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COMMISSION RECOMMENDATION

of 26.4.2024

**on the draft updated integrated national energy and climate plan of Bulgaria covering
the period 2021-2030**

{SWD(2024) 125 final}

Only the Bulgarian text is authentic

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on the draft updated integrated national energy and climate plan of Bulgaria covering the period 2021-2030

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THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 292 thereof,

Having regard to Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, amending Regulations (EC) No 663/2009 and (EC) No 715/2009 of the European Parliament and of the Council, Directives 94/22/EC, 98/70/EC, 2009/31/EC, 2009/73/EC, 2010/31/EU, 2012/27/EU and 2013/30/EU of the European Parliament and of the Council, Council Directives 2009/119/EC and (EU) 2015/652 and repealing Regulation (EU) No 525/2013 of the European Parliament and of the Council¹, and in particular Article 9(2), and Article 14(6) thereof,

Whereas:

- (1) Bulgaria submitted its draft updated integrated national energy and climate plan (NECP) on 20 February 2024. Due to the late submission of Bulgaria's draft updated NECP, the European Commission was not in a position to adopt this Recommendation six months before the final updated national energy and climate plans are due, as required by Article 9(2) of Regulation (EU) 2018/1999.
- (2) Article 3 and Annex I to Regulation (EU) 2018/1999 ('the Governance Regulation') lay down the elements that are to be included in the updated integrated national energy and climate plans. In December 2022, the Commission adopted the Guidance to Member States on the process and scope of preparing the draft and final updated national energy and climate plans². The Guidance identified good practices and outlined the implications of recent policy, legal and geopolitical developments in energy and climate policies.
- (3) In connection with REPowerEU plan³, and as part of the 2022 and 2023 European Semester cycles, the Commission has put a strong focus on Member States' energy and climate related reform and investment needs to strengthen energy security and affordability by accelerating the green and fair transition. This is reflected in the 2022 and 2023 country reports for Bulgaria⁴ and Council Recommendations⁵ to Bulgaria.

¹ OJ L 328, 21.12.2018, p. 1.

² 2022/C 495/02.

³ COM(2022) 230 final.

⁴ SWD (2022) 640 final, SWD (2023) 602 final.

⁵ COM(2022) 640 final, Recommendation for a Council Recommendation and COM (2023) 602 final, Recommendation for a Council Recommendation.

Member States should take into account the latest country-specific recommendations in their final updated integrated national energy and climate plans.

- (4) The Commission's recommendations with regard to the delivery of national targets under the Effort Sharing Regulation⁶ (ESR) are based on the likelihood that the Member States will respect the 2030 targets, taking into account the rules for the use of flexibilities under the ESR.
- (5) The Commission's recommendations regarding Carbon Capture, Utilisation and Storage (CCUS) aim at having an overview of the intended deployment of these technologies at national level, including information about annual volumes of CO₂ planned to be captured by 2030, split by source of CO₂ captured coming from installations covered by Directive 2003/87/EC⁷ or from other sources, such as biogenic sources or direct air capture; about planned CO₂ transport infrastructure; and about potential domestic CO₂ storage capacity and injection volumes of CO₂ planned to be available in 2030.
- (6) The Commission's recommendations regarding the performance under the Land Use, Land Use Change and Forestry Regulation ('LULUCF Regulation')⁸ address the delivery by the Member State on the "no debit" rule for the period 2021-2025 (Period 1) and its national target for the period 2026-2030 (Period 2), taking into account the rules governing the use of flexibilities as set out in that Regulation. The Commission's recommendations also take into account that in Period 1 any excess in emissions under the LULUCF Regulation will automatically be transferred to the ESR.
- (7) For climate adaptation to properly support the achievement of energy and climate mitigation objectives, it is essential to identify the potential climate change hazards and analyse climate vulnerabilities and risks that may affect relevant areas, populations and sectors. The Commission's recommendations on adaptation consider the extent to which Bulgaria integrated in its updated NECP adaptation goals that account for climate risks, that could prevent Bulgaria from meeting the objectives and targets of the Energy Union. Without specific adaptation policies and measures, planned and implemented, the achievement of objectives in Energy Union dimensions is at risk. Water management in changing climatic conditions requires particular attention due to risks of electricity disruption as floods, heat and drought impact energy production.
- (8) The Commission's recommendations regarding Bulgaria's renewable energy ambition are based on the formula set out in Annex II to Regulation (EU) 2018/1999, which is based on objective criteria, and on the main policies and measures missing in Bulgaria's draft updated plan to enable a timely and cost-effective achievement of Bulgaria's national contribution to the Union's binding renewable energy target of at

⁶ Regulation (EU) 2018/842 of the European Parliament and of the Council of 30 May 2018, OJ L 156, 19.6.2018, p. 26. as amended by Regulation (EU) 2023/857 of 19 April 2023, OJ L 111, 26.4.2023, p. 1.

⁷ Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC (OJ 275, 25.10.2003, p. 32).

⁸ Regulation (EU) 2018/841 of the European Parliament and of the Council of 30 May 2018 on the inclusion of greenhouse gas emissions and removals from land use, land use change and forestry in the 2030 climate and energy framework- and amending Regulation (EU) No 525/2013 and Decision No 529/2013/EU, OJ L 156, 19.6.2018, p. 1, as amended by Regulation (EU) 2023/839 of the European Parliament and of the Council of 19 April 2023 OJ, L328/1, 21.4.2023, p. 1.

least 42.5% in 2030, with the collective endeavour to increase it to 45% pursuant to Directive (EU) 2018/2001 as regards the promotion of energy from renewable sources as amended by Directive (EU) 2023/2413⁹. The Commission's recommendations are also based on Bulgaria's contribution to the specific targets of Articles 15a, 22a, 23, 24 and 25 of that Directive and the related policies and measures to rapidly transpose it and implement it. The recommendations reflect the importance of developing comprehensive long-term planning for the deployment of renewable energy, and in particular wind, to increase visibility for the European manufacturing industry and grid operators in line with the European Wind Power Package¹⁰.

- (9) The Commission's recommendations regarding the national contribution to energy efficiency are based on Article 4 of the Directive (EU) 2023/1791 on energy efficiency¹¹, the formula in Annex I to that Directive, and the related policies and measures to implement it.
- (10) The Commission's recommendations pay particular attention to the targets, objectives and contributions and related policies and measures to deliver on the REPowerEU plan in order to rapidly phase out dependence from Russian fossil fuels. They take into account lessons learnt from the implementation of the Save gas for a Safe winter Package¹². The recommendations reflect the imperative to make the energy system more resilient in light of the obligations stemming from Regulation (EU) 2019/941 on risk preparedness in the electricity sector¹³ and Regulation (EU) 2017/1938 on the security of gas supply¹⁴ in line with the Commission Recommendation on energy storage¹⁵.
- (11) The Commission's recommendations take into account the need to accelerate the integration of the internal energy market to strengthen the role of flexibility and empower and protect consumers. The Commission's recommendation also considers the importance of assessing the number of households in energy poverty in line with the requirements of Article 3 of Regulation (EU) 2018/1999, and Commission Recommendation (EU) 2023/2407¹⁶.

⁹ Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (OJ L 328, 21.12.2018, p. 82), as amended by Directive (EU) 2023/2413 of the European Parliament and of the Council of 18 October 2023 amending Directive (EU) 2018/2001, Regulation (EU) 2018/1999 and Directive 98/70/EC as regards the promotion of energy from renewable sources, and repealing Council Directive (EU) 2015/652, OJ L, 2023/2413, 31.10.2023.

¹⁰ Communication on European Wind Power Action Plan COM(2023) 669 final, 24.10.2023 and Communication on delivering EU offshore renewable energy ambition, COM(2023) 668 final.

¹¹ Directive (EU) 2023/1791 of the European Parliament and of the Council of 13 September 2023 on energy efficiency and amending Regulation (EU) 2023/955 (recast), OJ L 231, 20.9.2023, p. 1.

¹² Communication from the Commission to the European Parliament, the Council, the European economic and social committee, 'Save gas for a safe winter', COM/2022/360 final.

¹³ Regulation (EU) 2019/941 of the European Parliament and of the Council of 5 June 2019 on risk preparedness in the electricity sector and repealing Directive 2005/89/EC OJ L158/1.

¹⁴ Regulation (EU) 2017/1938 of the European Parliament and of the Council of 25 October 2017 concerning measures to safeguard the security of gas supply and repealing Regulation (EU) No 994/2010, OJ L 280.

¹⁵ Commission Recommendation of 14 March 2023 on Energy Storage – Underpinning a decarbonised and secure EU Energy system, C/2023/1729, OJ C 103 20.3.2023 p1.

¹⁶ Commission Recommendation (EU) 2023/2407 of 20 October 2023 on energy poverty, C:2023/4080, OJ L 2023/2407, 23.10.2023.

- (12) The Commission's recommendations reflect the importance of ensuring sufficient investments in clean energy research and innovation to boost their development and manufacturing capacities, including appropriate policies and measures for energy-intensive industries and other businesses; and the need to upskill workforce for a net-zero industry in order to consolidate a strong, competitive and clean economy within the Union.
- (13) The Commission's recommendations build on the commitments taken under the Paris Agreement to phase down the use of fossil fuels, as well as on the importance of phasing out fossil fuel subsidies.
- (14) The Commission's recommendation on investment needs follows its assessment of whether the draft updated plan provides a general overview of investment needs to achieve the objectives, targets and contributions for all dimensions of the Energy Union; indicates the sources of financing, distinguishing private and public sources; and whether it outlines investments consistent with Bulgaria's Recovery and Resilience Plan, Bulgaria's Territorial Just Transition Plans and the 2022-2023 country-specific recommendations issued under the European Semester, and includes a robust macro-economic assessment of planned policies and measures. The NECP should ensure the transparency and predictability of national policies and measures, to support investment certainty.
- (15) The Commission's recommendations reflect the crucial importance of a wide regional consultation and of ensuring early and inclusive consultation on the plan, including effective public participation with sufficient information and timeframe, in line with the Aarhus Convention¹⁷.
- (16) The Commission's recommendations on just transition reflect the assessment of whether the Bulgaria's plan identifies in sufficient depth the relevant social, employment and skills impacts of the climate and energy transition and outlines adequate accompanying policies and measures to promote a just transition, while contributing to the promotion of both human rights and gender equality.
- (17) The Commission's recommendations to Bulgaria are underpinned by the assessment of its draft updated NECP¹⁸, which is published alongside this Recommendation.
- (18) Bulgaria should take due account of the present recommendations when developing its final updated integrated NECP to be submitted by 30 June 2024.

HEREBY RECOMMENDS THAT BULGARIA TAKES ACTION TO:

1. Set out cost-efficient additional policies and measures, notably for the transport sector and for non-CO₂ emissions, including methane and N₂O from energy, waste and agriculture, to meet the national greenhouse gas target of -10% in 2030 compared to 2005 levels under the ESR. Provide projections to show how the existing and planned policies will deliver on the target and if necessary, specify how flexibilities available under the ESR will be used to ensure compliance. Complement the information on the policies and measures, clearly spelling out their scope, timeline and expected greenhouse gas reduction impact, including for measures in Union funding programmes such as the common agricultural policy.

¹⁷ Convention on access to information, Public Participation in Decision-making and Access to Justice in Environmental Matters of 25 June 1998 (the 'Aarhus convention').

¹⁸ SWD(2024)125.

2. Identify the amount of CO₂ emissions that could be captured annually by 2030, including the source. Provide details on how the captured CO₂ will be transported. Identify the overall CO₂ storage capacity and injection volumes available by 2030.
3. Set out a concrete pathway towards reaching the national LULUCF target as defined in Regulation (EU) 2018/841. Include additional measures in the LULUCF sector, detailing their timing and scope and quantifying their expected impacts to ensure that greenhouse gas removals are effectively aligned with the 2030 EU net removal target of – 310 MtCO₂eq and the country-specific removal target of – 1 163 ktCO₂eq defined in Regulation (EU) 2018/841. Provide clear information on how public funds (both Union funds, including the common agricultural policy, and State aid) and private financing through carbon farming schemes are consistently and effectively used to achieve the net removal national target. Provide information on the status and progress to be made in ensuring the enhancements to higher tier levels/geographically explicit datasets for monitoring, reporting and verification, in line with Part 3 of Annex V to Regulation (EU) 2018/1999.
4. Provide additional analysis on the relevant climate vulnerabilities and risks regarding the achievement of national objectives, targets, and contributions and the policies and measures in the different dimensions of the Energy Union. Better outline and quantify where possible the link to the specific Energy Union objectives and policies, that adaptation policies and measures should support. Set out additional adaptation policies and measures in sufficient detail to support the achievement of national objectives, targets and contributions under the Energy Union, including measures to safeguard electricity generation capacity and residential energy saving.
5. Provide estimated trajectories and a long-term plan for the deployment of renewable energy technologies over the next 10 years, with an outlook to 2040. Include an indicative target for innovative renewable energy technologies by 2030 in line with Directive (EU) 2018/2001 as amended. Include specific targets to contribute to the indicative sub-target in buildings and industry for 2030, and the binding sub-target for renewable fuels of non-biological origin (RFNBOs) in industry for 2030. Increase the binding targets in heating and cooling for both 2021-2025 and 2026-2030 periods. Include an indicative target for heating and cooling to achieve the top-ups of Annex 1A of Directive (EU) 2018/2001 as amended and the indicative target in district heating and cooling for 2021-2030. Specify which target Bulgaria intends to achieve in the transport sector through the obligation on fuel suppliers, including by means of a sub-target for advanced biofuels and RFNBOs, making sure the minimum level of RFNBO in 2030 is observed.
6. Further develop detailed and quantified policies and measures, in a way that enables a timely and cost-effective achievement of Bulgaria's national contribution to the Union's binding renewable energy target of 42.5% in 2030, with the collective endeavour to increase it to 45%. Describe, in particular, how it plans to accelerate permitting and elaborate further how it plans to designate 'renewables acceleration areas' with faster and simpler procedures notably for onshore wind. Describe how it aims to accelerate the deployment of renewables via the uptake of renewable power purchase agreements. Provide further information on how it aims to accelerate the deployment of renewables and the phasing out of fossil fuels in the heating and cooling sector, and in district heating and cooling in line with the Directive (EU) 2018/2001 as amended, notably on the use of geothermal energy. Include further detailed measures on an enabling framework for increasing integration between electricity and heating and cooling networks. Describe how the design of the

obligation on fuel suppliers in the transport sector will be covered and include comparable measures for promoting hydrogen in industry and prepare the EU for renewable hydrogen trade.

7. Provide the estimated trajectories for biomass demand by sector and biomass supply by feedstock and origin, differentiating between domestic production and imports. Include an assessment of the domestic supply of forest biomass for energy purposes in 2021-2030 in accordance with the strengthened sustainability criteria of Directive (EU) 2018/2001 as amended. Include an assessment of the compatibility of the projected use of forest biomass for energy production with Bulgaria's obligations under the revised LULUCF Regulation, particularly for 2026-2030, together with national measures and policies to ensure such compatibility. Elaborate on the measures to promote the sustainable production of biogas/ biomethane, given Bulgaria's sustainable biogas/biomethane potential and the production, profile of natural gas consumption and existing infrastructure, digestate use and biogenic CO₂ applications.
8. Provide to the extent possible an expected timeline of the steps leading to the adoption of legislative and non-legislative policies and measures aimed at transposing and implementing the provisions of Directive (EU) 2018/2001 as amended, in particular for the measures mentioned in the previous points.
9. Include the amount of energy consumption reduction to be achieved by all public bodies disaggregated by sector. Include the total floor area of heated and/or cooled buildings owned by public bodies to be renovated yearly or corresponding yearly energy savings to be achieved.
10. Set out complete policies and measures to achieve the national contributions on energy efficiency, further quantify the expected energy savings of the planned measures to achieve the 2030 energy efficiency goals as well as the required amount of cumulative end-use energy savings by 2030. Specify robust financing energy efficiency programmes and financial support schemes, able to mobilise private investments and additional co-financing in this regard.
11. Include updated ambition level to ensure a highly energy efficient and decarbonised national building stock and to transform existing buildings into zero-emission buildings by 2050, including intermediate milestones for 2030 and 2040 and a comparison with the most recent long-term renovation strategy. Support the targets for the decarbonisation of buildings by providing further information on policies and measures including their costs and expected impact in energy savings, for the implementation of a coherent long-term renovation strategy.
12. Further explain how Bulgaria will further diversify its gas supply and continue to encourage gas demand reduction towards 2030. Strengthen the resilience of the energy system in particular by setting an objective for energy storage deployment and putting forward policies and measures to integrate the imperative of climate adaptation in the energy system. Assess the adequacy of oil infrastructure (refinery, oil stocks, ports, pipelines) with the expected decline in oil demand and the move toward lower-carbon alternatives. Provide more details on ongoing preparations for small modular reactor projects. Specify further appropriate measures for the diversification and the long-term supply of nuclear materials and fuel, in particular considering the foreseen lifetime extension of the current units and plans for new ones, as well as for supply of spare parts and services, and for the long-term management of radioactive waste.

13. Put forward clear objectives and targets for demand response to improve the flexibility of the energy system, in light of an assessment of the flexibility needs and describe how Bulgaria intends to facilitate energy system integration in the context of Article 20a of Directive (EU) 2018/2001 as amended. Further develop how Bulgaria aims to upgrade its grid and adapt its energy system to integrate a rising share of renewables. Define forward-looking objectives and targets concerning market integration, in particular on measures to develop competitive wholesale markets and to phase out measures interfering with market signals. Elaborate on how the measures outlined in the draft updated NECP can contribute to the development of more competitive retail energy markets and strengthen consumer empowerment and demand response in the retail market.
14. Further develop the approach to addressing energy poverty, by including an assessment of the situation of the current households affected and indicating a specific measurable reduction target required by Regulation (EU) 2018/1999, taking account of Commission Recommendation (EU) 2023/2407. Provide additional detail on the timeline of potential measures to address energy poverty, and on the dedicated financial resources from the perspective of both social policy (affordability) and structural energy measures. Explain how the use of energy efficiency measures in the framework of Energy Efficiency Obligations Scheme to alleviate energy poverty is planned to be deployed as required by the Regulation (EU) 2018/1999.
15. Further clarify national objectives in research, innovation and competitiveness to deploy clean technologies, establishing a pathway for 2030 and 2050 with a view to support the decarbonisation of industry and promote the transition of businesses towards a net-zero and circular economy. Put forward policies and measures to promote the development of net-zero projects including those relevant for the energy intensive industries. Describe a predictable and simplified regulatory framework for permitting procedures and how access to national funding will be simplified where needed. Provide detailed policies and measures for the digitalization of the energy system, for the development of clean energy-related skills, and to facilitate open trade for resilient and sustainable supply chains of key net-zero components and equipment.
16. Specify the reforms and measures to mobilise the private investments needed to achieve the energy and climate targets. Improve and expand the analysis of investment needs to include a comprehensive and consistent overview of the public and private investment needs in aggregate and by sector. Complement a top-down economy-wide approach with a bottom-up project-specific assessment. Include a breakdown of total investment needs with additional information on the national, regional and Union funding sources, as well as private financial sources, to be mobilised. Add a short description of the type of financial support schemes chosen to implement the policies and measures which are financed through the public budget, and the use of blended financial instruments making use of grants, loans, technical assistance and public guarantees, including the role of national promotional banks in the respective schemes and/or how private financing is mobilised. Consider the cost-effective generation of transfers to other Member States under the ESR as a funding source. Provide a robust assessment of the macroeconomic impact of the planned policies and measures.
17. Outline how the policies and measures included in the updated plan are consistent with Bulgaria's national recovery and resilience plan.

18. Explain in detail how and by when Bulgaria intends to phase out the remaining fossil fuel subsidies. Explain in more detail how Bulgaria plans to phase out solid fossil fuels for power generation by clarifying related commitments and measures.
19. Further detail the analytical basis by providing projections under the planned policies and measures on how the energy system will develop with an outlook to 2040.
20. Provide more detailed information on the social, employment and skills consequences, or any other distributional impacts, of the climate and energy transition, and on the planned objectives, policies and measures to support a just transition. Specify the form of support, the impact of the initiatives, the target groups and the resources dedicated, taking into account the Council Recommendation on ensuring a fair transition towards climate neutrality¹⁹. Ensure alignment between the coal phase out timeline outlined in the Territorial Just Transition Plans and the final updated NECP, including for the intermediate transition milestones, the final coal phase out date and the estimates of coal capacity at national and territorial level. Include, to the extent possible, more elements to provide an adequate analytical basis for the preparation of a future Social Climate Plan, notably on transport poverty where the preliminary work has not started, in accordance with Regulation (EU) 2023/955²⁰, including indications on how to assess the challenges and social impacts on the most vulnerable of the emissions trading system for fuel combustion in buildings, road transport and additional sectors (ETS 2), and to identify potential beneficiaries and a relevant policy framework. Explain how the policy framework identified in the NECP will contribute to the preparation of Bulgaria's Social Climate Plan and how the consistency between the two plans will be ensured.
21. Ensure inclusive public participation within a reasonable timeframe and broad participation of local authorities and civil society in the preparation of the plan. Provide a clear and more detailed overview on how the consultation process has enabled participation from all relevant authorities, citizens and stakeholders, including social partners, in the preparation of both the draft and the final updated plan, including information on the timing and duration of the different consultations. Provide a detailed summary of the views expressed by different actors during the consultations and a summary of how they have been taken into account.

¹⁹ Council Recommendation of 16 June 2022 on ensuring a fair transition towards climate neutrality, OJ C243, 27.6.2022 p. 35-51.

²⁰ Regulation (EU) 2023/955 of the European Parliament and of the Council of 10 May 2023 establishing a Social Climate Fund and amending Regulation (EU) 2021/1060 (OJ L 130, 16.5.2023, p. 1).

22. Intensify regional cooperation with neighbouring Member States from the European Union and the Energy Community, and within established regional cooperation frameworks such as the central and southeastern Europe energy connectivity high-level group, ensuring timely implementation of these groups' priority actions. Describe further how Bulgaria plans to establish a framework for cooperation with other Member States by 2025, in line with Article 9 of Directive (EU) 2023/2413. Pursue efforts to sign the two required bilateral solidarity arrangements for the security of gas supply with its neighbours (Romania and Greece).

Done at Brussels, 26.4.2024

For the Commission
Kadri Simson
Member of the Commission