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Background note and agenda for Roundtable 8

Deliverable 3.9 of the BeSMART project

Responsible partner: EcoEnergy

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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 conspiring 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 facilitate 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.



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POLICIES AND INVESTMENTS FOR A SUSTAINABLE, EFFICIENT AND SECURE ENERGY SYSTEM

**National roundtable for financing energy efficiency
investments in Bulgaria and start of public
consultations on the Integrated National Energy and
Climate Plan**

**27 November 2023
Sofia, Hotel Hemus and online**

BACKGROUND PAPER AND AGENDA

www.besmartproject.net



VISION

After a very successful event carried out on 5th October 2023, and a follow-up press conference on 24th October with participation of Minister of Environment and Waters Julian Popov, Deputy Minister of Regional Development and Public Works Angelina Boneva, and Governing Council member of Bulgarian Industrial Association Ivan Velkov on the development of the financing instruments for building renovation, the Bulgarian sustainable energy financing roundtables continue with the next, 11th gathering, organized in the framework of the annual conference of the Association of Bulgarian Energy Agencies. The BeSMART roundtable occupies the first day of the 3-day multifaceted international event, covering a variety of topics related to the decarbonisation of the Bulgarian economy, spanning from strategic planning and financing mechanisms to municipal energy management, energy poverty mitigation, establishment of energy communities, building certification schemes, and skills development.

The opening act of the forum – the BeSMART sustainable energy financing roundtable, sets up the scene with a clear storyline stemming from the proceedings from the previous sessions, the policy development agenda set by the involved institutional, business, and civil society stakeholders, and the guidelines developed through the policy recommendations produced by the project. Thus, the event will attempt to continue the discussions at the strategic level, forcing open discussions on the integrated National Energy and Climate Plan (NECP), relating it to actions in the decisive building sector and the necessary tools to stimulate and accommodate the attraction of private capital to carry out its energy transition at the expected scale, speed, and quality.

Stepping into details, it is expected that the forum will deliver one of the first institutional presentations for the energy modelling and projections related to the NECP, focusing on the potential savings, necessary policy actions and investment volumes at sectoral level. Then, the role of the building sector will be scrutinized, taking a close look at the proceedings from the national renovation programme under the Recovery and Resilience Plan regarding the process of enabling a financing mechanism in support of the ongoing transition to a model requiring co-financing from the homeowners. On very practical terms, the process will be analysed at municipal level, as following the local elections on 29th October, representatives of Sofia municipality will provide their vision on the immediate actions necessary to streamline the multilevel governance dialogue and to instigate joint policy implementation actions.

The topic will continue with a panel involving international financial institutions and consultants, which have independently developed a detailed guidance and plans for the transformation of the building sector, both at national (World Bank, EIB) and local level (EBRD, PwC). This session will provide an outlook into the possible larger scale investments in the sector, including the development and capitalisation of the National Decarbonisation Fund, which is also expected to provide instruments for the more intensive engagement of the private financial institutions considering the Taxonomy requirements and the increased market interest – clearly established during the previous roundtable.

Again, as a follow-up to the preceding event, two key issues will be put under scrutiny during the two technical discussions: the certification instruments, this time correlated to the emerging concept of smart buildings and SRI assessments, which are becoming more and more important for the banking sector, and the skills development, which was clearly identified as a structural gap by the Bulgarian Industrial Association. The invited representatives from the professional community will not only assess the barriers but will present working solutions stemming from various EU-financed initiatives, with the discussion focusing on their imminent replication at national scale.



Traditionally, the event will feature a plenary session and thematic seminars, which will be followed by a summarizing panel discussion with representatives of public authorities, financing institutions, municipalities, and energy experts. It will provide a solid basis for public discussions in the beginning of the new mandates of the local authorities, which would be in the position to maximise the potential benefits from the NRRP, the ESIF programmes, and the growing market interest. Thus, the event is expected to attract strong public and media interest, exploiting the connection between new developments at strategic level, the involvement of key international financial institutions shaping the investment environment, and potentially new personalities from the municipal governance bodies expected to support the implementation of the national policies and to materialise the investment interest at the local level.

FORMAT:

- Opening plenary session (90 min.) with the participation of keynote speakers from the national government, prominent NGOs consulting the NECP development, and local authorities with the participation of Sofia municipality
- Three in-depth technical discussion sessions (60-90 min.) with two or three introductory lectures and open discussion (ca. 30-45 min)
- Closing plenary session (30 min.) with presentation of the results of the thematic sessions and panel discussion

The event will take place in Bulgarian with parallel translation in English for the first thematic session.

LEADING TOPICS:

- The process of development of the National Energy and Climate Plan and the role and position of the building sector
- Market analysis and investment opportunities identified by the international financing institutions and ESG consultants
- Instruments for assessment, monitoring and certification of buildings' energy and environmental performance serving to guide investment decisions

PARTICIPANTS:

- Representatives of the national government and the Green Deal council
- Financing institutions
- Local authorities
- NGOs, energy agencies, local government networks
- Energy consultants
- Branch chambers, industrial, commercial and professional associations and unions
- Universities and research centers
- Energy service suppliers



PROVISIONAL AGENDA

27th NOVEMBER 2023

Sofia, Hotel Hemus and online

Zoom: <https://us02web.zoom.us/j/81724251036>

09:30 – 10:00	<i>R e g i s t r a t i o n</i>
Preslav Hall	STRATEGIC VISION, POLICIES AND REFORMS: HOW TO BRING ON THE ENERGY TRANSITION Moderator: Dragomir Tzanev, EnEffect
10:00 – 10:15	WELCOME AND OPENING OF THE PLENARY: CONTEXT AND REVIEW OF THE RESULTS OF THE ROUNDTABLES <i>Dragomir Tzanev, EnEffect, Zdravko Georgiev, Association of Bulgarian Energy Agencies, Nadezhda Bobcheva, Deputy Mayor, Sofia Municipality</i>
10:15 – 10:30	THE INTEGRATED NATIONAL ENERGY AND CLIMATE PLAN AS A TOOL TO GUIDE INVESTMENT DECISIONS <i>Krasimir Nenov, Deputy Minister of Energy</i>
10:30 – 10:45	VALUATION OF CLIMATE POLICIES / NATIONAL POLICIES FOR CLIMATE NEUTRALITY <i>Reneta Koleva, Deputy Minister of Environment and Water</i>
10:45 – 11:00	THE BUILDING SECTOR AS A CORNERSTONE OF THE DECARBONIZATION OF THE BULGARIAN ECONOMY. CURRENT RESULTS AND EXPECTATIONS FOR THE NATIONAL RENOVATION PROGRAMME <i>Angelina Boneva, Deputy Minister of Regional Development and Public Works</i>
11:00 – 11:15	KEY OPPORTUNITIES AND CHALLENGES FOR LARGE-SCALE INVESTMENT IN BUILDING RENOVATION <i>Asen Gasharov, EIB</i>
11:15 – 11:30	DISCUSSION
11:30 – 12:00	<i>C o f f e e b r e a k</i>
	Discussion session 1: The global outlook on the development of the financial instruments and the implications on the Bulgarian Decarbonisation Fund
12:00 - 13:30	Presentations (10 minutes each) from: Mariano Gonzalez, World Bank, Assen Gasharov, EIB, Kiril Raytchev, Alliance for Energy Efficiency Facilitator: Marko Markov, Econoler Discussion (1 hour)



- What are the implications of the EU taxonomy on the development of innovative products in support of buildings' energy efficiency?
- Is there investment interest for energy efficiency projects in the building sector from the international financial institutions?
- What are the mainstream opportunities and the key challenges for large-scale investments in building renovation?
- Where do we see the role and the position of the National Decarbonisation Fund?

Participants (invited): SEDA, Bulgarian Energy Efficiency and Renewable Sources Fund, Fund of Funds, Bulgarian Development Bank, National Trust EcoFund, FLAG Fund, BIA, Econoler, AEE, BCC, commercial banks, energy and financial consultants, NGOs, etc.

13:30 – 14:30 *L u n c h b r e a k*

Discussion session 2:

Monitoring and evaluation tools for smart and efficient buildings

14:30 - 15:30 Presentations (10 minutes each) from: Sustainable Energy Development Agency, EnEffect, SOFENA. Facilitator: Stanislav Andreev, EnEffect

Discussion (30 minutes)

- What are the positive sides and the limitation of the national certification system and how can we guarantee quality?
- Do we need additional certification services and is there a market niche for specialized financing products?
- How does smart buildings and integration in the energy system affect the financing opportunities?
- What are the implications of the expected amendments of the EPBD?

Participants (invited): SEDA, Bulgarian Energy Efficiency and Renewable Sources Fund, BIA, AEE, BCC, energy and financial consultants, National Trust EcoFund, FLAG Fund, commercial banks, etc.

Discussion session 3:

Skills for the clean energy transition: ensuring quality and financial savings from the implementation of ambitious energy performance standards

15:30 - 16:30 Presentations (5 minutes each) from: Sofia Energy Center, Chamber of Installers in Bulgaria, SOFENA, EnEffect, Pazardzhik Energy Agency, New Bulgarian University
Facilitator: Zdravko Georgiev, SOFENA

Discussion (30 minutes)

- What are current skills gaps for delivering quality nZEBs/ZEBs in light of the upcoming changes in the regulatory framework?
- What structural measures can be undertaken for the monitoring, forecasting and improvement of the skills in the construction sector at all qualification levels?
- What are the current best practices and existing training opportunities that can be replicated and multiplied at national level?

Participants (invited): BIA, BCC, SEDA, education and training providers, energy agencies, energy and financial consultants, NGOs, etc.

16:30 – 17:00 **SUMMARY AND CLOSING OF THE ROUNDTABLE**

Panel discussion with thematic session leaders

Facilitator: Dragomir Tzanev, EnEffect



17:00 – 18:30 *Networking cocktail*

1st THEMATIC TECHNICAL SESSION:

The global outlook on the development of the financial instruments and the implications on the Bulgarian Decarbonisation Fund

The interest in the national renovation programme has gone from unprecedentedly high to nearly zero with the beginning of the second phase, which introduced a 20% co-financing requirement by homeowners. On the one hand, there is no financial scheme to help secure the contribution. On the other hand, information on the administrative conditions for submitting applications is still too scattered and it is difficult to find advice even from the municipalities.

During the previous roundtable, it became clear that the responsible ministry (Ministry of Regional Development and Public Works) is working with the World Bank and the ESCO Association (AEE) to develop the necessary mechanisms, and it is foreseen that in the future, this financing model will be extended through the National Decarbonisation Fund (NDF).

Additionally, the development and capitalisation of the NDF is also expected to provide instruments for the more intensive engagement of the private financial institutions considering the requirements for reporting green taxonomy-aligned investments, as well as socially responsible activities, which are mandatory for banks and large corporations, and, starting in 2028 - for SMEs, too.

This session will provide an outlook into the possible larger scale investments in the sector, stepping on current developments relevant to the building stock discussed during the open plenary, as professionals from the consulting sector and financial institutions have been invited with short presentations to explore best case practices on different institutional levels, and from abroad.

The discussion will be based on the following questions:

- What are the implications of the EU taxonomy on the development of innovative products in support of buildings' energy efficiency?
- Is there investment interest for energy efficiency projects in the building sector from the international financial institutions?
- What are the mainstream opportunities and the key challenges for large-scale investments in building renovation?
- Where do we see the role and the position of the National Decarbonisation Fund?



2nd THEMATIC TECHNICAL SESSION:

Monitoring and evaluation tools for smart and efficient buildings

In Bulgaria, there has been a growing emphasis on utilizing building energy management systems and smart sensors to collect real-time data on energy consumption, indoor air quality, and environmental conditions. The professional community, and as of late, the banking sector, too, share the understanding that monitoring and evaluation tools, when integrated with regulatory frameworks and building certification systems, can facilitate the ongoing evaluation of building performance, leading to informed decisions for improvements and better investments. Despite the changes in the Bulgarian regulatory framework on energy performance certification of buildings in recent years, there are still numerous existing hurdles related to costs, complexity, compliance, and red-tape issues, together with a lack of awareness and technical proficiency, as well as no financial incentives and support mechanisms that can encourage more widespread adoption. This requires a coordinated effort among the government agencies, industry, and relevant professional associations, and to this end representatives from the relevant national stakeholders have been invited to engage in the discussion and share insights.

Following brief presentations by key stakeholders, the discussion part will focus on the following issues:

- What are the positive sides and the limitation of the national certification system and how can we guarantee quality?
- Do we need additional certification services and is there a market niche for specialized financing products?
- How does smart buildings and integration in the energy system affect the financing opportunities?
- What are the implications of the expected amendments of the EPBD?

3rd THEMATIC TECHNICAL SESSION:

Skills for the clean energy transition: ensuring quality and financial savings from the implementation of ambitious energy performance standards

A significant market gap exists in terms of a skilled workforce that can design, implement, and maintain clean energy technologies in the Bulgarian construction sector. Moreover, the integration of renewable energy sources and the development of nZEBs require a cadre of skilled professionals. As a result, financing institutions are facing numerous delays in project implementation and compromised quality, which have negative impact of the financial flows and shifts the focus of banking institutions in other directions. On the other hand, consumers are not experiencing the



expected benefits, which blocks the scaling up of long-term investments improving the energy performance of the built environment. As the construction sector is concerned, continuous financial support and established schemes are a must, but even they would be fruitless if there are no qualified experts and workers to execute the projects, as is the current situation. Despite the available educational initiatives and programmes, vocational training opportunities and specialized courses, the good practices are still not gaining the necessary momentum, while at the same time, the inevitable regulatory changes stemming from the various EU-wide regulatory changes, such as the recent EPBD recast, RED II, CPR, will press ever greater challenges on the construction sector, putting emphasis on the provision of knowledge and skills. The session will give space for representatives from the professional community to assess the barriers and propose success strategies to overcome them, improving both the quantity and the quality of the skilled workforce. To this end, following the brief presentations by key organizations and actors in the field, the discussion part will focus on the following issues:

- What are current skills gaps for delivering quality nZEBs/ZEBs in light of the upcoming changes in the regulatory framework?
- What structural measures can be undertaken for the monitoring, forecasting and improvement of the skills in the construction sector at all qualification levels?
- What are the current best practices and existing training opportunities that can be replicated and multiplied at national level?