipalities, NGOs

<b>JUNE 3<sup>RD</sup></b>	<b>INVESTMENT NEEDS AND NECESSARY TOOLS</b>
09:30 – 11:00	<b>LESSONS LEARNT AND NEXT STEPS</b>
09:30 – 10:00	<b>PRESENTATION OF THE OUTCOMES FROM THE PARALLEL SESSIONS</b> <i>Moderators from the three sessions</i>
10:00 – 10:40	<b>WHAT IS NEEDED TO TAKE ADVANTAGE OF EMERGING INVESTMENT OPPORTUNITIES</b> <i>Panel discussion with representatives of business, local authorities, financial institutions, and energy specialists</i> <i>Moderator: BIA</i>
10:40 – 11:00	<b>Q &amp; A</b>
11:00 – 11:30	<i>C o f f e e b r e a k</i>
11:30 – 12:30	<b>FINANCING ARGUMENTATION BASED ON THE MULTIPLE BENEFITS FROM ENERGY EFFICIENCY PROJECTS</b>
11:30 – 12:00	<b>FIRST IMPRESSIONS FROM THE FUNCTIONING OF THE ENERGY EFFICIENCY ONE-STOP SHOP IN GABROVO. RESULTS OF REAL-TIME MONITORING OF INDIVIDUAL APARTMENTS</b> <i>Todor Popov, Gabrovo Municipality</i>
12:00 – 12:20	<b>HOW MUCH A COMFORTABLE AND HEALTHY LIVING ENVIRONMENT IS WORTH?</b> <i>Eng. Alexander Stankov, EnEffect</i>
12:20 – 12:30	<b>Q &amp; A</b>
12:30 – 13:30	<i>L u n c h</i>

## 1<sup>st</sup> THEMATIC PARALLEL SESSION:

### Role and potential for collaboration of existing financial mechanisms together with the NDF

One of the main takeaways from the discussions during the 1<sup>st</sup> national roundtable for financing energy efficiency investments concerned the National Decarbonisation Fund in its role as a facilitator in the financing process, especially for the projects from the private sector, providing better financial conditions and guarantees to commercial banks and specialized funds. This time around, the 1st parallel session will further explore the practical dimensions of the opportunities for collaboration between the NDF and existing financial mechanisms.

After the presentations, there will be an open discussion on the opportunities and challenges for the financial institutions to take an active and successful role in the building renovation process. The discussion will be based on the following questions:

- What will be the sources of funding for the NDF?
- Will it be possible to use the funds to capitalise existing instruments?
- To what extent will there be overlap in functions with the EERESF, the FLAG Fund and the NTEF?
- Will the NDF enter the "difficult" sectors such as building renovation - residential and public?

## 2<sup>nd</sup> THEMATIC PARALLEL SESSION:

### Opportunities for renewable energy production and consumption

Bulgaria has a strong potential for the utilization of renewable sources, especially small and local installations, but there are also serious obstacles to their rapid installation and the overall process of investment by citizens. The National Recovery and Sustainability Plan addresses a significant number of challenges, and corresponding measures to address them.

Following brief presentations by key organizations and actors in the renewable energy field, the discussion part will focus on the following issues:

- Is there a need to support the renewable energy sector for self-consumption or should we rely entirely on market mechanisms, reducing the administrative burden of connecting?
- What are the best practices of commercial banks for financing RES projects in the industry?
- Are we fully exploiting the potential of ESCO schemes and joint projects with energy retailers?
- What are some efficient and quick ways to exploit the renewable energy potential in public buildings and residential buildings?

### 3<sup>rd</sup> THEMATIC PARALLEL SESSION:

#### NDF's impact on energy efficiency projects in the building stock

NDF has been identified as a key financial scheme to support the Bulgarian long-term renovation strategy and is also among the main reforms set out in the NRRP that have the potential to provide mechanisms to support co-financing by owners and the inclusion of vulnerable households.

The presentations of the third parallel session will cover factors at both European and local level that are relevant for the development of national policies related to energy efficiency and building renovation, and the following issues will be discussed during the discussion part:

- Can the NDF provide a mechanism to finance the owners' deductible, or should more flexible solutions be sought, e.g., guarantees for commercial banks?
- Is the NDF not better suited to structuring a parallel scheme with a lower grant share, in which owners' associations take the lead?
- Are the proposed changes to the Condominium Management Act sufficient to make owners' associations a credible borrower and partner for both banks and potential specialist intermediaries?
- What are the developments on parallel reforms such as on-bill financing, one-stop-shop, and energy poverty definition (respectively enhanced assistance)?

### PANEL DISCUSSION AND CONCLUSIONS

On June 3<sup>rd</sup> the roundtable will be concluded with two sessions, focused on the lessons learnt and means for attracting additional investments.

First off, the outcomes of the three parallel sessions will be presented, which would then be discussed among an expert panel consisting of representatives of executive bodies, financing institutions, business and professional associations, NGOs, and local authorities.

The questions to be discussed are:

- 1) Impressions from the conclusions presented by the facilitators of the parallel sessions and key topics to be addressed in the following roundtables
- 2) How to ensure links with the previous meeting(s)
- 3) Key issues that need to enter from the professional discussions into the political and media discourse to initiate the necessary reforms in energy efficiency policies
- 4) Can we realistically achieve the foreseen in the NRRP reforms with the current tools?

Based on recommendations from the previous roundtables, the issue of quality assurance, monitoring of impacts and developing of attractive marketing messages has been identified to be of high priority for all stakeholders. To explore the possibilities to better exploit the multiple positive impacts of the building renovation and to introduce non-financial argumentation in the process of promoting dedicated energy efficiency financial instruments, the last session on the agenda will be focused on the outcomes of recently conducted research on monitoring the relation between energy performance and IEQ. Additionally, the health and comfort impacts of energy efficiency projects will

be presented, together with a review of the opportunities for quantification and monetization of the non-energy benefits. This approach has been further motivated by the observation of the roundtables' participants that when end users have sufficient understanding about additional positive effects of energy efficiency projects, they are more inclined to invest – which is currently also a focus of the EPBD amendments proposed by the EC related to the energy performance certification. In this regard, an information brochure describing the benefits of energy efficient buildings to promoting the purchase of high-performance properties within green mortgage plans, developed in collaboration between members of the BeSMART project team and representatives of Bulgarian commercial banks, will be publicly presented for the first time.

