

## Energy Efficiency and Renewable Energy Credit Line **Bulgaria**

July 2014

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### Quick facts

Zone	National Territory
Time Frame	2004-2014
Topic	Energy Efficiency
Implementing Agency	European Bank for Reconstruction and Development

### Policy details

Bulgaria is one of the youngest members of the European Union and its energy sector has yet to meet global standards or EU standards. It is highly inefficient, dependent on importation and produces high amounts of externalities that have not been accounted for making it not only inefficient but also affecting local businesses. While the energy sector is a matter that has been overlooked, it has recently demonstrated that it can no longer be ignored by the government.

It has been the trigger for governmental instability. It has also been the reason for rising costs and high amounts of emissions, which its own citizens have become direct victims to. Its energy intensity was double the average of the European Union, calling for the government to rethink its agenda and tactic. It cities are constantly labeled as highly polluted.

Case Study



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### Establishment and Development of BEERCEL

To make the energy sector more efficient, in 2004 the Bulgarian Energy Efficiency and Renewable Energy Credit Line (BEERCEL) was created which provided loans and grants to green businesses. A business would have to provide a proposal as to how their project would be energy efficient or uses reusable energy to be approved. The Bulgarian government with the European Bank for Reconstruction and Development and the European Union all worked closely to successfully see through the BEERCEL. Another reason for the establishment of this program was the closure of two of the country's reactors which provided about 40% of the electrical power.

It was financed by several private banks to give loans to green businesses and funding was provided by the European Commission, the European Union and Kozloduy International Decommissioning Support Fund. The program was commissioned for ten years (2004-2014). The idea behind it was to help promote energy efficiency and the usage of renewable resources (wind, hydro, biomass, solar, biogas) in the private sector.

Businesses that used EE received a 15% funding on their projects, and RE projects received 20% funding. After completion of the proposed project, ESBI (energy expert) was responsible for verifying that the project completed all the requirements to receive funding. To promote such loans, BEERCEL is not only providing funds but also free technical assistance such as selection of possible projects, marketing strategies and specific measures to achieve energy efficiency. The biggest driver is increasing cost effectiveness which directly correlates with energy costs. By becoming energy efficient companies will reduce their production costs and increase competitiveness. One of the grave issues in the energy sector in Bulgaria is outdated

facilities who are not only inefficient but also produce negative externalities. By having businesses become green this externalities can be omitted and production costs can be reduced.

### Outcomes

BEERCEL has demonstrated to be successful and received twice extensions and extra funding by the European Bank for Reconstruction and Development (EBRD). In January 2014 the program was concluded which had funded 290 energy efficient projects with a budget of € 150 million and CO2 emissions had been lowered by 710,000 tons and saved 1.1 million MWh per year. Projects varied from agriculture to manufacturing. The BEERCEL is the first project of its kind by the EBRD to be developed and it has transformed to similar versions in other European countries taking this initiative from a national level to an international level. The EBRD is one of the largest investors in Bulgaria that has already committed 1.5 billion euros in investments and is strong supporter of energy efficiency and renewable efficiency.

### Conclusion

While in the grand scheme of things, the program is small, it provides a window to possible ways to promote energy efficiency, renewable energy and green businesses. Although the program has concluded it can be used as an example for future programs. With its success story it can promote future businesses to be more energy efficient and has put energy efficiency on the public agenda. In 2006 the Sustainable Energy Initiative was created which also have been directly backed by the EBRD that also provided over 600 million euros to energy efficient projects. Recently the government increased natural gas by 2.6% and electricity by 2%. Making it clear that energy efficiency is becoming a priority on the public agenda.

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### References

The following documents informed the development of this paper:

BEERECL: Bulgarian Energy Efficiency and Renewable Energy Credit Line March 2012, <http://www.buildup.eu/links/24434>

BEERECL: Grants and Loans for the Commercial Sector in Bulgaria March 2009 <http://solarthermalworld.org/content/beerecl-grants-and-loans-commercial-sector-bulgaria>

Beerecl Concludes on a High Note Bulgaria and Ebrd Assign 2014 Sustainable Energy Excellence Awards as Facility Ends Operations April 2014 <http://www.highbeam.com/doc/1G1-359744843.html>

