

Sofia, January 26, 2023 Ex. No 3408 /26.01.2023

To:

GALAB DONEV
CARETAKER PRIME MINISTER

ROSSEN HRISTOV
CARETAKER MINISTER FOR ENERGY

ROSITSA KARAMFILOVA
CARETAKER MINISTER FOR ENVIRONMENT AND WATER

ATHANAS PEKANOV
CARETAKER DEPUTY PRIME MINISTER FOR EU FUNDS MANAGEMENT

Copy to:

CVETAN KYULANOV HEAD OF THE EC REPRESENTATION IN BULGARIA

FRANS TIMMERMANS
EXECUTIVE VICE-PRESIDENT OF THE EC
FOR THE EUROPEAN GREEN DEAL

ELISA FERREIRA
EUROPEAN COMMISSIONER FOR COHESION AND REFORMS

KADRI SIMSON EUROPEAN COMMISSIONER FOR ENERGY

CÉLINE GAUER
HEAD OF THE RECOVERY AND RESILIENCE TASK FORCE

Regarding: Presenting and Adopting Ministry of Energy's Draft "Strategic Vision for the Development of the Electricity Sector of Republic of Bulgaria 2023 - 2053"

Dear Mr. Donev, Dear Mr. Hristov, Dear Dr. Karamfilova, Dear Mr. Pekanov,

On behalf of WWF Bulgaria, we address you in connection with the draft of the so-called "Strategic Vision for the Development of the Electricity Sector of Republic of Bulgaria 2023 - 2053" ("Strategic Vision") published on 17.01.2022, which was subsequently adopted by the Decision of the Council of Ministers No. 49 on 20.01.2023 and, as per the decision, is to be submitted for consideration by the National Assembly.

We urge the Council of Ministers to urgently nullify the same decision and the Ministry of Energy to withdraw the draft "Strategic Vision", due to:

- Non-compliance of the draft "Strategic Vision" with the legislation of the Republic of Bulgaria based on lack of legal justification, lack of an actual public consultation process and lack of environmental procedures;
- Incorrect reference to and justification of key findings in the Strategic Vision on the work of the Energy Transition Commission (ETC) under the European Green Deal Council (EGDC);
- Significant environmental risks from the potential implementation of energy mega-projects included in the Strategic Vision;
- Unclear role of the "Strategic Vision" in the strategic framework and Bulgaria's commitments for decarbonisation of the economy and a fair energy transition, within the European Green Deal.

Bulgaria is obliged to strictly follow the EU framework for planning decarbonisation policies in member states, namely with the update of the **National Energy and Climate Plan (NECP)** and the **Long-Term Strategy for Decarbonisation (LTS)**. This should be done on the basis of objective and transparent modelling of sectoral decarbonisation. The recommendations and guiding principles developed by the EC in its Guidance to member states<sup>1</sup>, published in December 2022, must be followed. The updated NECP and LTS should include an increase in decarbonisation ambition, as well as realistic trajectories for emissions reductions from the electricity sector and other sectors that are consistent with the EU's targets of a 55% reduction by 2030 and climate neutrality in 2050. We note that at the moment there is no public information as to whether the NECP revision process has started, although a first version of an updated NECP should be submitted by the end of June 2023. The incomplete update of the Long-Term Strategy (LTS), submitted to public consultation last autumn, without new sectoral modelling and a climate

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<sup>&</sup>lt;sup>1</sup> Guidance to Member States for the update of the 2021-2030 national energy and climate plans: https://energy.ec.europa.eu/guidance-ms-updated-necps-2021-2030\_en

neutrality target, does not meet the requirements and ambitions of the European Green Deal, as we have pointed out in a WWF Bulgaria statement<sup>2</sup>.

We believe that it is important for the Ministry of the Environment and Water to focus the expertise and efforts of the Climate Change Policy Directorate on a comprehensive update of the Climate Change Mitigation Act (CCMA), which does not reflect the new policies, targets and requirements of the European Green Deal. An updated CCMA should include a regulatory framework for achieving climate neutrality, a process for assessing and incorporating climate risks, harmonizing climate change adaptation policy, implementing nature-based solutions, and informing and engaging in decision-making the scientific community and citizens. The decision by Bulgaria's National Assembly to request initiation a future renegotiation of Reform C4.R10 of the NRRP does not override, but, on the contrary - makes more urgent, the need for a comprehensive revision of the CCMA.

In the annex below we describe the main problems that justify the need to repeal the Council of Ministers' Decision No. 49 and to adhere to the EU policy planning process for energy transition under the European Green Deal. We are ready to provide further information on the issues described. Contact person: Apostol Dyankov, Climate & Energy Program Manager at WWF Bulgaria and member of the Energy Transition Commission. E-mail: adyankov@wwf.bg

#### Sincerely:

Vesselina Kavrakova Executive Director WWF Bulgaria



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<sup>&</sup>lt;sup>2</sup> WWF Bulgaria's position on LTS strategy: <u>wwf\_position\_on\_lts\_20220915\_\_3\_.pdf</u> (panda.org)

## Annex: Justification of the need to withdraw the draft Strategic Vision and follow the EU energy transition policies.

### Problem: Lack of legal basis for the "Strategic Vision"

The draft of the so-called "Strategic Vision" is presented in the context of the National Assembly's decision on 12.01.2023 to oblige the Council of Ministers to amend the Recovery and Resilience Plan with regard to energy reform<sup>3</sup>, taken under open pressure from the coal industry, energy companies and trade unions, including threats of protests and strike action. This decision by the National Assembly is in itself highly controversial, both because of the pressure exerted and because it does not rest on clear powers and competences of the caretaker government to amend or request amendment of the Recovery and Resilience Plan. Moreover, in its decision, the National Assembly does not in any way propose or authorise the Ministry of Energy to prepare the draft "Strategic Vision" presented, nor does it create the legal basis for such a document, which would necessitate amending Article 4 of the Bulgarian Energy Law<sup>4</sup>.

The draft Strategic Vision itself (page 3) incorrectly cites Article 4(2)(1) of the Energy Act as justification for the creation of the document. However, the cited article refers to the "Strategy for Sustainable Energy Development of the Republic of Bulgaria", a document with a different scope and purpose than the current draft "Strategic Vision".

Regarding the decision No. 49 of the caretaker cabinet to adopt the draft "strategic vision", we remind that it ought not to be in the powers of a caretaker government, unelected by the Bulgarian citizens, whose main function is administration and preparation for parliamentary elections, to propose and adopt key sectoral strategic documents for the country.

# Problem: The "Strategic Vision" has not gone through a public consultation process

Notwithstanding the designation of the document as a "vision", it essentially sets the framework for the future development of strategic investments in the energy sector. The adoption of the Strategic Vision by the Council of Ministers without any real public consultation is, therefore, in direct contradiction with European legislation. A hastily organized "Round table" on 17.01.2023 to promote the "Strategic Vision" with the participation mainly of the coal industry and without inviting the members of the ETC or EGDC, the general public and civil society organizations to participate, cannot be accepted as consultation. Thus, the requirements for public participation under the Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters are completely ignored.

<sup>&</sup>lt;sup>3</sup> https://www.parliament.bg/bg/desision/ID/164626

<sup>&</sup>lt;sup>4</sup> https://www.me.government.bg/bg/library/zakon-za-energetikata-256-c25-m258-1.html

## Problem: The "strategic vision" has not passed environmental procedures

There is no publicly available information on whether the draft "Strategic vision" has been subjected to the environmental assessment procedures required by the Strategic Environmental Assessment Directive (Directive 2001/42/EC) and the Bulgarian Environmental Protection Act, nor to the Appropriate Assessment procedures required by Council Directive 92/43/EEC on the conservation of natural habitats and of wild fauna and flora and the Bulgarian Biological Diversity Act. The failure to carry out the environmental procedures cited is in direct contravention of European and national legislation.

# Problem: The "Strategic Vision" is incorrectly presented as the result of the work of the Energy Transition Commission under the European Green Deal Council

The draft of the so-called "Strategic Vision" was prepared and presented unilaterally and without public consultation by the Ministry of Energy, under open pressure from the coal industry, energy companies and trade unions. However, the draft "Strategic vision" repeatedly and incorrectly cites the work of the ETC under the EGDC, of which WWF Bulgaria is a member. The draft "Strategic vision" and its unsubstantiated data, conclusions, assessments, recommendations and assumptions, has not been submitted to the ETC for consideration. The draft does not correctly represent the work of the committee and its technical modelling group. The Ministry of Energy's "results and conclusions of the work of the ETC of the EGDC" cited in the draft "Strategic Vision" (p. 23) were not agreed upon or even presented in final form to the members and observers of the commission for discussion. For this reason, it is not correct to present the conclusions in the "Strategic Vision" to the Council of Ministers, the National Assembly and the general public as arising from the work of the ETC. These facts have been described in detail and confirmed by the Deputy Chair of the ETC, Dr. Mariya Trifonova in an e-mail communication to ETC members on 18.01.2023.

It should also be noted the so-designated "Compass Lexecon model", prepared by the namesake consulting company and presented as the main authoritative model by the "Strategic Vision" draft is openly supported by some of the companies in the Bulgarian coal industry, and was promoted by their representatives in the ETC. We note that the ETC initially considered other models, some of which were submitted by the renewable energy industry, but these models were not selected by the Ministry of Energy, which categorically backed the Compass Lexecon model.

WWF Bulgaria, as a member of the ETC, is not involved in the technical meetings to discuss the parameters of this model, but we are aware that some of these parameters are not public and cannot be subjected to independent assessment and re-modelling, as would be good practice when planning real long-term decarbonisation strategies. One such transparent, inclusive model is the Pathways Explorer decarbonisation model<sup>5</sup>, developed in collaboration of government, academic, NGO and business partners in more than 20 countries, which enables decarbonisation modelling across all sectors of the economy and has been used to model long-term decarbonisation strategies in Belgium and other countries.

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<sup>&</sup>lt;sup>5</sup> https://pathwaysexplorer.climact.com/community

We have repeatedly noted these concerns during ETC discussions, and we know that the same issue has been raised by the European Commission representatives, recommending new modelling with objective and transparent parameters. Referring to and basing a critical strategic document for Bulgarian energy and climate policy, such as the draft "Strategic Vision" prepared by the Ministry of Energy pretends to be, on an opaque model, supported by a single industry, directly affected by the energy transition, comprises an incorrect and unacceptable practice.

## Problem: Significant risks to environmental aspects from the energy mega-projects included in the "Strategic Vision"

In substance, the presented "Strategic Vision" draft raises a lot of concerns, regarding the environmental, climatic, social and economic impacts of the proposed directions of energy development in Bulgaria, which should be assessed not only by the experts of the Ministry of Environment and Water, but also by Bulgarian citizens. It relies entirely on outdated, centralised and expensive technologies with huge potential impacts on the environment and ecosystems—we are referring in particular to large investments in hydropower and nuclear power plants on the Danube River, and hydropower plants in the Rila-Rhodope mountains. The environmental impact of these projects has not been assessed and they present national and transboundary risks to key rivers and water basins. The risks are both social (directly affecting settlements along the Danube) and environmental, such as affecting the habitats of endangered sturgeon on the last stretch of the Danube, which has retained ecological connectivity.

## Problem: The contribution of the "Strategic Vision" to the decarbonisation of Bulgaria is questionable and unclear

The lack of an explicit decarbonisation goal in the Strategic Vision is a problem. Another problem is that the short- and medium-term climate benefits of the projects included in the vision, as well as their role in achieving climate neutrality in Bulgaria by 2050, in line with EU policy, are questionable or non-existent. Carbon dioxide emissions need to be reduced already in the current decade to have a chance to achieve the goals of the Paris Agreement and the European Green Deal ("Fit for 55" package). Large energy mega-projects such as the hydroelectric power plants on the Danube and the Belene nuclear power plant cannot be built before 2030, even if the their financing and economic viability were guaranteed. At present and across the EU we observe rapid development of cheap, decentralised and flexible wind and solar power generation and storage, which prioritises small businesses and citizens. Centralised new mega-projects, historically linked to corrupt models, usurp huge investment funds and divert attention from the need to better plan and regulate the process of large-scale expansion of solar and wind capacity, in line with the RePowerEU plan. It is in this direction that the expert capacity of the ME and the MoEW needs to be directed, both to meet the renewable energy targets and to plan new energy capacity with minimal negative environmental impacts, including careful planning of the so-called "Go-to areas" set out in connection with RePowerEU.

# Problem: The need for a decision to exit coal-fired power by 2030 and fast adoption of Territorial Just Transition Plans (TJTPs) is not addressed by the Strategic Vision.

The draft "Strategic Vision" assumes "the use of existing capacity by 2030 to ensure energy security" (p.18). We acknowledge that even the staunch advocates of coal power find it difficult to prove that any Bulgarian lignite power plant can continue to operate economically after 2030. We believe that it is for this reason that a large-scale, honest information campaign on the real prospects and future of coal power should be conducted to inform both the Bulgarian public and politicians. To date, no Bulgarian government or institution has conducted such a campaign.

According to the latest publicly available information, there is still no date for the official submission of the final version of the TJTPs for consideration by the European Commission, although 100 million euros under the Just Transition Mechanism have already been lost for Bulgaria. TJTPs must support a real exit from coal power by diversifying regional economies, eliminating the severe environmental damage in these regions, new investments in energy efficiency and renewable energy, developing the skills of those working in the energy sector, and providing new and decent jobs. Denying the necessity and urgency of the energy transition itself only delays this process, contributes to the risk of losing more European funds from the Just Transition Fund, blocks the development of the regions, and predetermines an unfair transition, which will take away alternatives from those working in the sector.